CITY OF UNIVERSITY PLACE, WASHINGTON LIMITED TAX GENERAL OBLIGATION BONDS, 2009A LIMITED TAX GENERAL OBLIGATION BONDS, 2009B (TAXABLE)

ORDINANCE NO. 556

AN ORDINANCE of the City of University Place, Washington, providing for the issuance and sale of two series of limited tax general obligation bonds of the City in the aggregate principal amount of \$22,445,000 to finance the costs of completing the core and shell of a library/civic building, to redeem certain outstanding limited tax general obligations of the City and to pay costs of issuance of such bonds; authorizing the plan of refunding; providing the date, form, terms and maturities of the two series of bonds; providing for the annual levy of taxes to pay the principal of and interest on the bonds; and authorizing the sale of the bonds.

PASSED: August 13, 2009

Prepared By

K&L GATES LLP Seattle, Washington

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WHEREAS, the City of University Place, Washington (the "City"), has determined that it is in the best interest of the City to complete the core and shell of a library/civic building (the "Project"); and

WHEREAS, the Council has determined that it is in the best interest of the City and its residents to finance costs of the Project by the issuance and sale of a tax-exempt series of limited tax general obligation bonds of the City (the "2009A Project Bonds") and by the issuance and sale of a taxable series of limited tax general obligation bonds of the City (the "2009B Project Bonds"); and

WHEREAS, the City has outstanding its Limited Tax General Obligation Bond Anticipation Note, 2008 (Taxable) (the "2008 Taxable Note"), issued in the original principal amount of not to exceed \$5,000,000, pursuant to Ordinance No. 519 of the City passed on March 17, 2008, maturing on December 31, 2009; and

WHEREAS, the City has outstanding its Limited Tax General Obligation Bond Anticipation Note, 2008 Series A (the "2008 Series A Note"), issued in the original principal amount of not to exceed \$10,000,000 and its Limited Tax General Obligation Bond Anticipation Note, 2008 Series B (Taxable) issued in the original principal amount of not to exceed

\$3,000,000 (the "2008 Series B Taxable Note," and together with the 2008 Taxable Note and the 2008 Series A Note, the "2008 Notes"), pursuant to Ordinance No. 527 of the City passed on July 7, 2008, and maturing on December 31, 2009; and

WHEREAS, Ordinance Nos. 519 and 527 provides that the City may prepay the 2008 Notes in whole or in part at any time by paying the principal amount thereof to be prepaid together with accrued interest to the date of prepayment, with no prepayment penalty; and

WHEREAS, as a result of changed market conditions, it appears to the City Council that debt service savings may be obtained by redeeming the 2008 Series A Note and obtaining long term financing through the issuance of limited tax general obligation bonds (the "2009A Funding Bonds") and by redeeming the 2008 Taxable Note and the 2008 Series B Taxable Note and obtaining long term financing through the issuance of limited tax general obligation bonds (taxable) (the "2009B Funding Bonds"), as herein authorized; and

WHEREAS, the 2009A Project Bonds and the 2009A Funding Bonds may be issued and sold as one series of bonds (the "2009A Bonds") and the 2009B Project Bonds and the 2009B Funding Bonds as a second series of bonds (together with the 2009A Bonds, the "Bonds"), and the City has received the offer of Piper Jaffray & Co. (the "Underwriter") to purchase the Bonds on the terms and conditions set forth herein; and

WHEREAS, it appears to the Council that it is in the best interests of the City that the Bonds be sold to the Underwriter on the terms set forth in its purchase offer and in this ordinance;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, DO ORDAIN, as follows:

Section 1. <u>Definitions</u>. As used in this ordinance, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

Beneficial Owner means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

Bond Registrar means, initially, the fiscal agency of the State of Washington, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds mean, collectively, the 2009A Bonds and the 2009B Bonds.

City means the City of University Place, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

City Clerk means the duly qualified, appointed and acting City Clerk of the City or any other officer who succeeds to the duties now delegated to that office.

City Manager means the City Manager of the City, or any successor to the functions of the City Manager.

Code means the Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

Council means the duly constituted City Council as the general legislative authority of the City.

Debt Service Fund means the fund of that name heretofore created in the office of the Finance Director for the City.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 4 hereof, or any successor depository for the Bonds.

Finance Director means the duly qualified, appointed and acting Finance Director of the City or any other officer who succeeds to the duties now delegated to that office.

