

CITY OF MARYSVILLE AGENDA BILL

EXECUTIVE SUMMARY FOR ACTION

CITY COUNCIL MEETING DATE: 7/22/13

AGENDA ITEM: 2013LTGO Bond Ordinance	
PREPARED BY: Sandy Langdon DEPARTMENT: Finance	DIRECTOR APPROVAL:
ATTACHMENTS: Proposed Bond Ordinance	
BUDGET CODE:	AMOUNT:

SUMMARY:

Several financing activities in the City since 2012 have occurred that now are in need of permanent financing as well as a recent review of the 2003 LTGO bonds have indicated a potential savings. Also, certain transportation projects require funding.

In 2003 the City issued bond in the amount of \$6,385,000 for the City Hall building and improvement, the Waterfront Park, and State Avenue Improvements. Recent review of the this debt for debt service savings have estimated a potential saving in the 3.0% to 3.2% or approximately \$218,000 net present value savings over the remaining 10 year term of the bond.

In 2012 the City issued Bond Anticipation Notes (BAN) to fund the construction of the 156th overpass and the break in access at SR9. These projects are now substantially complete and require permanent financing.

Several transportation projects are needed in the main corridors of the City. The City desires to pursue grants to fund or assist with funding. In order to be well positioned for grant consideration these projects need to be designed. Additional funding is requested for consideration to be added to this bond issue for these transportation purposes in the amount not to exceed \$3 million.

The proposed bond ordinance is structured to allow for the City to act quickly to any market change regarding the refunding of the bonds.

RECOMMENDED ACTION:
Consider approval of the LTGO Bond Ordinance authorizing the refunding of the 2003 LTGO bonds, defease the 2012 BAN, and fund transportation projects as prescribed.

CITY OF MARYSVILLE, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Marysville, Washington, relating to contracting indebtedness; providing for the extension and reissuance of the City's Limited Tax General Obligation Bond Anticipation Note, 2012 (Non-Revolving Line of Credit) (the "Note"); providing for the issuance, sale and delivery of one or more series of limited tax general obligation bonds in the aggregate principal amount not to exceed \$[23,900,000] to provide funds necessary to pay all or a portion of the costs of (i) certain transportation projects, including repayment of the Note and (ii) the refunding of all or a portion of the City's callable Limited Tax General Obligation Bonds, 2003; fixing or setting parameters with respect to certain terms and covenants of the bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds and for the use and application of the money derived from those investments; authorizing the execution of one or more agreements with a refunding escrow agent or trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; appointing the City's designated representative to approve the terms of extending and reissuing the Note and the final terms of the sale of the bonds and to take certain other actions with respect to carrying out the refunding and issuance of the bonds; and providing for other related matters.

Passed July 22, 2013

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**The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.*

CITY OF MARYSVILLE, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Marysville, Washington, relating to contracting indebtedness; providing for the extension and reissuance of the City's Limited Tax General Obligation Bond Anticipation Note, 2012 (Non-Revolving Line of Credit) (the "Note"); providing for the issuance, sale and delivery of one or more series of limited tax general obligation bonds in the aggregate principal amount not to exceed \$[23,900,000] to provide funds necessary to pay all or a portion of the costs of (i) certain transportation projects, including repayment of the Note and (ii) the refunding of all or a portion of the City's callable Limited Tax General Obligation Bonds, 2003; fixing or setting parameters with respect to certain terms and covenants of the bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds and for the use and application of the money derived from those investments; authorizing the execution of one or more agreements with a refunding escrow agent or trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; appointing the City's designated representative to approve the terms of extending and reissuing the Note and the final terms of the sale of the bonds and to take certain other actions with respect to carrying out the refunding and issuance of the bonds; and providing for other related matters.

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

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

(a) "2003 Bond Ordinance" means Ordinance No. 2478 of the City authorizing the issuance of the 2003 Bonds.

(b) "2003 Bonds" means the City's Limited Tax General Obligation Bonds, 2003, issued pursuant to the 2003 Bond Ordinance.

(c) "2012 Note" means the City's Limited Tax General Obligation Bond Anticipation Note, 2012 (Non-Revolving Line of Credit) in the aggregate principal amount not to exceed \$10,000,000 issued for the purpose of providing interim financing for the Break In Access Project and the Lakewood Triangle Access Project.

