

ORDINANCE NO. 2414

AN ORDINANCE RELATING TO THE INCURRENCE OF INDEBTEDNESS; PROVIDING FOR THE SALE AND ISSUANCE OF \$33,935,000 LIMITED TAX GENERAL OBLIGATION BONDS, 2008, TO PROVIDE PART OF THE COSTS OF CONSTRUCTING STREET IMPROVEMENTS IN THE CITY; 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; AND PROVIDING FOR THE SALE AND DELIVERY OF SUCH BONDS TO SEATTLE-NORTHWEST SECURITIES CORPORATION, SEATTLE, WASHINGTON

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WHEREAS, the City of Redmond (the "City") has determined that, pursuant to the City's Downtown Transportation Master Plan, it is in the best interests of the residents of the City to construct and acquire property and rights of way for certain street improvements in the City, including an extension to Bear Creek Parkway and 161st Avenue NE (the "Bear Creek Extension"); and

WHEREAS, the City Council deems it necessary and advisable that the City incur indebtedness and issue its limited tax general obligation bonds in a principal amount of \$33,935,000 to pay the costs of the Project (hereinafter defined); and

WHEREAS, the incurrence of indebtedness by the City to pay the costs of the Project 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, Seattle-Northwest Securities Corporation (the "Purchaser") has offered, by way of a Bond Purchase Agreement (the "Purchase Agreement"), to purchase such limited tax

general obligation 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 "Limited Tax General Obligation Bonds, 2008" (the "Bonds") for the purpose of providing part of the funds necessary to carry out the Bear Creek Parkway Extension and other transportation projects in the City's Capital Investment Program for 2007-12 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 "Project").

The Bonds shall be in the aggregate principal amount of \$33,935,000; 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 December 1 in each of the years, in the principal amounts, as set forth below:

<u>Maturity Date</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest Rate</u> <u>Per Annum</u>	<u>CUSIP</u> <u>Number</u>
2009	\$ 1,125,000	3.500%	757674KE5
2010	1,165,000	3.500	757674KF2
2011	1,205,000	3.500	757674KG0
2012	1,250,000	3.500	757674KH8
2013	1,290,000	3.500	757674KJ4
2014	1,335,000	3.500	757674KK1
2015	1,385,000	5.000	757674KL9
2016	1,455,000	5.000	757674KM7
2017	1,525,000	4.000	757674KN5
2018	1,585,000	4.000	757674KP0
2019	410,000	4.125	757674KQ8
2019	1,240,000	5.000	757674LA2
2020	530,000	4.125	757674KR6
2020	200,000	4.500	757674LB0
2020	1,000,000	5.000	757674LC8
2021	1,810,000	5.000	757674KS4
2022	1,900,000	5.000	757674KT2
2023	1,995,000	5.000	757674KU9
2024	2,095,000	5.000	757674KV7
2025	2,200,000	4.625	757674KW5
2026	2,300,000	4.700	757674KX3
2027	2,410,000	4.750	757674KY1
2028	2,525,000	5.000	757674KZ8

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 or earlier redemption thereof. If any Bond is not paid upon proper presentment at its maturity or redemption date, the City shall be obligated to pay interest at the same rate from and after such maturity or earlier redemption 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. Redemption; Open Market Purchase. The Bonds maturing on December 1 in the years 2009 through 2018, inclusive, shall not be subject to redemption prior to maturity. The Bonds maturing on or after December 1, 2019 shall be subject to optional redemption prior to maturity beginning on December 1, 2018, in whole or in part at any time (maturities to be selected by the City), at par plus accrued interest to the date of redemption.

Any Bond in the principal amount of greater than \$5,000 may be partially redeemed in any integral multiple of \$5,000. Prior to the Book-Entry Termination Date, Bonds shall be partially redeemed in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, in the event of a partial redemption of a Bond, upon surrender of such Bond at the principal corporate trust office of the Registrar, a new Bond or Bonds (at the option of the Owner) of the same maturity and interest rate and in the aggregate principal amount remaining unredeemed shall be authenticated and delivered to the Owner, without charge to the

Owner for such partial redemption, in any denomination authorized by this Ordinance and selected by the Owner.

Prior to the Book-Entry Termination Date, the Registrar shall give, or cause to be given, notice of a call for redemption of any Bonds 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, and unless waived by the Owner of any Bond to be redeemed, notice of any such intended redemption shall be given by or on behalf of the City not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Owner of each Bond to be redeemed at the address appearing on the Bond Register on the day the notice is given. The requirements of this section shall be deemed to be complied with when notice is mailed as herein provided, whether or not it is actually received by the Owner. In addition, such redemption notice shall be mailed within the same time period, postage prepaid, to each NRMSIR, but such mailing shall not be a condition precedent to the redemption of such Bonds.

If such notice to the Owners shall have been given and the City shall have set aside sufficient money for the payment of all Bonds called for redemption on the date fixed for redemption, the Bonds so called shall cease to accrue interest after such redemption date, and all such Bonds shall be deemed not to be outstanding hereunder for any purpose, except that the Owners of such Bonds shall be entitled to receive payment of the redemption price and interest accrued on the principal of the Bonds to the redemption date from the money set aside for such purpose.

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 or redeemed 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 limited tax 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 include in its budgets and to make annual levies of taxes within the constitutional and statutory tax limitations provided by law without a vote of the voters of the City 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 payment, principal payment or redemption 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 or upon the earlier redemption thereof 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 or redemption and are pledged irrevocably for the purpose of effecting such payment or redemption, 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. 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 "Transportation LTGO Bonds Account" (the "Bond Fund").

All of the net proceeds of the Bonds (net of the underwriter's discount retained by the Purchaser) shall be deposited, upon receipt, into the City's Transportation Capital Project Fund (the "Project Fund") to pay the costs of the Project.

Except as provided by the Code and Section 15 of this Ordinance, the interest and profits derived from the investment of Bond proceeds shall be deposited in the Project Fund and applied as described in the preceding paragraph.

Except as provided by the Code and Section 15 of this Ordinance, if any money allocable to the Bond proceeds remains in the Project Fund after payment of all the costs of the Project or after termination of the Project by the City, such money shall be transferred to the Bond Fund and applied to the payment of the principal of and interest on the Bonds.

Pending application as described in this Section 14 and subject to the requirements of the Code and Section 15 of this Ordinance, money allocable to the Bond proceeds in the Project Fund may be temporarily deposited in such institutions or invested in such investments as may be lawful for the investment of City funds.

Section 15. 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 16. 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 17. 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 draws on debt service reserves reflecting financial difficulties;
  4. Unscheduled draws on credit enhancements reflecting financial difficulties;
  5. Substitution of credit or liquidity providers, or their failure to perform;
  6. Adverse tax opinions or events affecting the tax-exempt status of the 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 17 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 17 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 17 shall be limited to the right to obtain specific enforcement of the City’s obligations under this Section 17,

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.

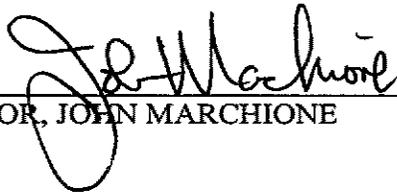
The Finance Director is authorized and directed to take such further action on behalf of the City as may be necessary, appropriate or convenient to carry out the requirements of this Section 17.

Section 18. 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 19. 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. 2414