

CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Olympia, Washington, relating to contracting indebtedness; providing for the issuance and sale of not to exceed \$9,000,000 aggregate principal amount of limited tax general obligation bonds to provide funds to repair and improve the Washington Center for the Performing Arts, install LED street lights and to repay the City's Limited Tax General Obligation Bond Anticipation Note, 2011; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; and providing for other related matters.

Passed May ____, 2013

This document prepared by:

*Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
(206) 447-4400*

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

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

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

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

"Beneficial Owner" means, with respect to a Bond, the owner of any beneficial interest in that Bond.

"Bond Counsel" means the firm of Foster Pepper PLLC, its successor, or any other attorney or firm of attorneys selected by the City as bond counsel.

"Bond Fund" means the Limited Tax General Obligation Bond Fund, 2013, created for the payment of the principal of and interest on the Bonds.

"Bond Register" means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.

"Bond Registrar" means the Fiscal Agent, or any successor bond registrar selected by the City.

"Bonds" means the bonds issued pursuant to and for the purposes provided in this ordinance.

"City" means the City of Olympia, Washington, a municipal corporation duly organized and existing under the laws of the State.

"City Council" means the legislative authority of the City, as duly and regularly constituted from time to time.

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

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

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

“*Final Terms*” means the terms and conditions for the sale of the Bonds including, but not limited to, the amount, date or dates, denominations, interest rate or rates (or mechanism for determining the interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants.

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

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

“*Issue Date*” means, with respect to the Bonds, the date of initial issuance and delivery of the Bonds to the Underwriter in exchange for the purchase price of the Bonds.

“*Letter of Representations*” means the Blanket Issuer Letter of Representations between the City and the Securities Depository, dated April 12, 1995, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Note*” means the City’s Limited Tax General Obligation Bond Anticipation Note, 2011, issued pursuant to Ordinance No. 6745.

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

“*Project*” means financing the repairs and improvements to the Washington Center for the Performing Arts, installation of LED lighting on City streets and other capital purposes, as deemed necessary and advisable by the City. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, shall be included as costs of the Project.

“*Project Fund*” means the special fund created for the purpose of carrying out the Project.

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

“*Record Date*” means the Bond Registrar’s close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity,

the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

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

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

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

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

“*State*” means the State of Washington.

“*Term Bonds*” means those Bonds designated as Term Bonds and subject to mandatory redemption in the years and amounts set forth in the winning bid.

“*Undertaking*” means the undertaking to provide continuing disclosure entered into pursuant to Section 15 of this ordinance.

“*Underwriter*” means the corporation, firm, association, partnership, trust, or other legal entity or group of entities selected by the Designated Representative to serve as the underwriter(s) for a negotiated sale or awarded as the successful bidder in a competitive sale of the Bonds.

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

(a) *Authority and Description of Project.* The City is in need of repairs and improvements to the Washington Center for the Performing Arts and installing LED lighting on City streets. The City Council therefore finds that it is in the best interests of the City to carry out the Project.

(b) *Plan of Financing.* Pursuant to applicable law, including without limitation chapters 35.37, 35.40, 39.36, 39.44, 39.46 and 39.52 RCW, the City is authorized to issue general obligation bonds for the purpose of financing the Project and repaying the Note. The total expected cost of the Project is approximately \$11,000,000, which is expected to be made up of proceeds of the Bonds, loans, grants and other available money of the City.

(c) *Debt Capacity.* The maximum amount of indebtedness authorized by this ordinance is \$9,000,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

(1) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for collection in the calendar year 2013 is \$5,060,434,532.

(2) As of December 31, 2012, the City had limited tax general obligation indebtedness, consisting of bonds, notes and loans outstanding in the principal amount of \$57,769,203, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote.

(3) As of December 31, 2012, the City had unlimited tax general obligation indebtedness for capital purposes only outstanding in the principal amount of \$14,445,000 for general municipal purposes. The indebtedness described in this subparagraph has been incurred with the approval of the requisite number of the City's qualified voters, within the limit of up to 2½% of the value of the taxable property within the City for general municipal purposes (when combined with the outstanding limited tax general obligation indebtedness).

(d) *The Bonds.* For the purpose of providing the funds necessary to carry out the Project, to repay the Note and pay the costs of issuance and sale of the Bonds, the City Council finds that it is in the best interests of the City and its taxpayers to issue and sell the Bonds to the Underwriter, pursuant to the terms as approved by the City's Designated Representative consistent with this ordinance.

