MEMO TO: Mayor John Marchione and Members of the City Council

FROM: Mike Bailey, Finance and Information Services Director

SUBJECT: **Summary of City Hall Refinance Options**

DATE: July 9, 2013

The Council's Public Administration and Finance Committee (PAF) reviewed the issues related to a possible refinance of Redmond City Hall at their May 21 and June 18, 2013, meetings. The committee requested that staff provide a briefing to the full Council. Below (below the line) is the information provided for the PAF committee meeting as background to the discussion.

In the time since those discussions the municipal bond market has "deteriorated" pretty significantly such that the prospects for sufficient savings to warrant a refinance transaction are now in question. We will include a review of this issue at the July 9, 2013, briefing; however, the PAF committee requested that staff prepare for the refinance transaction so that when market conditions warrant, we can complete the sale and secure the savings. Therefore, we will have the ordinance to authorize the bonds on the July 16, 2013, agenda for the Council's consideration.

A presentation will be provided at the July 9, 2013, study session to facilitate the discussion.

Memo to PAF Committee dated May 17, 2013 –

The City of Redmond used a lease purchase arrangement (known as a "63-20" financing - which is a reference to an IRS ruling number) for its new city hall in April 2004. The lease commitment runs for 30 years (until 2035). Recently, the municipal bond market has been very favorable to issuers and the potential for saving money by refinancing this obligation has become worth pursuing.

There are two complex issues that the committee should consider while reviewing the potential refinance options. They are what type of debt to issue and when to initiate the transaction.

What type of debt to issue:

As discussed, the current form of debt is a "63-20" lease obligation to Redmond Community Properties (RCP), a non-profit entity that was created to facilitate the transaction. The City can either refinance this obligation by maintaining this as a lease from RCP; or it can unwind the lease and purchase the building with the proceeds from a more conventional limited tax general obligation bond (LTGO).

Background - I understand that the lease structure was originally used to provide for a design / build approach to developing, financing and then operating the city hall. From all I've heard, this approach worked very well and met the goals for the structure. Now that city hall has been in use for several years the design and build goals are no longer timely. The operation of the building by Wright Runstad has worked very well also.

The lease structure tends to be more expensive than a traditional LTGO. That is because there are more legal issues to accommodate and they are less common in the municipal bond marketplace. Staff can review the difference in cost with the Committee during the meeting. If the City wants to maintain the lease structure it would seem some justification for this more expensive approach would be appropriate.

Recommendation – Staff recommends the refinancing structure be an LTGO bond in order to maximize the savings potential while permitting the City to retain the other elements of the lease (namely the relationship with a building manager) through a procurement process.

When to initiate the transaction:

It is very common in the municipal bond marketplace to place a "call provision" (a period of time during which an early redemption of the bonds is not permitted) on new bonds. A very typical call provision is ten years. This was true of the 63-20 lease the City entered in to for the city hall transaction. The call date for this lease is April of 2014.

While a call provision makes refinancing bonds during this period of time more challenging – it is still feasible. It involves a structure where the proceeds of the refunding bonds are placed in escrow for the sole purpose of defeasing the outstanding bonds. When the call date arrives, the escrow agent initiates the call of the outstanding bonds and redeems them at that time. This is known as an "advance refunding".

Another challenge with an advance refunding is that the escrow account (the refunding bonds) will earn interest at a rate lower than the interest on the obligations being refinanced. This is known as negative arbitrage. The size of this negative arbitrage is what has prevented the refinance of city hall from being feasible earlier. As the call date gets closer the negative arbitrage gets smaller (less time for the math to work against you).

The city can initiate an advance refunding this summer for the lease obligations. Currently the market rates would result in an annual savings of just under $300,000 with all costs and the negative arbitrage accounted for. If the city waits until the call date it won't be certain that interest rates at that time will be as favorable as they are today. An analysis suggests that the market would only have to move (become more expensive) by 35 to 40 basis points (bp - or .35% to .40%) to eliminate the savings from waiting to avoid an advance refunding.

