

ORIGINAL

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 556

AN ORDINANCE of the City of Shoreline, Washington, relating to contracting indebtedness; providing for the issuance of \$3,805,000 par value of Limited Tax General Obligation Bonds, Series 2009A, and \$18,340,000 par value Limited Tax General Obligation Bonds, Series 2009B (Taxable Build America Bonds - Direct Pay), of the City for general City purposes to provide funds with which to pay the cost of pre-paying a lease to carry out the acquisition of a new City Hall; fixing the date, form, maturities interest rates, terms and covenants of the bonds; establishing a bond redemption fund and a lease transfer fund; and approving the sale and providing for the delivery of the bonds to Piper Jaffray & Co. of Seattle, Washington.

Passed July 29, 2009

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WHEREAS, the City of Shoreline, Washington (the "City"), is in need of obtaining a new City Hall facility and related parking structure; and

WHEREAS, following a competitive process, pursuant to Chapter 35.42 RCW the City selected Opus Northwest, L.L.C. (the "Developer"), to construct a City Hall facility and a related parking structure, all at the cost and expense of the Developer, and then to lease those facilities to the City with an option to purchase; and

WHEREAS, the City and the Developer executed a "City of Shoreline Civic Center Development Agreement" dated as of March 26, 2008, which agreement has been amended since that date (the agreement together with its amendments, are referred to below as the "Development Agreement"); and

WHEREAS, the Development Agreement provided that upon substantial completion of the City Hall and the parking facilities, respectively, the City would be required to lease each of those facilities and, under certain circumstances, to provide for the transfer of the Developer's interest in the lease to a third party in exchange for a "lease transfer amount"; and

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WHEREAS, the Developer has or soon will have substantially completed the City Hall and is prepared to lease that building to the City; and

WHEREAS, the City earlier contemplated the transfer of the City Hall lease and/or the parking facility lease from the Developer to a trustee and the simultaneous issuance of "certificates of participation" in the lease or leases, but, due to current bond market conditions and attractive interest rates, the City has now determined to issue limited tax general obligation bonds with which to exercise its option to acquire the new City Hall by prepaying the City Hall lease, and to use cash on hand to prepay the garage lease; and

WHEREAS, the estimated cost of prepaying the City Hall lease is approximately \$25,539,000, and the City does not have available sufficient funds to pay the cost from amounts on hand; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, DO
ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings:

"Bond Fund" means the Limited Tax General Obligation Bond Fund, 2009, created by this ordinance for the payment of the Bonds.

"Bond Register" means the books or records maintained by the Bond Registrar containing the name and mailing address of the owner of each Bond and the principal amount and number of Bonds held by each owner.

"Bond Registrar" means the Fiscal Agent.

"Bonds" means, collectively, the Series 2009A Bonds and the Series 2009B Bonds.

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“City” means the City of Shoreline, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the state of Washington.

“Code” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“DTC” means The Depository Trust Company, New York, New York.

“Finance Director” means the Finance Director of the City.

“Fiscal Agent” means the fiscal agent of the State of Washington, as the same may be designated by the State from time to time.

“Lease Transfer Fund” means the City Hall Lease Transfer Fund, 2009, created by this ordinance.

“Letter of Representations” means the Blanket Issuer Letter of Representations dated November 29, 2006, between the City and DTC, as it may be amended from time to time.

“MSRB” means the Municipal Securities Rulemaking Board.

“SEC” means the United States Securities and Exchange Commission.

“Series 2009A Bonds” means the \$3,805,000 par value Limited Tax General Obligation Bonds, Series 2009A, of the City issued pursuant to and for the purposes provided in this ordinance.

“Series 2009B Bonds” means the \$18,340,000 par value Limited Tax General Obligation Bonds, Series 2009B (Taxable Build America Bonds - Direct Pay), of the City issued pursuant to and for the purposes provided in this ordinance.

Section 2. Debt Capacity. The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for the calendar year 2009 is \$8,023,085,077, and the City has no outstanding general indebtedness evidenced by limited

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tax general obligation bonds, notes, leases or conditional sales incurred within the limit of up to 1-1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein; has no outstanding unlimited tax general obligation bonds incurred within the limit of up to 2 1/2% of the value of the taxable property within the City for capital purposes only; has no outstanding unlimited tax general obligation bonds incurred within the additional limit of up to 2 1/2% of the value of the taxable property within the City for utility purposes; has unlimited tax general obligation bonds in the principal amount of \$16,930,000 incurred within the additional limit of up to 2 1/2% of the value of the taxable property within the City for parks and open space and economic development purposes, issued pursuant to a vote of the qualified voters of the City; and the amount of indebtedness for which bonds are authorized herein to be issued is \$22,145,000.

