

ORDINANCE NO. 2415

AN ORDINANCE RELATING TO THE INCURRENCE OF INDEBTEDNESS; PROVIDING FOR THE SALE AND ISSUANCE OF \$1,315,000 UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2008, TO REFUND, ON A CURRENT BASIS, ALL OF THE CITY'S OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 1994; PROVIDING FOR THE DATE, DENOMINATIONS, FORM, TERMS, REGISTRATION PRIVILEGES, MATURITY, INTEREST RATES AND COVENANTS OF THE BONDS; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL THEREOF AND THE INTEREST THEREON; ESTABLISHING A DEBT SERVICE FUND FOR THE BONDS; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT; AND PROVIDING FOR THE SALE AND DELIVERY OF SUCH BONDS TO SEATTLE-NORTHWEST SECURITIES CORPORATION, SEATTLE, WASHINGTON

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WHEREAS, pursuant to Ordinance No. 1772, the City of Redmond (the "City") has heretofore issued and sold its Unlimited Tax General Obligation and Refunding Bonds, 1994 (the "1994 Bonds"), of which \$1,305,000 in aggregate principal amount are currently outstanding; and; and

WHEREAS, pursuant to Ordinance No. 1772, the City reserved the right to refund and defease all or a portion of the 1994 Bonds pursuant to a refunding or defeasance plan; and; and

WHEREAS, the refunding, on a current basis, and defeasance of all of the outstanding 1994 Bonds in accordance with the Refunding Plan (hereinafter defined) will provide a debt service savings to the City ; and

WHEREAS, the City Council deems it to be in the best interest of the City that the City borrow money and issue and sell obligations in the form of unlimited tax general obligation refunding bonds for the purpose of providing part of the costs of the Refunding Plan; and

WHEREAS, the incurrence of indebtedness by the City to pay the costs of the Refunding Plan will not cause the total indebtedness of the City to be incurred without the assent of the voters of the City to exceed the limitations set forth in Chapter 39.36 RCW; and

WHEREAS, pursuant to Chapter 39.53 RCW, the City is authorized to sell and issue, without an election, unlimited tax general obligation bonds to refund the 1994 Bonds; and

WHEREAS, Seattle-Northwest Securities Corporation (the "Purchaser") has offered, by way of a Bond Purchase Agreement (the "Purchase Agreement"), to purchase such unlimited tax general obligation refunding bonds upon the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

Section 1. Finding, Purpose and Description of Bonds. The City authorizes the sale and issuance of its "Unlimited Tax General Obligation Refunding Bonds, 2008" (the "Bonds") for the purpose of providing all or part of the funds necessary to refund, on a current basis, and defease all of the outstanding 1994 Bonds (the "Refunded 1994 Bonds"), and to pay certain "incidental costs and costs related to the sale and issuance" (as defined in RCW 39.46.070) of the Bonds (the "Refunding Plan").

The Bonds shall be in the aggregate principal amount of \$1,315,000; shall be dated the date of delivery of the Bonds; shall be issued in fully registered form as to both principal and interest; shall be in the denomination of \$5,000 each or any integral multiple thereof within a single maturity; shall be numbered separately in such manner and with any additional designation as the fiscal agency of the State of Washington located in New York, New York (the

“Registrar”), may deem necessary for purpose of identification; shall bear interest at the rates; and shall mature on June 1 in each of the years, in the principal amounts, as set forth below:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>
2009	\$ 245,000	3.50%
2010	255,000	3.50
2011	265,000	3.50
2012	270,000	3.50
2013	280,000	3.50

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable on December 1, 2008, and semiannually thereafter on June 1 and December 1 of each year to the maturity thereof. If any Bond is not paid upon proper presentment at its maturity date, the City shall be obligated to pay interest at the same rate from and after such maturity until such Bond, both principal and interest, is paid in full.

The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and RCW 62A.8-105.

