

1 CITY OF LYNNWOOD, WASHINGTON

2
3 ORDINANCE NO. 2934

4
5 AN ORDINANCE of the City of Lynnwood, Washington, relating to
6 contracting indebtedness; providing for the issuance, sale and delivery of
7 \$24,955,000 par value of Limited Tax General Obligation Bonds, 2012, to redeem
8 the City's Limited Tax General Obligation Bond Anticipation Note, 2008;
9 providing for bond insurance; fixing the terms and covenants of the bonds; and
10 providing for related matters.

11 BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LYNNWOOD,
12 WASHINGTON, as follows:

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

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

17 (b) "Beneficial Owner" means the owner of any beneficial interests in the
18 Bonds.

19 (c) "Bond Fund" means the Limited Tax General Obligation Bond Fund,
20 2012, created by this ordinance for the payment of the Bonds.

21 (d) "Bond Register" means the books or records maintained by the Bond
22 Registrar for the purpose of identifying ownership of the Bonds.

23 (e) "Bond Registrar" means the Fiscal Agent.

24 (f) "Bonds" means the \$24,955,000 par value Limited Tax General
25 Obligation Bonds, 2012, of the City issued pursuant to and for the purposes provided in this
26 ordinance.

27 (g) "City" means the City of Lynnwood, Washington, a municipal corporation
28 duly organized and existing under the laws of the State.

29 (h) "City Council" means the governing body of the City, acting in its
30 legislative capacity.

31 (i) "Code" means the United States Internal Revenue Code of 1986, as
32 amended, and applicable rules and regulations promulgated thereunder.

33 (j) "DTC" means The Depository Trust Company, New York, New York.

34 (k) "Finance Director" means the Finance Director of the City or the
35 successor officer.

36 (l) "Fiscal Agent" means the fiscal agent of the State, as the same may be
37 designated by the State from time to time.

38 (m) "Letter of Representations" means the Blanket Issuer Letter of
39 Representations dated November 25, 1996, between the City and DTC, as it may be amended
40 from time to time.

41 (n) "MSRB" means the Municipal Securities Rulemaking Board.

42 (o) "Note" means the not to exceed \$25,480,000 Bond Anticipation Note,
43 2008 issued pursuant to the Note Ordinance to pay the costs of the Project pending issuance of
44 the Bonds.

45 (p) "Note Ordinance" means Ordinance No. 2745, passed by the City Council
46 of the City on November 25, 2008, authorizing the Project, the Note and the Bonds.

47 (q) "Owners" means, without distinction, the Registered Owner(s) and the
48 Beneficial Owner(s).

49 (r) "Project" means the renovation, improvement and expansion of the City's
50 existing recreation center.

51 (s) "Registered Owner" means the person in whose name a Bond is registered
52 on the Bond Register. For so long as the City utilizes the book-entry system for the Bonds under
53 the Letter of Representations, Registered Owner shall mean DTC.

54 (t) "Registration Ordinance" means City Ordinance No. 810 establishing a
55 system of registration for the City's bonds and other obligations.

56 (u) "Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the
57 Securities Exchange Act of 1934, as amended.

58 (v) "SEC" means the United States Securities and Exchange Commission.

59 (w) "State" means the State of Washington.

60 (x) "Term Bonds" means those Bonds maturing in 2032 bearing interest at the
61 rate of 3.75%, 2032 bearing interest at the rate of 4.00%, and 2037.

62 (y) "Undertaking" means the continuing disclosure agreement set forth in
63 Section 15 of this ordinance.

64 (z) "Underwriter" means Piper Jaffray & Co. of Seattle, Washington.

65 Section 2. Recitals and Findings.

66 (a) By the Note Ordinance, the City authorized the renovation, improvement
67 and expansion of the City's existing recreation center (the "Project").

68 (b) For the purpose of providing interim construction financing for the
69 Project, the City issued the Note, which Note matures on March 1, 2012.

70 (c) By the Note Ordinance, the City pledged to redeem the Note from the
71 proceeds of a sufficient amount of bonds or additional short-term obligations and the City now
72 deems it to be in the best interests of the City to issue the Bonds for the purpose of redeeming the
73 Note to provide permanent financing for the Project.

