

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

| | | | |
|----------------------|--|---|---------------------------------|
| AGENDA TITLE: | Discussion of Ordinance No. 961 Unlimited Tax General Obligation (UTGO) Bond 2022 – Park Improvement and Park Land Acquisition and Ordinance No. 962 Amending Ordinance No. 829 Limited Tax General Obligation Bond Anticipation Notes | | |
| DEPARTMENT: | Administrative Services Department | | |
| PRESENTED BY: | Sara Lane, Administrative Services Director | | |
| ACTION: | <input type="checkbox"/> Ordinance | <input type="checkbox"/> Resolution | <input type="checkbox"/> Motion |
| | <input checked="" type="checkbox"/> Discussion | <input type="checkbox"/> Public Hearing | |

PROBLEM/ISSUE STATEMENT:

On August 6, 2018, the City Council approved [Ordinance No. 829](#) authorizing the issuance of \$25,000,000 in Limited Tax General Obligation (LTGO) Bond Anticipation Notes to purchase parks properties and to finance other capital expenditures described in the City's 2017-2023 Parks, Recreation and Open Space (PROS) Plan with repayment that would be supported by a future voted bond measure. This Ordinance was later amended by [Ordinance No. 864](#) and [Ordinance No. 877](#) to extend the authorization period to issue debt. On February 14, 2020, the City issued its Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable) in the amount of \$25,000,000 (BAN).

On November 1, 2021, the City Council approved [Ordinance No. 949](#) authorizing the placement of a ballot measure on the 2022 February Special Election asking voters to approve the issuance of up to \$38,500,000 of unlimited tax general obligation bonds for park improvement and park land acquisition, the payment of which will be supported by an excess property tax levy. Proceeds of the bonds will be used to finance and refinance improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. On February 8, 2022, Shoreline voters approved Proposition 1 with nearly 70% of voters supporting the proposition.

Proposed Ordinance No. 961 (Attachment A) authorizes the City to issue \$38,500,000 in unlimited tax general obligation bonds with repayment supported by the excess property tax levy approved by voters. The debt will fund the improvements authorized by the voters, including refinancing a portion of the outstanding BAN that was used to acquire four parks properties totaling \$6.1M and included in Proposition 1. Proceeds of the proposed bonds will not repay the remaining balance of the BAN related to the purchase of the Midvale Avenue N property (Shoreline Secure Storage) for a potential future aquatics and community center.

Proposed Ordinance No. 962 (Attachment B) further amends Ordinance No. 829 to allow a three-year extension of the BAN related to the purchase of the Midvale Avenue N property while the City evaluates options for pursuing a future bond measure for an aquatics and community center.

Tonight, Council will discuss both proposed Bond Ordinances as part of this agenda item. Action on proposed Ordinance No. 961 and proposed Ordinance No. 962 are currently scheduled for the April 18, 2022 Council meeting.

RESOURCE/FINANCIAL IMPACT:

Proposed Ordinance No. 961 authorizes the issuance of unlimited tax general obligation bonds (Bonds) in the principal amount of up to \$38.5 million to finance and refinance: parks improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. The Bonds will be repaid from an excess property tax levy approved by the voters. True interest cost on the Bonds will not exceed 4.5%. The property tax special levy would be set each year to match the debt service payments for the Bonds. Debt service payments are estimated at \$2,755,000 per year for a 20-year term (Attachment C). The Bonds would be issued for a term no longer than 20 years from issuance. The initial interest payment is anticipated to be due in December 2022. Because the City has already levied property taxes for 2022, that interest amount will be covered by the City's general fund and included in the 2023 property tax levy. Appropriations for debt service and interfund transfers to support the debt service will be included with a budget amendment later in 2022.

Proposed Ordinance No. 962 authorizes the extension of and modifications to the City's outstanding BAN. The BAN authorized by Ordinance No. 829 was purchased by US Bank to evidence a loan in the full amount of \$25,000,000. The BAN was issued as interest only debt, with principal payable at maturity. With the potential issuance of the \$38.5M Bonds authorized by proposed Ordinance No. 961, the City will repay the portion of the principal on the BAN used to purchase properties supported by Proposition 1. Additionally, the City will use net income generated by Shoreline Secure Storage to further repay a portion of the BAN, resulting in a need to extend only \$16,600,000 of debt in the BAN. The BAN will be extended for a term of three years with a fixed rate of 2.5%. The interest only debt service is estimated at \$415,000 annually (Attachment D). Principal continues to be due at maturity. Revenues from the property have exceeded this amount for the past two years. Revenues greater than the interest amount needed will be dedicated to further reduce the principal balance when the BAN is repaid.

RECOMMENDATION

Staff recommends that Council discuss proposed Ordinance No. 961 and Ordinance No. 962 and direct staff to return the Ordinances for Council action on April 18, 2022.

Approved By: City Manager **DT** City Attorney **MK**

BACKGROUND

On August 6, 2018, the City Council approved [Ordinance No. 829](#) authorizing the issuance of \$25,000,000 in Limited Tax General Obligation (LTGO) Bond Anticipation Notes to purchase parks properties and to finance other capital expenditures described in the City's 2017-2023 Parks, Recreation and Open Space (PROS) Plan with repayment that would be supported by a future voted bond measure. This Ordinance was later amended by [Ordinance No. 864](#) and [Ordinance No. 877](#) to extend the authorization period to issue debt. On February 14, 2020, the City issued its Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable) in the amount of \$25,000,000 (BAN).

On November 1, 2022, the City Council approved [Ordinance No. 949](#) authorizing the placement of a ballot measure on the 2022 February Special Election asking voters to approve the issuance of up to \$38,500,000 of unlimited tax general obligation bonds for park improvement and park land acquisition, the payment of which will be supported by an excess property tax levy. Proceeds of the bonds will be used to finance and refinance improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. On February 8, 2022, Shoreline voters approved Proposition 1 with nearly 70% of voters supporting the proposition.

Proposed Ordinance No. 961 authorizes the City to issue \$38,500,000 in debt with repayment supported by the excess property tax approved by voters. The debt will fund the improvements authorized in the voter initiative, including repayment of the portion of the \$25M BAN authorized by [Ordinance No. 829](#) that supported acquisition of four parks properties totaling \$6.1M and included in Proposition 1. Proceeds of the Bonds will not be used to repay the portion of the outstanding BAN related to the purchase of the Midvale Avenue N property (Shoreline Secure Storage) for a potential future aquatics and community center.

Proposed Ordinance No. 962 further amends Ordinance No. 829 to allow a three-year extension of the BAN debt related to the purchase of the Midvale Avenue N property while the City evaluates options for pursuing a future bond measure for an aquatics and community center.

DISCUSSION

Staff have been actively working on both property acquisition and park improvements supported by Proposition 1 and funding to support this work is needed. The City already purchased four properties identified for park land acquisition for a total of \$6.1M using the proceeds from the BAN issued in 2020. This portion of the BAN will be repaid with a portion of the \$38.5M Bond issue. The balance of the issue will be used to support the delivery of the eight major parks projects, remaining property acquisitions, and public art identified in Proposition 1.

Regarding the park improvement projects, the City has contracted with engineering, planning and environmental services firm Parametrix to act as the City's Proposition 1 project manager. Staff and Parametrix have also filed an application with the Capital

Projects Advisory Review Board (CPARB) in February and presented an application to the Project Review Committee (PRC) on March 24, 2022, to gain approval to use the Progressive Design Build (PDB) delivery methodology to implement the park improvement projects. PDB will allow the City to minimize risk of cost increases by delivering the projects quickly and negotiating a Not to Exceed price earlier in the process. The application has been approved and the City is planning to issue a Request for Qualification to identify qualified design/build teams on April 4. The most qualified teams from that process will be invited to respond to a request for proposal. The City plans to select the successful team by June 9, 2022. The early high-level schedule anticipates park project design occurring during the second half of 2022 and permitting and construction in 2023-2024.

This staff report addresses the two ordinances necessary to issue new UTGO Bonds, refund a portion of the previously issued BANs, and extend the remaining portion of the BAN for an additional three years.

Proposed Ordinance No. 961

Proposed Ordinance No. 961 (Attachment A) authorizes the City to issue \$38,500,000 in unlimited tax general obligation bonds with repayment supported by the excess property tax levy approved by voters. The debt will fund the improvements authorized by the voters, including refinancing a portion of the outstanding BAN that was used to acquire four park properties totaling \$6.1M and included in Proposition 1.

Method of Sale

The delegating ordinance provides the City the option to do either a public sale (also referred to as Underwritten Bonds) or a private placement (also referred to as Direct Purchase Bonds). Due to the size of this financing, the City's financial advisor has indicated that a competitive publicly offered sale might be the most advantageous. However, given the rapidly changing landscape for the bond market, retaining the flexibility to do an RFP for a privately placed bond is recommended should we need to issue the debt more quickly due to the risk of rising interest rates.