On the date of issue of the Bonds, all Bonds maturing in the same maturity year shall be issued in the form of a single certificate, which certificate shall be registered in the name of The Depository Trust Company or any successor thereto engaged to operate a book-entry system for recording the beneficial ownership of the Bonds, as Custodian (the “Custodian”), or its nominee, and delivered to the Custodian. The Custodian shall hold each such Bond certificate in fully immobilized form for the benefit of the beneficial owners of the Bonds (the “Beneficial Owners”) pursuant to the Letter of Representations (the “Letter of Representations”), from the City and the Registrar to the Custodian pertaining to the payment of the Bonds and the book-

entry system, until the earliest to occur of either (1) the date of maturity of the Bonds evidenced by such certificate, at which time the Custodian shall surrender such certificate to the Registrar for payment of the principal of and interest on such Bonds coming due on such date, and the cancellation thereof; (2) the fifth business day following the date of receipt by the Registrar of the City's request to terminate the book-entry system of registering the beneficial ownership of the Bonds (the "Book-Entry Termination Date"); or (3) the date the City determines to utilize a new Custodian for the Bonds, at which time the old Custodian shall (provided the City is not then in default of any payment then due on the outstanding Bonds) surrender the immobilized certificates to the Registrar for transfer to the new Custodian and cancellation as herein provided.

For so long as any outstanding Bonds are registered in the name of the Custodian or its nominee and held by the Custodian in fully immobilized form as described in this Section 2, the rights of the Beneficial Owners shall be evidenced solely by an electronic and/or manual entry made from time to time on the records established and maintained by the Custodian in accordance with the Letter of Representations, and no certificates evidencing such Bonds shall be issued and registered in the name of any Beneficial Owner or such Beneficial Owner's nominee.

The City may terminate the "book-entry" system of registering ownership of the Bonds at any time (provided the City is not then in default of any payment then due on the outstanding Bonds) by delivering to the Registrar: (a) a written request that it issue and deliver Bond certificates to each Beneficial Owner or such Beneficial Owner's nominee on the Book-Entry Termination Date; (b) a list identifying the Beneficial Owners as to both name and address; and (c) a supply of Bond certificates, if necessary for such purpose. Upon surrender to the Registrar of the immobilized certificates evidencing all of the then outstanding Bonds, the Registrar shall

issue and deliver new certificates to each Beneficial Owner or such Beneficial Owner's duly appointed agent, naming such Beneficial Owner or such Beneficial Owner's nominee as the registered owner (the "Owner") thereof. Such certificates may be in any integral multiple of \$5,000 within a single maturity. Following such issuance, the Owners of such Bonds may transfer and exchange such Bonds in accordance with Section 9 hereof.

Neither the City nor the Registrar shall have at any time any responsibility or liability to any Beneficial Owner of any Bonds or to any other person for any error, omission, action or failure to act on the part of the Custodian with respect to payment, when due, to the Beneficial Owner of the principal and interest on the Bonds, proper recording of beneficial ownership of Bonds, proper transfers of such beneficial ownership, or any notices to Beneficial Owners or any other matter pertaining to the Bonds.

Section 2. Place, Manner and Medium of Payment. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Prior to the Book-Entry Termination Date, the principal of and interest on the Bonds shall be paid by the Registrar to the Custodian as the Owner thereof, for the benefit of the Beneficial Owners thereof, in accordance with the Letter of Representations.

From and after the Book-Entry Termination Date, interest on the Bonds shall be paid by check or draft mailed on or before the interest payment date, to the persons identified as the Owners on the fifteenth day of the month preceding the interest payment date at the addresses shown for the Owners on the registration books for the Bonds (the "Bond Register") maintained by the Registrar; provided, however, that if so requested in writing by the Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the interest payment date to an account with a bank located in the United States. From and after the Book-

Entry Termination Date, principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the Owners at the principal corporate trust office of the Registrar.

Section 3. No Redemption; Open Market Purchase. The Bond shall not be subject to redemption prior to maturity.

The City reserves the right to purchase any or all of the Bonds on the open market at any time and at any price. All Bonds purchased by the City shall be surrendered to the Registrar for cancellation.

Section 4. Debt Limit Not Exceeded. The City finds and covenants that the Bonds are issued within all constitutional and statutory debt limitations presently applicable to the City.

Section 5. Pledge of Full Faith, Credit and Resources. The Bonds are general obligations of the City. Unless the principal of and interest on the Bonds are paid from other sources, so long as any Bonds are outstanding, the City hereby irrevocably covenants to make annual levies of taxes without limitation as to rate or amount upon all property within the City subject to taxation in amounts which, together with any other money legally available therefor, shall be sufficient to pay the principal and interest on the Bonds as the same shall become due. The City hereby irrevocably pledges its full faith, credit and resources to the annual levy and collection of such taxes and for the prompt payment of such principal and interest. All of such taxes shall be paid into the Bond Fund hereinafter created.