74 (d) Assured Guaranty Municipal Corp. (the "Bond Insurer"), has made a
75 commitment to issue a municipal bond insurance policy (the "Insurance Policy") insuring the
76 payment when due of the principal of and interest on the Bonds as provided therein, and the City
77 Council deems that the purchase of the Insurance Policy is in the best interest of the City.

78 (e) The Underwriter has agreed to purchase the Bonds authorized by the Note
79 Ordinance and this ordinance under the terms and conditions set forth in this ordinance.

80 Section 3. Debt Capacity. The assessed valuation of the taxable property within the
81 City as ascertained by the last preceding assessment for City purposes for the calendar year 2012
82 is \$4,207,375,958.

83 (a) The City has outstanding general indebtedness as follows:

84 (i) Limited tax general obligation bonds and notes and other
85 non-voted debt outstanding in the principal amount of \$2,418,902, which is
86 incurred within the limit of up to 1½% of the value of the taxable property within
87 the City permitted for general municipal purposes.

88 (ii) The City has no unlimited tax general obligation bonds for
89 general municipal purposes; for City-owned water, artificial light, and sewers; or
90 for acquiring or developing open space, park facilities, and capital facilities
91 associated with economic development.

92 (b) The amount of indebtedness authorized by this ordinance is \$24,955,000
93 and is issued within the limitation permitted for general municipal purposes without a vote.

94 Section 4. Purpose and Authorization of Bonds. The City shall borrow money on the
95 credit of the City and issue negotiable limited tax general obligation bonds evidencing that
96 indebtedness in the amount of \$24,955,000 to provide permanent financing for the cost of the
97 Project and to pay the costs of issuance and sale of the Bonds.

98 Section 5. Description of Bonds. The Bonds shall be called City of Lynnwood,
99 Washington, Limited Tax General Obligation Bonds, 2012. The Bonds shall be issued in the
100 aggregate principal amount of \$24,955,000; shall be dated their date of initial delivery to the
101 Underwriter; shall be in Authorized Denominations; and shall be numbered separately in the
102 manner and with any additional designation as the Bond Registrar deems necessary for purposes
103 of identification.

104 The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day
105 months) payable semiannually on each June 1 and December 1, commencing June 1, 2012, to the
106 maturity or earlier redemption of the Bonds; and shall mature on December 1 in years and
107 amounts and bear interest at the rates per annum as set forth in Exhibit A, which is attached to
108 this ordinance and incorporated by this reference.

109 Section 6. Bond Registrar; Registration and Transfer of Bonds.

110 (a) Registration of Bonds. The Bonds shall be issued only in registered form
111 as to both principal and interest and shall be recorded on the Bond Register.

112 (b) Bond Registrar. The Bond Registrar shall keep, or cause to be kept,
113 sufficient books for the registration and transfer of the Bonds, which shall be open to inspection
114 by the City at all times. The Bond Register shall contain the name and mailing address of the
115 Registered Owner of each Bond and the principal amount and number of each of the Bonds held
116 by each Registered Owner.

117 The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds
118 transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to
119 serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers
120 and duties under this ordinance and City's Registration Ordinance.

121 The Bond Registrar shall be responsible for its representations contained in the Bond
122 Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become either a
123 Registered or Beneficial Owner of Bonds with the same rights it would have if it were not the
124 Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of
125 its officers or directors to act as members of, or in any other capacity with respect to, any
126 committee formed to protect the rights of Beneficial Owners.

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

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

142 For as long as any Bonds are held in fully immobilized form, DTC, its nominee or its
143 successor depository shall be deemed to be the Registered Owner for all purposes hereunder and

144 all references to registered owners, bondowners, bondholders or the like shall mean DTC or its
145 nominee and, except for the purpose of the City's undertaking herein to provide continuing
146 disclosure, shall not mean the Beneficial Owners. Registered ownership of such Bonds, or any
147 portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its
148 nominee, if that successor shall be qualified under any applicable laws to provide the services
149 proposed to be provided by it; (ii) to any substitute depository appointed by the City or such
150 substitute depository's successor; or (iii) to any person if the Bonds are no longer held in
151 immobilized form.

