

CITY OF COVINGTON, WASHINGTON
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 2016
ORDINANCE NO. 08-2016

AN ORDINANCE OF THE CITY OF COVINGTON, WASHINGTON, PROVIDING FOR THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS OF THE CITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$9,500,000 TO REFUND CERTAIN OUTSTANDING LIMITED TAX GENERAL OBLIGATION BONDS AND TO PAY COSTS OF ISSUING THE BONDS; AND DELEGATING THE AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS.

PASSED: March 22, 2016

PREPARED BY:

PACIFICA LAW GROUP LLP
Seattle, Washington

TABLE OF CONTENTS*

	<u>Page</u>
Section 1. Definitions and Interpretation of Terms	2
Section 2. Authorization of Bonds and Bond Details	5
Section 3. Registration, Exchange and Payments	6
Section 4. Redemption Prior to Maturity and Purchase of Bonds	8
Section 5. Form of Bonds	11
Section 6. Execution of Bonds	11
Section 7. Refunding Plan; Application of Bond Proceeds	11
Section 8. Tax Covenants	13
Section 9. Debt Service Fund and Provision for Tax Levy Payments	14
Section 10. Defeasance	14
Section 11. Sale of Bonds	15
Section 12. Undertaking to Provide Ongoing Disclosure	16
Section 13. Lost, Stolen or Destroyed Bonds	18
Section 14. Severability; Ratification	18
Section 15. Effective Date of Ordinance	19
Section 16. Corrections by City Clerk	19

Exhibit A: Form of Bond

* This Table of Contents is provided for convenience only and is not a part of this ordinance.

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WHEREAS, the City of Covington, Washington (the “City”), a non-charter optional code city, operating under section 35A of the Revised Code of Washington (“RCW”), has outstanding its Limited Tax General Obligation Bonds, Series 2007A, issued on June 5, 2007, pursuant to Ordinance No. 06-07 passed by the City Council (the “Council”) on May 22, 2007 (the “2007 Bond Ordinance”), which remain outstanding as follows:

<u>Maturity Dates (November 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2016	\$ 630,000	4.250%
2017	655,000	5.000
2018	690,000	4.000
2019	715,000	4.000
2020	745,000	4.000
2021	775,000	4.000
2022	805,000	4.000
2023	840,000	4.100
2024	875,000	4.125
2025	910,000	4.125
2026	945,000	4.125
2027	985,000	4.125

(the “2007 Bonds”); and

WHEREAS, the 2007 Bond Ordinance provides that the City may call the 2007 Bonds maturing on or after November 1, 2018 (the “2007 Refunding Candidates”), for redemption on or after November 1, 2017, in whole or in part on any date, at the price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, the City has outstanding its Limited Tax General Obligation Bond, 2008, issued on June 10, 2008, pursuant to Ordinance No. 10-08 passed by the Council on May 27, 2008 (the “2008 Bond Ordinance”), which remains outstanding in the principal amount of approximately \$177,000 (the “2008 Bond”); and

WHEREAS, the 2008 Bond Ordinance provides that the City may prepay the 2008 Bond at any time prior to maturity at a price of par plus accrued interest to the date of prepayment; and

WHEREAS, after due consideration it appears that all or a portion of the 2007 Refunding Candidates and the 2008 Bond (together, the “Refunded Bonds”) may be defeased and/or refunded by the proceeds of limited tax general obligation bonds at a savings to the City and its taxpayers; and

WHEREAS, the Council deems it in the best interest of the City to issue limited tax general obligation refunding bonds in an aggregate principal amount not to exceed \$9,500,000 (the “Bonds”) to redeem and/or defease the Refunded Bonds and to pay costs of issuing the Bonds; and

WHEREAS, the Council wishes to delegate authority to the City Manager and Finance Director (each, a “Designated Representative”), for a limited time, to approve the interest rates, maturity dates, redemption terms and principal maturities for the Bonds within the parameters set by this ordinance, in order to effect such a refinancing; and

WHEREAS, the City expects to receive a proposal from Piper Jaffray & Co. (the “Underwriter”) to underwrite the Bonds, and now desires to authorize the acceptance of such proposal, and the issuance and sale of the Bonds to the Underwriter, all as set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF COVINGTON, KING COUNTY, WASHINGTON, DOES HEREBY ORDAIN AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms.