Bond Sale Parameters

In the delegating ordinance, Council authorizes the City Manager to oversee the sale and approve the final terms of the Bonds subject to the following parameters:

- Maximum principal amount: \$38,500,000.
 - Because the City is issuing the debt in a premium rate environment, which means that the buyer of the Bonds pays a higher amount than the principal (face) amount, the final amount of the Bonds issued may be less than \$38.5M. The debt will be structured to ensure that the amount distributed to the project account is \$38.5M.
- Maturity Date: No later than 20 years from the issue date of the Bonds (expected to be December 1, 2041).
- True Interest Cost (in aggregate) not to exceed: 4.50%.

Bond Issuance Costs

Bond issuance costs may include an underwriter fee, Bond Counsel, Bond Rating, and Financial Advisor services. The total costs to issue the Bonds are estimated at

\$125,000 and will be rolled into the debt issue. The Bond Ordinance authorizes the City to pay all costs associated with the issuance of debt.

Following is the draft schedule for this debt issue:

| Date | Event |
|-------------|---|
| 4/4 | City Council Discussion of Bond Ordinance (<i>Tonight's Discussion</i>) |
| 4/18 | City Council Potential Action on Bond Ordinance |
| 4/20-22 | Bond Rating Call |
| By 5/5 | Receive rating |
| 5/6 | Preliminary Official Statement Posted (Request for Proposal) |
| 5/17 | Bond Sale (Responses received and evaluated) |
| 5/26 | Bond Closing |
| 6/15 | Refinance 2020 BAN |

Proposed Ordinance No. 962

Proposed Ordinance No. 962 (Attachment B) amends Ordinance No. 829 to extend the final maturity of the BAN for an additional three years, to modify the principal amount and the interest rate, to amend the agreement with US Bank (as purchaser of the BAN) to reflect the new terms, and to take other actions as necessary with respect to such amendment and extension.

Amendments to Ordinance: Section 10. Sale of Notes

- Reduces the maximum available principal amount from \$25,000,000 to \$16,600,000;
- Increases the final maturity date from 36 months to 72 months from the date the BAN was originally issued (February 14, 2020); and
- Reduces the true interest cost permitted for each series of Notes from 3.25% to 2.75%.

Repayment/Retirement of BAN

With the proposed extension of the BAN for an additional three years, staff anticipates that the net operating income from Shoreline Secure Storage will continue to cover all the debt service each year, with surplus that would be used to pay down principal at the end of the BAN. Proposed Ordinance No. 962 authorizes the issuance and delivery of a replacement Note and the amendment or amendment and restatement of the Continuing Covenant Agreement with US Bank to effectuate the above-listed changes in terms.

If the City moves forward with another measure to fund construction of an aquatic and community center within the three years, the cost of property acquisition would be included in the cost, and the BAN would be repaid by the long-term bonds. If the City does not move forward within three years, we can reduce the principal of the BAN by the amount of the reserved surplus and issue another note to repay the balance pending a future determination of course of action.

BAN Issuance Costs

BAN issuance costs for this amendment are anticipated to be \$35,000, significantly lower than the cost to issue a new BAN. The Bond Ordinance authorizes the City to pay all costs associated with the issuance of debt.

RESOURCE/FINANCIAL IMPACT

Proposed Ordinance No. 961 authorizes the issuance of unlimited tax general obligation bonds (Bonds) in the principal amount of up to \$38.5 million to finance and refinance: parks improvements to five neighborhood parks; investments in park amenities for three additional parks; and the acquisition and improvement of new park land and public art. The Bonds will be repaid from an excess property tax levy approved by the voters. True interest cost on the Bonds will not exceed 4.5%. The property tax special levy would be set each year to match the debt service payments for the Bonds. Debt service payments are estimated at \$2,755,000 per year for a 20-year term (Attachment C). The Bonds would be issued for a term no longer than 20 years from issuance. The initial interest payment is anticipated to be due in December 2022. Because the City has already levied property taxes for 2022, that interest amount will be covered by the City's general fund and included in the 2023 property tax levy. Appropriations for debt service and interfund transfers to support the debt service will be included with a budget amendment later in 2022.

Proposed Ordinance No. 962 authorizes the extension of and modifications to the City's outstanding BAN. The BAN authorized by Ordinance No. 829 was purchased by US Bank to evidence a loan in the full amount of \$25,000,000. The BAN was issued as interest only debt, with principal payable at maturity. With the potential issuance of the \$38.5M Bonds authorized by proposed Ordinance No. 961, the City will repay the portion of the principal on the BAN used to purchase properties supported by Proposition 1. Additionally, the City will use net income generated by Shoreline Secure Storage to further repay a portion of the BAN, resulting in a need to extend only \$16,600,000 of debt in the BAN. The BAN will be extended for a term of three years with a fixed rate of 2.5%. The interest only debt service is estimated at \$415,000 annually (Attachment D). Principal continues to be due at maturity. Revenues from the property have exceeded this amount for the past two years. Revenues greater than the interest amount needed will be dedicated to further reduce the principal balance when the BAN is repaid.

RECOMMENDATION

Staff recommends that Council discuss proposed Ordinance No. 961 and Ordinance No. 962 and direct staff to return the Ordinances for Council action on April 18, 2022.

ATTACHMENTS

- Attachment A: Proposed Ordinance No. 961
- Attachment B: Proposed Ordinance No. 962
- Attachment C: \$38.5M UTGO Estimated Debt Service Calculations
- Attachment D: \$16.6M LTGO BAN Debt Service Calculations

ORDINANCE NO. 961

AN ORDINANCE OF THE CITY OF SHORELINE, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF UNLIMITED TAX GENERAL OBLIGATION BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$38,500,000 TO FINANCE AND REFINANCE COSTS RELATED TO THE CITY'S PARKS, RECREATION AND OPEN SPACE PLAN AND TO PAY COSTS OF ISSUING EACH SERIES OF BONDS; PROVIDING THE FORM, TERMS AND COVENANTS OF THE BONDS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO.

WHEREAS, on July 31, 2017, following an 18-month community outreach engagement process, the Shoreline City Council (the "Council") unanimously adopted the 2017-2023 Parks, Recreation & Open Space Plan, as it may be amended from time to time (the "PROS Plan"); and

WHEREAS, the PROS Plan identifies a 20-year vision and framework for the City of Shoreline's (the "City") recreation and cultural programs, and for maintenance and investment in park, recreation and open space facilities; and

WHEREAS, Strategic Action Initiative #3 in the PROS Plan established a goal to expand recreation facility opportunities and Strategic Action Initiative #7 established a goal to ensure adequate parkland for future generations; and

WHEREAS, since the adoption of the PROS Plan, City staff have developed concept designs and cost estimates for selected parks and reviewed opportunities for property acquisition to achieve those goals; and

WHEREAS, at an election held in the City on February 8, 2022, the City submitted the question to the qualified electors of the City of whether the City shall issue unlimited tax general obligation bonds in the aggregate principal amount of not to exceed \$38,500,000 (the "Bond Authorization") to provide the funds necessary to finance and refinance the construction, development, equipping, upgrading, acquiring, and improvement of park and recreation facilities, including the acquisition of park land, as described in the PROS Plan, as it may be amended from time to time (the "Projects"), as identified in Ordinance No. 949 (the "Election Ordinance") passed by the City Council on November 1, 2021; and

WHEREAS, the number and proportion of the qualified electors of the City required by law for the adoption thereof voted in favor of the Bond Authorization and the election results have been certified by King County Elections, as *ex officio* supervisor of elections in King County, Washington; and

WHEREAS, it is deemed necessary and advisable that the City authorize the issuance of one or more series of unlimited tax general obligation bonds (the "Bonds") in the aggregate principal amount of not to exceed \$38,500,000 to provide part of the funds necessary to finance and refinance the Projects and to pay costs of issuance for the Bonds; and

WHEREAS, the Council wishes to delegate authority to the City Manager and such individual's designee (the "Designated Representative"), for a limited time, to select the method of sale for the Bonds authorized hereunder that is in the best interest of the City and 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 Bonds shall be sold by either a private placement or be underwritten, all as set forth herein;

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 and terms shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates otherwise, words importing the singular number shall include the plural number and vice versa.

Administrative Services Director means the City's Administrative Services Director or the successor to such officer.

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

Bond Authorization means the unlimited tax general obligation bonds in the aggregate principal amount of not to exceed \$38,500,000 authorized by the Election Ordinance and approved by the requisite number of voters of the City at a special election held on February 8, 2022 for the purpose of providing the funds necessary to carry out the Projects and to pay the costs of issuance of such bonds.

Bond Counsel means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds issued by states and their political subdivisions.

Bond Purchase Contract means one or more contracts, if any, for the purchase of any Underwritten Bonds sold by negotiated sale to the initial purchaser, executed pursuant to Section 12.

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

Bond Registrar means (a) for any Underwritten Bonds, initially, the fiscal agent of the State, and (b) for any Direct Purchase Bonds, the Administrative Services Director of the City or the fiscal agent of the State, as set forth in the Sale Document.

Bonds mean the unlimited tax general obligation bonds authorized to be issued from time to time in one or more series pursuant to this ordinance in the aggregate principal amount of not to exceed \$38,500,000.

Certificate of Award means one or more certificates, if any, for the purchase of any Underwritten Bonds sold by competitive sale awarding the Bonds of a series to the bidder as set forth in Section 12 of this ordinance.