(d) "Acquired Obligations" means the United States Treasury Certificates of Indebtedness, Notes, and Bonds – State and Local Government Series and other direct, noncallable obligations of the United States of America used to accomplish the Refunding Plan.

(e) "Authorized Denomination" means \$5,000 or any integral multiple thereof within a maturity of a Series.

(f) “*Bank*” means KeyBank National Association, or its corporate successor, as owner of the 2012 Note.

(g) “*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(h) “*Bond*” means each bond issued pursuant to and for the purposes provided in this ordinance.

(i) “*Bond Counsel*” means the firm of Foster Pepper PLLC, its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(j) “*Bond Fund*” means the Limited Tax General Obligation Improvement and Refunding Bond Fund, 2013 of the City created for the payment of principal of and interest on the Bonds.

(k) “*Bond Purchase Agreement*” means an offer to purchase a Series of the Bonds, setting forth certain terms and conditions of the issuance, sale and delivery of those Bonds, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser’s bid and the award by the City shall constitute the Bond Purchase Agreement for purposes of this ordinance.

(l) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the each Bond.

(m) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the City.

(n) “*Break In Access Project*” means the design and construction of certain improvements to the SR9/SR92 intersection, including but not limited to constructing an additional approach. The costs of the Break In Access Project shall also include payment of interest on draws made on the 2012 Note for the purpose of providing interim financing for the Break In Access Project.

(o) “*City*” means the City of Marysville, Washington, a code city duly organized and existing under the laws of the State.

(p) “*City Contribution*” means legally available money of the City, in addition to proceeds of the Bonds, necessary or advisable to accomplish the Refunding Plan, as determined by the Designated Representative.

(q) “*City Council*” means the legislative authority of the City, as duly and regularly constituted from time to time.

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

(s) “*Designated Representative*” means the officer of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2) and RCW 39.50.030.

(t) “*DTC*” means The Depository Trust Company, New York, New York, or its nominee.

(u) “*Final Terms*” means the terms and conditions for the sale of a Series of the Bonds including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds (if the refunding bonds are issued for savings purposes).

(v) “*Finance Officer*” means the Finance Director or such other officer of the City who succeeds to substantially all of the responsibilities of that office.

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

(x) “*General Transportation Projects*” means carrying out certain transportation improvements including but not limited to the design, construction and revision of access points on limited access freeways and highways and the preparation of Interchange Justification Reports as required by the Washington State Department of Transportation.

(y) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(z) “*Issue Date*” means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(aa) “*Lakewood Triangle Access Project*” means the construction of an Interstate 5 overpass at 156th Street NE. The costs of the Lakewood Triangle Access Project shall also include payment of interest on draws made on the 2012 Note for the purpose of providing interim financing for the Lakewood Triangle Access Project.

(bb) “*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and DTC, dated November 14, 1997, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(cc) “*MSRB*” means the Municipal Securities Rulemaking Board.

(dd) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(ee) “*Purchaser*” means the corporation, firm, association, partnership, trust, or other legal entity or group of entities selected by the Designated Representative to serve as underwriter

for a negotiated sale or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(ff) “*Project Bonds*” means those Bonds allocated to carrying out the Transportation Projects.

(gg) “*Project Funds*” means certain funds or accounts created by the Finance Officer for the purpose of paying the costs of the Transportation Projects.

(hh) “*Rating Agency*” means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(ii) “*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 Section 9.

(jj) “*Redemption Date*” means the later of December 1, 2013, or a date selected by the Designated Representative that is not less than 30 days or more than 60 days after the Issue Date.

(kk) “*Refunded Bonds*” means all or a portion of the Refunding Candidates selected by the Designated Representative to be refunded with the proceeds of a Series of the Bonds.

(ll) “*Refunding Bonds*” means those Bonds allocated to carrying out the Refunding Plan.

(mm) “*Refunding Candidates*” means the 2003 Bonds maturing in the years 2014 through 2019, inclusive, and 2021 through 2023, inclusive.

(nn) “*Refunding Plan*” means (as further described in the applicable Refunding Trust Agreement):

- (1) the deposit with the Refunding Trustee of an amount of proceeds of a Series of the Refunding Bonds sufficient (together with the City Contribution, if necessary) to acquire the Acquired Obligations to be held by the Refunding Trustee with cash, if necessary;
- (2) the application of the principal of and interest on the Acquired Obligations (and any other cash balance) to the call, payment and redemption of the specified Refunded Bonds on the Redemption Date at a price of par plus accrued interest; and
- (3) the payment of costs of issuing the Series of the Refunding Bonds and the costs of carrying out the foregoing elements of the Refunding Plan.