Recommendation: Staff believes that the risk of the market moving by 40 bp is high enough that we should proceed with an advance refunding now and secure the savings based on current market conditions.

Staff will provide financial analysis and answer questions to facilitate the discussion at the PAF committee meeting.

CITY OF REDMOND
ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, PROVIDING FOR THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED [$_____]; DIRECTING THE DEFEASANCE AND PRIOR REDEMPTION OF BONDS ISSUED ON BEHALF OF THE CITY; PROVIDING THE FORM AND TERMS OF THE BONDS; AND DELEGATING THE AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS

WHEREAS, pursuant to RCW 35.42.070-.080, the City of Redmond (the "City") sought proposals for the development on the City campus of a new city hall and related parking facilities (the "Project") and selected Redmond Community Properties, a Washington nonprofit corporation ("RCP"), and Wright Runstad Associates Limited Partnership to develop the Project; and

WHEREAS, the City leased the land to RCP pursuant to a ground lease (the "Ground Lease"), and leased back the completed Project pursuant to a lease agreement (the "Lease"), approved by Ordinance No. 2198, adopted by the City Council ("Council") on February 17, 2004; and

WHEREAS, RCP financed the development of the Project through the issuance of its Redmond Community Properties Lease Revenue Bonds, 2004 (City of Redmond, Washington, City Hall Project) (the "RCP Bonds") on behalf of the City pursuant to Revenue Ruling 63-20 of the U.S. Department of Treasury (as compiled and supplemented by Revenue Procedure 82-26 of the U.S. Department of Treasury) (together, the "Ruling"); and

WHEREAS, the City pays monthly rent under the Lease in an amount sufficient to pay debt service on the RCP Bonds; and

WHEREAS, pursuant to the Ruling, the City has the right to obtain unencumbered title and exclusive possession of the Project by placing into escrow an amount sufficient to defease the RCP Bonds and pay reasonable costs incident to the defeasance; and

WHEREAS, the City may realize savings by issuance of its limited tax general obligation bonds (the "Bonds") to defease and refund the RCP Bonds if debt service on the Bonds is lower than monthly rent paid by the City with respect to the RCP Bonds; and

WHEREAS, the RCP Bonds remain outstanding as follows:

Maturity Dates (December 1)	**Principal Amounts**	**Interest Rates**
2013	$1,250,000	5.000%
2014	1,310,000	5.000
2016*	2,500,000	5.250
2020*	6,895,000	5.000
2021	1,000,000	4.125
2022	1,045,000	4.250
2023	1,090,000	4.375
2024	1,135,000	4.375
2029*	6,490,000	4.500
2035*	10,045,000	5.000

* Term Bonds; and

WHEREAS, the City may provide written direction to RCP to call the RCP Bonds maturing on or after December 1, 2014 for redemption on or after June 1, 2014, in whole or in part on any date, at a price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, after due consideration it appears to the Council that directing RCP to defease and refund the RCP Bonds with proceeds of the Bonds authorized herein will result in a savings to the City and its taxpayers; and

WHEREAS, the Council acknowledges that, upon the defeasance of the RCP Bonds, the Ground Lease and Lease will terminate and unencumbered title and exclusive possession of the Project will transfer to the City; and

WHEREAS, the Council deems it in the best interest of the City to issue the Bonds in the aggregate principal amount of not to exceed [$_____]to provide funds to defease and refund the RCP Bonds and pay costs of issuing the Bonds; and

WHEREAS, the Council wishes to delegate authority to the Finance Director (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; and

WHEREAS, the City has received a proposal from Seattle-Northwest Securities Corporation (the "Underwriter") 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 REDMOND, WASHINGTON DO 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 mean the Government Obligations acquired to effect the defeasance and refunding of the RCP 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 Redmond Limited Tax General Obligation Bond Debt Service Fund, 2013" 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 day is selected by the City before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

Bonds mean the City of Redmond, Washington, Limited Tax General Obligation Bonds, 2013, issued pursuant to this ordinance.