Government Obligations means those obligations now or hereafter defined as such in Chapter 39.53 RCW, as such chapter may be hereafter amended or restated.

Letter of Representations means the Blanket Issuer Letter of Representations from the City to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions. Until otherwise designated by the MSRB or the SEC, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the

Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Project means the completion of the core and shell of a library/civic building.

Registered Owner means the person in whose name a Bond is registered on the Bond Register. For so long as the City utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner.

Rule means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934.

SEC means the Securities and Exchange Commission.

Treasury Rate means, with respect to any redemption date for a particular 2009B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market date) most nearly equal to the period from the redemption date to the maturity date of the 2009B Bond to be redeemed; provided,

however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

2008 Notes means, collectively, the 2008 Taxable Note, the 2008 Series A Note and the 2008 Series B Taxable Note.

2008 Series A Note means the Limited Tax General Obligation Bond Anticipation Note, 2008 Series A, of the City, issued pursuant to Ordinance No. 527 passed by the Council on July 7, 2008, and presently outstanding in the principal amount of \$10,000,000.

2008 Series B Taxable Note means the Limited Tax General Obligation Bond Anticipation Note, 2008 Series B (Taxable), of the City, issued pursuant to Ordinance No. 527 passed by the Council on July 7, 2008, and presently outstanding in the principal amount of \$3,000,000.

2008 Taxable Note means the Limited Tax General Obligation Bond Anticipation Note, 2008 (Taxable), of the City, issued pursuant to Ordinance No. 519 passed by the Council on March 17, 2008, and presently outstanding in the principal amount of \$5,000,000.

2009A Bonds means, collectively, the 2009A Project Bonds and the 2009A Funding Bonds in the aggregate principal amount of \$14,685,000.

2009A Construction Account means the Construction Account authorized to be created pursuant to Section 12 of this ordinance for purposes of the Project.

2009A Funding Bonds means the limited tax general obligation bonds authorized by this ordinance to be issued to redeem the 2008 Series A Note.

2009A Project Bonds means the tax-exempt limited tax general obligation bonds authorized to be issued pursuant to this ordinance to finance a portion of the costs of the Project.

2009B Bonds means, collectively, the 2009B Project Bonds and the 2009B Funding Bonds in the aggregate principal amount of \$7,760,000.

2009B Construction Account means the Construction Account authorized to be created pursuant to Section 12 of this ordinance for purposes of the Project.

2009B Funding Bonds means the taxable limited tax general obligation bonds authorized by this ordinance to be issued to redeem the 2008 Taxable Note and the 2008 Series B Taxable Note.

2009B Project Bonds means the taxable limited tax general obligation bonds authorized to be issued pursuant to this ordinance to finance a portion of the costs of the Project.

Underwriter means Piper Jaffray & Co., Seattle, Washington.

Interpretation. In this ordinance, unless the context otherwise requires:

- (a) The terms "hereby," "hereof," "hereto," "herein, "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;
- (b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;
- (c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;
- (d) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely

for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Findings. The Council hereby finds that it is in the public interest for the City to complete the core and shell of a library/civic building (the "Project"). The cost of the Project is estimated to be \$21,300,000, of which amount approximately \$4,000,000 shall be provided from the proceeds of sale of the Bonds.

Section 3. Purpose, Authorization and Description of Bonds. The City shall issue and sell the 2009A Project Bonds to finance a portion of the costs of the Project and to pay all costs incidental thereto and to the issuance of the 2009A Project Bonds. The City shall also issue and sell the 2009A Funding Bonds to redeem and refinance the 2008 Series A Note and pay all costs incidental thereto and to the issuance of the 2009A Funding Bonds. The 2009A Project Bonds and the 2009A Funding Bonds shall be combined and sold as a single series to be designated the "City of University Place, Washington, Limited Tax General Obligation Bonds, 2009A" (the "2009A Bonds").

The City shall also issue and sell the 2009B Project Bonds to finance a portion of the costs of the Project and to pay all costs incidental thereto and to the issuance of the 2009B Project Bonds. The City shall also issue and sell the 2009B Funding Bonds to redeem and refinance the 2008 Taxable Note and the 2008 Series B Taxable Note and pay all costs incidental thereto and to the issuance of the 2009B Funding Bonds. The 2009B Project Bonds and the 2009B Funding Bonds shall be combined and sold as a single series to be designated the "City of

University Place, Washington, Limited Tax General Obligation Bonds, 2009B (Taxable)" (the "2009B Bonds," and, together with the 2009A Bonds, the "Bonds").