(a) *Definitions.* As used in this ordinance, the following words shall have the following meanings:

Acquired Obligations means the Government Obligations acquired by the City under the terms of this ordinance and the Escrow Agreement to effect the defeasance and refunding of the 2007 Refunded Bonds, but only to the extent that the same are acquired at Fair Market Value.

Beneficial Owner means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

Bond Counsel means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax exempt nature of interest on bonds issued by states and their political subdivisions.

Bond Purchase Contract means the contract for the purchase of the Bonds between the Underwriter and City, executed pursuant to Section 11.

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained for the Bonds in the manner required pursuant to Section 149(a) of the Code.

Bond Registrar means, initially, the fiscal agent of the State, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bonds mean the City of Covington, Washington, Limited Tax General Obligation Refunding Bonds, 2016, or other such series designation as approved by a Designated Representative, issued pursuant to this ordinance.

Call Date for the 2007 Refunded Bonds means November 1, 2017, and for the 2008 Bond means the date selected by the Finance Director, which shall be no later than 10 business days after the date of issuance of the Bonds.

City means the City of Covington, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State.

City Manager means the City Manager, or the successor of such office.

Closing means the date of delivery of the Bonds to the Underwriter.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Commission means the Securities and Exchange Commission.

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

Debt Service Fund means the “City of Covington Limited Tax General Obligation Bond Debt Service Fund” and the accounts held therein.

Designated Representative means the City Manager and the Finance Director of the City and any successor to the functions of such offices. The signature of one Designated Representative shall be sufficient to bind the City.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 3.

Escrow Agent means U.S. Bank National Association, Seattle, Washington.

Escrow Agreement means the Escrow Deposit Agreement between the City and the Escrow Agent authorized to be entered into pursuant to Section 7 of this ordinance.

Fair Market Value means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an

established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the City and related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment. To the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

Federal Tax Certificate means the certificate executed by a Designated Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on the Bonds to be dated as of the date of Closing, and attachments thereto.

Finance Director shall mean the City’s Finance Director or the successor to such office.

Government Obligations mean those obligations now or hereafter defined as such in chapter 39.53 RCW.

Letter of Representations means the Blanket Issuer Letter of Representations from the City to DTC.

Mayor means the duly appointed and acting Mayor of the City or the successor to the duties of that office.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Official Statement means the disclosure documents prepared and delivered in connection with the issuance of the Bonds.

Refunded Bonds mean the 2007 Refunded Bonds and the 2008 Bond.

Refunding Account means the account by that name established pursuant to Section 7.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

Rule means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

State means the State of Washington.

2007 Bond Ordinance means Ordinance No. 06-07 passed by the Council on May 22, 2007, authorizing the issuance of the 2007 Bonds.

2007 Bonds mean the City's Limited Tax General Obligation Bonds, Series 2007A, issued on June 5, 2007, pursuant to the 2007 Bond Ordinance as described in the recitals of this ordinance.

2007 Refunded Bonds mean those 2007 Refunding Candidates designated by a Designated Representative for refunding pursuant to Section 7 and Section 11.

2007 Refunding Candidates mean the outstanding 2007 Bonds maturing on or after November 1, 2018 as shown in the recitals to this ordinance.

2008 Bond mean the City's Limited Tax General Obligation Bonds, Series 2008, issued on June 10, 2008, pursuant to the 2008 Bond Ordinance as described in the recitals of this ordinance.

2008 Bond Ordinance means Ordinance No. 10-08 passed by the Council on May 27, 2008, authorizing the issuance of the 2008 Bond.

Underwriter means Piper Jaffray & Co., or its successors.

(b) *Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(5) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Bonds and Bond Details. For the purpose of refunding the Refunded Bonds and paying costs of issuance of the Bonds and costs related to the administration of the refunding, the City is hereby authorized to issue and sell limited tax general obligation refunding bonds in an aggregate principal amount not to exceed \$9,500,000 (the "Bonds").

The Bonds shall be general obligations of the City, shall be designated “City of Covington, Washington, Limited Tax General Obligation Refunding Bonds, 2016” or other such designation as set forth in the Bond Purchase Contract and approved by a Designated Representative. The Bonds shall be dated as of the date of Closing; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, within a maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest payable on the dates set forth in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 11. The Bonds of any of the maturities may be combined and issued as term bonds, subject to mandatory redemption as provided in the Bond Purchase Contract.