Call Date means June 1, 2014.

City means the City of Redmond, Washington, a municipal corporation duly organized and existing under 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 Finance Director, 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 escrow agent selected by the Designated Representative in connection with the defeasance of the RCP Bonds.

Finance Director means the Finance Director of the City or the successor to such officer.

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

Indenture means the Indenture of Trust, dated April 1, 2004, between RCP and J.P. Morgan Trust Company, National Association, as Trustee.

Lease means the Lease Agreement dated as of February 17, 2004, by and between RCP and the City, as amended as of April 1, 2004.

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 the Bonds, means the principal amount of the 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.

RCP means Redmond Community Properties, a Washington nonprofit corporation and issuer of the RCP Bonds.

RCP Bonds mean the Redmond Community Properties Lease Revenue Bonds, 2004 (City of Redmond, Washington, City Hall Project), dated April 6, 2004 and issued pursuant to the Indenture.

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 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.

2004 Ordinance means Ordinance No. 2198 adopted by the Council on February 17, 2004 authorizing the Ground Lease and Lease and approving issuance of the RCP Bonds by RCP.

2004 Trustee means J.P. Morgan Trust Company, National Association, and its successors and assigns, as Trustee pursuant to the Indenture.

Underwriter means Seattle-Northwest Securities Corporation, Seattle, Washington, and its successors.

(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 defeasing and refunding the RCP Bonds and paying costs of issuance of the Bonds, the City shall issue and sell its limited tax general obligation bonds in the aggregate principal amount of not to exceed [$_____] (the “Bonds”).

The Bonds shall be general obligations of the City, shall be designated “City of Redmond, Washington, Limited Tax General Obligation Bonds, 2013” or other such designation as set forth in the Bond Purchase Contract and approved by the Designated Representative; shall be dated as of their date of 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 maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest from their date payable semiannually on the first days of each [December] and [June], at 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 the 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 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 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 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.

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 for the Bonds 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 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, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity 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 physical 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 by a depository. The Finance Director 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 together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds 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, 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, 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 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.

Section 4. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any*. The Bonds 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 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 Finance Director.

(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 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, 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 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 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 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) Effect of Notice; Bonds Due. 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.

(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 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 REDMOND
LIMITED TAX GENERAL OBLIGATION BOND, 2013

INTEREST RATE: MATURITY DATE: CUSIP NO.:

REGISTERED OWNER: CEDE & CO.
PRINCIPAL AMOUNT:

The City of Redmond, 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 _____, 2013, 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 _____ 1, 201_, and semiannually thereafter on the first days of each succeeding _____ and _____. 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 _____, 2013 (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 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 obligations issued on behalf of the City, and (b) to pay costs of issuance.

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

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, 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.

IN WITNESS WHEREOF, the City of Redmond, Washington has caused this bond to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this ____ day of _____, 2013.

[SEAL]

CITY OF REDMOND, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

/s/ manual or facsimile
City Clerk

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Limited Tax General Obligation Bonds, 2013 of the City of Redmond, Washington, dated _____, 2013.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____

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. Plan of Finance; Application of Bond Proceeds.

(a) *Plan of Finance*. For the purpose of realizing a debt service savings (as determined by comparing the monthly rent the City is paying under the Lease to the debt service to be paid on the Bonds), the City hereby authorizes the Finance Director to notify RCP and the 2004 Trustee of the City's intention to exercise its option to defease the RCP Bonds and thereby receive unencumbered title and exclusive possession of the Project. Proceeds of the Bonds shall be deposited with the Escrow Agent, and shall be used upon receipt thereof to defease and refund the RCP Bonds as authorized by the Indenture and to pay costs of issuance of the Bonds, as specified by the Designated Representative.