City means the City of Shoreline, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State.

City Attorney means the duly appointed and acting City Attorney of the City, including anyone acting in such capacity for the position, or the successor to the duties of that office.

City Clerk means the duly appointed and acting City Clerk of the City or the successor to the duties of that office.

City Manager means the duly appointed and acting City Manager of the City or the successor to the duties of that office.

City Mayor* or *Mayor means the duly elected and acting Mayor of the City or the successor to the duties of that office.

Closing means the date of issuance and delivery of a series of Bonds to the applicable Underwriter or Direct Purchaser.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Tax-Exempt Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Tax-Exempt Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Commission means the United States Securities and Exchange Commission.

Continuing Disclosure Certificate means one or more written undertakings for the benefit of the owners and Beneficial Owners of any Underwritten Bonds as required by Section (b)(5) of the Rule.

Council* or *City Council means the Shoreline City Council, as the general legislative body of the City, as the same is duly and regularly constituted from time to time.

Debt Service Fund means one or more funds or accounts created pursuant to this ordinance for the purpose of paying debt service on a series of Bonds.

Designated Representative means the City Manager of the City, or such individual's written designee.

Direct Purchase Bonds means any Bond or Bonds sold to a Direct Purchaser pursuant to Section 12 of this ordinance.

Direct Purchaser means any bank or other financial institution selected to purchase one or more Direct Purchase Bonds (or to accept delivery of one or more Direct Purchase Bonds to evidence the City's obligations under a Loan Agreement) pursuant to Section 12 of this ordinance.

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 any Underwritten Bonds pursuant to this ordinance.

Election Ordinance means Ordinance No. 949 passed by the Council on November 1, 2021.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

Federal Tax Certificate means one or more certificates of the City pertaining to the tax-exemption of interest on a series of Tax-Exempt Bonds, and any attachments thereto.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, as such chapter may be hereafter amended or restated.

Letter of Representations means the Blanket Issuer Letter of Representations given by the City to DTC, as amended from time to time.

Loan Agreement means one or more loan or purchase agreements, if any, between the City and a Direct Purchaser under which the Direct Purchaser will make a loan to the City, evidenced by a Direct Purchase Bond, or under which the Direct Purchaser will purchase the Direct Purchase Bond.

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

Official Statement means the disclosure documents prepared and delivered in connection with the issuance of any Underwritten Bonds.

Project Fund means the fund or account established by the City pursuant to this ordinance.

Projects mean constructing, developing, equipping, upgrading, acquiring and improving park and recreation facilities, including the acquisition of park land, as described in the PROS Plan as identified in the Election Ordinance.

PROS Plan means the 2017-2023 Parks, Recreation & Open Space Plan adopted by the Council on July 31, 2017, as the same may be amended from time to time.

Record Date means the Bond Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with this ordinance.

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

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

Sale Document means the Bond Purchase Contract, Certificate of Award or Loan Agreement, if any, executed by a Designated Representative in connection with the sale of a series of Bonds pursuant to Section 12 of this ordinance.

State means the State of Washington.

Taxable Bonds means any Bonds determined to be issued on a taxable basis pursuant to Section 12.

Tax-Exempt Bonds means any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 12.

Underwriter means any underwriter, in the case of a negotiated sale, or initial purchaser, in the case of a competitive sale, for a series of Bonds selected pursuant to Section 12.

Underwritten Bonds means Bonds of a series, if any, sold pursuant to a negotiated or a competitive sale by the City to an Underwriter pursuant to Section 12 of this ordinance.

2020 BAN means the City's Limited Tax General Obligation Bond Anticipation Note (Taxable), issued on February 14, 2020 in the aggregate principal amount of \$25,000,000 to provide preliminary financing for a portion of the Projects.

Section 2. Authorization of the Projects. For the purpose of paying and/or reimbursing the City for costs of the Projects, refinancing a portion of the 2020 BAN, and paying costs of issuance of the Bonds as authorized by the Election Ordinance and by the qualified electors of the City at a special election held on February 8, 2022, the City is hereby authorized to issue and sell one or more series of unlimited tax general obligation bonds in an aggregate principal amount of not to exceed \$38,500,000 (the "Bonds"). Notwithstanding anything in this ordinance to the

contrary, the issuance of the Bonds shall be subject to satisfaction of the conditions set forth in Section 12 of this ordinance.

The cost of all necessary appraisals, negotiation, closing, architectural, engineering, financial, legal and other consulting services, inspection and testing, demolition, administrative and relocation expenses and other costs incurred in connection with the foregoing capital improvements shall be deemed a part of the capital costs of such Projects. Such Projects shall be complete with all necessary equipment and appurtenances.

The City will determine the exact specifications for the Projects, and the components thereof, as well as the timing, order and manner of completing the components of the Projects.

Section 3. Authorization and Description of Bonds. The Bonds of each series shall be general obligations of the City and shall be designated “City of Shoreline, Washington, Unlimited Tax General Obligation Bonds,” with the year and any applicable series or other designation as set forth in the applicable Sale Document. The Bonds of each series shall be fully registered as to both principal and interest and shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification. The Bonds of each series shall be dated as of the date of Closing for such series of Bonds and shall mature on the date or dates and in the principal amounts, bear interest at the rates and payable on such dates, be subject to redemption and/or purchase prior to maturity, and be subject to other terms as set forth in the applicable Sale Document. The Bonds of each series shall be sold as either Direct Purchase Bonds or Underwritten Bonds.

Section 4. Registration, Exchange and Payments.

(a) *Underwritten Bonds.* The terms of this Section 4(a) shall apply to any Underwritten Bonds unless otherwise provided for in the applicable Sale Document.

(1) Bond Details. Any Bonds of a series may be sold as Underwritten Bonds. Underwritten Bonds shall be issued in denominations of \$5,000 each, or any integral multiple thereof, within a series and maturity.

(2) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of State fiscal agencies. The City shall cause the Bond Register to be maintained by the Bond Registrar. So long as any Underwritten Bonds of a series remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of such Underwritten Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Administrative Services Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Administrative Services 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 Underwritten 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 on the Bonds.

(3) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Underwritten Bond of a series as the absolute owner thereof for all purposes (except as provided in a Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Underwritten Bond shall be made only as described in Section 4(a)(8), but such Underwritten Bond may be transferred as herein provided. All such payments made as described in Section 4(a)(8) shall be valid and shall satisfy and discharge the liability of the City upon such Underwritten Bond to the extent of the amount or amounts so paid.

(4) DTC Acceptance/Letters of Representations. The Underwritten Bonds of a series initially shall be held in fully immobilized form by DTC acting as depository. The City has executed and delivered to DTC 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 (or any successor depository) with respect to the Underwritten 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 Underwritten 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 Underwritten Bonds are held by a depository, DTC or its successor depository or its nominee 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 Underwritten Bonds.

(5) Use of Depository.

(A) The Underwritten Bonds of a series shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Underwritten Bond of each series maturing on each of the maturity dates for such Underwritten Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Underwritten Bonds, or any portions thereof, may not thereafter be transferred except (i) 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; (ii) to any substitute depository appointed by the Administrative Services Director pursuant to subparagraph (B) below or such substitute depository's successor; or (iii) to any person as provided in subparagraph (D) below.

(B) 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 Administrative Services Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Administrative Services 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.

(C) In the case of any transfer pursuant to clause (i) or (ii) of paragraph (A) above, the Bond Registrar shall, upon receipt of all outstanding Underwritten Bonds together with a written request on behalf of the Administrative Services Director, issue a single new Underwritten Bond for each maturity of that series then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Administrative Services Director.

(D) In the event that (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 Administrative Services Director determines that it is in the best interest of the Beneficial Owners of the Underwritten Bonds that such owners be able to obtain physical bond certificates, the ownership of such Underwritten Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. The Administrative Services Director shall deliver a written request to the Bond Registrar, together with a supply of physical bonds, to issue Underwritten Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Underwritten Bonds of a series together with a written request on behalf of the Administrative Services Director to the Bond Registrar, new Underwritten Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(6) Registration of Transfer of Ownership or Exchange; Change in Denominations. The transfer of any Underwritten Bond may be registered and Underwritten Bonds may be exchanged, but no transfer of any such Underwritten Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Underwritten 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 Underwritten Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Underwritten Bond (or Underwritten Bonds at the option of the new Registered Owner) of the same date, series, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Underwritten Bond, in exchange for such surrendered and cancelled Underwritten Bond. Any Underwritten Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Underwritten Bonds of the same date, series, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Underwritten Bond during the 15 days preceding any principal payment or redemption date.

(7) Bond Registrar's Ownership of Bonds. The Bond Registrar may become the Registered Owner of any Underwritten 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 or Beneficial Owners of Bonds.

(8) Place and Medium of Payment. Both principal of and interest on the Underwritten Bonds shall be payable in lawful money of the United States of America. Interest on the Underwritten Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Underwritten Bonds are held by a depository, payments of principal thereof 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 Underwritten Bonds are no longer held by a depository, interest on the Underwritten 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 Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Underwritten Bonds (received by the Bond Registrar at least by the Record 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 Underwritten Bonds shall be payable upon presentation and surrender of such Underwritten Bonds by the Registered Owners at the designated office of the Bond Registrar.