152 Upon the resignation of DTC or its successor (or any substitute depository or its
153 successor) from its functions as depository, or a determination by the City that it no longer
154 wishes to continue the system of book entry transfers through DTC or its successor (or any
155 substitute depository or its successor), the City may appoint a substitute depository. Any such
156 substitute depository shall be qualified under any applicable laws to provide the services
157 proposed to be provided by it.

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

162 Section 7. Form and Execution of Bonds. The Bonds shall be prepared in a form
163 consistent with the provisions of this ordinance and state law and shall be signed by the Mayor
164 and City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of
165 the City or a facsimile reproduction thereof shall be impressed or printed thereon.

166 Only Bonds bearing a Certificate of Authentication in the following form, manually
167 signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the
168 benefits of this ordinance: "Certificate Of Authentication. This Bond is one of the fully
169 registered City of Lynnwood, Washington, Limited Tax General Obligation Bonds, 2012,
170 described in the Bond Ordinance." The authorized signing of a Certificate of Authentication
171 shall be conclusive evidence that the Bond so authenticated has been duly executed,
172 authenticated and delivered and is entitled to the benefits of this ordinance.

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

182 Section 8. Payment of Bonds. Both principal of and interest on the Bonds shall be
183 payable in lawful money of the United States of America. For as long as the Bonds are
184 registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds

185 shall be made in the manner set forth in the Letter of Representations. If the Bonds cease to be
186 in book-entry-only form, interest on the Bonds shall be paid by checks or drafts of the Bond
187 Registrar mailed on the interest payment date to the Registered Owners at the addresses
188 appearing on the Bond Register on the 15th day of the month preceding the interest payment date
189 or by electronic transfer on the interest payment date. The City shall not be required to make
190 electronic transfers except to a Registered Owner of Bonds pursuant to a request in writing (and
191 at the sole expense of that Registered Owner) received at least 10 days before an interest
192 payment date. Principal of the Bonds shall be payable upon presentation and surrender of the
193 Bonds by the Registered Owners to the Bond Registrar.

194 Section 9. Redemption Provisions and Open Market Purchase of Bonds.

195 (a) Optional Redemption. The Bonds maturing in the years 2012 through
196 2022, inclusive, shall be issued without the right or option of the City to redeem those Bonds
197 prior to their stated maturity dates. The City reserves the right and option to redeem the Bonds
198 maturing on or after December 1, 2023, prior to their stated maturity dates at any time on or after
199 December 1, 2022, as a whole or in part (within one or more maturities selected by the City), at
200 par plus accrued interest to the date fixed for redemption.

201 (b) Mandatory Redemption. Bonds maturing in 2032 bearing interest at the
202 rate of 3.75%, 2032 bearing interest at the rate of 4.00%, and 2037 are Term Bonds and, if not
203 redeemed under the optional redemption provisions set forth above or purchased in the open
204 market under the provisions set forth below, shall be called for redemption at par plus accrued
205 interest on December 1 in years and amounts as set forth in Exhibit A. If the City redeems under
206 the optional redemption provisions, purchases in the open market or defeases Term Bonds, the
207 par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual
208 redemption or purchase prices) shall be credited against one or more scheduled mandatory
209 redemption amounts for those Term Bonds. The City shall determine the manner in which the
210 credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the
211 earliest mandatory redemption date for that maturity of Term Bonds for which notice of
212 redemption has not already been given.

213 (c) Partial Redemptions. Portions of the principal amount of any Bond, in any
214 Authorized Denomination, may be redeemed. If less than all of the principal amount of any
215 Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the
216 Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered
217 Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate
218 principal amount remaining unredeemed.

219 (d) Selection of Bonds for Redemption. If fewer than all of the outstanding
220 Bonds within a maturity are to be redeemed prior to maturity, Bonds shall be selected for
221 redemption randomly within a maturity in such manner as the Bond Registrar shall determine.
222 Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its
223 nominee, selection of Bonds for redemption shall be in accordance with the Letter of
224 Representations.

