CITY OF LYNNWOOD, WASHINGTON

ORDINANCE NO. 2934

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) "Finance Director" means the Finance Director of the City or the successor officer.
"Fiscal Agent" means the fiscal agent of the State, as the same may be designated by the State from time to time.

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

"MSRB" means the Municipal Securities Rulemaking Board.

"Note" means the not to exceed $25,480,000 Bond Anticipation Note, 2008 issued pursuant to the Note Ordinance to pay the costs of the Project pending issuance of the Bonds.

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

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

"Project" means the renovation, improvement and expansion of the City’s existing recreation center.

"Registered Owner" means the person in whose name a 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 DTC.

"Registration Ordinance" means City Ordinance No. 810 establishing a system of registration for the City’s bonds and other obligations.

"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.

"State" means the State of Washington.

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

"Undertaking" means the continuing disclosure agreement set forth in Section 15 of this ordinance.

"Underwriter" means Piper Jaffray & Co. of Seattle, Washington.

Section 2. Recitals and Findings.

By the Note Ordinance, the City authorized the renovation, improvement and expansion of the City’s existing recreation center (the "Project").
(b) For the purpose of providing interim construction financing for the Project, the City issued the Note, which Note matures on March 1, 2012.

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

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

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

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

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

(i) Limited tax general obligation bonds and notes and other non-voted debt outstanding in the principal amount of $2,418,902, 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.

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

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

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

Section 5. Description of Bonds. The Bonds shall be called City of Lynnwood, Washington, Limited Tax General Obligation Bonds, 2012. The Bonds shall be issued in the aggregate principal amount of $24,955,000; shall be dated their date of initial delivery to the Underwriter; shall be in Authorized Denominations; and shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.
The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each June 1 and December 1, commencing June 1, 2012, to the maturity or earlier redemption of the Bonds; and shall mature on December 1 in years and amounts and bear interest at the rates per annum as set forth in Exhibit A, which is attached to this ordinance and incorporated by this reference.

Section 6. 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. 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 Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

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

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become either a Registered or Beneficial Owner of Bonds 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.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same 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 or transfer any Bond during the 15 days preceding any principal payment or redemption date.

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

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

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

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

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

Only Bonds bearing a Certificate of Authentication in 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 Lynnwood, Washington, Limited Tax General Obligation Bonds, 2012,
described in the Bond Ordinance.” 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.

If any officer whose manual or facsimile signature appears on the Bonds ceases to be an
officer of the City authorized to sign bonds before the Bonds bearing his or her manual or
facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City,
those Bonds 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 the date of issuance of the
Bonds.

Section 8. Payment of Bonds. Both principal of and interest on the Bonds shall be
payable in lawful money of the United States of America. For as long as the Bonds are
registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds
shall be made in the manner set forth in the Letter of Representations. If the Bonds cease to be
in book-entry-only form, interest on the Bonds shall be paid by checks or drafts of the Bond
Registrar mailed on the interest payment date to the Registered Owners at the addresses
appearing on the Bond Register on the 15th day of the month preceding the interest payment date
or by electronic transfer on the interest payment date. The City shall not be required to make
electronic transfers except to a Registered Owner of Bonds pursuant to a request in writing (and
at the sole expense of that Registered Owner) received at least 10 days before an interest
payment date. Principal of the Bonds shall be payable upon presentation and surrender of the
Bonds by the Registered Owners to the Bond Registrar.

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

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

(b) Mandatory Redemption. Bonds maturing in 2032 bearing interest at the
rate of 3.75%, 2032 bearing interest at the rate of 4.00%, and 2037 are Term Bonds and, if not
redeemed under the optional redemption provisions set forth above or purchased in the open
market under the provisions set forth below, shall be called for redemption at par plus accrued
interest on December 1 in years and amounts as set forth in Exhibit A. If the City redeems under
the optional redemption provisions, purchases in the open market or defeases Term Bonds, the
par amount of the Term Bonds so redeemed, purchased or defeased (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) Partial Redemptions. Portions of the principal amount of any Bond, in any
Authorized Denomination, may be redeemed. If less than all of the 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 maturity and interest rate in any Authorized Denomination in the aggregate
principal amount remaining unredeemed.