Section 3. Registration, Exchange and Payments.

(a) *Bond Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the State Finance Committee from time to time through the appointment of a state fiscal agent. The City shall cause a bond register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance 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 Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 12), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 3(g), but such Bond may be transferred as herein provided. All such payments made as described in Section 3(g) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held in fully immobilized form by DTC acting as depository. The City has executed and delivered to DTC the Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or

any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Finance Director pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) 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 Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter 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.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Finance Director determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain such Bonds in the form of Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. The Finance Director shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Bond during the 15 days preceding any principal payment or redemption date.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any 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 a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners of Bonds.

(g) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are held by DTC, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held by a depository, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bonds until it is paid.

Section 4. Redemption Prior to Maturity and Purchase of Bonds.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to Section 11. The Bonds shall

be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to Section 11.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by a Designated Representative.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held by a depository, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). If the City redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) Official Notice. For so long as the Bonds are held by a depository, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) any conditions to redemption;

(E) that (unless such notice is conditional) on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled 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.

(2) Effect of Notice; Bonds Due. If notice of redemption has been given and not rescinded or revoked, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 12 and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of Bonds. The Bonds shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference.

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

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

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

Section 7. Refunding Plan; Application of Bond Proceeds.

(a) *Refunding Plan.* For the purpose of realizing a debt service savings and benefiting the taxpayers of the City, the Council proposes to refund and/or defease the Refunded Bonds as set forth herein. The Refunded Bonds shall include those 2007 Refunding Candidates (or portions thereof) as are selected by a Designated Representative and set forth in the Bond Purchase Contract and the 2008 Bond. A portion of the proceeds of the Bonds and other available funds of the City, if any, shall be deposited with the Escrow Agent pursuant to the Escrow Agreement to be used immediately upon receipt thereof to defease the 2007 Refunded Bonds as authorized by the 2007 Bond Ordinance and to pay costs of issuance of the Bonds. A portion of the proceeds of the Bonds and other available funds of the City, if any, shall be used immediately (and in no event more than 10 business days after the issuance and delivery of the Bonds) to prepay and redeem the then-outstanding principal and accrued interest to the date of prepayment, if any, of the 2008 Bond as authorized by the 2008 Bond Ordinance.

The net proceeds deposited with the Escrow Agent shall be used to defease the 2007 Refunded Bonds and discharge the obligations thereon by the purchase of certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of interest on the 2007 Refunded Bonds due and payable on and prior to the applicable Call Date and the redemption prices of the 2007 Refunded Bonds on the applicable Call Date.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(b) *Escrow Agent/Escrow Agreement.* The City hereby appoints U.S. Bank National Association, Seattle, Washington, as the Escrow Agent. A cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the 2007 Refunded Bonds. The proceeds of the Bonds remaining after acquisition of the Acquired Obligations and provision for the necessary cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of the Bonds.

In order to carry out the purposes of this Section 7, each Designated Representative is authorized and directed to execute and deliver to the Escrow Agent the Escrow Agreement.

(c) *Call for Redemption of Refunded Bonds.* The City hereby calls the 2007 Refunded Bonds for redemption on their applicable Call Date in accordance with the provisions of the 2007 Bond Ordinance authorizing the redemption and retirement of the 2007 Bonds prior to their fixed maturities. Said defeasance and call for redemption of the 2007 Refunded Bonds shall be irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations to the Escrow Agent.

The City hereby calls the 2008 Bond for prepayment and redemption on its applicable Call Date in accordance with the provisions of the 2008 Bond Ordinance authorizing the redemption and retirement of the 2008 Bond prior to its maturity date.

The Designated Representatives and the Escrow Agent are hereby authorized and directed to provide for the giving of notices of the redemption of the Refunded Bonds in accordance with the provisions of the 2007 Bond Ordinance and the 2008 Bond Ordinance, as applicable. The costs of publication of such notices shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the Finance Director, or, at the direction of the Finance Director, to the paying agent for the 2007 Refunded Bonds, sums sufficient to pay, when due, the payments specified in this Section 7. All such sums shall be paid from the money and Acquired Obligations deposited with the Escrow Agent, and the income therefrom and proceeds thereof. All such sums so paid to said Finance Director shall be credited to the Refunding Account for the refunding of the 2007 Refunded Bonds, which is hereby authorized to be created, or to pay costs of issuance. All moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Finance Director) and applied in accordance with the provisions of this ordinance and the Escrow Agent and with the laws of the State for the benefit of the City and owners of the 2007 Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the 2007 Refunded Bonds shall be paid when due.