225 (e) Notice of Redemption. While the Bonds are held by DTC in book-entry
226 only form, any notice of redemption shall be given at the time, to the entity and in the manner
227 required by DTC in accordance with the Letter of Representations, and the Bond Registrar shall
228 not be required to give any other notice of redemption. If the Bonds cease to be in book-entry
229 only form unless waived by any Registered Owner of the Bonds to be redeemed, the City shall
230 cause notice of any intended redemption of Bonds to be given by the Bond Registrar not less
231 than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage
232 prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the
233 Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this
234 sentence shall be deemed to have been fulfilled when notice has been mailed as so provided,
235 whether or not it is actually received by the Registered or Beneficial Owner of any Bond.

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

242 In addition, the redemption notice shall be mailed or sent electronically within the same
243 period to the MSRB, consistent with the Undertaking, to any nationally recognized rating agency
244 which at the time maintains a rating on the Bonds at the request of the City, and to such other
245 persons and with such additional information as the Finance Director shall determine, but these
246 additional mailings shall not be a condition precedent to the redemption of Bonds.

247 (f) Effect of Redemption. Interest on Bonds called for redemption shall cease
248 to accrue on the date fixed for redemption, unless the notice of redemption is rescinded as set
249 forth above.

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

253 (h) Cancellation of Bonds. All Bonds purchased or redeemed under this
254 section shall be canceled.

255 Section 10. Failure To Redeem Bonds. If any Bond is not redeemed when properly
256 presented at its maturity or date set for redemption, the City shall be obligated to pay interest on
257 that Bond at the same rate provided in the Bond from and after its maturity or date set for
258 redemption until that Bond, both principal and interest, is paid in full or until sufficient money
259 for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment
260 by giving notice of that call to the Registered Owner.

261 Section 11. Pledge of Taxes. For as long as any of the Bonds are outstanding, the City
262 irrevocably pledges to include in its budget and levy taxes annually, within the constitutional and
263 statutory tax limitations provided by law without a vote of the electors of the City, on all of the
264 taxable property within the City in an amount sufficient, together with other money legally

265 available and to be used therefor, to pay when due the principal of and interest on the Bonds.
266 The full faith, credit and resources of the City are pledged irrevocably for the annual levy and
267 collection of those taxes and the prompt payment of that principal and interest.

268 Section 12. Tax Covenants. The City covenants that it will take all actions necessary
269 to prevent interest on the Bonds from being included in gross income for federal income tax
270 purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds
271 or other funds of the City treated as proceeds of the Bonds at any time during the term of the
272 Bonds which will cause interest on the Bonds to be included in gross income for federal income
273 tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements
274 of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or
275 to be treated as having complied) with those requirements in connection with the Bonds,
276 including the calculation and payment of any penalties that the City has elected to pay as an
277 alternative to calculating rebatable arbitrage, and the payment of any other penalties if required
278 under Section 148 of the Code to prevent interest on the Bonds from being included in gross
279 income for federal income tax purposes. The Finance Director is authorized and directed to
280 adopt and implement on behalf of the City procedures to facilitate compliance by the City with
281 the covenants in this Section 12 and the applicable requirements of the Code that must be
282 satisfied after the issue date to maintain the tax exemption for interest on the Bonds after the
283 issue date.

284 Section 13. Refunding or Defeasance of the Bonds. The City may issue refunding
285 bonds pursuant to the laws of the State or use money available from any other lawful source to
286 pay when due the principal of and interest on the Bonds, or any portion thereof included in a
287 refunding or defeasance plan, and to redeem and retire, refund or defease all such then-
288 outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of
289 the refunding or defeasance. If money and/or "government obligations" (as defined in chapter
290 39.53 RCW, as now or hereafter amended) maturing at a time or times and bearing interest in
291 amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease
292 the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow
293 account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds
294 (hereinafter called the "trust account"), then all right and interest of the Owners of the defeased
295 Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment
296 of the defeased Bonds shall cease and become void. The Owners of defeased Bonds shall have
297 the right to receive payment of the principal of and interest on the defeased Bonds from the trust
298 account. The City shall include in the refunding or defeasance plan such provisions as the City
299 deems necessary for the random selection of any defeased Bonds that constitute less than all of a
300 particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the
301 defeased Bonds and to such other persons as the City shall determine, and for any required
302 replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no
303 longer outstanding, and the City may apply any money in any other fund or account established
304 for the payment or redemption of the defeased Bonds to any lawful purposes as it shall
305 determine.