The Bonds shall be dated as of their initial date of delivery; shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately and in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control; shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth below from their date, until the Bonds have been paid or their payment duly provided for, payable on December 1, 2009, and semiannually thereafter on the first day of each June and December and shall mature as follows:

2009A Bonds

Maturity Year (December 1)	Principal Amount	Interest Rate
2029	\$ 3,310,000	5.250%
2034	11,375,000	5.625
	2009B Bonds	
Maturity Year (December 1)	Principal Amount	Interest Rate
2019	\$ 1,610,000	5.920%
2025	6,150,000	6.420

Section 4. Registration, Exchange and Payments.

(a) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of state fiscal agencies. The City shall cause a bond register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all

necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

- (b) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 15 of this ordinance), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.
- (c) DTC Acceptance/Letters of Representations. The Bonds initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor

depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates within a series for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Finance Director pursuant to

subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

- (2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.
- (3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of that series, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity within a series then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.
- (4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully-immobilized form. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds of a series as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of the Finance

Director to the Bond Registrar, new Bonds of that series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

- Registration of Transfer of Ownership or Exchange; Change in Denominations. (e) The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same series, date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same series, date, maturity and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.
- (f) Bond Registrar's Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its

officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

- (g) Registration Covenant. The City covenants that, until all 2009A Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.
- (h) Place and Medium of Payment. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

Section 5. Redemption; Purchase.

(a) Optional Redemption. The 2009A Bonds are subject to redemption at the option of the City on and after December 1, 2019, in whole or in part on any date (and if in part, with

maturities to be selected by the City), at a price of par plus accrued interest, if any, to the date of redemption.

The 2009B Bonds are subject to redemption, in whole or in part and if in part, with maturities to be designated by the City (and *pro rata* within a maturity), on any date prior to their maturity at a redemption price equal to the greater of (i) 100% of the principal amount of such 2009B Bonds plus accrued and unpaid interest on such 2009B Bonds being redeemed to the date fixed for redemption; or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on such 2009B Bonds to be redeemed discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 50 basis points.

(b) Mandatory Sinking Fund Redemption. The 2009A Bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption on December 1 of the following years in the following principal amounts:

Redemption Years	Redemption Amounts
2025	\$ 195,000
2026	1,405,000
2027	990,000
2028	370,000
2029*	350,000

* Maturity.

The 2009A Bonds maturing on December 1, 2034 are subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption on December 1 of the following years in the following principal amounts:

Redemption Years	Redemption Amounts
2030	\$ 2,035,000
2031	2,145,000
2032	2,270,000
2033	2,395,000
2034*	2,530,000

The 2009B Bonds maturing on December 1, 2019 are subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption on December 1 of the following years in the following principal amounts:

Redemption Years		Redemption Amounts	
2017	\$	230,000	
2018		675,000	
2019*		705,000	

The 2009B Bonds maturing on December 1, 2025 are subject to mandatory sinking fund redemption at a price of par plus accrued interest to the date of redemption on December 1 of the following years in the following principal amounts:

	Redemption
Redemption Years	Amounts
2020	\$ 740,000
2021	775,000
2022	1,100,000
2023	1,170,000
2024	1,240,000
2025*	1,125,000

(c) Purchase of Bonds. The City reserves the right to purchase any of the Bonds offered to the City at any time at a price deemed reasonable by the Finance Director.

^{*} Final Maturity.

^{*} Maturity.

^{*} Final Maturity.

(d) Selection of Bonds for Redemption. For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in uncertificated form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (d). If the City redeems at any one time fewer than all of the Bonds of a series having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(e) Notice of Redemption.

(1) Official Notice. For so long as the Bonds are held in uncertificated form, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds of a series are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official

notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds of a series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (E) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

(2) <u>Effect of Notice; Bonds Due</u>. If an unconditional notice of redemption has been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from

and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

- (3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 35 days before the redemption date to each party entitled to receive notice pursuant to Section 15, and to the Underwriter and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.
- (4) <u>Amendment of Notice Provisions</u>. The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes

in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like series, amount, maturity and tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond Registrar and the City in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City and the Bond Registrar with indemnity satisfactory to both.

Section 7. Form of Bonds.