(d) Selection of Bonds for Redemption. If fewer than all of the outstanding
Bonds within a maturity are to be redeemed prior to maturity, Bonds shall be selected for
redemption randomly within a maturity in such manner as the Bond Registrar shall determine.
Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its
nominee, selection of Bonds for redemption shall be in accordance with the Letter of
Representations.
(e) Notice of Redemption. While the Bonds are held by DTC in book-entry only form, any notice of redemption shall be given at the time, to the entity and in the manner required by DTC in accordance with the Letter of Representations, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form unless waived by any Registered Owner of the Bonds to be redeemed, the City shall cause notice of any 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 any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Registered or Beneficial Owner of any Bond.

In the case of an optional redemption, the notice may state that the City retains the right to rescind the redemption notice and the related optional redemption of 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 the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

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

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

(g) Open Market Purchase. The City further reserves the right and option 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.

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

Section 10. Failure To Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or date set 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 set 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. For as long as any of the Bonds are outstanding, the City irrevocably pledges to include in its budget and levy taxes annually, within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City, on all of the taxable property within the City in an amount sufficient, together with other money legally
available and to be used therefor, to pay when due the principal of and interest on the Bonds. The full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 12. Tax Covenants. 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 rebateable 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. The Finance Director is authorized and directed to adopt and implement on behalf of the City 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 exemption for interest on the Bonds after the issue date.

Section 13. Refunding or defeasance of the Bonds. The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of the refunding or defeasance. If money and/or “government obligations” (as defined in chapter 39.53 RCW, as now or hereafter amended) maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the “trust account”), 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. The Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The City shall include in the refunding or defeasance plan such provisions as the City deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the City shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the City may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.
Section 14. Bond Fund and Application of Bond Proceeds. The Bond Fund is hereby created and established in the office of the Finance Director as a special fund designated the Limited Tax General Obligation Bond Fund, 2011, for the purpose of paying principal of and interest on the Bonds. All taxes and other amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

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

Section 15. 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 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 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 shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) outstanding general obligation bonds; (3) assessed valuation for the fiscal year; (4) regular property tax levy rate and regular property tax levy rate limit for the fiscal year; and (5) general fund revenues from other major tax sources;

(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, 2012; 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, municipals 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 any Beneficial Owner of Bonds, 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 nationally recognized bond counsel or other
counsel familiar with federal securities laws 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 any Beneficial Owner of a Bond shall be to take such actions as that
Beneficial Owner deems necessary, including seeking an order of specific performance from an
appropriate court, to compel the City or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The
Finance Officer of the City (or such other officer of the City who may in the future perform the
duties of that office) or his or her designee is authorized and directed in his or her discretion to
take such further actions as may be necessary, appropriate or convenient to carry out the
Undertaking of the City in respect of the Bonds set forth in this section and 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.

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

The Bonds will be printed at City expense and will be delivered to the purchaser in
accordance with the Bond Purchase Contract, with the approving legal opinion of Foster Pepper
PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds.
Section 17. Official Statement. The City has been provided with copies of a preliminary official statement dated February 2, 2012, prepared in connection with the sale of the Bonds. For the sole purpose of the Underwriter’s compliance with paragraph (b)(1) of Rule 15c2-12, the City “deems final” that Preliminary Official Statement as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 and ratifies the distribution by the Underwriter of that preliminary official statement to potential purchasers of the Bonds.

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

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

(a) To add covenants and agreements that do not adversely affect the interests of the holders and 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 holders and owners of the Bonds.

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

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

Section 21. 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 22. Effective Date of Ordinance. This ordinance shall take effect and be in
force from and after its passage and five days following its publication as required by law.