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

(b) *Direct Purchase Bonds.* The terms of this Section 4(b) shall apply to any Direct Purchase Bonds unless otherwise provided for in the applicable Sale Document.

(1) Bond Details. Any Bonds of a series may be sold as Direct Purchase Bonds.

(2) Bond Registrar. The Administrative Services Director or the fiscal agent of the State shall act as Bond Registrar for any Direct Purchase Bonds. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Direct Purchase Bonds if transferred or exchanged in accordance with the provisions of the Direct Purchase Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance with respect to Direct Purchase Bonds.

(3) Registered Ownership. The City and the Bond Registrar may deem and treat the Registered Owner of any Direct Purchase Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(4) Transfer or Exchange of Registered Ownership. Direct Purchase Bonds shall not be transferrable without the consent of the City unless (i) the Direct Purchaser's corporate name is changed and the transfer is necessary to reflect such change, (ii) the transferee is a successor in interest of the Direct Purchaser by means of a corporate merger, an exchange of stock, or a sale of assets, or (iii) such transfer satisfies requirements set forth in the Sale Document relating to such Direct Purchase Bonds.

(5) Place and Medium of Payment. Both principal of and interest on Direct Purchase Bonds shall be payable in lawful money of the United States of America. Interest on Direct Purchase Bonds shall be calculated as provided in the applicable Sale Document or Loan Agreement relating to such Direct Purchase Bonds. Principal and interest on Direct Purchase

Bonds shall be payable by check, warrant, ACH transfer or by other means mutually acceptable to the Direct Purchaser and the City.

Section 5. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Redemption of Bonds.* The Bonds of each series shall be subject to mandatory redemption to the extent, if any, as set forth in the applicable Sale Document and as approved by the Designated Representative pursuant to Section 12. The Bonds of each series shall be subject to optional redemption and/or prepayment on the dates, at the prices and under the terms set forth in the applicable Sale Document approved by the Designated Representative pursuant to Section 12.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Designated Representative.

(c) *Selection of Bonds for Redemption.* If the Underwritten Bonds of a series are held in book-entry only form, the selection of particular Underwritten Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Underwritten Bonds are no longer held by a depository, the selection of such Underwritten 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 Underwritten Bonds of a series having the same maturity date, the particular Underwritten Bonds or portions of Underwritten 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 an Underwritten Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Underwritten Bond as representing such number of separate Underwritten Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Underwritten Bond by \$5,000. In the event that only a portion of the principal sum of an Underwritten Bond is redeemed, upon surrender of such Underwritten Bond at the designated 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, an Underwritten Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption or Prepayment.*

(1) Official Notice. Notice of any prepayment of Direct Purchase Bonds shall be provided by the City to the Direct Purchaser as provided in the applicable Sale Document.

For so long as the Underwritten Bonds of a series are held by a depository, 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. Unless waived by any Registered Owner of Underwritten Bonds to be redeemed, official notice of any such redemption 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 Underwritten Bond or Bonds to be redeemed at the address shown on the

Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state: (A) the redemption date; (B) the redemption price; (C) if fewer than all outstanding Underwritten Bonds of such series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (D) any conditions to redemption; (E) that (unless such notice is conditional) on the redemption date the redemption price will become due and payable upon each such Underwritten Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and (F) the place where such Underwritten Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Underwritten Bonds or portions of Underwritten Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Underwritten Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Underwritten Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Underwritten Bonds or portions of Underwritten Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such Underwritten Bonds at the redemption price, then from and after such date such Underwritten Bonds or portions of Underwritten Bonds shall cease to bear interest. Upon surrender of such Underwritten Bonds for redemption in accordance with said notice, such Underwritten 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 Underwritten Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

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 Underwritten Bonds being redeemed; (B) the date of issue of the Underwritten Bonds as originally issued; (C) the rate of interest borne by each Underwritten Bond being redeemed; (D) the maturity date of each Underwritten Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Underwritten 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 the Continuing Disclosure Certificate 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 Underwritten Bonds.

The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 6. Form of Bonds. The Bonds of each series shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference.

Section 7. Execution of Bonds. The Bonds of each series shall be executed on behalf of the City by the facsimile or manual signature of the Mayor and shall be attested to by the facsimile or manual signature of the City Clerk, and shall have the seal of the City impressed or a facsimile thereof imprinted, or otherwise reproduced thereon.

In the event any officer who shall have signed or whose facsimile signatures appear on any of the Bonds shall cease to be such officer of the City before said Bonds 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 said person had not ceased to be such officer. Any Bond may be signed and attested on behalf of the City by such persons who, at the actual date of execution of such Bond shall be the proper officer of the City, although at the original date of such Bond such persons were not such officers of the City.

Only such Bonds as shall bear thereon a certificate of authentication manually executed by an authorized representative of 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.

Section 8. Application of Bond Proceeds; Project Fund. The Administrative Services Director is hereby authorized to create a fund or account (the "Project Fund"), and subaccounts therein as necessary, for the purposes set forth in this section. From the money derived from the sale of the Bonds:

(a) Net premium (premium minus costs of issuance) shall be deposited in the Debt Service Fund and/or the Project Fund and used to pay debt service on the Bonds coming due on the next upcoming interest payment date or costs of the Projects, respectively;

(b) A portion of the proceeds of the Bonds in the amount determined by the Administrative Services Director shall be deposited into the debt service fund created for the 2020 BAN and used, together with other available funds of the City, to refund a portion of the 2020 BAN. Such deposit and refunding shall occur no later than 30 days after the issuance of the Bonds; and

(c) The balance of the proceeds of the Bonds shall be deposited in the Project Fund and shall be used solely to pay the allocable cost of issuing and selling the Bonds and to finance and/or reimburse the City for costs of the Projects as authorized by the Election Ordinance.

None of the proceeds of the Bonds shall be used for the replacement of equipment or for other than a capital purpose. The Administrative Services Director shall invest money in the Project Fund and the subaccounts contained therein in such obligations as may now or hereafter be permitted to cities of the State by law and which will mature prior to the date on which such money shall be needed, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value.

Section 9. Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on any Tax-Exempt Bonds from the gross income of the owners of such Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of such Tax-Exempt Bonds, including but not limited to the following:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Tax-Exempt Bonds are not so used as to cause the Tax-Exempt Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Projects.* The City will not sell or otherwise transfer or dispose of (i) any personal property components of the Projects other than in the ordinary course of an established government program under Treasury Regulation § 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of each Tax-Exempt Bond that complies with the provisions of Section 149 of the Code until all Tax-Exempt Bonds have been surrendered and canceled.

(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three years after the Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Tax-Exempt Bonds.

(h) *Compliance with Federal Tax Certificate.* The City will comply with the provisions of the Federal Tax Certificate with respect to a series of Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein.

The covenants of this Section will survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 10. Debt Service Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of one or more funds, and accounts held therein which may be one or more segregated accounts held within another fund, to be used for the payment of debt service on each series of Bonds, designated as the “Unlimited Tax General Obligation Bond Debt Service Fund” or other such designation selected by the City (the “Debt Service 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 Debt Service Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Debt Service Fund may be invested in legal investments for City funds, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the City subject to taxation in amounts sufficient to pay such principal and interest as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the Debt Service Fund. None of the money in the Debt Service Fund shall be used for any other purpose than 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 such taxes and for the prompt payment of the principal of and interest on the Bonds when due.

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of

principal, premium, if any, and interest from the Debt Service 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 of any Bonds of a series in accordance with the applicable Continuing Disclosure Certificate.

Section 12. Sale of Bonds; Sale Document.

(a) *Bond Sale.* 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 determine the method of sale for the Bonds in one or more series and to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds. Bonds may be issued pursuant to this ordinance at one time or from time to time as provided herein. The Designated Representative is hereby authorized to approve the issuance, from time to time, of one or more series of Bonds and to determine whether the Bonds of such series shall be sold in a private placement to a Direct Purchaser or to an Underwriter through a competitive public sale or a negotiated sale, as set forth below.

(b) *Direct Purchase.* If the Designated Representative determines that the Bonds of a series are to be sold by private placement, the Designated Representative shall solicit proposals to purchase the Direct Purchase Bonds and select the Direct Purchaser that submits the proposal that is in the best interest of the City. Direct Purchase Bonds shall be sold to the Direct Purchaser pursuant to the terms of a Loan Agreement.

(c) *Negotiated Bond Sale.* If the Designated Representative determines that the Bonds of a series are to be sold by negotiated public sale, the Designated Representative shall solicit underwriting proposals and shall select the Underwriter whose proposal the Designated Representative believes is in the best interest of the City. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Bond Purchase Contract.

(d) *Competitive Sale.* If the Designated Representative determines that the Bonds of a series are to be sold at a competitive public sale, the Designated Representative shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in an amount not less than one percent of the principal amount of the offering accompany each bid; (4) cause notice of the public sale to be given; and (5) provide for such other matters pertaining to the public sale as such officer deems necessary or desirable. The Designated Representative shall cause the notice of sale to be given and provide for such other matters pertaining to the public sale as such officer deems necessary or desirable. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Certificate of Award.

