ORDINANCE NO. 613

AN ORDINANCE OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$14,130,000 TO REFUND CERTAIN OUTSTANDING LIMITED TAX GENERAL OBLIGATION BONDS AND TO PAY COSTS OF ISSUING THE BONDS; PROVIDING THE FORM AND TERMS OF THE BONDS; AND DELEGATING THE AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

PASSED: OCTOBER 15, 2012

PREPARED BY:

PACIFICA LAW GROUP LLP Seattle, Washington

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^{*} This Table of Contents is provided for convenience only and is not a part of this ordinance.

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A. The City of University Place, Washington (the "City") has outstanding its Limited Tax General Obligation Bonds, 2001, dated July 1, 2001 and issued pursuant to Ordinance No. 318 adopted by the City Council (the "Council") of the City on June 25, 2001 (the "2001 Bond Ordinance"), which remain outstanding as follows:

Maturity Date		
(December 1)	Principal Amount	Interest Rate
2012	\$ 115,000	4.60%
2013	130,000	4.70
2014	140,000	4.80
2015	155,000	4.80
2016	170,000	4.85
2017	185,000	4.90
2018	200,000	5.00
2019	215,000	5.00
2020	235,000	5.00
2021	255,000	5.00

(the "2001 Bonds"); and

B. The 2001 Bond Ordinance provides that the City may call the 2001 Bonds maturing on or after December 1, 2012 (the "2001 Refunding Candidates")

for redemption on or after December 1, 2011, in whole or in part on any date, at a price of par plus accrued interest, if any, to the date of redemption; and

C. The City has outstanding its Limited Tax General Obligation Bonds, Series 2007B (Taxable), dated July 25, 2007, and issued pursuant to Ordinance No. 504 adopted by the Council on July 16, 2007 (the "2007B Bond Ordinance"), which remain outstanding as follows:

- D. The 2007B Bond Ordinance provides that the City may call the 2007B Bonds maturing on any date (the "2007B Refunding Candidates"), in whole or in part on any date, at a price of par plus "make-whole" premium plus accrued interest, if any, to the date of redemption; and
- E. After due consideration it appears to the Council that all or a portion of the 2001 Refunding Candidates and the 2007B Refunding Candidates (together, the "Refunding Candidates") may be defeased and refunded by the proceeds of limited tax general obligation refunding bonds; and
- F. The Council deems it in the best interest of the City to issue one or more series of limited tax general obligation refunding bonds in the aggregate principal amount of not to exceed \$14,130,000 (the "Bonds") to redeem and defease all or a portion of the Refunding Candidates and to pay costs of issuing the Bonds; and
- G. Although reductions in assessed valuation of property within the City has resulted in the outstanding indebtedness of the City exceeding its statutory

indebtedness limitations, RCW 39.36.030(2) authorizes the City to issue refinancing indebtedness that does not increase the total amount of indebtedness; and

- H. RCW 39.53.020 authorizes the City to issue refunding bonds (1) in order to pay or discharge all or any part of an outstanding series or issue of bonds, including any redemption premiums or interest thereon, in arrears or about to become due, and for which sufficient funds are not available, (2) when necessary or in the best interest of the City to modify debt service or reserve requirements, sources of payment, covenants, or other terms of the bonds to be refunded, or (3) in order to effect a saving to the City; and the Council finds that it is necessary and in the best interests of the City to refund all or a portion of the Refunding Candidates to effect a savings to the City with respect to the 2001 Refunding Candidates and to modify debt service requirements with respect to the 2007B Refunding Candidates; and
- I. The Council wishes to delegate authority to the City Manager (the "Designated Representative"), for a limited time, to approve the interest rates, maturity dates, redemption terms and principal maturities for the Bonds within the parameters set by this ordinance, in order to effect such a refinancing; and
- J. The City has received a proposal from Piper Jaffray & Co. (the "Underwriter") to underwrite the Bonds, and now desires to issue and sell the Bonds to the Underwriter as set forth herein;

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

SECTION 1. - Definitions and Interpretation of Terms.

(a) *Definitions*. As used in this ordinance, the following words shall have the following meanings:

Acquired Obligations means the Government Obligations acquired by the City under the terms of this ordinance and the Escrow Deposit Agreement to effect the defeasance and refunding of the Refunded Bonds.

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 Fund means the "City of University Place Limited Tax General Obligation Bond Debt Service Fund, 2012" authorized to be created pursuant to Section 9.

Bond Purchase Contract means the contract for the purchase of the Bonds between the Underwriter and the City, executed pursuant to Section 11.