Section 3. Authorization of Bonds. The City shall borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing indebtedness in the amount of not to exceed \$9,000,000 to provide funds necessary to carry out the Project, to repay the Note and to pay the costs of issuance and sale of the Bonds. The proceeds of the Bonds, after payment of costs of issuance, shall be deposited as set forth in Section 8 and shall be used to carry out the Project, or a portion of the Project, in such order of time as the City determines is advisable and practicable.

Section 4. Description of the Bonds; Appointment of Designated Representative. The Administrative Services Director, or the City Manager in her absence, is appointed as the City's Designated Representative and is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of the Bonds, with such additional terms and covenants as he or she deems advisable, within the following parameters:

(a) *Principal Amount.* The Bonds may be issued in one or more series and shall not exceed the aggregate principal amount of \$9,000,000. The Designated Representative may elect to participate in the State's LOCAL program to finance the LED installation of lighting rather than include such financing in this bond issue.

(b) *Date or Dates.* The Bonds shall be dated as of its date of delivery to the Underwriter, which date may not be later than December 31, 2014.

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

(d) *Interest Rate(s).* The Bonds shall bear interest at fixed rates per annum (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 for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds, provided that no rate of interest for any Bond may exceed 5.50%, and the “all-in” true interest cost to the City for the Bonds may not exceed 4.50%.

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

(f) *Final Maturity.* The Bonds shall mature no later than December 15, 2033.

(g) *Redemption Rights.* In his or her discretion, the Designated Representative may approve provisions for the optional and mandatory redemption of Bonds, as follows:

(1) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices set forth in the winning bid or (B) not subject to redemption prior to its maturity date.

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

(h) *Price.* The purchase price for the Bonds may not be less than 96% or more than 125% of the stated principal amount of the Bonds.

(i) *Other Terms and Conditions.*

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

(2) The Bonds may be sold in accordance with Section 14 of this ordinance.

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

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

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

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

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

(d) *Securities Depository; Book-Entry Form.* The Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC, acting as Securities Depository. Bonds so registered shall be held fully immobilized in book-entry form by DTC in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond (or portion of a Bond) held in book-entry form may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor; or (iii) to any person if the Bond is no longer held in book-entry form. Upon the resignation of the Securities Depository from its functions as depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) a Securities Depository resigns from its functions as depository, and no substitute Securities Depository can be obtained, or (ii) the City determines that a Bond is to be in certificated form, such Bond no longer shall be held in book-entry form and the ownership of such Bond may be transferred to any person as provided in this ordinance.

Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the

Bond Registrar shall be responsible for any notice which is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 6. Form and Execution of Bonds.

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

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

Section 7. Payment of Bonds. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For as long as a Bond is registered in the name of the Securities Depository, payment of principal of and interest on that Bond shall be made in the manner set forth in the Letter of Representations. If a Bond ceases to be in book-entry form, interest on that Bond shall be paid by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register as of the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least 10 days before an interest payment date and at the sole expense of the requesting Registered Owner. Principal of a Bond shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 8. Funds and Accounts; Deposit of Proceeds.

(a) *Bond Debt Service Fund.* The Bond Fund is created as a special fund for the sole purpose of paying principal of and interest on the Bonds. Bond proceeds in excess of the amounts needed to pay the costs of the Project, to repay the Note and the costs of issuance, if any, shall be deposited into the Bond Fund. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund as necessary for the

timely payment of amounts due with respect to the Bonds. The principal of and interest on the Bonds shall be paid out of the Bond Fund, and until needed for this purpose, the City may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and be used for the purposes of that fund.

(b) *Note Fund.* The Limited Tax General Obligation Bond Anticipation Note Account, 2011 (the “Note Fund”) was previously created for the sole purpose of paying principal of and interest on the Note. An amount necessary to prepay the Note shall be deposited into the Note Fund.

(c) *Project Fund.* The Project Fund is created for the purpose of paying the costs of the Project. Proceeds received from the sale and delivery of the Bonds, after prepaying the Note, shall be deposited into the Project Fund and used to pay the costs of the Project and costs of issuance of the Bonds. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings shall be retained in the Project Fund and be used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

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

(a) *Optional Redemption.* The Bonds shall be subject to optional redemption acceptable to the Designated Representative, within the parameters set forth in Section 4. Any Bond that is subject to optional redemption may be selected by the City, in its sole discretion, for redemption in whole or in part at any time at which redemption is permitted as set forth in the winning bid.