Section 3. Authorization of Bonds. The City shall borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing that indebtedness in the amount of \$22,145,000 for general City purposes to provide the funds to pay the cost of exercising its option to pre-pay the City Hall lease pursuant to the Development Agreement and to thereby acquire the new City Hall (the "Acquisition") and to pay the costs of issuance and sale of the Bonds (the "costs of issuance"). The general indebtedness to be incurred shall be within the limit of up to 1-1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein.

Section 4. Description of Bonds. The Series 2009A Bonds shall be called Limited Tax General Obligation Bonds, Series 2009A, of the City and shall be issued in the aggregate principal amount of \$3,805,000. The Series 2009B Bonds shall be called Limited Tax General Obligation Bonds, Series 2009B (Taxable Build America Bonds - Direct Pay), of the City and

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shall be issued in the aggregate principal amount of \$18,340,000. The Bonds shall be dated the date of their initial delivery; shall be in the denomination of \$5,000 or any integral multiple thereof within a single 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; shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each June 1 and December 1, commencing December 1, 2009, to the maturity or earlier redemption of the Bonds; and shall mature on December 1 in years and amounts and bear interest at the rates per annum as follows:

Series 2009A Bonds

Maturity Years	Amounts	Interest Rates
2010	\$425,000	3.00%
2011	440,000	3.00
2013	450,000	3.00
2013	465,000	3.00
2014	480,000	3.00
2015	495,000	4.00
2016	515,000	4.00
2017	535,000	4.00

Series 2009B Bonds

Maturity Years	Amounts	Interest Rates
2019	\$1,125,000	4.69%
**	**	**
2021	1,200,000	5.06
**	**	**
2023	1,280,000	5.29
**	**	**
2029	4,465,000	6.10
**	**	**
2034	4,615,000	6.25
**	**	**
2039	5,655,000	6.40

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The life of the capital facility to be acquired with the proceeds of the Bonds exceeds the term of the Bonds.

Section 5. Registration and Transfer of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Bond Register shall contain the name and mailing address of the owner of each Bond and the principal amount and number of each of the Bonds held by each owner.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any authorized denomination of an equal aggregate principal amount and of the same series, interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

The Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to registered owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC).

For as long as any Bonds are held in fully immobilized form, DTC, its nominee or its successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its

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nominee and, except for the purpose of the City's undertaking herein to provide continuing disclosure, shall not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the City or such substitute depository's successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

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 City that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the City may 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.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in fully immobilized form.

Section 6. Payment of Bonds. 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 paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date or, if requested in writing by a registered owner of Bonds prior to the applicable record date, by wire transfer on the interest payment date, provided that costs of the

electronic transfer will be paid by the requesting registered owner. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners to the Bond Registrar. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations.

Section 7. Redemption Provisions and Open Market Purchase of Bonds.

(a) *Optional Redemption.* The Series 2009A Bonds and the Series 2009B Bonds maturing in the year 2019 shall be issued without the right or option of the City to redeem those Bonds prior to their stated maturity dates. The City reserves the right and option to redeem the Series 2009B Bonds maturing on or after December 1, 2021, prior to their stated maturity dates at any time on or after December 1, 2019, as a whole or in part (within one or more maturities selected by the City and randomly within a maturity in such manner as the Bond Registrar shall determine), at par plus accrued interest to the date fixed for redemption.