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.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no date is selected by

the City before the earlier of the final maturity date of any series of Tax-Exempt Bonds or the date that is five years after the date of issuance of any series of Tax-Exempt Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of such series of the Tax-Exempt Bonds.

Bonds mean the not to exceed \$14,130,000 aggregate principal amount of City of University Place, Washington, Limited Tax General Obligation Refunding Bonds, 2012[A][B (Taxable)], authorized to be issued in one or more series pursuant to this ordinance.

Call Date means, with respect to each series of Refunded Bonds, the date selected as the call date by the Designated Representative under the ordinance authorizing such series of Refunded Bonds.

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

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

Commission means the Securities and Exchange Commission.

Council or City Council means the legislative body of the City as duly and regularly constituted from time to time.

Designated Representative means the City Manager, or his or her designee.

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 3.

Escrow Agent means the financial institution selected pursuant to the conditions set forth in Section 7 of this ordinance.

Escrow Deposit Agreement means the Escrow Deposit Agreement(s) between the City and the Escrow Agent to be dated as of the date of closing of the Bonds of a series and substantially in the form on file with the City.

Federal Tax Certificate means the certificate executed by the Designated Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on any series of Tax-Exempt Bonds, and attachments thereto.

Government Obligations mean those obligations now or hereafter defined as such in chapter 39.53 RCW.

Letter of Representations means the blanket issuer letter of representations from the City to DTC.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Net Proceeds, when used with reference to any series of Tax-Exempt Bonds, means the principal amount of such Tax-Exempt Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

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 short-term basis in accordance with regulations under the Code 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.

Refunded Bonds mean all or a portion of the Refunding Candidates designated by the Designated Representative for refunding pursuant to Section 7 and Section 11.

Refunding Account means the account by that name established pursuant to Section 7.

Refunding Candidates mean the 2001 Refunding Candidates and the 2007B Refunding Candidates.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

Rule means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Taxable Bonds means any Bonds determined to be issued on a taxable basis pursuant to Section 11.

Tax-Exempt Bonds means any Bonds determined to be issued on a taxexempt basis under the Code pursuant to Section 11.

2001 Bond Ordinance means Ordinance No. 318 adopted by the Council on June 25, 2001 authorizing the issuance of the 2001 Bonds.

2001 Bonds mean the City of University Place, Washington, Limited Tax General Obligation Bonds, 2001 issued pursuant to the 2001 Bond Ordinance as described in the recitals of this ordinance.

2001 Refunded Bonds mean the 2001 Refunding Candidates designated by the Designated Representative for refunding pursuant to Section 11 of this ordinance.

2001 Refunding Candidates mean the 2001 Bonds maturing on and after December 1, 2012.

2007B Bond Ordinance means Ordinance No. 504 adopted by the Council on July 16, 2007 authorizing the issuance of the 2007B Bonds.

2007B Bonds mean the City of University Place, Washington, Limited Tax General Obligation Bonds, Series 2007B (Taxable), issued pursuant to the 2007B Bond Ordinance as described in the recitals of this ordinance.

2007B Refunded Bonds mean the 2007B Refunding Candidates designated by the Designated Representative for refunding pursuant to Section 11 of this ordinance.

2007B Refunding Candidates mean any of the 2007B Bonds.

Underwriter means Piper Jaffray & Co.

- (b) *Interpretation.* In this ordinance, unless the context otherwise requires:
- (1) 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;
- (2) 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;
- (3) 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;
- (4) 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
- (5) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.
- **SECTION 2.-** Authorization of Bonds and Bond Details. For the purpose of refunding the Refunded Bonds and paying costs of issuance of the Bonds, the City shall issue and sell one or more series of limited tax general obligation refunding

bonds in the aggregate principal amount of not to exceed \$14,130,000 (the "Bonds").

The Bonds shall be general obligations of the City, shall be designated "City of University Place, Washington, Limited Tax General Obligation Refunding Bonds, 2012[A][B (Taxable)]" with additional series designation or other designation as set forth in the Bond Purchase Contract and approved by the Designated Representative.

The Bonds of a series shall be dated as of their date of initial delivery, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof within a series and maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest payable on the dates set forth in the Bond Purchase Contract. The Bonds of a series shall bear interest at the rates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 11.

SECTION 3. - 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 the state fiscal agency. 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 Designated Representative upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Designated Representative. 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 12 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 3(h), but such Bond may be transferred as herein provided. All such payments made as described in Section 3(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 by a depository, 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.