Section 6. Form of Bonds. The Bonds shall be typewritten, printed or lithographed on good bond paper in a form consistent with this Ordinance and Washington law.

Section 7. Execution of Bonds. The Bonds shall be signed on behalf of the City with the facsimile or manual signatures of the Mayor and the City Clerk, and shall have the seal of the City impressed or a facsimile thereof imprinted thereon.

In case either or both of the officers who shall have executed any Bond shall cease to be such officer or officers of the City before the Bond so signed shall have been authenticated or delivered by the Registrar or issued by the City, such Bond nevertheless may be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond also may be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond such persons were not such officers of the City.

Section 8. Authentication and Delivery of Bonds by Registrar. The Registrar is authorized and directed, on behalf of the City, to authenticate and deliver Bonds initially issued or transferred or exchanged in accordance with the provisions of such Bonds and this Ordinance.

Only such Bonds as shall bear thereon a "Certificate of Authentication" manually executed by an authorized signatory of the 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.

The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

Section 9. Registration; Transfer and Exchange. The Registrar shall keep, or cause to be kept, the Bond Register at its principal corporate trust office.

The City and the Registrar, each in its discretion, may deem and treat the Owner of each Bond as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as

described in Section 2 hereof, but such registration may be transferred as herein provided. All such payments made as provided in Section 2 hereof shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

The registered ownership of any Bond may be transferred. Prior to the Book-Entry Termination Date, the beneficial ownership of the Bonds may only be transferred on the records established and maintained by the Custodian. On and after the Book-Entry Termination Date, no transfer of any Bond shall be valid unless it is surrendered at any principal corporate trust office of the Registrar, with the assignment form appearing on such Bond duly executed by the Owner or such Owner's duly authorized agent, in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Owner or transferee therefor (other than governmental fees or taxes payable on account of such transfer), a new Bond or Bonds (at the option of the new Owner), of the same maturity and interest rate and for the same aggregate principal amount, in any authorized denomination, naming as Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond.

On and after the Book-Entry Termination Date, any Bond may be surrendered at the principal corporate trust office of the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds, in any authorized denomination. The Registrar shall not be obligated to transfer or exchange any Bond during the 15 days preceding any applicable interest or principal payment date.

The Registrar may become the Owner of any Bond with the same rights it would have if it were not the 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 rights of the Owners of the Bonds.

The City covenants that, until all Bonds shall have been surrendered and cancelled, it will maintain a system of recording the ownership of each Bond that complies with the provisions of the Internal Revenue Code of 1986, as amended (the "Code").

Section 10. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond of the same maturity and interest rate and of like tenor and effect in substitution therefor, all in accordance with law. If such mutilated, lost, stolen or destroyed Bond has matured, the City at its option, may pay the same without the surrender thereof. However, no such substitution or payment shall be made unless and until the applicant shall furnish (a) evidence satisfactory to the Registrar of the destruction or loss of the original Bond and of the ownership thereof, and (b) such additional security, indemnity or evidence as may be required by or on behalf of the City. No substitute Bond shall be furnished unless the applicant shall reimburse the City and the Registrar for their respective expenses in the furnishing thereof. Any such substitute Bond so furnished shall be equally and proportionately entitled to the security of this Ordinance with all other Bonds issued hereunder.

Section 11. Defeasance. If money and/or "Government Obligations" (as such obligations are defined in chapter 39.53 RCW, as now in existence or hereafter amended) maturing at such times(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient, together

with any money initially deposited, to provide for the payment of all of the principal of and interest on all or a designated portion of the Bonds, when due in accordance with their respective terms and in accordance with a refunding plan adopted by the City, are set aside in a special fund (hereinafter called the "trust account") to effect such payment and are pledged irrevocably for the purpose of effecting such payment, then no further payments need be made into the Bond Fund for the payment of the principal of and the interest on such Bonds, the Owners thereof shall cease to be entitled to any lien, benefit or security of this Ordinance except for the right to receive the money and the principal and interest proceeds on the obligations set aside in the trust account, and such Bonds shall no longer be deemed to be outstanding hereunder.

Section 12. Sale of the Bonds; Delivery. The Purchaser has presented the Purchase Agreement to the City pursuant to which the Purchaser has offered to purchase the Bonds, under the terms and conditions provided in the Purchase Agreement, which written Purchase Agreement is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Purchase Agreement is in the City's best interest and therefore accepts the offer contained in the Purchase Agreement and authorizes the execution of the Purchase Agreement on behalf of the City by the Mayor or other authorized City official.

The Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the terms of the Purchase Agreement with the approving legal opinion of Gottlieb Fisher PLLC, bond counsel, Seattle, Washington, relative to the issuance of the Bonds, printed on or attached to each Bond. Bond counsel has not been engaged to participate in the preparation or review of, or express any opinion concerning the completeness or accuracy of, any official statement or other disclosure documentation used in connection with the offer or sale of the Bonds by any person, and bond counsel's opinion shall so state. Bond counsel has not been

retained to monitor, and shall not be responsible for monitoring, the City's compliance with any federal law or regulations to maintain the tax-exempt status of the interest on the Bonds.

Section 13. Delivery of Bonds; Temporary Bonds. The proper City officials, including the Finance Director, are authorized and directed to execute and/or approve, as appropriate, all documents, including but not limited to, the final Official Statement pertaining to the Bonds, and to do everything necessary for the preparation and delivery of a transcript of proceedings pertaining to the Bonds, and the printing, execution and prompt delivery of the Bonds to the Purchaser and for the proper application and use of the proceeds of the sale thereof.

If definitive Bonds are not ready for delivery by the date established for closing (the "Closing"), the Finance Director of the City, upon the approval of the Purchaser, may cause to be issued and delivered to the Purchaser one or more temporary Bonds with appropriate omissions, changes and additions. Any temporary Bond or Bonds shall be entitled and subject to the same benefits and provisions of this Ordinance with respect to the payment, security and obligation thereof as definitive Bonds authorized hereby. Such temporary Bond or Bonds shall be exchangeable without cost to the Owners thereof for definitive Bonds when the latter are ready for delivery.

Section 14. Conditional Call of 1994 Bonds for Redemption. The City hereby conditionally calls the 1994 Bonds maturing on or after June 1, 2009 for redemption on October 6, 2008, at a redemption price of par plus accrued interest. Such call for redemption shall become irrevocable upon delivery of the Bonds; provided however, that if the Bonds are not delivered to the Purchaser at Closing, or if the Purchaser fails to pay the full purchase price therefor at Closing for any reason, then this call of the 1994 Bonds for redemption shall be hereby automatically revoked and shall be null and void.

Section 15. Acquisition of Escrow Obligations. The proper City officials, including, but not limited to, the City Finance Director shall, at or prior to closing, make appropriate arrangements for the payment for and delivery of any “government obligations,” as defined in chapter 99.53 RCW, as will be purchased in the open market pursuant to the Refunding Plan; and shall, prior to closing, deliver or cause to be delivered to the Federal Reserve Bank in Seattle, Washington, subscriptions for any such government obligations as will be acquired from the United States Bureau of Public Debt pursuant to the Refunding Plan as described in the Escrow Agreement (the “Escrow Agreement”), between the City and U.S. Bank National Association, as escrow trustee (the “Escrow Trustee”), in substantially the same form as the draft dated August 18, 2008, on file with the City Clerk. The maturing principal of and the interest on such Escrow Obligations, together with any initial cash to be provided to the Escrow Trustee pursuant to the Refunding Plan, shall be sufficient to pay all of the interest to become due on the 1994 Bonds from Closing to and including October 6, 2008, when due, and to redeem on said date, all of the outstanding 1994 Bonds at a redemption price of par and interest accrued thereon to the date of redemption.

The Escrow Trustee shall designate in any such subscriptions that all the principal of and interest on the Escrow Obligations subscribed for with the United States Bureau of Public Debt shall be payable to the Escrow Trustee. Such subscription may be amended as permitted by federal law.

Section 16. Verification of Sufficiency of Escrow. The proper City officials, including, but not limited to, the City Finance Director are authorized and directed to obtain, prior to Closing, verification from Seattle-Northwest Securities Corporation that, among other things, the cash flow scheduled to be received from the Escrow Obligations, together with any uninvested

initial cash, shall be sufficient to make the payments described in Section 15 hereof. At Closing, if there has been any change in Escrow Obligations or cash deposited with the Escrow Trustee under this Ordinance and the Escrow Agreement, the City Finance Director shall cause the sufficiency of the Escrow Fund (as defined in the Escrow Agreement) to be verified in such manner as she shall deem necessary.