(e) *Sale Parameters.* The Designated Representative is hereby authorized to approve the method of sale and the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each series of Bonds in the manner provided hereafter so long as:

(1) the aggregate principal amount (face amount) of all Bonds issued pursuant to this ordinance does not exceed \$38,500,000;

- (2) the final maturity date for each series of Bonds is no later than 20 years from the date of issuance;
- (3) the true interest cost for each series of Bonds does not exceed 4.5%;
- (4) the Bonds of each series are sold (in the aggregate) at a price not less than 98% and not more than 125%; and
- (5) the coupon rate for each maturity of the Bonds of each series does not exceed 5.0%.

Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute the applicable Sale Document for a series of Bonds. Following the execution of the applicable Sale Document, the Designated Representative shall provide a report to the Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 11 shall expire one year after the effective date of this ordinance. If a Sale Document for the Bonds of a series has not been executed by such date, the authorization for the issuance of such series of Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council.

(f) *Delivery of Bonds; Documentation.* The proper officials of the City, including the Administrative Services Director and the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the purchaser thereof 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 the applicable Sale Document. Such documents may include, but are not limited to, documents related to a municipal Bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of the Bonds as provided therein, if such insurance is determined by the Designated Representative to be in the best interest of the City.

Section 13. Preliminary and Final Official Statements. The Administrative Services Director and the City Manager are each hereby authorized to deem final the preliminary Official Statement(s) relating to any Underwritten Bonds for the purposes of the Rule. The Administrative Services Director and the City Manager are each further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement(s) relating to the issuance and sale of any Underwritten Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

Section 14. Undertaking to Provide Ongoing Disclosure; Covenants.

(a) The City covenants to execute and deliver at the time of Closing of any Underwritten Bonds a Continuing Disclosure Certificate. The Administrative Services Director and the City Manager are each hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of any Underwritten Bonds with such terms and provisions as such individuals shall deem appropriate and in the best interests of the City.

(b) The City may agree to provide the Direct Purchaser certain financial or other information and agree to such additional covenants as determined to be necessary by the Designated Representative and as set forth in the applicable Sale Document and approved by the Designated Representative.

Section 15. Lost, Stolen or Destroyed Bonds. In case any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like series, amount, date and tenor to the Registered Owner thereof if the Registered Owner pays the expenses and charges of the Bond Registrar and the City in connection therewith and files with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of such individual's ownership thereof, and furnishes the City and the Bond Registrar with indemnity satisfactory to both.

Section 16. 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 17. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 18. Effective Date. This ordinance shall take effect and be in force five (5) days from and after its passage, approval, and publication, as required by law. A summary of this ordinance, consisting of the title, may be published in lieu of publishing the ordinance in its entirety.

PASSED BY THE CITY COUNCIL ON APRIL 18, 2022.

Mayor Keith Scully

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Pacifica Law Group LLP
Bond Counsel

Date of Publication: _____, 2022
Effective Date: _____, 2022

EXHIBIT A

FORM OF BOND

[DTC LANGUAGE]

[TRANSFER RESTRICTIONS]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF SHORELINE

UNLIMITED TAX GENERAL OBLIGATION BOND, 20__ [(TAXABLE)]

INTEREST RATE: ____%

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Shoreline, 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 _____, 20____, 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, 20____, 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 agent 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. 961 duly passed by the City Council on April 18, 2022 (the “Bond Ordinance”). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like series, date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of not to

exceed \$38,500,000 and is issued pursuant to the Bond Ordinance to provide a portion of the funds necessary (a) to finance and refinance the construction, development, equipping, upgrading, acquiring, and improvement of park and recreation facilities, including the acquisition of land, and for other capital expenditures described in the Parks, Recreation and Open Space Plan as identified in Ordinance No. 949 passed by the City Council on November 1, 2021 and approved by the qualified electors of the City at a special election held therein on February 8, 2022, (b) to refinance interim financing issued for such costs, and (c) to pay costs of issuance.

The bonds of this issue are subject to [prepayment/redemption prior to their stated maturities] as provided in the [Bond Purchase Contract/Certificate of Award/Loan Agreement].

The City has irrevocably covenanted with the owner of this bond that it will levy taxes annually upon all the taxable property in the City without limitation as to rate or amount and in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond when due. The full faith, credit and resources of the City are irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

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

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

PASSED BY THE CITY COUNCIL ON _____ 2022

Mayor Keith Scully

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik Smith
City Clerk

Julie Ainsworth-Taylor, Assistant City Attorney
on behalf of Margaret King, City Attorney

Date of Publication: , 2022

Effective Date: , 2022

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Unlimited Tax General Obligation Bonds, 20__, of the City of Shoreline, Washington, dated _____, 20__.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____

[FOR DIRECT PURCHASE BONDS]

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This Bond is the Unlimited Tax General Obligation Bonds, 20__, of the City of Shoreline, Washington, dated _____, 20__, described in the within-mentioned Bond Ordinance.

[Administrative Services Director],
as Bond Registrar

REGISTRATION CERTIFICATE

This Bond is registered in the name of the Registered Owner on the books of the City, in the office of the Administrative Services Director of the City, as to both principal and interest. All payments of principal of and interest on this Bond shall be made by the City as provided in the Bond Ordinance.

| | |
|-------------------------|---|
| Date of Registration | Name and Address of Registered Owner |
| _____, 20____ | |

PAYMENT SCHEDULE

Principal and interest on this Bond shall be payable as set forth in the following schedule:

| | | | |
|------|-----------|----------|---------------|
| Date | Principal | Interest | Total Payment |
|------|-----------|----------|---------------|

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Shoreline, Washington (the “City”), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. 961 (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 on April 18, 2022 as that ordinance appears in the minute book of the City; and the Ordinance will be in full force and effect after its passage and publication as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate; and

3. That the Ordinance has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of April, 2022.

Jessica Simulcik Smith, City Clerk

ORDINANCE NO. 962

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON, AMENDING CITY ORDINANCE NO. 829, AS PREVIOUSLY AMENDED, RELATING TO THE ISSUANCE OF ONE OR MORE SERIES OF LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTES TO PROVIDE INTERIM FINANCING FOR A PORTION OF THE COSTS OF THE CITY'S PARKS, RECREATION AND OPEN SPACE PLAN AND COSTS OF ISSUING THE NOTES; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on July 31, 2017, the Shoreline City Council (the "Council") unanimously adopted the 2017-2023 Parks, Recreation and Open Space Plan (the "PROS Plan"); and

WHEREAS, pursuant to Ordinance No. 829 adopted by the City Council on August 6, 2018, as amended by Ordinance No. 864 adopted on June 17, 2019 and Ordinance No. 877 adopted on January 13, 2020 (as amended, the "Note Ordinance") and the Continuing Covenant Agreement dated February 14, 2020 (the "Continuing Covenant Agreement") between the City and U.S. Bank Trust Company, National Association, as purchaser of the Note and as successor to U.S. Bank National Association (the "Purchaser"), the City issued its Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable) in the principal amount of \$25,000,000 (the "Note"); and

WHEREAS, proceeds of the Note were used to finance the acquisition of property for park and recreational purposes and to pay other capital expenditures described in the PROS Plan; and

WHEREAS, the Note is scheduled to mature on December 1, 2022; and

WHEREAS, the City expects to issue its Unlimited Tax General Obligation Bonds, 2022 to, among other purposes, redeem a portion of the outstanding Note prior to maturity; and

WHEREAS, the Purchaser has agreed to extend the maturity date of the Note an additional three years, to modify the interest rate, and to reduce the available principal amount of the Note to \$16,600,000; and

WHEREAS, the Council now desires to amend Ordinance No. 829, as previously amended, and the Continuing Covenant Agreement and to provide for such modifications as set forth herein;

THEREFORE, THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON DOES ORDAIN AS FOLLOWS:

Section 1. Definitions. Except as otherwise provided herein, definitions used in this ordinance shall have the meanings set forth in the Note Ordinance.

Section 2. Delivery of Replacement Note; Amendment to Continuing Covenant Agreement.

(a) *Delivery of Replacement Note.* To provide for the extension of the maturity date, the modification in the interest rate, a reduction in the available principal amount, and other terms

as may be determined by the Designated Representative to be necessary and in the best interest of the City to accomplish the purpose of this ordinance, the City is hereby authorized to authenticate and deliver a replacement Note to the Purchaser substantially in the form attached hereto as Exhibit A (the "Replacement Note"). The date of delivery of the Replacement Note to the Purchaser (the "Extension Date") shall occur prior to December 1, 2022.

The Replacement Note shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. The Bond Registrar is hereby authorized to authenticate the Replacement Note on behalf of the City. The City is authorized to pay fees and costs associated with the delivery of the Replacement Note, including fees of the City's Municipal Advisor, fees of Purchaser's counsel, and fees of Bond Counsel to the City.

In case either of the officers who shall have executed the Replacement Note shall cease to be an officer or officers of the City before the Replacement Note so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Replacement Note 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. The Replacement Note may also be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Replacement Note, are the proper officers of the City, although at the original date of such Replacement Note any such person shall not have been such officer of the City.