(a) 2009A Bonds. The 2009A Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO.		\$

STATE OF WASHINGTON

CITY OF UNIVERSITY PLACE

LIMITED TAX GENERAL OBLIGATION BOND, 2009A

INTEREST RATE:%	MATURITY DATE:	CUSIP NO.
REGISTERED OWNER: CEDE & Co.		
PRINCIPAL AMOUNT:		DOLLARS

The City of University Place, Washington, a municipal corporation organized and existing under and by virtue of the laws and Constitution of the State of Washington, (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from August 24, 2009, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the

Interest Rate set forth above, payable on December 1, 2009, and semiannually thereafter on the first days of each succeeding June and December. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

This bond is one of an issue of limited tax general obligation bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$14,685,000, and is issued pursuant to Ordinance No. 556 (the "Bond Ordinance") passed by the City Council on August 13, 2009, to pay the costs of and provide permanent financing for the costs of public improvements and to pay costs of issuance. Simultaneously herewith, the City is issuing its Limited Tax General Obligation Bonds, 2009B (Taxable), in the aggregate principal amount of \$7,760,000. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Ordinance.

The bonds of this issue are subject to optional and mandatory redemption as provided in the Bond Ordinance.

The City has designated the bonds of this issue as qualified tax-exempt obligations under Section 265(b) of the Internal Revenue Code of 1986, as amended.

The City has irrevocably covenanted with the owner of this bond that it will annually include in its budget and levy taxes on all taxable property in the City, within and as part of the property taxes authorized by law to be levied by the City without a vote of the people, in an amount that, together with other lawfully available funds, including real estate excise taxes available for such purpose, will be sufficient to pay the principal of and interest on the bonds of this issue as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of taxes for payment of the principal of and interest on the bonds of this issue may be discharged prior to maturity of the bonds of this issue by making provisions for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication has been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and ordinances of the City to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any

constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

The City has caused this bond to be executed by the manual or facsimile signature of the Mayor and to be attested by the manual or facsimile signature of the City Clerk, and has caused the seal of the City to be impressed or imprinted on this bond, as of this 24th day of August, 2009.

CITY OF UNIVERSITY PLACE, WASHINGTON		
	Ву	/s/
ATTEST:		Mayor
/s/		
City Clerk		
CERTIFICATE C	F AUTHENTICA	ATION
This is one of the Limited Tax Gen August 24, 2009, described in the Bond Ordin		Bonds, 2009A, of the City, dated
	WASHING	GTON STATE FISCAL
		as Bond Registrar
	Dry	
	Ву	Authorized Signatory
		and the second s
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(b) 2009B Bonds. The 2009B Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO	\$

STATE OF WASHINGTON

CITY OF UNIVERSITY PLACE

LIMITED TAX GENERAL OBLIGATION BOND, 2009B (TAXABLE)

INTEREST RATE:%	MATURITY DATE:	CUSIP NO.
REGISTERED OWNER: CEDE & Co.		
PRINCIPAL AMOUNT:		DOLLARS

The City of University Place, Washington, a municipal corporation organized and existing under and by virtue of the laws and Constitution of the State of Washington, (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest from August 24, 2009, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on December 1, 2009, and semiannually thereafter on the first days of each succeeding June and December. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

This bond is one of an issue of limited tax general obligation bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of \$7,760,000, and is issued pursuant to Ordinance No. 556 (the "Bond Ordinance") passed by the City Council on August 13, 2009, to provide permanent financing for the costs of certain public improvements undertaken with the City. Simultaneously herewith, the City is issuing its Limited Tax General Obligation Bonds, 2009A, in the aggregate principal amount of \$14,685,000. Capitalized terms used in this bond and not otherwise defined shall have the meanings given them in the Bond Ordinance.

The bonds of this issue are subject to optional and mandatory redemption as provided in the Bond Ordinance.

The City has taken <u>no</u> action to cause the interest on this bond to be exempt from federal income taxation.

The City has irrevocably covenanted with the owner of this bond that it will annually include in its budget and levy taxes on all taxable property in the City, within and as part of the property taxes authorized by law to be levied by the City without a vote of the people, in an amount that, together with other lawfully available funds, including real estate excise taxes available for such purpose, will be sufficient to pay the principal of and interest on the Bonds as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of taxes for payment of the principal of and interest on the bonds of this issue may be discharged prior to maturity of the bonds of this issue by making provisions for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication has been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington and ordinances of the City to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

The City has caused this bond to be executed by the manual or facsimile signature of the Mayor and to be attested by the manual or facsimile signature of the City Clerk, and has caused the seal of the City to be impressed or imprinted on this bond, as of this 24th day of August, 2009.