Section 17. Escrow Agreement. The Escrow Agreement is hereby approved. The City Finance Director is authorized and directed to (a) execute and to deliver said Escrow Agreement, on behalf of the City, to the Escrow Trustee on or before Closing, with such changes as the City Finance Director deems to be in the best interests of the City; and such execution and delivery of the Escrow Agreement shall evidence irrevocably the approval of the executed Escrow Agreement by the City; and (b) cause the Escrow Trustee to deliver notices of defeasance and redemption of the 1994 Bonds in accordance with the Escrow Agreement.

Section 18. Establishment of Bond Fund; Application of Bond Proceeds. There has previously been created and established in the office of the Finance Director of the City a special fund designated as the "Debt Service Fund." There is hereby created a new account in such fund to be designated as the "UTGO Refunding Bonds Account" (the "Bond Fund").

Any rounding amount received by the City upon the sale of the Bonds shall be deposited into the Bond Fund and shall be applied to the payment of interest coming due on the Bonds.

All of the remaining net proceeds of the Bonds (net of the underwriter's discount retained by the Purchaser) shall be paid by the City to the Escrow Trustee at Closing to be applied as set forth in the Escrow Agreement.

Section 19. Tax-Exemption Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion of the

interest on the Bonds from the gross income for purposes of federal income taxation, and will take or require to be taken such acts as may be permitted by Washington law and as may from time to time be required under applicable law to continue the exclusion of the interest on the Bonds from the gross income for purposes of federal income taxation. Without limiting the generality of the foregoing, the City will not invest or make or permit any use of the proceeds of the Bonds or of its other money at any time during the term of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

The City further covenants that the City shall calculate or cause to be calculated, and shall rebate to the United States, all earnings from the investment of Bond proceeds that are in excess of the amount that would have been earned had the yield on such investments been equal to the yield on the Bonds, plus income derived from such excess earnings, to the extent and in the manner required by Section 148 of the Code.

The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer the arbitrage certifications of which may not be relied upon.

The City will take no actions and will make no use of the proceeds of the Bonds or any other funds held under this Ordinance which would cause any Bond to be treated as a "private activity bond" (as defined in Section 141(b) of the Code) subject to treatment under said Section 141(b) as an obligation not described in Section 103(a) of the Code, unless the tax exemption thereof is not affected.

Section 20. Preliminary Official Statement Declaration. The City has been provided with copies of a preliminary official statement dated August 12, 2008 (the "Preliminary Official Statement"), prepared in connection with the sale of the Bonds. For the sole purpose of the

Purchaser's compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), the City "deems final" the Preliminary Official Statement, as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates, ratings, and other terms of the Bonds dependent on such matters.

Section 21. Undertaking to Provide Continuing Disclosure. This section constitutes the City's written undertaking for the benefit of the Owners of the Bonds required by subsection (b)(5)(i) of the Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC").

The City hereby agrees to provide or cause to be provided to each then existing nationally recognized municipal securities information repository designated by the SEC ("NRMSIR") and to the State Information Depository ("SID"), if one is created, the following annual financial information and operating data (collectively, the "Annual Financial Information") for each prior fiscal year, commencing with the fiscal year ending December 31, 2008, on or before the last day of the seventh month following the end of such prior fiscal year:

- (a) Annual financial statements prepared in accordance with the generally accepted accounting principles applicable to governmental units, as such principles may be changed from time to time and as permitted by State law; which statements will not be audited, except that if and when audited financial statements are otherwise prepared and available to the City, they will be provided (the "Annual Financial Statements");
- (b) The assessed valuation of taxable property in the City;
- (c) Ad valorem taxes due and the percentages of taxes collected;
- (d) Property tax levy rates per \$1,000 assessed valuation;

(e) A statement of authorized, issued and outstanding indebtedness of the City; and

(f) A narrative explanation of the reasons for any amendments to this Section 17 made during the previous fiscal year and the impact of such amendments on the Annual Financial Information being provided.

In its provision of such financial information and operating data, the City may cross-reference to any "final official statement" (as defined in the Rule) available from the Municipal Securities Rulemaking Board (the "MSRB") documents theretofore provided to each then existing NRMSIR or the SID, if one is created.

If not submitted as part of the Annual Financial Information, then when and if available, the City shall provide its Annual Financial Statements, which shall have been audited by such auditor as shall be then required or permitted by the State law, to each then existing NRMSIR and to the SID, if one is created.