(b) *Delivery of Amendment to Continuing Covenant Agreement.* The Council authorizes the execution and delivery of an amendment to or an amendment and restatement of the Continuing Covenant Agreement in order to accomplish the purpose of this ordinance (the "Amended Agreement"). The Administrative Services Director and the City Manager are authorized to negotiate the terms and form of the Amended Agreement with the Purchaser. The Designated Representative is hereby authorized to execute and deliver such Amended Agreement in connection with the delivery of the Replacement Note.

Section 3. Amendment to Section 2 of Ordinance No. 877, Amending Section 2 of Ordinance No. 864, Amending Section 10 of Ordinance No. 829 (Sale of Notes). In order to accomplish the delivery of the Replacement Note, the following parameters shall apply to the Replacement Note. Nothing in this ordinance is intended to amend or otherwise modify the delegated authority as it applies to the original Note. Section 10(e) (Sale of Notes) of Ordinance No. 829, as previously amended, is hereby further amended to read as follows (deletions are ~~stricken~~, additions are double underlined):

Section 10. Sale of Notes.

...

(e) *Sale Parameters.* The Designated Representative is hereby authorized to approve the method of sale and the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each series of Notes in the manner provided hereafter so long as:

- (1) the aggregate principal amount (face amount) of all Notes issued pursuant to this ordinance does not exceed \$16,600,000~~25,000,000~~;
- (2) the final maturity date for each series of Notes is no later than 72 months~~36 months~~ from date of issuance of such series;
- (3) the true interest cost for each series of Notes does not exceed 2.75%~~3.25%~~;
- (4) the Notes of each series are sold (in the aggregate) at a price not less than 98%; and
- (5) the coupon rate for each maturity of the Notes of each series does not exceed 5.00%.

Subject to the terms and conditions set forth in this section, the Designated Representative is hereby authorized to execute the applicable Sale Document for a series of Notes. Following the execution of the applicable Sale Document, the Designated Representative shall provide a report to the Council describing the final terms of the Notes approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 10 shall expire December 31, 2022~~on December 31, 2020~~. If a Sale Document for the Notes of a series has not been executed by such date, the authorization for the issuance of such series of Notes shall be rescinded, and such Notes shall not be issued nor their sale approved unless such Notes shall have been re-authorized by ordinance of the Council.

Section 4. Delivery of Replacement Note; Documentation. The proper officials of the City, including the Administrative Services Director and the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Replacement Note to the Purchaser thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Replacement Note in accordance with the terms of this ordinance and the Amended Agreement.

Section 5. Ratification. Except as hereby amended, the remaining terms and conditions of Ordinance No. 829, as amended by Ordinance No. 864, as further amended by Ordinance No. 877, are hereby ratified and confirmed in all respects. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 6. Corrections by Clerk. Upon approval of the City Attorney and Note Counsel and without further action of the Council, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 7. Effective Date of Ordinance. This ordinance shall take effect and be in force five (5) days from and after its passage, approval, and publication, as required by law. A summary of this ordinance, consisting of the title, may be published in lieu of publishing the ordinance in its entirety.

PASSED BY THE CITY COUNCIL ON APRIL 18, 2022.

Mayor Keith Scully

ATTEST:

APPROVED AS TO FORM:

Jessica Simulcik-Smith
City Clerk

Pacifica Law Group LLP
Note Counsel

Date of Publication: _____, 2022
Effective Date: _____, 2022

EXHIBIT A
FORM OF REPLACEMENT NOTE
UNITED STATES OF AMERICA

R-2

[\$16,600,000]

STATE OF WASHINGTON
CITY OF SHORELINE
LIMITED TAX GENERAL OBLIGATION
BOND ANTICIPATION NOTE, 2020 (TAXABLE)
(AS EXTENDED ON _____, 2022)

PRINCIPAL AMOUNT: [SIXTEEN MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS]

ORIGINAL DATED DATE: FEBRUARY 14, 2020

EXTENSION DATE: _____, 2022

INTEREST RATE: [2.75]% (subject to a Default Rate described below)

MATURITY DATE: [December 1, 2025]

REGISTERED OWNER: U.S. Bank Trust Company, National Association (and its successors and assigns)

The City of Shoreline, Washington (the "City") hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, 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 the date of delivery, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above (the "Interest Rate"), subject to a default rate (the "Default Rate") as described below. Interest on this Note shall accrue from its dated date until paid and shall be computed per annum on the principal amount outstanding on the basis of a year of 360 days and twelve 30-day months. Principal of and accrued interest on this Note shall be payable in lawful money of the United States of America by check, warrant, ACH transfer or by other means mutually acceptable to the Registered Owner and the City, without the need for presentation or surrender of this Note, on the dates set forth in the payment schedule attached hereto. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for this Note (the "Note Registrar").

This Note is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 839, as amended by Ordinance No. 864, as further amended by Ordinance No. 877 and as further amended by Ordinance No. ____ (together, the "Note Ordinance") of the City. Capitalized terms used in this Note have the meanings given such terms in the Note Ordinance.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Note Registrar or its duly designated agent.

This Note is issued pursuant to the Note Ordinance and the Continuing Covenant Agreement dated February 14, 2020[, as amended on _____] between the City and U.S. Bank Trust Company, National Association, as successor to U.S. Bank National Association (the "Continuing Covenant Agreement"), to provide a

portion of the funds necessary (a) to pay costs to acquire sites for park and recreation purposes and for other capital expenditures described in the Parks, Recreation and Open Space Plan, and (b) to pay costs of issuance.

This Note may be prepaid prior to maturity as provided in the Continuing Covenant Agreement.

Upon the occurrence of any Event of Default (as defined in the Continuing Covenant Agreement) and until such time as such Event of Default has been remedied or waived in writing by the Bank, the interest rate on this Note shall increase to the Bank's Prime Rate plus five percentage points (5.0%) (the "Default Rate") and the Bank may pursue any other remedies to which it is entitled under the Continuing Covenant Agreement, at law or in equity. Notwithstanding the foregoing, this Note shall not be subject to acceleration prior to maturity.

The City has covenanted with the owner of this Note that it will issue and sell limited tax general obligation bonds in an aggregate principal amount sufficient, with such other moneys of the City available for such purposes as the Council may from time to time appropriate and set aside, to pay the principal of and interest on this Note when due, unless the City issues its unlimited tax general obligation bonds for this purpose with voter approval, and will thereupon redeem this Note. The City further covenants that it will levy taxes annually upon all the taxable property in the City within the levy limits permitted to cities without a vote of the electors and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on this Note as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies for payment of principal of and interest on this Note may be discharged prior to maturity of this Note by making provision for the payment thereof on the terms and conditions set forth in the Note Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this Note exist and have happened, been done and performed and that the issuance of this Note 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 Shoreline, Washington, has caused this Note to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City to be imprinted, impressed or otherwise reproduced hereon as of this 14th day of February, 2020 (as extended on _____, 2022).

[SEAL]

CITY OF SHORELINE, WASHINGTON

By _____
/s/ manual or facsimile
Mayor

ATTEST:

/s/ manual or facsimile
City Clerk

This Note is the Limited Tax General Obligation Bond Anticipation Note, 2020 (Taxable), of the City of Shoreline, Washington, dated February 14, 2020 (as extended on _____, 2022), described in the within-mentioned Note Ordinance.

Date of Authentication of this replacement Note: _____, 2022

WASHINGTON STATE FISCAL AGENT, as Note
Registrar

By _____

PAYMENT SCHEDULE

Principal of and interest on this note shall be payable as set forth in the following schedule:

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Shoreline, Washington (the “City”), DO HEREBY CERTIFY:

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 on April 18, 2022, as that ordinance appears in the minute book of the City; and the Ordinance will be in full force and effect after its passage and publication as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee’s emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate; and

3. The Ordinance has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of April, 2022.

Jessica Simulcik Smith, City Clerk

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City of Shoreline, Washington
UTGO Bonds, 2022
Preliminary - Rates as of 3/18/2022 plus 0.50%

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SOURCES AND USES OF FUNDS

City of Shoreline, Washington
 UTGO Bonds, 2022
 Preliminary - Rates as of 3/18/2022 plus 0.50%

Sources:

| | |
|----------------|----------------------|
| Bond Proceeds: | |
| Par Amount | 33,275,000.00 |
| Premium | 5,642,108.25 |
| | <u>38,917,108.25</u> |

Uses:

| | |
|-------------------------|----------------------|
| Project Fund Deposits: | |
| Project Fund | 38,500,000.00 |
| Cost of Issuance: | |
| Other Cost of Issuance | 150,000.00 |
| Delivery Date Expenses: | |
| Underwriter's Discount | 266,200.00 |
| Other Uses of Funds: | |
| Additional Proceeds | 908.25 |
| | <u>38,917,108.25</u> |