	WASHINGTON	
	By/s/ Mayor	
ATTEST:		
/s/ City Clerk	_	

CERTIFICATE OF AUTHENTICATION

This is one of the Limited Tax General Obligation Bonds, 2009B (Taxable), of the City, dated August 24, 2009, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY, as Bond Registrar

By		
•	Authorized Signatory	

Section 8. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of such Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

Section 9. Debt Service Fund; Pledge of Taxation and Credit. The City maintains a fund known as the "General Obligation Bond Redemption Fund" (the "Debt Service Fund") for the sole purpose of paying the principal of and interest on the general obligation bonds, including the Bonds.

The City hereby irrevocably covenants for as long as any of the Bonds are outstanding that each year it will include in its budget and levy an *ad valorem* tax on all taxable property in the City, within and as part of the property taxes authorized by law to be levied by the City without a vote of the people, in an amount that, together with other lawfully available funds, including real estate excise taxes available for such purpose, will be sufficient to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes so collected and any other money to be used for such purposes shall be paid into the Bond Accounts.

The City hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 10. Tax Covenant; Special Designation. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on the 2009A Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required

under applicable law to continue the exemption from federal income taxation of the interest on the 2009A Bonds.

(a) Arbitrage Covenant. Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the 2009A Bonds or any other funds of the City which may be deemed to be proceeds of the 2009A Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the 2009A Bonds to the initial purchasers thereof, would have caused the 2009A Bonds to be treated as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code.

The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the 2009A Bonds.

- (b) Private Person Use Limitation for 2009A Bonds. The City covenants that for as long as the 2009A Bonds are outstanding, it will not permit:
- (1) More than 10% of the Net Proceeds of the 2009A Bonds to be allocated to any Private Person Use; and
- (2) More than 10% of the principal or interest payments on the 2009A Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

- (3) More than five percent of the Net Proceeds of the 2009A Bonds are allocable to any Private Person Use; and
- (4) More than five percent of the principal or interest payments on the 2009A Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:
- (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or
- (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the Projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Projects funded by the proceeds of the 2009A Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the 2009A Bonds allocable to the state or local governmental use portion of the Project(s) to which the Private Person Use of such portion of the Projects funded by the proceeds of the 2009A Bonds relate. The City further covenants that it will comply with any limitations on the use of the Project funded by the proceeds of the 2009A Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the 2009A Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the 2009A Bonds.

- (c) Modification of Tax Covenants. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the 2009A Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any 2009A Bonds.
- (d) Designation under Section 265(b). The City hereby designates the 2009A Bonds as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. The City does not anticipate issuing more than \$30,000,000 of tax-exempt obligations during 2009 (excluding obligations permitted by the Code to be excluded for purposes of the City's qualification as a qualified small issuer).

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, held in trust by a trustee, cash or noncallable Government Obligations or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

Within 30 days of any defeasance of Bonds, the Bond Registrar shall provide notice of defeasance of Bonds in accordance with Section 15 of this ordinance.

Section 12. Construction Account; Application of Bond Proceeds.

- (a) 2009A Project Bonds. There is hereby authorized to be created in the office of the Finance Director a special fund of the City as a separate revenue line item (the "2009A Construction Account"). The proceeds of the 2009A Project Bonds shall be deposited into the 2009A Construction Account and used to pay the costs of the Project and costs of issuance of the 2009A Project Bonds. Money in the 2009A Construction Account shall be invested as directed by the Finance Director in legal investments for City funds.
- (b) 2009A Funding Bonds. The proceeds of the 2009A Funding Bonds shall be paid to Bank of America, N.A. as promptly as possible (no later than 30 days after closing) to pay and redeem \$10,000,000 of the 2008 Series A Note and to pay costs of issuance allocable to the 2009A Funding Bonds.
- (c) 2009B Project Bonds. There is hereby authorized to be created in the office of the Finance Director a special fund of the City as a separate revenue line item (the "2009B Construction Account"). The proceeds of the 2009B Project Bonds shall be deposited into the 2009B Construction Account and used to pay the costs of the Project and costs of issuance of the 2009B Project Bonds. Money in the 2009B Construction Account shall be invested as directed by the Finance Director in legal investments for City funds.
- (d) 2009B Funding Bonds. The proceeds of the 2009B Funding Bonds shall be paid to Bank of America, N.A. as promptly as possible (no later than 30 days after closing) to pay and redeem \$5,000,000 of the 2008 Taxable Note and \$3,000,000 of the 2008 Series B Taxable Note and to pay costs of issuance the 2009B Bonds.