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

309 Section 14. Bond Fund and Application of Bond Proceeds. The Bond Fund is hereby
310 created and established in the office of the Finance Director as a special fund designated the
311 Limited Tax General Obligation Bond Fund, 2011, for the purpose of paying principal of and
312 interest on the Bonds. All taxes and other amounts allocated to the payment of the principal of
313 and interest on the Bonds shall be deposited in the Bond Fund.

314 The Finance Director is authorized to transfer or cause to be transferred to U.S. Bank
315 National Association, the holder of the Note, on the issue date of the Bonds a sufficient amount
316 of proceeds of the Bonds to pay and retire the outstanding principal of and accrued interest on
317 the Note pursuant to the terms of the Note Ordinance. The balance of the proceeds of the Bonds
318 shall be used to pay the costs of issuing the Bonds, and remaining proceeds, if any, shall be
319 transferred to the Bond Fund and used to pay interest on the Bonds on their first interest payment
320 date.

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

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

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

331 (ii) Timely notice (not in excess of 10 business days after the
332 occurrence of the event) of the occurrence of any of the following events with
333 respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-
334 payment related defaults, if material; (3) unscheduled draws on debt service
335 reserves reflecting financial difficulties; (4) unscheduled draws on credit
336 enhancements reflecting financial difficulties; (5) substitution of credit or
337 liquidity providers, or their failure to perform; (6) adverse tax opinions, the
338 issuance by the Internal Revenue Service of proposed or final determinations of
339 taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material
340 notices or determinations with respect to the tax status of the Bonds; (7)
341 modifications to rights of holders of the Bonds, if material; (8) bond calls (other
342 than scheduled mandatory redemptions of Term Bonds), if material, and tender
343 offers; (9) defeasances; (10) release, substitution, or sale of property securing
344 repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy,
345 insolvency, receivership or similar event of the City, as such “Bankruptcy Events”
346 are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation,
347 or acquisition involving the City or the sale of all or substantially all of the assets
348 of the City other than in the ordinary course of business, the entry into a definitive
349 agreement to undertake such an action or the termination of a definitive
350 agreement relating to any such actions, other than pursuant to its terms, if

351 material; and (14) appointment of a successor or additional trustee or the change
352 of name of a trustee, if material.

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

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

358 (i) Shall consist of (1) annual financial statements prepared
359 (except as noted in the financial statements) in accordance with generally
360 accepted accounting principles applicable to State local governmental units such
361 as the City, as such principles may be changed from time to time, which
362 statements shall not be audited, except, however, that if and when audited
363 financial statements are otherwise prepared and available to the City they will be
364 provided; (2) outstanding general obligation bonds; (3) assessed valuation for the
365 fiscal year; (4) regular property tax levy rate and regular property tax levy rate
366 limit for the fiscal year; and (5) general fund revenues from other major tax
367 sources;

368 (ii) Shall be provided not later than the last day of the ninth
369 month after the end of each fiscal year of the City (currently, a fiscal year ending
370 December 31), as such fiscal year may be changed as required or permitted by
371 State law, commencing with the City's fiscal year ending December 31, 2012; and

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

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

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

387 (e) Termination of Undertaking. The City's obligations under this
388 Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's
389 obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which
390 require the City to comply with this Undertaking become legally inapplicable in respect of the

391 Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other
392 counsel familiar with federal securities laws delivered to the City, and the City provides timely
393 notice of such termination to the MSRB.