(oo) “*Refunding Trust Agreement*” means a refunding trust or escrow agreement between the City and the Refunding Trustee, dated as of the Issue Date of each Series of the Refunding Bonds, providing for the carrying out of the Refunding Plan.

(pp) “*Refunding Trustee*” means the trustee or escrow agent, or any successor trustee or escrow agent, designated by the Designated Representative to serve as refunding trustee to carry out the Refunding Plan.

(qq) “*Registered Owner*” means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book–entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

(rr) “*Rule 15c2-12*” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

(ss) “*SEC*” means the United States Securities and Exchange Commission.

(tt) “*Securities Depository*” means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

(uu) “*Series of the Bonds*” or “*Series*” means a series of Bonds issued pursuant to this ordinance.

(vv) “*State*” means the State of Washington.

(ww) “*System of Registration*” means the system of registration for the City’s bonds and other obligations set forth in Ordinance No. 1405 of the City.

(xx) “*Tax-Exempt Bonds*” means any Series issued on a tax-exempt basis.

(yy) “*Term Bond*” means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement.

(zz) “*Transportation Projects*” means, collectively, the General Transportation Projects and the Break In Access Project and the Lakewood Triangle Access Project, including repayment of the 2012 Note.

(aaa) “*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 17 of this ordinance.

Section 2. Findings and Determinations. The City takes note of the following facts and makes the following findings and determinations:

(a) *The Transportation Projects.* Pursuant to Ordinance No. 2868, the City authorized the issuance of limited tax general obligation bonds in the principal amount not to exceed \$8,000,000 for the purpose of paying the costs of the Lakewood Triangle Access Project allocated to the City (the “LTA Bonds”). By Ordinance No. 2883, the City authorized the issuance of limited tax general obligation bonds in the amount not to exceed \$5,600,000 for the purpose of paying the costs of the Break In Access Project (the “BIA Bonds”). The City is also in need of carrying out the General Transportation Projects, which are estimated to cost more

than \$3,000,000 and the City does not currently have sufficient money available to pay such costs.

(b) *The 2012 Note.* Pursuant to the Ordinance Nos. 2868 and 2883, the City authorized the issuance and sale of the 2012 Note to the Bank for the purpose of providing interim financing to pay the costs of the Lakewood Triangle Access Project and the Break In Access Project pending the issuance of the LTA Bonds and BIA Bonds, respectively. The 2012 Note was issued in the aggregate principal amount of not to exceed \$10,000,000 and matures on August 15, 2013. In order to provide greater flexibility for the repayment of the 2012 Note, the City Council finds that it is in the best interest of the City to authorize the extension of the maturity date and the revision of certain terms of the 2012 Note, including interest rates, if required by the Bank prior to delivery of the proceeds of the Project Bonds authorized by this ordinance.

(c) *The 2003 Bonds.* Pursuant to the 2003 Bond Ordinance, the City issued the 2003 Bonds for the purpose of paying the costs of acquiring an existing building to be used as a new City Hall, making improvements to the new City Hall and the Public Safety Building, making improvements to the City's Waterfront Park and making street improvements to State Avenue. The City reserved the right to redeem the 2003 Bonds maturing on or after December 1, 2014, prior to their maturity on or after December 1, 2013, at a price of par plus accrued interest to the date fixed for redemption. There are presently outstanding \$6,855,000 principal amount of 2003 Bonds maturing on December 1 of each of the years 2014 through 2019, inclusive, and 2021 through 2023, inclusive, and bearing various interest rates from 3.25% to 4.125%.

(d) *The Refunding.* After due consideration, it appears to the City Council that all or a portion of the Refunding Candidates may be refunded by the issuance and sale of the limited tax general obligation refunding bonds authorized herein so that a savings will be effected by the difference between the principal and interest cost over the life of the applicable Series of the Refunding Bonds and the principal and interest cost over the life of the applicable Refunded Bonds but for such refunding, which refunding will be effected by carrying out the Refunding Plan.

(e) *The Bonds.* For the purpose of providing the funds necessary to carry out the Transportation Projects and the Refunding Plan and to pay the costs of issuance and sale of the Bonds, the City Council finds that it is in the best interests of the City and its taxpayers to issue and sell the Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the City's Designated Representative consistent with this ordinance.