The proceeds deposited with the Escrow Agent shall be used to defease and refund the RCP 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 RCP Bonds as such becomes due on and prior to the Call Date;

(2) principal as such becomes due on the portion of the 2004 Bonds maturing on December 1, 2013; and

(3) the redemption price (100% of the principal amount) of the RCP Bonds redeemed on the 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) *Call for Redemption of RCP Bonds*. The City hereby directs RCP and the Escrow Agent to irrevocably set aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Bonds to make the payments described above.

The City hereby directs RCP and the Escrow Agent to irrevocably call the RCP Bonds for redemption on the Call Date in accordance with the provisions of the Indenture authorizing the redemption and retirement of the RCP Bonds prior to their fixed maturities.

Said defeasance and call for redemption of the 2004 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 defeasance of the RCP Bonds and the redemption of the RCP Bonds in accordance with the applicable provisions of the Indenture.

The Escrow Agent is hereby authorized and directed to pay, when due, the payments specified in 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 moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested and applied in accordance with the provisions of the Indenture and with the laws of the State of Washington for the benefit of the owners of the RCP Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses related to the defeasance of the RCP Bonds, including those of the Escrow Agent, 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 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 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 Bonds or any other funds of the City which may be deemed to be proceeds of the 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 Bonds to the initial purchasers thereof, would have caused the 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 Bonds.

(b) *Private Person Use Limitation for Bonds*. The City covenants that for as long as the Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bonds to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the 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 Bonds are allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the 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 Project funded by the proceeds of the Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds allocable to the state or local governmental use portion of the Projects to which the Private Person Use of such portion of the Project funded by the proceeds of the 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 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 Bonds. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the 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 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 Bonds.

(d) The City does not designate the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for investment by financial institutions.

Section 9. Bond Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of a [fund/account] to be used for the payment of debt service on the Bonds, designated as the "City of Redmond Limited Tax General Obligation Bond Debt Service Fund, 2013" (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, and redemption rights.

The Designated Representative is hereby authorized to approve the final interest rates, aggregate principal amount, principal maturities, and redemption rights for the Bonds in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds does not exceed [$_____], (ii) the final

maturity date for the Bonds is no later than December 1, 20__, (iii) the Bonds are sold (in the aggregate) at a price not less than __% and not greater than ___%, (iv) the Bonds are sold for a price that results in a minimum net present value savings of _____% (calculated by comparing monthly rent under the Lease to debt service to be paid on the Bonds), and (v) the true interest cost for the Bonds (in the aggregate) does not exceed ____%.

In determining the final interest rates, aggregate principal amounts, principal maturities 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, 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.

Following the execution of the Bond Purchase Contract, the Finance Director 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 but not limited to the Finance Director and the City Mayor, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter 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. [Authorize assignment of property management agreement to City for up to 90 day transition period]

(c) *Preliminary and Final Official Statements.* The Finance Director is hereby authorized to ratify and to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Finance Director 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 or her 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 [2014] for the fiscal year ended December 31, [2013]):

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 General Fund Statement of Revenues, Expenditures and Changes in Fund Balance"];

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-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 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) *Listed Events*. The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 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, the City advises that no debt service reserves, credit enhancement, 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 bondowner 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.

Section 15. Effective Date of Ordinance. This ordinance shall take effect and be in force [five] days after its passage, approval, and publication as provided by law.

Adopted by the Redmond City Council this _____ of _____, 2013.

By _____
JOHN MARCHIONE, Mayor

ATTEST

_____
MICHELLE M. MCGEHEE, MMC, City Clerk

APPROVED AS TO FORM:

_____

FILED WITH THE CITY CLERK: _____
PASSED BY THE CITY COUNCIL: _____
SIGNED BY THE CITY MAYOR: _____
PUBLISHED: _____
EFFECTIVE DATE: _____

ORDINANCE NO. _____

CERTIFICATION

I, the undersigned, City Clerk of the City of Redmond, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. _____ (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 _____, 2013, 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 _____ day of _____, 2013.

CITY OF REDMOND, WASHINGTON

_____

MICHELLE M. MCGEHEE, MMC, City Clerk