(b) *Extraordinary Optional Redemption.* The Series 2009B Bonds maturing before December 1, 2019, are subject to redemption prior to their stated maturity dates at the option of the City, in whole or in part upon the occurrence of an Extraordinary Event (defined below), at a redemption price (the "Extraordinary Redemption Price") equal to the greater of: (i) the issue price of such Series 2009B Bonds (but not less than 100% of the principal amount of such Series 2009B Bonds to be redeemed); or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Series 2009B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Series 2009B Bonds are to be redeemed, discounted to the date on which such Series 2009B Bonds are to be redeemed on a semiannual basis, assuming a 360-day year

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consisting of twelve 30-day months, at the Treasury Rate (described below) plus 100 basis points; plus, in each case, accrued interest on such Series 2009B Bonds to be redeemed to the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2009B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2009B Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

At the request of The Bank of New York Mellon, as Paying Agent (the “Paying Agent”), the redemption price of the Series 2009B Bonds to be redeemed at the option of the City will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City’s expense to calculate such redemption price. The Paying Agent and the City may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

An “Extraordinary Event” will have occurred if a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the

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Recovery Act, pertaining to “Build America Bonds”) pursuant to which the City’s 35% cash subsidy payment from the United States Treasury is reduced or eliminated.

(c) *Mandatory Redemption.* The Series 2009B Bonds are Term Bonds and, if not redeemed under the optional or extraordinary optional redemption provisions set forth above or purchased in the open market under the provisions set forth below, shall be called for redemption randomly (in such manner as the Bond Registrar shall determine) at par plus accrued interest on December 1 in years and amounts as follows:

Term Bonds Maturing in 2019	
Mandatory Redemption Dates (December 1)	Mandatory Redemption Amounts
2018	\$555,000
2019*	570,000

* Maturity

Term Bonds Maturity in 2021	
Mandatory Redemption Dates (December 1)	Mandatory Redemption Amounts
2020	\$590,000
2021*	610,000

Term Bonds Maturing in 2023	
Mandatory Redemption Dates (December 1)	Mandatory Redemption Amounts
2022	\$630,000
2023*	650,000

Term Bonds Maturity in 2029	
Mandatory Redemption Dates (December 1)	Mandatory Redemption Amounts
2024	\$675,000
2025	700,000
2026	730,000
2027	755,000
2028	785,000
2029*	820,000

* Maturity

Term Bonds Maturing in 2034	
Mandatory Redemption Dates (December 1)	Mandatory Redemption Amounts
2030	\$ 850,000
2031	885,000
2032	920,000
2033	960,000
2034*	1,000,000

* Maturity

Term Bonds Maturity in 2039	
Mandatory Redemption Dates (December 1)	Mandatory Redemption Amounts
2035	\$1,040,000
2036	1,085,000
2037	1,130,000
2038	1,175,000
2039*	1,225,000

If the City redeems under the optional redemption provisions, purchases in the open market or defeases Term Bonds, the par amount of the Term Bonds so redeemed, purchased or

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defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation at least 60 days prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(d) *Partial Redemption of Bonds.* Portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple thereof, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the registered owner, without charge therefor, a new Bond (or Bonds, at the option of the registered owner) of the same series, maturity and interest rate in any of the denominations authorized by this ordinance in the aggregate principal amount remaining unredeemed.

(e) *Open Market Purchase.* The City further reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price plus accrued interest to the date of purchase.

(f) *Selection of Bonds for Redemption.* Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

(g) *Cancellation of Bonds.* All Bonds purchased or redeemed under this section shall be canceled.

Section 8. Notice of Redemption. While the Bonds are held by DTC in book-entry only form, any notice of redemption shall be given at the time, to the entity and in the manner required by DTC in accordance with the Letter of Representations, and the Bond Registrar shall

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not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form, the City shall cause notice of any intended redemption of Bonds to be given by the Bond Registrar not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond.

In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected registered owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to the MSRB and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

Section 9. Failure To Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit

in the Bond Fund and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

Section 10. Pledge of Taxes. For as long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor (including the federal credit payments described in the following sentence), to pay when due the principal of and interest on the Bonds, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest. The credit payments made by the United States Treasury to the City pursuant to section 6431 of the Code in an amount equal to 35% of the interest payable on the Series 2009B Bonds on each interest payment date also are pledged to the payment when due of the principal of and interest on the Series 2009B Bonds.