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

401 (g) Designation of Official Responsible to Administer Undertaking. The
402 Finance Officer of the City (or such other officer of the City who may in the future perform the
403 duties of that office) or his or her designee is authorized and directed in his or her discretion to
404 take such further actions as may be necessary, appropriate or convenient to carry out the
405 Undertaking of the City in respect of the Bonds set forth in this section and in accordance with
406 Rule 15c2-12, including, without limitation, the following actions:

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

409 (ii) Determining whether any event specified in subsection (a)
410 has occurred, assessing its materiality, where necessary, with respect to the
411 Bonds, and preparing and disseminating any required notice of its occurrence;

412 (iii) Determining whether any person other than the City is an
413 "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds,
414 and obtaining from such person an undertaking to provide any annual financial
415 information and notice of listed events for that person in accordance with
416 Rule 15c2-12;

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

420 (v) Effecting any necessary amendment of the Undertaking.

421 Section 16. Approval of Bond Purchase Contract: Delivery of Bonds. The
422 Underwriter has presented a purchase contract (the "Bond Purchase Contract") to the City
423 offering to purchase the Bonds under the terms and conditions provided in the Bond Purchase
424 Contract, which written Bond Purchase Contract is on file with the City Clerk. The City Council
425 finds that entering into the Bond Purchase Contract is in the City's best interest and accepts the
426 offer contained therein and authorizes its execution by the Mayor.

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

430 Section 17. Official Statement. The City has been provided with copies of a
431 preliminary official statement dated February 2, 2012, prepared in connection with the sale of the
432 Bonds. For the sole purpose of the Underwriter's compliance with paragraph (b)(1) of Rule
433 15c2-12, the City "deems final" that Preliminary Official Statement as of its date, except for the
434 omission of information permitted to be omitted by Rule 15c2-12 and ratifies the distribution by
435 the Underwriter of that preliminary official statement to potential purchasers of the Bonds.

436 The City authorizes and approves the preparation, execution by the Mayor and delivery to
437 the Underwriter of a final official statement for the Bonds, in the form of the preliminary official
438 statement, with such modifications and amendments thereto as shall be deemed necessary or
439 desirable by the City. The City authorizes and approves the distribution by the Underwriter of
440 that final official statement to potential purchasers and purchasers of the Bonds.

441 Section 18. Supplemental Ordinances. The City Council from time to time and at any
442 time may pass an ordinance or ordinances supplemental to this ordinance which supplemental
443 ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more of
444 the following purposes:

445 (a) To add covenants and agreements that do not adversely affect the interests
446 of the holders and owners of the Bonds, or to surrender any right or power reserved to or
447 conferred upon the City.

448 (b) To cure any ambiguities or to cure, correct or supplement any defective
449 provision contained in this ordinance in a manner that does not materially adversely affect the
450 interest of the holders and owners of the Bonds.

451 Section 19. Bond Insurance. The City Council finds that it is in the City's best interest
452 to purchase from the Bond Insurer, and that a savings will result from purchasing from the Bond
453 Insurer, the Insurance Policy for the Bonds. The City is authorized to purchase from the Bond
454 Insurer the Insurance Policy insuring the prompt payment of the principal of and interest on the
455 Bonds and agrees to the conditions for obtaining that policy, including the payment of the
456 premium therefor. The Mayor or the Finance Director each is authorized to execute on behalf of
457 the City the Bond Insurer's Municipal Bond Insurance Commitment and all other required
458 documents in connection with the delivery of the Insurance Policy.

459 Section 20. General Authorization and Ratification. The Mayor, the Finance Director,
460 the City Clerk, and other appropriate officers of the City are severally authorized and directed to
461 take any actions and to execute documents as in their judgment may be necessary or desirable to
462 carry out the terms of, and complete the transactions contemplated by, this ordinance and the
463 Bond Purchase Contract (including everything necessary for the prompt delivery of the Bonds to
464 the Underwriter and for the proper application, use and investment of the proceeds of the sale
465 thereof), and all actions heretofore taken in furtherance thereof and not inconsistent with the
466 terms of this ordinance are ratified and confirmed in all respects.