Section 13. Official Statement. The City approves the preliminary official statement dated August 4, 2009, presented to the Council and ratifies the Underwriter's distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to Section (b)(1) of the Rule, the City deems the preliminary official statement final as of its date except for the omission of information dependent upon the pricing of the Bonds and the completion of the purchase contract. The City agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with the rules of the MSRB. The City authorizes the Underwriter to use the official statement, substantially in the form of the preliminary official statement, in connection with the sale of the Bonds. The Mayor and Finance Director are hereby authorized to review and approve on behalf of the City the final Official Statement relative to the Bonds with such additions and changes as may be deemed necessary or advisable to them.

Section 14. Sale of the Bonds. The Council finds that the purchase contract dated August 13, 2009, which has been distributed to the Council is reasonable and that it is in the best interest of the City that the Bonds be sold to the Underwriter on the terms set forth in the purchase contract and in this ordinance. The City accepts the purchase contract and authorizes the Mayor or the Acting City Manager to execute the purchase contract and deliver it to the Underwriter. The Bonds shall be issued and delivered to the Underwriter upon payment of the purchase price specified in the purchase contract.

Section 15. Undertaking for Ongoing Disclosure.

- (a) Contract/Undertaking. This section constitutes the City's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.
- (b) Financial Statements/Operating Data. The City agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board ("MSRB"), the following annual financial information and operating data for the prior fiscal year (commencing in 2010 for the fiscal year ended December 31, 2009):
- 1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City's general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds under the heading "Comparative Statement of General Fund Revenues and Expenditures";
 - 2. The assessed valuation of taxable property in the City;
 - 3. Ad valorem taxes due and percentage of taxes collected;
 - 4. Property tax levy rate per \$1,000 of assessed valuation; and
 - 5. Outstanding general obligation debt of the City.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before nine months after the end of the City's fiscal year. The City's current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may

cross-refer to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

- (c) Material Events. The City agrees to provide or cause to be provided, in a timely manner to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:
 - Principal and interest payment delinquencies;
 - Non-payment related defaults;
 - Unscheduled draws on debt service reserves reflecting financial difficulties;
 - Unscheduled draws on credit enhancements reflecting financial difficulties;
 - Substitution of credit or liquidity providers, or their failure to perform;
 - Adverse tax opinions or events affecting the tax-exempt status of the 2009A
 Bonds;
 - Modifications to the rights of Bond owners;
 - Bond calls (optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856);
 - Defeasances;
 - Release, substitution or sale of property securing repayment of the Bonds; and

Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no debt service reserves, credit enhancement or property secures payment of the Bonds.

- (d) Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner to the MSRB notice of its failure to provide the annual financial information described in Subsection (b) above on or prior to the date set forth in Subsection (b) above.
- (e) Format for Filings with the MSRB. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.
- (f) Termination/Modification. The City's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

The City may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting

principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Subsection (c), and (ii) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

- beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.
- (h) No Default. The City is not and has not been in default in the performance of its obligations of any prior undertaking for ongoing disclosure with respect to its obligations.

Section 16. General Authorization; Ratification of Prior Acts. The Mayor, the City Manager, the Finance Director, City Clerk, and other appropriate officers and agents of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

Section 17. Severability. If any one or more of the covenants and agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 18. Effective Date. This ordinance shall be effective five days after its passage, approval and publication as provided by law.

PASSED by the Council of the City of University Place, Washington, at a special meeting thereof, held this 13th day of August, 2009.

CITY OF UNIVERSITY PLACE, WASHINGTON

Mayor

ATTEST:

APPROVED AS TO FORM:

FILED WITH THE CITY CLERK:

PASSED BY THE CITY COUNCIL:

PUBLISHED:

EFFECTIVE DATE:

ORDINANCE NO.: 556

CITY CLERK'S CERTIFICATE

I, the undersigned, City Clerk of the City of University Place, Washington (the "City") and keeper of the records of the City Council of the City (the "Council"), DO HEREBY CERTIFY:

- 1. That the attached Ordinance is a true and correct copy of Ordinance No. 556 of the City (the "Ordinance"), as finally passed at a meeting of the Council of the City held on August 13, 2009, and duly recorded in my office.
- 2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Council was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper adoption or passage of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of August, 2009.

City Clerk