Section 11. Form and Execution of Bonds. The Bonds shall be prepared in a form consistent with the provisions of this ordinance and state law and shall be signed by the Mayor and City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

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CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered City of Shoreline, Washington, Limited Tax General Obligation Bonds, [Series 2009A/Series 2009B (Taxable Build America Bonds – Direct Payment)], described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENT
Bond Registrar

By _____
Authorized Signer

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the City authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 12. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond

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Registrar's powers and duties under this ordinance and City Ordinance No. 453 establishing a system of registration for the City's bonds and obligations.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds 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 members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 13. Preservation of Tax Exemption for Interest on Series 2009A Bonds. The City covenants that it will take all actions necessary to prevent interest on the Series 2009A Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Series 2009A Bonds or other funds of the City treated as proceeds of the Series 2009A Bonds at any time during the term of the Series 2009A Bonds which will cause interest on the Series 2009A Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Series 2009A Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Series 2009A Bonds, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Series 2009A Bonds from being included in gross income for federal income tax purposes.

Section 14. Designation of Series 2009A Bonds as “Qualified Tax-Exempt Obligations.” The City has determined and certifies that (a) the Series 2009A Bonds are not “private activity bonds” within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Series 2009A Bonds are issued will not exceed \$30,000,000; and (c) the amount of tax-exempt obligations, including the Series 2009A Bonds, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series 2009A Bonds are issued does not exceed \$30,000,000. The City designates the Series 2009A Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code.

Section 15. Election to Treat Series 2009B Bonds as “Build America Bonds”; Tax Covenants. The City hereby irrevocably elects to have section 54AA of the Code apply to the Series 2009B Bonds so that the Series 2009B Bonds are treated as “Build America Bonds,” and further to have subsection 54AA(g) of the Code apply to the Series 2009B Bonds so that the Series 2009B Bonds are treated as “qualified bonds” with respect to which the City will be allowed a credit payable by the United States Treasury to the City pursuant to section 6431 of the Code in an amount equal to 35% of the interest payable on the Series 2009B Bonds on each interest payment date. The City authorizes the Finance Director to take such actions as are necessary or appropriate for the City to receive from the United States Treasury the applicable federal credit payments in respect of the Series 2009B Bonds, including but not limited to the

timely filing with the Internal Revenue Service of Form 8038-CP – “Return for Credit Payments to Issuers of Qualified Bonds.”

The City also covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the entitlement of the City to receive from the United States Treasury the applicable federal credit payments in respect of the Series 2009B Bonds. Without limiting the generality of the foregoing, the City will comply with the provisions of the Code compliance with which would result in the interest on the Series 2009B Bonds being excluded from gross income for federal tax purposes but for the City’s irrevocable election to have Section 54AA of the Code apply to the Series 2009B Bonds.

Section 16. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the “defeased Bonds”) and to pay the costs of the refunding or defeasance. If money and/or “government obligations” (as defined in chapter 39.53 RCW, as now or hereafter amended) maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the “trust account”), then all right and interest of the owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds

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from the trust account. The City shall include in the refunding or defeasance plan such provisions as the City deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of a series of Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the City shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the City may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

Section 17. Bond Fund; Lease Transfer Fund; and Deposit of Bond Proceeds. The Bond Fund is hereby created and established in the office of the Finance Director as a special fund designated the Limited Tax General Obligation Bond Fund, 2009, for the purpose of paying principal of and interest on the Bonds. All taxes collected for and allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

The Lease Transfer Fund also is hereby created and established in the office of the Finance Director as a special fund designated the City Hall Lease Transfer Fund, 2009. The principal proceeds and premium, if any, received from the sale and delivery of the Bonds shall be paid into the Lease Transfer Fund and used to pay the costs of the Acquisition and costs of issuance of the Bonds. Until needed to such costs, the City may invest principal proceeds temporarily in any legal investment, and the investment earnings may be retained in the Lease Transfer Fund and be spent for the purposes of that fund except that earnings subject to a federal

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tax or rebate requirement may be withdrawn from the Lease Transfer Fund and used for those tax or rebate purposes. Any amounts remaining in the Lease Transfer Fund remaining after payment of the lease transfer amount for the City Hall and costs of issuance of the Bonds, may be applied to payment of the lease transfer amount for the parking facilities or for any other proper City purpose.

Section 18. Approval of Bond Purchase Contract. Piper Jaffray & Co. of Seattle, Washington, has presented a purchase contract (the "Bond Purchase Contract") to the City offering to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which written Bond Purchase Contract is on file with the City Finance Director and is incorporated herein by this reference. The City Council finds that entering into the Bond Purchase Contract is in the City's best interest and therefore accepts the offer contained therein and authorizes its execution by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the Bond Purchase Contract, with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds.

The proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the purchaser and for the proper application and use of the proceeds of the sale thereof. The City Manager and other proper City officials are authorized and directed to do everything necessary to carry out the Acquisition.

Section 19. Preliminary Official Statement Deemed Final. The City Council has been provided with copies of a preliminary official statement dated July 21, 2009 (the "Preliminary Official Statement"), prepared in connection with the sale of the Bonds. For the sole purpose of the Bond purchaser's compliance with SEC Rule 15c2-12(b)(1), the City "deems final" that

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Preliminary Official Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, maturity dates, options of redemption, delivery dates, ratings and other terms of the Bonds dependent on such matters.

Section 20. Undertaking to Provide Continuing Disclosure. To meet the requirements of SEC Rule 15c2-12(b)(5) (the "Rule"), as applicable to a participating underwriter for the Bonds, the City makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of Material Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section ("annual financial information");

(ii) Timely notice of the occurrence of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Series 2009A Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds); (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes; and

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in subsection (a) of this section:

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with the generally accepted accounting principles applicable to Washington State local governmental units, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) authorized, issued and outstanding balance of general obligation bonds; (3) assessed valuation of property within the City for the fiscal year; and (4) regular property tax levy rate and regular property tax levy rate limit for the fiscal year;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2009; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by the Rule.

The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the City and any holder of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of the Rule which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

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(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director (or such other officer of the City who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the City in respect of the Bonds set forth in this section and in accordance with the Rule, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in subsection (a) has occurred, assessing its materiality with respect to the Bonds, and, if material, preparing and disseminating notice of its occurrence;

(iii) Determining whether any person other than the City is an "obligated person" within the meaning of the Rule with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of material events for that person in accordance with the Rule;

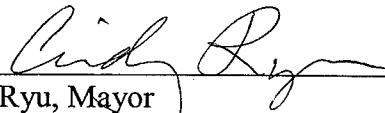
(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

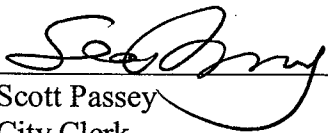
ORIGINAL

Section 21. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following publication of a summary of the ordinance consisting of its title as required by law.

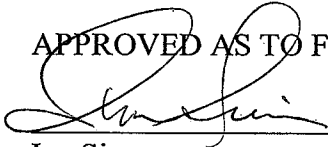
PASSED BY THE CITY COUNCIL ON JULY 29, 2009.


Cindy Ryu, Mayor

ATTEST:


Scott Passey
City Clerk

APPROVED AS TO FORM:


Ian Sievers
City Attorney

Publication Date: August 3, 2009

Effective Date: August 8, 2009

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CERTIFICATION

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

1. The attached copy of Ordinance No. 556 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a special meeting of the City Council of the City held at the regular meeting place thereof on July 29, 2009, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after publication in the City's official newspaper;

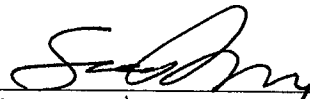
2. Written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the City Council by mail or by personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which notice is attached hereto as Appendix 1;

3. Written notice of the special meeting was given to each local radio or television station and to each newspaper of general circulation that has on file with the City a written request to be notified of special meetings, or to which such notice customarily is given; and

4. 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 29th day of July, 2009.

CITY OF SHORELINE, WASHINGTON



Scott Passey, City Clerk



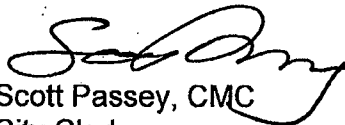
17544 Midvale Avenue North
Shoreline, Washington 98133-4921
206 801-2230 FAX 206 546-1524
Agenda Line 206 801-2236

NOTICE OF SPECIAL MEETING

NOTICE IS HEREBY GIVEN that the City Council of the City of Shoreline, Washington will hold a special meeting on **July 29, 2009 at 2:00 p.m.**, in Room 305 of the Shoreline Business & Professional Center, aka City Hall, located at 17544 Midvale Avenue North, Shoreline, Washington. The meeting is being held for the purposes of considering and acting upon the following:

- 1. Ordinance No. 556, Providing for the Issuance, Specifying the Maturities, Interest Rates, Terms and Covenants of \$22,365,000 par value Limited Tax General Obligation Bonds for the City Hall Project**

Dated this 27th Day of July, 2009.


Scott Passey, CMC
City Clerk