(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 for the Bonds within a series in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such 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 Designated Representative 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 Designated Representative to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Designated Representative 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 a series, together with a written request on behalf of the Designated Representative, issue a single new Bond for each maturity of that 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 Designated Representative.
- (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 Designated Representative determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain physical Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and such Bonds shall no longer be held by a depository. The Designated Representative shall deliver a written request to the Bond Registrar, together with a supply of physical

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

(e) Registration of Transfer of Ownership or Exchange; Change in Denominations. 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 date, series, 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 date, series, 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 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 a 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 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 held by a depository, 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 held by a depository, 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 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.

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.

SECTION 4. - Redemption Prior to Maturity and Purchase of Bonds.

- (a) Mandatory Redemption of Term Bonds and Optional Redemption, if any. The Bonds of a series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by the Designated Representative pursuant to Section 11. The Bonds of a series shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract approved by the Designated Representative pursuant to Section 11.
- (b) *Purchase of Bonds*. The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Designated Representative.
- (c) 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 (c). If the City redeems at any one time fewer than all

of the Bonds having the same maturity date within a series, the particular Bonds or portions of Bonds of such series and 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 of such series as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of Bonds of such series 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.

(d) 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 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 20 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 Bond 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 are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that (unless such notice is conditional) 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 (unless such notice is conditional), 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, or if the conditions to redemption have been satisfied or waived, 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 by the Bond Registrar and shall not be reissued.

If a conditional notice of redemption has been given and the conditions to redemption have not been satisfied or waived, notice of redemption given pursuant to this ordinance may be rescinded by written notice given by the Bond Registrar on behalf of the City as soon as practicable in the same manner, and to the same Registered Owners of the Bond or Bonds, as notice of such redemption was given pursuant to this Section 4(d). If notice of recession has been provided, the Bonds or portions of Bonds so to be redeemed, on the redemption date, shall not become due and payable and from and after such date such Bonds or portions of Bonds shall continue to bear interest at the rate or rates set forth therein until paid or until due provision is made for the payment of the same.

(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 series and 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 20 days before the redemption date to each party entitled to receive notice pursuant to Section 12 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) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, 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 5. - Form of Bonds. The Bonds shall be in substantially the following form with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby:

UNITED STATES OF AMERICA

NO	\$		
	STATE OF WASHINGTON		
	CITY OF UNIVERSITY PLACE		
LIMITED TAX GENERA	L OBLIGATION REFUNDING BOND, 2012[A][B (TAXABLE)]	

INTEREST RATE: %

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER:

CEDE & CO.

PRINCIPAL AMOUNT:

The City of University Place, 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 thereon from _________,

2012, 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 _______, and semiannually thereafter on the first days of each succeeding December and June. 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.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. _____ duly passed by the City Council on October 15, 2012 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms 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 hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like series, date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$_____ and is issued pursuant to the Bond Ordinance to provide a portion of the funds necessary (a) to defease and refund certain limited tax general obligation bonds of the City, and (b) to pay costs of [Pursuant to the Bond Ordinance, the City also has authorized the issuance. General Obligation Refunding Bonds, of Limited Tax issuance 2012[____][(Taxable)] in the aggregate principal amount of \$___ for this purpose.]

[The bonds of this issue are subject to redemption as provided in the Bond Ordinance and the Bond Purchase Contract.] [The bonds of this issue are not subject to redemption.]

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond 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 bonds of this issue have [not] been designated by the City as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.]

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

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and 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.

other limitation upon the amount of bonded	indebtedness that the City may incur.
IN WITNESS WHEREOF, the City of U this bond to be executed by the manual or the City Clerk and the seal of the Citreproduced hereon as of this day of	y imprinted, impressed or otherwise
[SEAL]	CITY OF UNIVERSITY PLACE, WASHINGTON
ATTEST:	By <u>/s/ manual or facsimile</u> Mayor
/s/ manual or facsimile City Clerk	
The Bond Registrar's Certificate of A	uthentication on the Bonds shall be in
substantially the following form:	
CERTIFICATE OF AU	THENTICATION
This bond is one of the bonds des Ordinance and is one of the Limited Tax 2012[A][B (Taxable)] of the City of , 2012.	
	WASHINGTON STATE FISCAL AGENCY, as Bond Registrar
	Ву

SECTION 6. - Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk 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 7. - Refunding Plan; Application of Bond Proceeds.

(a) Refunding Plan. The City proposes to defease and refund the Refunded Bonds as set forth herein. The Refunded Bonds shall include all or a

portion of the Refunding Candidates as designated by the Designated Representative and set forth in the Bond Purchase Contract. Proceeds of the Bonds shall be deposited with the Escrow Agent pursuant to the Escrow Deposit Agreement to be used immediately upon receipt thereof to defease the Refunded Bonds as authorized by the 2001 Bond Ordinance and the 2007B Bond Ordinance, as applicable, and to pay costs of issuance of the Bonds.