Section 8. Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds, including but not limited to the following:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Project.* The City will not sell or otherwise transfer or dispose of (i) any personal property components of the projects financed with proceeds of the Refunded Bonds (the "Projects") other than in the ordinary course of an established government program under Treasury Regulation 1.141-2(d)(4) or (ii) any real property components of the Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the Bond as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause any of the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken by the Escrow Agent or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code until all Bonds have been surrendered and canceled.

(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Bonds for at least three years after the Bonds mature or are redeemed (whichever is earlier); however, if the Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Bonds.

(h) *Compliance with Federal Tax Certificate.* The City will comply with the provisions of the Federal Tax Certificate with respect to the Bonds, which are incorporated herein as if fully set forth herein. The covenants of this Section will survive payment in full or defeasance of the Bonds.

(i) *Bank Qualification.* The City hereby designates the Bonds for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000

aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), has been or will be issued by the City, including all subordinate entities of the City, during the calendar year 2016.

Section 9. Debt Service Fund and Provision for Tax Levy Payments. The City hereby authorizes the creation of one or more accounts in the City's Debt Service Fund to be used for the payment of debt service on the Bonds. No later than the date each payment of principal or interest on the Bonds becomes due, the City shall transmit sufficient funds, from the Debt Service Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Debt Service Fund may be invested in legal investments for City funds, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bonds when due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the regular property tax levy permitted to cities without a vote of the people, and that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds when due.

Section 10. Defeasance. In the event that the City, to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance. The City shall give written notice of defeasance in accordance with Section 12.

Section 11. Sale of Bonds.

(a) *Bond Sale.* The Bonds shall be sold at negotiated sale to the Underwriter pursuant to the terms of the Bond Purchase Contract. The Council has determined that it would be in the best interest of the City to delegate to the Designated Representatives for a limited time the authority to approve the selection of the 2007 Refunded Bonds and the final interest rates, aggregate principal amount, principal amounts of each maturity of the Bonds, and redemption rights for the Bonds.

Each Designated Representative is hereby authorized to approve the final interest rates, aggregate principal amount, principal amounts of each maturity of the Bonds, and redemption rights for the Bonds and to select the 2007 Refunded Bonds in the manner provided hereafter so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$9,500,000;
- (2) the final maturity date for the Bonds is no later than November 1, 2027;
- (3) the Bonds are sold (in the aggregate) at a price not less than 97% and not greater than 130%;
- (4) the Bonds are sold for a price that results in a minimum net present value debt service savings over the Refunded Bonds of 5.00%;
- (5) the true interest cost for the Bonds (in the aggregate) does not exceed 3.00%; and
- (6) the Bonds conform to all other terms of this ordinance.

Subject to the terms and conditions set forth in this Section 11, the Designated Representatives are each hereby authorized to execute the Bond Purchase Contract. The signature of one Designated Representative shall be sufficient to bind the City.

Following the execution of the Bond Purchase Contract, a Designated Representative shall provide a report to the Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representatives by this Section 11 shall expire 120 days after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 120 days after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 11.

(b) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City, including the Designated Representatives, are authorized and directed to undertake all action necessary for the prompt execution and delivery of

the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Bond Purchase Contract. Such documents may include, but are not limited to, documents related to a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on the Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the City.

(c) *Preliminary and Final Official Statements.* The Finance Director is hereby authorized to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. The Finance Director is further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement relating to the issuance and sale of the Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

Section 12. Undertaking to Provide Ongoing Disclosure.

(a) *Contract/Undertaking.* This section constitutes the City's written undertaking for the benefit of the owners, including Beneficial Owners, of the Bonds as required by Section (b)(5) of the Rule.

(b) *Financial Statements/Operating Data.* The City agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing in 2016 for the fiscal year ended December 31, 2015):

- (1) Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City's general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the State Auditor pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the Official Statement for the Bonds ;
- (2) The assessed valuation of taxable property in the City;
- (3) Ad valorem taxes due and percentage of taxes collected;
- (4) Property tax levy rate per \$1,000 of assessed valuation; and
- (5) Outstanding general obligation debt of the City.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the end of nine months (September 30) after the end of the City's fiscal year. The City's fiscal year currently ends on December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents available to the public on the MSRB's internet website or filed with the Commission.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to the MSRB.