Section 3. Authorization of Bonds. The City is authorized to borrow money on the credit of the City and issue taxable or tax-exempt limited tax general obligation bonds in the aggregate principal amounts described under paragraph (i) of Exhibit A, which is attached to this ordinance and incorporated by this reference. The Project Bonds shall be issued to provide the funds necessary to carry out the Transportation Projects and pay the costs of issuance and sale of the Project Bonds. The Refunding Bonds shall be issued to provide the funds necessary to carry out the Refunding Plan and to pay the costs of issuance and sale of the Refunding Bonds.

Section 4. Appointment of Designated Representative; Description of Bonds; Authorization of 2012 Note Extension and Reissuance. The Finance Officer and the City's Financial Planning Manager are each appointed as the Designated Representative of the City, both with the individual authority to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of the Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A.

The Designated Representative is also authorized to approve extending the maturity date of the 2012 Note and revising any terms of the 2012 Note, including but not limited to interest rates necessary to extend the interim financing until proceeds of the Project Bonds are available to redeem the same. The terms of the 2012 Note extension or reissuance shall be within the parameters set forth in Ordinance Nos. 2868 and 2883 authorizing the issuance of the 2012 Note, except that the maturity date may be extended for up to 180 days. The Designated Representative is also authorized to pay the costs of extending the 2012 Note, including any associated Bank fees and legal costs. The costs of extending the 2012 Note may be paid with any funds of the City legally available therefore, including draws on the 2012 Note.

Section 5. Bond Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds.* Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Bond Registrar; Duties.* The Fiscal Agent is appointed as initial Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and the System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange.* The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, interest rate and maturity. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

(d) *Securities Depository; Book-Entry Only Form.* DTC is appointed as initial Securities Depository. Each Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance.

Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice that is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal.* Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Bond Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate Of Authentication. This Bond is one of the fully registered City of Marysville, Washington, Limited Tax General Obligation Improvement and Refunding Bonds, 2013." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 7. Payment of Bonds. Principal of and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and interest on each Bond

registered in the name of the Securities Depository is payable in the manner set forth in the Letter of Representations. Interest on each Bond not registered in the name of the Securities Depository is payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not registered in the name of the Securities Depository is payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Redemption Provisions and Purchase of Bonds.

(a) *Optional Redemption.* The Bonds shall be subject to redemption at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A.

(b) *Mandatory Redemption.* Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A, if not previously redeemed under any optional redemption provisions or purchased and surrendered for cancellation under the provisions set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Agreement. If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption installments for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that Term Bond for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the City shall select the Series and maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption.* Notice of redemption of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption of each other Bond, unless waived by the Registered Owner, shall be given

by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Officer shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(e) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded shall be of no effect, and each Bond for which a notice of redemption has been rescinded shall remain outstanding.

(f) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 9. Failure To Pay Bonds. If the principal of any Bond is not paid when the Bond is properly presented at its maturity date or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 10. Bond Fund and Deposit of Bond Proceeds. The Bond Fund is created as a special fund of the City for the sole purpose of paying principal of and interest on the Bonds. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bonds. The principal of and interest on the Bonds shall be paid out of the Bond Fund. Until needed for that purpose, the City may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that fund.

Proceeds of the Refunding Bonds in an amount sufficient to carry out the Refunding Plan shall be deposited with the Refunding Trustee, and if Project Bonds are issued simultaneously with Refunding Bonds, proceeds of Project Bonds in an amount sufficient to pay the costs of issuance of such Project Bonds may also be deposited with the Refunding Trustee. All proceeds of the Bonds deposited with the Refunding Trustee shall be used to carry out the Refunding Plan

and pay the costs of issuance of the Project Bonds, if applicable, as set forth in Section 15 of this ordinance.

The Finance Officer is authorized to create the Project Funds and any proceeds of the Project Bonds that are not deposited with the Refunding Trustee shall be deposited into the Project Funds and used to carry out the Transportation Projects and pay the costs of issuing and selling the Project Bonds. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Funds and spent for the purposes of those funds.

Section 11. Pledge of Taxes. The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on Tax-Exempt Bonds.* The City covenants that it will take all actions necessary to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Tax-Exempt Bonds or other funds of the City treated as proceeds of the Tax-Exempt Bonds that will cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Tax-Exempt Bonds.