The City further agrees to provide or cause to be provided, in a timely manner, to the SID, if one is created, and to either the MSRB or each then existing NRMSIR notice of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
  7. Modification to rights of the Owners of the Bonds;
  8. Optional redemptions of the Bonds;
  9. Defeasances of the Bonds;
  10. Release, substitution or sale of property securing repayment of the Bonds;
- and
11. Rating changes.

The City also agrees to provide or cause to be provided, in a timely manner, to the SID, if one is created, and to either the MSRB or each then existing NRMSIR, notice of its failure to provide the Annual Financial Information for the prior fiscal year on or before the last day of the seventh month following the end of such prior fiscal year.

After the issuance of the Bonds, so long as the interests of the Owners of the Bonds will not be materially impaired thereby, as determined by a party unaffiliated with the City (including, without limitation, a trustee for the Owners, nationally recognized bond counsel or other counsel familiar with the federal securities law), or pursuant to a favorable "no-action letter" issued by the SEC, this Section 21 may only be amended in connection with any change in legal requirements, change in law, or change in the identity, nature or status of the obligated person, or type of business conducted, and only in such a manner that the undertaking of the City, as so amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

The City's obligations to provide Annual Financial Information and notices of certain events shall terminate without amendment upon the defeasance, prior redemption or payment in full of all of the then outstanding Bonds. This Section 21 or any provision hereof, shall be null and void if the City (i) obtains an opinion of nationally recognized bond counsel or other counsel familiar with the federal securities laws to the effect that those portions of the Rule which require this Section 17 or any such provision are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (ii) notifies and provides the SID, if any, and either the MSRB or each then existing NRMSIR with copies of such opinion.

The right of each Owner of Bonds to enforce the provisions of this Section 21 shall be limited to the right to obtain specific enforcement of the City's obligations under this Section 21, and any failure by the City to comply with the provisions of this undertaking shall not be a default with respect to the Bonds under this Ordinance.

Notwithstanding the foregoing, any provision herein requiring delivery of a notice or other information to the NRMSIRs and any SID shall be satisfied through delivery of such notice or other information to the DisclosureUSA website maintained by the Municipal Advisory Council of Texas or any successor thereto or any other organization or method approved by the staff or members of the SEC as an intermediary through which issuers may make filings in compliance with Rule 15c2-12.

The Finance Director is authorized and directed to take such further action on behalf of the City as may be necessary, appropriate or convenient to carry out the requirements of this Section 21.

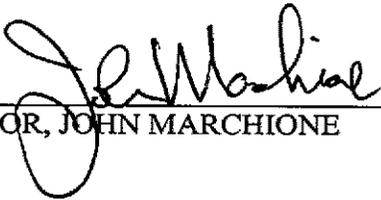
Section 22. Contract; Severability. The covenants contained in this Ordinance shall constitute a contract between the City and the Owners of each and every Bond. The City

unconditionally covenants that it will keep and perform all of the covenants of the Bonds and this Ordinance. If any one or more of the provisions of this Ordinance shall be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining provisions of this Ordinance or the Bonds, and this Ordinance and the Bonds shall be construed and enforced as if such unconstitutional or invalid provision had not been contained herein.

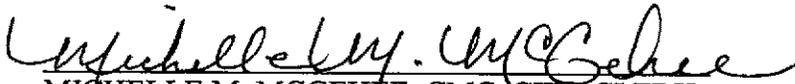
Section 23. Effective Date. This Ordinance shall take effect from and after its passage and five days following its publication as required by law.

ADOPTED by the Redmond City Council this 19<sup>th</sup> day of August, 2008.

CITY OF REDMOND

  
MAYOR, JOHN MARCHIONE

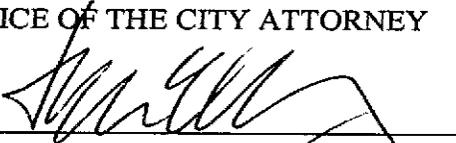
ATTEST/AUTHENTICATED:

  
MICHELLE M. MCGEHEE, CMC, CITY CLERK

(SEAL)

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By 

FILED WITH THE CITY CLERK:	August 13, 2008
PASSED BY THE CITY COUNCIL:	August 19, 2008
SIGNED BY THE MAYOR:	August 19, 2008
PUBLISHED:	August 25, 2008
EFFECTIVE DATE:	August 30, 2008
ORDINANCE NO. <u>2415</u>	