The net proceeds deposited with the Escrow Agent shall be used to defease the Refunded Bonds and discharge the obligations thereon by the purchase of certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

- (1) interest on the Refunded Bonds as such becomes due on and prior to the applicable Call Date; and
- (2) the redemption price of the Refunded Bonds on the applicable Call Date.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(b) Escrow Agent/Escrow Deposit Agreement. The Designated Representative is authorized to appoint an escrow agent for the Refunded Bonds (the "Escrow Agent"). A beginning cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The proceeds of the Bonds remaining

after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and costs of issuance of the Bonds.

In order to carry out the purposes of this Section 7, the Designated Representative is authorized and directed to execute and deliver to the Escrow Agent, an Escrow Deposit Agreement.

(e) Call for Redemption of Refunded Bonds. The City hereby sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Bonds to make the payments described above.

The City hereby calls the Refunded Bonds for redemption on their respective Call Date in accordance with the provisions of the 2001 Bond Ordinance and the 2007B Bond Ordinance authorizing the redemption and retirement of the 2001 Bonds and the 2007B Bonds, as applicable, prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notices of the redemption of the Refunded Bonds in accordance with the applicable provisions of the 2001 Bond Ordinance and the 2007B Bond Ordinance, as applicable. The costs of publication of such notices shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the Designated Representative, or, at the direction of the Designated Representative, to the paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payments

specified in this Section 7. All such sums shall be paid from the moneys and Acquired Obligations deposited with the Escrow Agent, and the income therefrom and proceeds thereof. All such sums so paid to or to the order of the Designated Representative shall be credited to the Refunding Account. All moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of this ordinance and with the laws of the State of Washington for the benefit of the City and owners of the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

SECTION 8. - Tax Covenants.

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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds or any other funds of the City which may be deemed to be proceeds of the Tax-Exempt 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 Tax-Exempt Bonds to the initial purchasers thereof, would have caused the Tax-Exempt Bonds to be treated as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Tax-Exempt Bonds.

- (b) Private Person Use Limitation for Tax-Exempt Bonds. The City covenants that for as long as the Tax-Exempt Bonds are outstanding, it will not permit:
- (1) More than 10% of the Net Proceeds of the Tax-Exempt Bonds to be allocated to any Private Person Use; and
- (2) More than 10% of the principal or interest payments on the TaxExempt 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 Tax-Exempt Bonds are allocable to any Private Person Use; and
- (4) More than five percent of the principal or interest payments on the Tax-Exempt 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
- derived from payments (whether or not made to the City) in (B) 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 refunded by the proceeds of the Tax-Exempt Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Tax-Exempt Bonds allocable to the state or local governmental use portion of the projects(s) to which the Private Person Use of such portion of the projects refunded by the proceeds of the Tax-Exempt Bonds relate. The City further covenants that it will comply with any limitations on the use of the projects refunded by the proceeds of the Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt 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 Tax-Exempt Bonds.

(d) The City hereby designates the Tax-Exempt Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for investment by financial institutions. The City reasonably does not expect to issue more than \$10,000,000 in tax-exempt debt during calendar year 2012.

SECTION 9. - Bond Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of a fund to be used for the payment of debt service on the Bonds, designated as the "City of University Place Limited Tax General Obligation Bond Debt Service Fund, 2012" (the "Bond Fund"). No later than the date each payment of principal of or interest on the Bonds becomes due, the City shall transmit sufficient funds, from the Bond Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Bond Fund may be invested in legal investments for City funds.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds when due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to cities without a vote of the people, and that a

sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of 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 when due.

SECTION 10. - Defeasance. In the event that the City, to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, 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 Bond 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 the Bond Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The City shall give written notice of defeasance to the owners of all Bonds so provided for within 30 days of the defeasance and to each party entitled to receive notice in accordance with Section 12.

SECTION 11. - Sale of Bonds.

(a) Bond Sale. The Bonds shall be sold at negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The Underwriter has advised the Council that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Council. The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to approve the final interest rates, aggregate principal amount, principal amounts of each maturity of the Bonds, whether to issue the Bonds in one or more series, whether to designate the Bonds (or the Bonds of a series) as Tax-Exempt Bonds or Taxable Bonds, selection of the Refunded Bonds, selection of the applicable Call Date, and redemption rights.