(b) *Post-Issuance Compliance.* The Finance Officer is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal tax purposes.

Section 13. Amendatory and Supplemental Ordinances. The City may supplement or amend this ordinance for any one or more of the following purposes without the consent of any Owners of the Bonds:

(a) To add covenants and agreements that do not materially adversely affect the interests of Owners, or to surrender any right or power reserved to or conferred upon the City.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this ordinance in a manner that does not materially adversely affect the interest of the Beneficial Owners of the Bonds.

Section 14. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the “defeased Bonds”); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 15. Refunding of the Refunded Bonds.

(a) *Appointment of the Refunding Trustee; Selection of Refunded Bonds and Redemption Date.* The Designated Representative is authorized to appoint the Refunding Trustee and to select the Refunding Candidates to be refunded by each Series of the Refunding Bonds. The Designated Representative may choose to refund fewer than all of the Refunding Candidates. The Refunded Bonds and the Redemption Date, as selected by the Designated Representative, shall be identified in the applicable Bond Purchase Agreement and/or the applicable Refunding Trust Agreement.

(b) *Deposit of Bond Proceeds; Purchase of Acquired Obligations.* Proceeds from the sale of each Series of the Refunding Bonds in an amount sufficient to carrying out the applicable Refunding Plan shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds under the 2003 Bond Ordinance by providing for the payment of the amounts required to be paid by the Refunding Plan. If Project Bonds are issued simultaneously with Refunding Bonds, proceeds from the sale of such Project Bonds in an amount sufficient to pay the costs of issuance and sale of such Project Bonds shall also be deposited immediately upon receipt thereof with the Refunding Trustee and used to pay the costs of issuance and sale of such Project Bonds.

The Designated Representative is authorized for each Series of the Refunding Bonds to direct the Refunding Trustee to discharge such obligations by holding proceeds from the sale of

each Series of the Refunding Bonds uninvested, or, at the Designated Representative's direction, by the Refunding Trustee's simultaneous purchase of Acquired Obligations, bearing interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations shall be listed and more particularly described in the Refunding Trust Agreement, but are subject to substitution as set forth below. The Designated Representative is authorized and directed to approve the Acquired Obligations, if any, to be purchased.

The Finance Officer is authorized to cause the City to transfer to the Refunding Trustee the City Contribution, if any, immediately preceding the Issue Date. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to carry out the Refunding Plan or pay the costs of issuance of the Project Bonds shall be returned to the City as soon as reasonably practicable following the Issue Date and used in accordance with this ordinance.

(c) *Substitution of Acquired Obligations.* Prior to the purchase of any Acquired Obligations, the City reserves the right to substitute other noncallable, nonprepayable Government Obligations ("Substitute Obligations") for any of such Acquired Obligations if, (i) in the opinion of Bond Counsel the interest on the Bonds and the Refunded Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148 and 149(d) of the Code, and (ii) such substitution will not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm. The City may use any savings created by the foregoing substitution to pay interest on the Bonds on the first interest payment date.

After the purchase of Acquired Obligations, if any, by the Refunding Trustee, the City reserves the right to substitute therefor money and/or Substitute Obligations subject to the conditions that such money or Substitute Obligations held by the Refunding Trustee will be sufficient to carry out the Refunding Plan, that such substitution will not cause the Bonds and the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the Issue Date, and that the City obtains, at its expense: (i) a verification by a nationally recognized independent certified public accounting firm confirming that the payments of principal of and interest on the Substitute Obligations, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (ii) an opinion from Bond Counsel to the effect that the disposition and substitution or purchase of such Substitute Obligations, under the statutes, rules and regulations then in force and applicable to the Bonds or the Refunded Bonds, will not cause the interest on the Bonds or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Bonds or the Refunded Bonds. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the City to be used to pay debt service on the Bonds.

(d) *Administration of Refunding Plan.* The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or Substitute Obligations) and to make the

payments required to be made pursuant to the Refunding Plan from the Acquired Obligations (or Substitute Obligations) and money deposited with the Refunding Trustee pursuant to this ordinance and the Refunding Plan. All Acquired Obligations (or Substitute Obligations) and money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the 2003 Bond Ordinance, this ordinance, chapter 39.53 RCW and other applicable laws of the State and the Refunding Trust Agreement. All necessary and proper fees, compensation and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the Refunding Plan and costs related to the issuance, sale and delivery of the Bonds, including bond printing, rating service fees, verification fees, Bond Counsel's fees and other related expenses, shall be paid out of the proceeds of the Bonds.