(b) *Mandatory Redemption.* Bonds designated as Term Bonds by the Designated Representative, within the parameters set forth in Section 4, if not previously redeemed under any optional redemption provisions, defeased or purchased and surrendered for cancellation under the provisions set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the redemption dates and in the redemption amounts as set forth in the winning bid. If Term Bonds are redeemed under the optional redemption provisions, defeased or purchased by the City and cancelled, the principal amount of the Term Bonds so redeemed, defeased or purchased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(c) *Selection of Bonds for Redemption; Partial Redemption.* All or a portion of the principal amount of any Bond that is subject to optional or mandatory redemption may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same series, maturity and interest rate in any Authorized Denomination

in the aggregate principal amount remaining unredeemed. The principal portion of any Bond registered in the name of the Securities Depository which is to be partially redeemed shall be selected in accordance with the Letter of Representations. If a Bond ceases to be held in book-entry form, the portion to be partially redeemed shall be selected randomly in such manner as the Bond Registrar shall determine.

(d) *Notice of Redemption.* While a Bond is registered in the name of the Securities Depository, notice of redemption shall be given as required in accordance with the Letter of Representations. If a Bond ceases to be held in book-entry form, unless waived by the Registered Owner of the Bond to be redeemed, the City shall cause notice of an intended redemption of Bonds to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner of any Bond. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Designated Representative shall determine, but these additional mailings shall not be a condition precedent to the redemption of a Bond.

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

(f) *Effect of Redemption.* Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of redemption is rescinded as set forth above, or money sufficient to effect such redemption is not on deposit in the Bond Fund (or in an escrow account established to carry out a refunding or defeasance of the redeemed Bonds, if any).

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

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

Section 11. Pledge of Taxes. The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for repaying the Bonds. For as long as any of the Bonds are outstanding, the

City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same becomes due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

Section 12. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on Bonds.* The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

(b) *Post-Issuance Compliance.* The Designated Representative is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this Section 12 and the applicable requirements of the Code that must be satisfied after the Issue Date to maintain the tax treatment of the Bonds and the receipt of interest thereon.

Section 13. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on the affected Bonds (the "defeased Bonds"); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

While a Bond is registered in the name of the Securities Depository, notice of any defeasance shall be given in the manner prescribed in the Letter of Representations for notices of redemption of Bonds. If a Bond ceases to be held in book-entry form, then unless specified by

the City in a refunding or defeasance plan, selection of Bonds to be defeased, notice of defeasance and replacement of Bond certificates shall be done in accordance with the provisions of this ordinance for the redemption of Bonds prior to their maturity.

Section 14. Sale and Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell the Bonds by competitive sale in accordance with a notice of sale consistent with this ordinance or if the Designated Representative determines it is not in the City's best interest to do a competitive sale, then by a negotiated sale, based on his or her assessment of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the Final Terms and the method of sale of the Bonds, the Designated Representative shall take into account those factors that, in his or her judgment, may be expected to result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current interest rates for obligations comparable to the Bonds.

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

(c) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Underwriter in accordance with the winning bid, with the approving legal opinion of Bond Counsel regarding the Bonds.

Section 15. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement.* The Designated Representative shall review the form of the preliminary official statement prepared in connection with the sale of the Bonds to the public. For the sole purpose of the Underwriter's compliance with paragraph (b)(1) of Rule 15c2-12, the Designated Representative is authorized to "deem final" that preliminary official statement as of its date, except for the omission of information permitted to be omitted by

Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary official statement that has been “deemed final” in accordance with this paragraph.

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

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

Section 16. Supplemental and Amendatory Ordinances. The City may supplement or amend this ordinance for any one or more of the following purposes without requiring the consent of any Owners of the Bonds:

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

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

Section 17. General Authorization and Ratification. The Designated Representative, and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Bonds to the Underwriter and for the proper application, use and investment of the bond proceeds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 18. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 19. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Olympia, Washington, at an open public meeting thereof, this _____ day of May, 2013.

Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

Bond Counsel

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

**City of Olympia, Washington
Limited Tax General Obligation Bonds, 2013**

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

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

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

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

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

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

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to State local governmental units such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when

audited financial statements are otherwise prepared and available they will be provided; (2) principal amount of general obligation bonds outstanding at the end of the fiscal year described in the filed financial statements; (3) assessed valuation for that fiscal year; and (4) regular property tax levy amount and rate for that fiscal year;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2013; and

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

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

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

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

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

(g) Designation of Official Responsible to Administer Undertaking. The Designated Representative or her designee is authorized to take such further actions as may be necessary, appropriate or convenient to carry out this Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

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

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

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

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

(v) Effecting any necessary amendment of the Undertaking.

CERTIFICATION

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2013.

CITY OF OLYMPIA, WASHINGTON

City Clerk