The Designated Representative is hereby authorized to determine whether the Bonds shall be issued in one or more series, to determine whether the Bonds (or the Bonds of a series) shall be issued as Taxable Bonds or Tax-Exempt Bonds, to designate a portion or all of the Refunding Candidates as Refunded Bonds, and to approve the final interest rates, aggregate principal amount, principal amounts of each maturity of the Bonds, redemption rights for the Bonds and Call Dates for the Refunded Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds does not exceed \$14,130,000, (ii) the final maturity date for the Bonds is no later than December 1, 2037, (iii) the Bonds are sold (in the aggregate) at a price not less than 98% and not greater than 120%, (iv) the Bonds are sold for a price that results in a minimum net present value debt service savings over the 2001 Refunded Bonds of at least 5%, (v) the true interest cost for

the Bonds (in the aggregate) does not exceed 5.65%; and (vi) the Bonds conform to all other terms of this ordinance.

In determining whether the Bonds shall be issued in one or more series, whether the Bonds (or the Bonds of a series) shall be issued as Taxable Bonds or Tax-Exempt Bonds, and final interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity of the Bonds, terms of redemption and redemption rights, the Designated Representative, shall take into account those factors that, in his or her judgment, will result in the lowest true interest cost on the Bonds to their maturity or date of prior redemption, including, but not limited to current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Bonds. Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute the Bond Purchase Contract.

Representative shall provide a report to the Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 11 shall expire 120 days after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 120 days after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance

approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 11.

- (b) Delivery of Bonds; Documentation. Upon the passage and approval of this ordinance, the proper officials of the City, including the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriters and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of this ordinance and the Bond Purchase Contract.
- (c) Preliminary and Final Official Statements. The Designated Representative is hereby authorized to ratify and to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Designated Representative is further authorized to ratify and to approve for purposes of the Rule, on behalf of the City, the final Official Statement relating to the issuance and sale of the Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed by him to be appropriate.

SECTION 12. - Undertaking to Provide Ongoing Disclosure.

- (a) Contract/Undertaking. This section constitutes the City's written undertaking for the benefit of the owners, including Beneficial 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 2012 for the fiscal year ended December 31, 2011):

- 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 "Statement of Revenues, Expenditures and Changes in Fund Balances";
 - 2. The assessed valuation of taxable property in the City;
 - 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-reference to other documents available to the public on the MSRB's internet website or filed with the Commission.

If not provided as part of the annual financial information discussed above, the City shall provide to the MSRB the City's audited annual financial statements 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.

- (c) Listed Events. The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
 - Principal and interest payment delinquencies;
 - Non-payment related defaults, if material;
 - 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, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
 - Modifications to the rights of Bondholders, if material;
 - Bond calls, if material, and tender offers;
 - Defeasances;
 - Release, substitution, or sale of property securing repayment of the Bonds, if material;
 - Rating changes;

- Bankruptcy, insolvency, receivership or similar event of the City;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City shall promptly determine whether the events described above are material.

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

- (d) 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.
- (e) 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.
- (f) Termination/Modification. The City's obligations to provide annual financial information and notices of certain listed 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, (A) notice of such change shall be given in the same manner as for a listed event under Subsection (c), and (B) 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.

(g) Bond Owner's Remedies Under This Section. The right of any Bond owner or 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.

(h) *No Default*. Except as otherwise disclosed in the City's official statement relating to the Bonds, 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 13. - Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the City evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and/or the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

SECTION 14. - Severability; Ratification. If any one or more of the covenants or 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. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

<u>SECTION 15</u>. - <u>Effective Date of Ordinance</u>. This ordinance shall take effect and be in force five days after its passage, approval, and publication as provided by law.

Adopted by the City Council of the City of University Place, Washington, at a regular meeting thereof held this 15th of October, 2012.

By Ken Grassi, Mayor

ATTEST

Emy Genetia, City Clerk

APPROVED AS TO FORM:

PACIFICA LAW GROUP LLP

Bond Counse

PASSED: 15th

 15^{th} of October, 2012

APPROVED: 15th of October, 2012

PUBLISHED: 17th of October, 2012

CERTIFICATION

I, the undersigned, City Clerk of the City of University Place, Washington (the "City"), hereby certify as follows:

- 1. The attached copy of Ordinance No. 613 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular time and meeting place thereof on October 15, 2012, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect after its passage; and
- 2. A quorum of the members of the City Council was present throughout the meeting and a majority of those members present voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of October, 2012.

CITY OF UNIVERSITY PLACE, WASHINGTON

Genetia, City Clerk