(e) *Authorization for Refunding Trust Agreement.* To carry out the Refunding Plan, the Designated Representative is authorized and directed to execute and deliver to the Refunding Trustee the Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation and expenses of the Refunding Trustee set forth therein are satisfactory to it.

(f) *Call for Redemption of the Refunded Bonds.* Effective upon the Issue Date, the City calls for redemption all of the Refunded Bonds on the Redemption Date, at par plus accrued interest. Such calls for redemption shall be irrevocable after the delivery of the Bonds to the Purchaser. The date on which the Refunded Bonds are herein called for redemption is the first date after the Issue Date on which it is practicable to redeem the Refunded Bonds, as determined by the Designated Representative, and if the Redemption Date is December 1, 2013, such date is the first date on which the Refunded Bonds may be called. The Refunding Trustee is authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the 2003 Bond Ordinance and the Refunding Trust Agreement in order to effect the redemption of the Refunded Bonds prior to their stated maturity dates.

(g) *Additional Findings.* Prior to the execution of any Bond Purchase Agreement, the Designated Representative must determine, on behalf of the City, that the issuance, sale and delivery of that particular Series of the Refunding Bonds will effect a net present value savings to the City and its taxpayers as set forth in paragraph (i)(3) of Exhibit A attached hereto. The City Council finds and determines that such net present value savings is a substantial savings and that achieving such net present value savings by issuing Bonds is in the best interest of the City and in the public interest. In making the finding and determination that the issuance, sale and delivery of a Series of the Refunding Bonds will effect the foregoing net present value savings, the Designated Representative shall give consideration to the fixed maturities of the Refunding Bonds of that Series and the Refunded Bonds to be refunded by such Series, the costs related to the issuance, sale and delivery of such Series and the known earned income from the investment of the proceeds of the issuance and sale of such Series and the City Contribution, if any, used in the Refunding Plan pending payment and redemption of the Refunded Bonds to be redeemed.

The Designated Representative further must find and determine that the money to be deposited with the Refunding Trustee to carry out the Refunding Plan will discharge and satisfy the obligations of the City under the 2003 Bond Ordinance with respect to the Refunded Bonds,

and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under the 2003 Bond Ordinance immediately upon the deposit of such money with the Refunding Trustee.

Section 16. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or by competitive sale in accordance with a notice of sale consistent with this ordinance, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of the Bonds and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by negotiated sale, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for each Series of the Bonds shall set forth the Final Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Procedure for Competitive Sale.* If the Designated Representative determines that a Series of the Bonds is to be sold by competitive sale, the Designated Representative shall cause the preparation of an official notice of bond sale setting forth parameters for the Final Terms and any other bid parameters that the Designated Representative deems appropriate consistent with this ordinance. Bids for the purchase of each Series of the Bonds shall be received at such time or place and by such means as the Designated Representative directs. On the date and time established for the receipt of bids, the Designated Representative (or the designee of the Designated Representative) shall open bids and shall cause the bids to be mathematically verified. The Designated Representative is authorized to award, on behalf of the City, the winning bid and accept the winning bidder's offer to purchase that Series of the Bonds, with such adjustments to the aggregate principal amount and principal amount per maturity as the Designated Representative deems appropriate, consistent with the terms of this ordinance. The Designated Representative may reject any or all bids submitted and may waive any formality or irregularity in any bid or in the bidding process if the Designated Representative deems it to be in the City's best interest to do so. If all bids are rejected, that Series of the Bonds may be sold pursuant to negotiated sale or in any manner provided by law as the Designated Representative determines is in the best interest of the City, within the parameters set forth in this ordinance.

(d) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 17. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review the form of the preliminary official statement prepared in connection with each sale of a Series of the Bonds to the public. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, the Designated Representative is authorized to deem that preliminary official statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary official statement that has been deemed final in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final official statement for each Series of the Bonds to be sold to the public in the form of the preliminary official statement, with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final official statement to the Purchaser. The City authorizes and approves the distribution by the Purchaser of that final official statement to purchasers and potential purchasers of the Bonds.

(c) *Undertaking to Provide Continuing Disclosure.* To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the Designated Representative is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of the Bonds in substantially the form attached as Exhibit B.