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

Don Gough, Mayor

ATTEST:

Lorenzo Hines Jr., Finance Director/City Clerk

APPROVED AS TO FORM:

William G. Tonkin, Bond Counsel
EXHIBIT A

Bond Maturity Schedule:

<table>
<thead>
<tr>
<th>Maturity Year</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$285,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>2014</td>
<td>425,000</td>
<td>2.00</td>
</tr>
<tr>
<td>2015</td>
<td>425,000</td>
<td>3.00</td>
</tr>
<tr>
<td>2016</td>
<td>445,000</td>
<td>3.00</td>
</tr>
<tr>
<td>2017</td>
<td>455,000</td>
<td>3.00</td>
</tr>
<tr>
<td>2018</td>
<td>810,000</td>
<td>3.00</td>
</tr>
<tr>
<td>2019</td>
<td>835,000</td>
<td>3.00</td>
</tr>
<tr>
<td>2020</td>
<td>860,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2021</td>
<td>895,000</td>
<td>4.00</td>
</tr>
<tr>
<td>2022(1)</td>
<td>500,000</td>
<td>3.50</td>
</tr>
</tbody>
</table>

(1) Bifurcated Maturities
(2) Term Bonds

Mandatory Redemption Schedule:

Term Bonds Maturing 2032 at Interest Rate of 3.75%

<table>
<thead>
<tr>
<th>Mandatory Redemption Years</th>
<th>Mandatory Redemption Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2028</td>
<td>$715,000</td>
</tr>
<tr>
<td>2029</td>
<td>755,000</td>
</tr>
<tr>
<td>2030</td>
<td>800,000</td>
</tr>
<tr>
<td>2031</td>
<td>850,000</td>
</tr>
<tr>
<td>2032*</td>
<td>895,000</td>
</tr>
</tbody>
</table>

*Maturity.

Term Bonds Maturing 2032 at Interest Rate of 4.00%

<table>
<thead>
<tr>
<th>Mandatory Redemption Years</th>
<th>Mandatory Redemption Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2028</td>
<td>$415,000</td>
</tr>
<tr>
<td>2029</td>
<td>415,000</td>
</tr>
<tr>
<td>2030</td>
<td>415,000</td>
</tr>
<tr>
<td>2031</td>
<td>415,000</td>
</tr>
<tr>
<td>2032*</td>
<td>415,000</td>
</tr>
</tbody>
</table>

*Maturity.
Term Bonds Maturing 2037

<table>
<thead>
<tr>
<th>Mandatory Redemption Years</th>
<th>Mandatory Redemption Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>2033</td>
<td>$1,360,000</td>
</tr>
<tr>
<td>2034</td>
<td>1,415,000</td>
</tr>
<tr>
<td>2035</td>
<td>1,475,000</td>
</tr>
<tr>
<td>2036</td>
<td>1,530,000</td>
</tr>
<tr>
<td>2037*</td>
<td>1,595,000</td>
</tr>
</tbody>
</table>

*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

[Signature]
Lorenzo Hines Jr., Finance Director/City Clerk
Affidavit of Publication

} S.S.

The undersigned, being first duly sworn on oath deposes and says that she is Principal Clerk of THE HERALD, a daily newspaper printed and published in the City of Everett, County of Snohomish, and State of Washington, that said newspaper is a newspaper of general circulation in said County and State; that said newspaper has been approved as a legal newspaper by order of the Superior Court of Snohomish County and that the notice

Summary of Ordinance No. 2934

a printed copy of which is hereunto attached, was published in said newspaper proper and not in supplement form, in the regular and entire edition of said paper on the following days and times, namely:

February 18, 2012

and that said newspaper was regularly distributed to its subscribers during all of said period.

Karen E. Zeman

Principal Clerk

Subscribed and sworn to before me this day of February, 2012

Diana Hendrix

Notary Public in and for the State of Washington, residing in the County.

Account Name: City of Lynnwood Legals
Account Number: 127690
Order Number: 0001767628