(c) *Listed Events.* The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;
- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- Modifications to the rights of Bondholders, if material;
- Optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City;
- 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
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(d) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(e) *Notification Upon Failure to Provide Financial Data.* The City agrees to provide or cause to be provided to the MSRB notice of its failure to provide the annual financial information described in Subsection (b) above on or prior to the date set forth in Subsection (b) above.

(f) *Termination/Modification.* The City's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (1) obtains an opinion of Bond Counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

The City may amend this section, without the consent of bondowners, with an opinion of Bond Counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (A) notice of such change shall be given in the same manner as for a listed event under Subsection (c), and (B) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g) *Bond Owner's Remedies Under This Section.* The right of any bondowner or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds.

(h) *No Default.* Except as otherwise disclosed in the City's official statement relating to the Bonds, the City is not and has not been in default in the performance of its obligations of any prior undertaking for ongoing disclosure with respect to its obligations.

Section 13. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the City evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and/or the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

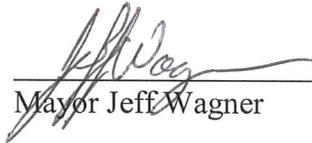
Section 14. Severability; Ratification. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 15. Effective Date of Ordinance. This ordinance shall take effect and be in force five (5) days from and after its passage, approval, and publication, as required by law. A summary of this ordinance, consisting of the title, may be published in lieu of publishing the ordinance in its entirety.

Section 16. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

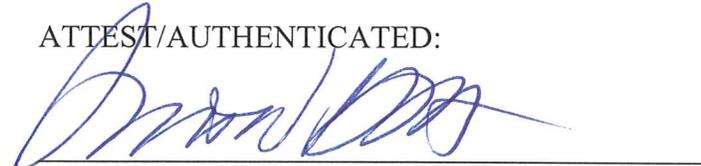
PASSED BY THE CITY COUNCIL OF THE CITY OF COVINGTON, WASHINGTON, in open session on the 22nd day of March, 2016, and signed in authentication of its passage this 22nd day of March, 2016.

CITY OF COVINGTON, WASHINGTON



Mayor Jeff Wagner

ATTEST/AUTHENTICATED:



Sharon G. Scott, City Clerk

APPROVED AS TO FORM:



Pacifica Law Group LLP
Bond Counsel to the City

Date of Publication: March 25, 2016

Effective Date: March 30, 2016

Exhibit A

Form of Bond

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF COVINGTON

LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2016

INTEREST RATE: %

MATURITY DATE:

CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Covington, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 2016, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____ 1, 2016, and semiannually thereafter on the first days of each succeeding _____ and _____. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agent of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. _____ duly passed by the City Council on March 22, 2016 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is one of an authorized issue of bonds of like series, date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$ _____ and is issued pursuant to the Bond Ordinance to provide a portion of the funds

necessary (a) to refund and/or defease certain limited tax general obligation bonds of the City, and (b) to pay costs of issuance and costs related to the administration of the refunding.

The bonds of this issue are subject to redemption as provided in the Bond Ordinance and in the Bond Purchase Contract.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property within the City subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The bonds of this issue have been designated by the City as “qualified tax-exempt obligations” for investment by financial institutions under Section 265(b) of the Code.

The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Covington, Washington, has caused this bond to be executed by the manual or facsimile signatures of the Mayor and the City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this ____ day of _____, 2016.

[SEAL]

CITY OF COVINGTON, WASHINGTON

By _____ /s/ manual or facsimile
Mayor

ATTEST:

_____/s/ manual or facsimile
City Clerk

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Limited Tax General Obligation Refunding Bonds, 2016, of the City of Covington, Washington, dated _____, 2016.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____

CERTIFICATE

I, the undersigned, City Clerk of the City Council of the City of Covington, Washington (the "City"), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. 08-2016 (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 March 22, 2016, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five (5) days after its passage and publication as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

3. That Ordinance No. 08-2016 has not been amended, supplemented or rescinded since its passage and is in full force and effect and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of March, 2016.

Sharon Scott, City Clerk