Section 18. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, including the extension and reissuance of the 2012 Note, and to do everything necessary for the prompt delivery of the Bonds to the Purchaser and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 19. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 20. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Marysville, Washington, at an open public meeting thereof, this 22nd day of July, 2013.

Mayor

ATTEST:

Deputy City Clerk

APPROVED AS TO FORM:

Bond Counsel

PARAMETERS FOR FINAL TERMS OF THE BONDS

(a) Principal Amount. The Bonds may be issued in one or more Series and may be issued as either taxable or tax-exempt obligations. The aggregate principal amount of the Project Bonds shall not exceed [\$23,900,000] and the aggregate principal amount of the Refunding Bonds shall not exceed \$7,300,000. The principal amount of the Project Bonds allocated to the Transportation Projects shall not exceed the following:

Project	Not to Exceed Principal Amount
General Transportation Projects	\$[3,000,000]
Lakewood Triangle Access Project	8,000,000
Break In Access Project	5,600,000

(b) Date or Dates. Each Bond shall be dated the Issue Date, which date may not be later than July 1, 2014.

(c) Denominations, Name, etc. The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.

(d) Interest Rate(s). Each Bond shall bear interest at a fixed rate per annum (computed on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds. No rate of interest for any Bond may exceed 5.50%, and the true interest cost to the City for each Series of the Bonds may not exceed 5.25%.

(e) Payment Dates. Interest shall be payable at fixed rates semiannually on dates acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity or in mandatory redemption installments, on dates acceptable to the Designated Representative.

(f) Final Maturity. The Project Bonds shall mature no later than December 1, 2034, and the Refunding Bonds shall mature no later than December 1, 2023.

(g) Redemption Rights.

The Designated Representative may approve in the Bond Purchase Agreement provisions for the optional and mandatory redemption of Bonds, subject to the following:

(1) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices set forth in the Bond Purchase Agreement; or (B) not subject to redemption prior to its maturity date. If a Bond is subject to optional redemption prior to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.

(2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Agreement.

(h) Price.

The purchase price for each Series of the Bonds may not be less than 98% or more than 130% of the stated principal amount of that Series, and the underwriters' discount may not exceed 2% of the stated principal amount of that Series.

(i) Other Terms and Conditions.

(1) A Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date.

(2) The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance.

(3) Each Series of the Refunding Bonds shall produce a minimum net present value savings to the City and its taxpayers of 3% (as a percentage of the Refunded Bonds refunded by such Series). Net present value savings means the aggregate difference between (i) annual debt service on the Refunded Bonds to be refunded, less (ii) annual debt service on the corresponding Series of the Refunding Bonds (including expenses related to costs of issuance of that Series of the Refunding Bonds) discounted to the Issue Date using the yield on that Series of the Refunding Bonds as the discount rate, plus (iii) excess cash, if any,

distributed to the City on the Issue Date, and less (iv) the amount of the City Contribution, if any, made on such Issue Date.

[Form of]
UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

City of Marysville, Washington
Limited Tax General Obligation Improvement and Refunding Bonds, 2013

To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the above-referenced bonds (the “Bonds”), the City makes the following written Undertaking for the benefit of holders of the Bonds:

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

- (i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b) (“annual financial information”);
- (ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (iii) Timely notice of a failure by the City to provide required annual financial information on or before the date specified in paragraph (b).

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

- (i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (2) authorized, issued and outstanding balance of general obligation debt; and (3) [references to the specific sections of the Official Statement to be inserted upon publication of the Official Statement];
- (ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2013; and
- (iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

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

(g) Designation of Official Responsible to Administer Undertaking. The Finance Officer or his or her designee is authorized to take such further actions as may be necessary, appropriate or convenient to carry out this Undertaking in accordance with Rule 15c2-12, including the following actions:

- (i) Preparing and filing the annual financial information undertaken to be provided;
- (ii) Determining whether any event specified in paragraph (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;
- (iii) Determining whether any person other than the City is an “obligated person” within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;
- (iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and
- (v) Effecting any necessary amendment of this Undertaking.

CERTIFICATION

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

1. The attached copy of Ordinance No. ____ (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on July 22, 2013, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date is _____, 2013.

3. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: July 22, 2013.

CITY OF MARYSVILLE, WASHINGTON

April O'Brien, Deputy City Clerk