BOND SUMMARY STATISTICS

City of Shoreline, Washington
 UTGO Bonds, 2022
 Preliminary - Rates as of 3/18/2022 plus 0.50%

| | |
|---------------------------------|---------------|
| Dated Date | 05/26/2022 |
| Delivery Date | 05/26/2022 |
| Last Maturity | 12/01/2041 |
| Arbitrage Yield | 2.731189% |
| True Interest Cost (TIC) | 3.297928% |
| Net Interest Cost (NIC) | 3.648827% |
| All-In TIC | 3.340748% |
| Average Coupon | 5.000000% |
| Average Life (years) | 11.957 |
| Duration of Issue (years) | 9.238 |
| Par Amount | 33,275,000.00 |
| Bond Proceeds | 38,917,108.25 |
| Total Interest | 19,893,482.64 |
| Net Interest | 14,517,574.39 |
| Total Debt Service | 53,168,482.64 |
| Maximum Annual Debt Service | 2,756,000.00 |
| Average Annual Debt Service | 2,724,648.22 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 8.000000 |
| Total Underwriter's Discount | 8.000000 |
| Bid Price | 116.155998 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | PV of 1 bp change |
|----------------|---------------|---------|----------------|--------------|-------------------|
| Serial Bonds | 33,275,000.00 | 116.956 | 5.000% | 11.957 | 27,314.20 |
| | 33,275,000.00 | | | 11.957 | 27,314.20 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|---------------|---------------|-----------------|
| Par Value | 33,275,000.00 | 33,275,000.00 | 33,275,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | 5,642,108.25 | 5,642,108.25 | 5,642,108.25 |
| - Underwriter's Discount | -266,200.00 | -266,200.00 | |
| - Cost of Issuance Expense | | -150,000.00 | |
| - Other Amounts | | | |
| Target Value | 38,650,908.25 | 38,500,908.25 | 38,917,108.25 |
| Target Date | 05/26/2022 | 05/26/2022 | 05/26/2022 |
| Yield | 3.297928% | 3.340748% | 2.731189% |

BOND PRICING

City of Shoreline, Washington
 UTGO Bonds, 2022
 Preliminary - Rates as of 3/18/2022 plus 0.50%

| Bond Component | Maturity Date | Amount | Rate | Yield | Price | Yield to Maturity | Call Date | Call Price |
|----------------|---------------|------------|--------|--------|-----------|-------------------|------------|------------|
| Serial Bonds: | | | | | | | | |
| | 12/01/2023 | 1,090,000 | 5.000% | 1.860% | 104.665 | | | |
| | 12/01/2024 | 1,145,000 | 5.000% | 2.050% | 107.191 | | | |
| | 12/01/2025 | 1,200,000 | 5.000% | 2.150% | 109.595 | | | |
| | 12/01/2026 | 1,260,000 | 5.000% | 2.230% | 111.831 | | | |
| | 12/01/2027 | 1,325,000 | 5.000% | 2.370% | 113.518 | | | |
| | 12/01/2028 | 1,390,000 | 5.000% | 2.420% | 115.461 | | | |
| | 12/01/2029 | 1,460,000 | 5.000% | 2.490% | 117.103 | | | |
| | 12/01/2030 | 1,535,000 | 5.000% | 2.540% | 118.727 | | | |
| | 12/01/2031 | 1,610,000 | 5.000% | 2.590% | 120.206 | | | |
| | 12/01/2032 | 1,690,000 | 5.000% | 2.640% | 120.647 C | 2.728% | 06/01/2032 | 100.000 |
| | 12/01/2033 | 1,775,000 | 5.000% | 2.700% | 120.062 C | 2.934% | 06/01/2032 | 100.000 |
| | 12/01/2034 | 1,865,000 | 5.000% | 2.750% | 119.577 C | 3.101% | 06/01/2032 | 100.000 |
| | 12/01/2035 | 1,955,000 | 5.000% | 2.790% | 119.191 C | 3.236% | 06/01/2032 | 100.000 |
| | 12/01/2036 | 2,055,000 | 5.000% | 2.830% | 118.807 C | 3.353% | 06/01/2032 | 100.000 |
| | 12/01/2037 | 2,155,000 | 5.000% | 2.850% | 118.615 C | 3.441% | 06/01/2032 | 100.000 |
| | 12/01/2038 | 2,265,000 | 5.000% | 2.870% | 118.423 C | 3.519% | 06/01/2032 | 100.000 |
| | 12/01/2039 | 2,380,000 | 5.000% | 2.890% | 118.232 C | 3.589% | 06/01/2032 | 100.000 |
| | 12/01/2040 | 2,500,000 | 5.000% | 2.930% | 117.851 C | 3.664% | 06/01/2032 | 100.000 |
| | 12/01/2041 | 2,620,000 | 5.000% | 2.970% | 117.472 C | 3.731% | 06/01/2032 | 100.000 |
| | | 33,275,000 | | | | | | |

| | | |
|------------------------|---------------|-------------|
| Dated Date | 05/26/2022 | |
| Delivery Date | 05/26/2022 | |
| First Coupon | 12/01/2022 | |
| Par Amount | 33,275,000.00 | |
| Premium | 5,642,108.25 | |
| Production | 38,917,108.25 | 116.955998% |
| Underwriter's Discount | -266,200.00 | -0.800000% |
| Purchase Price | 38,650,908.25 | 116.155998% |
| Accrued Interest | | |
| Net Proceeds | 38,650,908.25 | |

BOND DEBT SERVICE

City of Shoreline, Washington
 UTGO Bonds, 2022
 Preliminary - Rates as of 3/18/2022 plus 0.50%

| Period Ending | Principal | Coupon | Interest | Debt Service |
|------------------|------------|--------|---------------|---------------|
| 12/31/2022 | | | 854,982.64 | 854,982.64 |
| 12/31/2023 | 1,090,000 | 5.000% | 1,663,750.00 | 2,753,750.00 |
| 12/31/2024 | 1,145,000 | 5.000% | 1,609,250.00 | 2,754,250.00 |
| 12/31/2025 | 1,200,000 | 5.000% | 1,552,000.00 | 2,752,000.00 |
| 12/31/2026 | 1,260,000 | 5.000% | 1,492,000.00 | 2,752,000.00 |
| 12/31/2027 | 1,325,000 | 5.000% | 1,429,000.00 | 2,754,000.00 |
| 12/31/2028 | 1,390,000 | 5.000% | 1,362,750.00 | 2,752,750.00 |
| 12/31/2029 | 1,460,000 | 5.000% | 1,293,250.00 | 2,753,250.00 |
| 12/31/2030 | 1,535,000 | 5.000% | 1,220,250.00 | 2,755,250.00 |
| 12/31/2031 | 1,610,000 | 5.000% | 1,143,500.00 | 2,753,500.00 |
| 12/31/2032 | 1,690,000 | 5.000% | 1,063,000.00 | 2,753,000.00 |
| 12/31/2033 | 1,775,000 | 5.000% | 978,500.00 | 2,753,500.00 |
| 12/31/2034 | 1,865,000 | 5.000% | 889,750.00 | 2,754,750.00 |
| 12/31/2035 | 1,955,000 | 5.000% | 796,500.00 | 2,751,500.00 |
| 12/31/2036 | 2,055,000 | 5.000% | 698,750.00 | 2,753,750.00 |
| 12/31/2037 | 2,155,000 | 5.000% | 596,000.00 | 2,751,000.00 |
| 12/31/2038 | 2,265,000 | 5.000% | 488,250.00 | 2,753,250.00 |
| 12/31/2039 | 2,380,000 | 5.000% | 375,000.00 | 2,755,000.00 |
| 12/31/2040 | 2,500,000 | 5.000% | 256,000.00 | 2,756,000.00 |
| 12/31/2041 | 2,620,000 | 5.000% | 131,000.00 | 2,751,000.00 |
| | 33,275,000 | | 19,893,482.64 | 53,168,482.64 |

BOND DEBT SERVICE

City of Shoreline, Washington
 UTGO Bonds, 2022
 Preliminary - Rates as of 3/18/2022 plus 0.50%