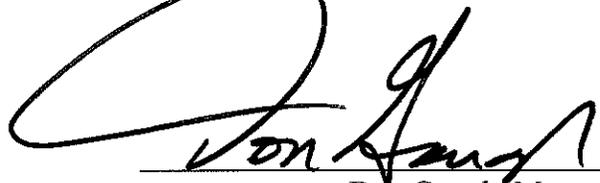
467 Section 21. Severability. The provisions of this ordinance are declared to be separate
468 and severable. If a court of competent jurisdiction, all appeals having been exhausted or all
469 appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as

470 to any person or circumstance, such offending provision shall, if feasible, be deemed to be
471 modified to be within the limits of enforceability or validity. However, if the offending
472 provision cannot be so modified, it shall be null and void with respect to the particular person or
473 circumstance, and all other provisions of this ordinance in all other respects, and the offending
474 provision with respect to all other persons and all other circumstances, shall remain valid and
475 enforceable.

476 Section 22. Effective Date of Ordinance. This ordinance shall take effect and be in
477 force from and after its passage and five days following its publication as required by law.

478 PASSED by the City Council and APPROVED by the Mayor of the City of Lynnwood,
479 Washington, at an open public meeting thereof, this 13th day of February, 2012.

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7:35pm 2/13/12
Don Gough, Mayor

486 ATTEST:

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Lorenzo Hines Jr., Finance Director/City Clerk

492 APPROVED AS TO FORM:

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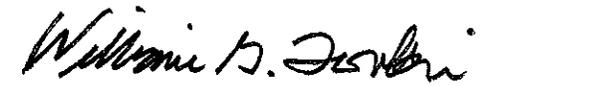

William G. Tonkin, Bond Counsel

EXHIBIT A

Bond Maturity Schedule:

Maturity Year	Principal Amount	Interest Rate	Maturity Year	Principal Amount	Interest Rate
2013	\$285,000	2.00%	2022 ⁽¹⁾	\$ 430,000	2.75%
2014	425,000	2.00	2023	960,000	3.00
2015	425,000	3.00	2024	990,000	3.125
2016	445,000	3.00	2025	1,020,000	4.00
2017	455,000	3.00	2026	1,060,000	3.00
2018	810,000	3.00	2027	1,095,000	3.25
2019	835,000	3.00	2032 ⁽¹⁾⁽²⁾	4,015,000	3.75
2020	860,000	4.00	2032 ⁽¹⁾⁽²⁾	2,075,000	4.00
2021	895,000	4.00	2037 ⁽²⁾	7,375,000	4.00
2022 ⁽¹⁾	500,000	3.50			

⁽¹⁾Bifurcated Maturities

⁽²⁾Term Bonds

Mandatory Redemption Schedule:

Term Bonds Maturing 2032 at Interest Rate of 3.75%

Mandatory Redemption Years	Mandatory Redemption Amounts
2028	\$715,000
2029	755,000
2030	800,000
2031	850,000
2032*	895,000

*Maturity.

Term Bonds Maturing 2032 at Interest Rate of 4.00%

Mandatory Redemption Years	Mandatory Redemption Amounts
2028	\$415,000
2029	415,000
2030	415,000
2031	415,000
2032*	415,000

*Maturity.

Term Bonds Maturing 2037

Mandatory Redemption Years	Mandatory Redemption Amounts
2033	\$1,360,000
2034	1,415,000
2035	1,475,000
2036	1,530,000
2037*	1,595,000

*Maturity.

CERTIFICATION

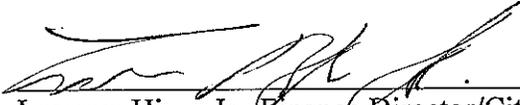
I, the undersigned, City Clerk of the City of Lynnwood, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 2934 (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 February 13, 2012, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after publication in the City's official newspaper; and

2. 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.

IN WITNESS WHEREOF, I have hereunto set my hand this 13th day of February, 2012.

CITY OF LYNNWOOD, WASHINGTON



Lorenzo Hines Jr., Finance Director/City Clerk