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|-----------|--------|------------|--------------|------------------------|
| 12/01/2022 | | | 854,982.64 | 854,982.64 | |
| 12/31/2022 | | | | | 854,982.64 |
| 06/01/2023 | | | 831,875.00 | 831,875.00 | |
| 12/01/2023 | 1,090,000 | 5.000% | 831,875.00 | 1,921,875.00 | |
| 12/31/2023 | | | | | 2,753,750.00 |
| 06/01/2024 | | | 804,625.00 | 804,625.00 | |
| 12/01/2024 | 1,145,000 | 5.000% | 804,625.00 | 1,949,625.00 | |
| 12/31/2024 | | | | | 2,754,250.00 |
| 06/01/2025 | | | 776,000.00 | 776,000.00 | |
| 12/01/2025 | 1,200,000 | 5.000% | 776,000.00 | 1,976,000.00 | |
| 12/31/2025 | | | | | 2,752,000.00 |
| 06/01/2026 | | | 746,000.00 | 746,000.00 | |
| 12/01/2026 | 1,260,000 | 5.000% | 746,000.00 | 2,006,000.00 | |
| 12/31/2026 | | | | | 2,752,000.00 |
| 06/01/2027 | | | 714,500.00 | 714,500.00 | |
| 12/01/2027 | 1,325,000 | 5.000% | 714,500.00 | 2,039,500.00 | |
| 12/31/2027 | | | | | 2,754,000.00 |
| 06/01/2028 | | | 681,375.00 | 681,375.00 | |
| 12/01/2028 | 1,390,000 | 5.000% | 681,375.00 | 2,071,375.00 | |
| 12/31/2028 | | | | | 2,752,750.00 |
| 06/01/2029 | | | 646,625.00 | 646,625.00 | |
| 12/01/2029 | 1,460,000 | 5.000% | 646,625.00 | 2,106,625.00 | |
| 12/31/2029 | | | | | 2,753,250.00 |
| 06/01/2030 | | | 610,125.00 | 610,125.00 | |
| 12/01/2030 | 1,535,000 | 5.000% | 610,125.00 | 2,145,125.00 | |
| 12/31/2030 | | | | | 2,755,250.00 |
| 06/01/2031 | | | 571,750.00 | 571,750.00 | |
| 12/01/2031 | 1,610,000 | 5.000% | 571,750.00 | 2,181,750.00 | |
| 12/31/2031 | | | | | 2,753,500.00 |
| 06/01/2032 | | | 531,500.00 | 531,500.00 | |
| 12/01/2032 | 1,690,000 | 5.000% | 531,500.00 | 2,221,500.00 | |
| 12/31/2032 | | | | | 2,753,000.00 |
| 06/01/2033 | | | 489,250.00 | 489,250.00 | |
| 12/01/2033 | 1,775,000 | 5.000% | 489,250.00 | 2,264,250.00 | |
| 12/31/2033 | | | | | 2,753,500.00 |
| 06/01/2034 | | | 444,875.00 | 444,875.00 | |
| 12/01/2034 | 1,865,000 | 5.000% | 444,875.00 | 2,309,875.00 | |
| 12/31/2034 | | | | | 2,754,750.00 |
| 06/01/2035 | | | 398,250.00 | 398,250.00 | |
| 12/01/2035 | 1,955,000 | 5.000% | 398,250.00 | 2,353,250.00 | |
| 12/31/2035 | | | | | 2,751,500.00 |
| 06/01/2036 | | | 349,375.00 | 349,375.00 | |
| 12/01/2036 | 2,055,000 | 5.000% | 349,375.00 | 2,404,375.00 | |
| 12/31/2036 | | | | | 2,753,750.00 |
| 06/01/2037 | | | 298,000.00 | 298,000.00 | |
| 12/01/2037 | 2,155,000 | 5.000% | 298,000.00 | 2,453,000.00 | |
| 12/31/2037 | | | | | 2,751,000.00 |
| 06/01/2038 | | | 244,125.00 | 244,125.00 | |
| 12/01/2038 | 2,265,000 | 5.000% | 244,125.00 | 2,509,125.00 | |
| 12/31/2038 | | | | | 2,753,250.00 |
| 06/01/2039 | | | 187,500.00 | 187,500.00 | |
| 12/01/2039 | 2,380,000 | 5.000% | 187,500.00 | 2,567,500.00 | |
| 12/31/2039 | | | | | 2,755,000.00 |
| 06/01/2040 | | | 128,000.00 | 128,000.00 | |
| 12/01/2040 | 2,500,000 | 5.000% | 128,000.00 | 2,628,000.00 | |

BOND DEBT SERVICE

City of Shoreline, Washington
UTGO Bonds, 2022

Preliminary - Rates as of 3/18/2022 plus 0.50%

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|------------|--------|---------------|---------------|------------------------|
| 12/31/2040 | | | | | 2,756,000.00 |
| 06/01/2041 | | | 65,500.00 | 65,500.00 | |
| 12/01/2041 | 2,620,000 | 5.000% | 65,500.00 | 2,685,500.00 | |
| 12/31/2041 | | | | | 2,751,000.00 |
| | 33,275,000 | | 19,893,482.64 | 53,168,482.64 | 53,168,482.64 |

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City of Shoreline, Washington
LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

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SOURCES AND USES OF FUNDS

City of Shoreline, Washington
 LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

Sources:

| | |
|---------------------------------------|---------------------|
| Bond Proceeds: | |
| Par Amount | 16,600,000.00 |
| Other Sources of Funds: | |
| UTGO Bond Proceeds | 6,100,000.00 |
| GF Contribution/Unspent Bond Proceeds | 2,300,000.00 |
| COI to be paid by the City | 35,000.00 |
| | <u>8,435,000.00</u> |
| | 25,035,000.00 |

Uses:

| | |
|-------------------------|----------------------|
| Defeasance of 2020 BAN: | |
| Cash Deposit | 25,000,000.00 |
| Cost of Issuance: | |
| Other Cost of Issuance | 32,000.00 |
| Delivery Date Expenses: | |
| Bank Legal Fee | 3,000.00 |
| | <u>25,035,000.00</u> |

BOND PRICING

City of Shoreline, Washington
 LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

| Bond Component | Maturity Date | Amount | Rate | Yield | Price |
|----------------|---------------|------------|--------|--------|---------|
| Term Bond: | 06/01/2025 | 16,600,000 | 2.500% | 2.500% | 100.000 |
| | | 16,600,000 | | | |

| | | |
|-------------------------|---------------|-------------|
| Dated Date | 06/01/2022 | |
| Delivery Date | 06/01/2022 | |
| First Coupon | 12/01/2022 | |
| Par Amount | 16,600,000.00 | |
| Original Issue Discount | | |
| Production | 16,600,000.00 | 100.000000% |
| Underwriter's Discount | -3,000.00 | -0.018072% |
| Purchase Price | 16,597,000.00 | 99.981928% |
| Accrued Interest | | |
| Net Proceeds | 16,597,000.00 | |

BOND SUMMARY STATISTICS

City of Shoreline, Washington
LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

| | |
|---------------------------------|---------------|
| Dated Date | 06/01/2022 |
| Delivery Date | 06/01/2022 |
| Last Maturity | 06/01/2025 |
| Arbitrage Yield | 2.500000% |
| True Interest Cost (TIC) | 2.506291% |
| Net Interest Cost (NIC) | 2.506024% |
| All-In TIC | 2.573480% |
| Average Coupon | 2.500000% |
| Average Life (years) | 3.000 |
| Duration of Issue (years) | 2.909 |
| Par Amount | 16,600,000.00 |
| Bond Proceeds | 16,600,000.00 |
| Total Interest | 1,245,000.00 |
| Net Interest | 1,248,000.00 |
| Total Debt Service | 17,845,000.00 |
| Maximum Annual Debt Service | 16,807,500.00 |
| Average Annual Debt Service | 5,948,333.33 |
| Underwriter's Fees (per \$1000) | |
| Average Takedown | |
| Other Fee | 0.180723 |
| Total Underwriter's Discount | 0.180723 |
| Bid Price | 99.981928 |

| Bond Component | Par Value | Price | Average Coupon | Average Life | PV of 1 bp change |
|----------------|---------------|---------|----------------|--------------|-------------------|
| Term Bond | 16,600,000.00 | 100.000 | 2.500% | 3.000 | 4,814.00 |
| | 16,600,000.00 | | | 3.000 | 4,814.00 |

| | TIC | All-In TIC | Arbitrage Yield |
|----------------------------|---------------|---------------|-----------------|
| Par Value | 16,600,000.00 | 16,600,000.00 | 16,600,000.00 |
| + Accrued Interest | | | |
| + Premium (Discount) | | | |
| - Underwriter's Discount | -3,000.00 | -3,000.00 | |
| - Cost of Issuance Expense | | -32,000.00 | |
| - Other Amounts | | | |
| Target Value | 16,597,000.00 | 16,565,000.00 | 16,600,000.00 |
| Target Date | 06/01/2022 | 06/01/2022 | 06/01/2022 |
| Yield | 2.506291% | 2.573480% | 2.500000% |

BOND DEBT SERVICE

City of Shoreline, Washington
LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

| Period Ending | Principal | Coupon | Interest | Debt Service |
|------------------|------------|--------|-----------|-----------------|
| 12/31/2022 | | | 207,500 | 207,500 |
| 12/31/2023 | | | 415,000 | 415,000 |
| 12/31/2024 | | | 415,000 | 415,000 |
| 12/31/2025 | 16,600,000 | 2.500% | 207,500 | 16,807,500 |
| | 16,600,000 | | 1,245,000 | 17,845,000 |

BOND DEBT SERVICE

City of Shoreline, Washington
 LTGO BAN 2022 - Partial Extension of LTGO BAN 2020

| Period Ending | Principal | Coupon | Interest | Debt Service | Annual Debt Service |
|------------------|------------|--------|-----------|-----------------|---------------------------|
| 12/01/2022 | | | 207,500 | 207,500 | |
| 12/31/2022 | | | | | 207,500 |
| 06/01/2023 | | | 207,500 | 207,500 | |
| 12/01/2023 | | | 207,500 | 207,500 | |
| 12/31/2023 | | | | | 415,000 |
| 06/01/2024 | | | 207,500 | 207,500 | |
| 12/01/2024 | | | 207,500 | 207,500 | |
| 12/31/2024 | | | | | 415,000 |
| 06/01/2025 | 16,600,000 | 2.500% | 207,500 | 16,807,500 | |
| 12/31/2025 | | | | | 16,807,500 |
| | 16,600,000 | | 1,245,000 | 17,845,000 | 17,845,000 |