

CITY OF WOODLAND, WASHINGTON

ORDINANCE NO. 1237

AN ORDINANCE of the City of Woodland, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of \$2,630,000 par value of Limited Tax General Obligation Improvement and Refunding Bonds, 2012, to (i) finance the cost of constructing and equipping a new police facility and certain other improvements, (ii) currently refund the City's outstanding Limited Tax General Obligation Bonds, 2005, and (iii) pay the administrative costs of such refunding and the costs of issuance and sale of such bonds; fixing the terms and covenants of the bonds; authorizing the execution of an agreement with The Bank of New York Mellon, as refunding trustee; providing for and authorizing the purchase of certain obligations and for the use and application of the money derived from those investments; providing for the call, payment and redemption of the outstanding bonds to be refunded; authorizing the sale and providing for the delivery of the bonds to Martin Nelson & Co., Inc., of Seattle, Washington; and providing for related matters.

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THE CITY COUNCIL OF THE CITY OF WOODLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

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

(a)     "2005 Bonds" means the Limited Tax General Obligation Bonds, 2005, authorized by Ordinance No. 1064 of the City in the original principal amount of \$1,090,000.

(b)     "Acquired Obligations" means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance.

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

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

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

(f)     "Bond Purchase Contract" means an agreement between the City and the Underwriter providing for the purchase of the Bonds by the Underwriter.

(g) “Bond Register” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.

(h) “Bond Registrar” means the Fiscal Agent.

(i) “Bonds” means the \$2,630,000 par value Limited Tax General Obligation Improvement and Refunding Bonds, 2012, of the City issued pursuant to and for the purposes provided in this ordinance.

(j) “City” means the City of Woodland, Washington, a municipal corporation duly organized and existing under the laws of the State.

(k) “City Council” means the governing body of the City, acting in its legislative capacity.

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

(m) “DTC” means The Depository Trust Company, New York, New York.

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

(o) “Letter of Representations” means the Blanket Issuer Letter of Representations dated November 21, 2005, between the City and DTC, as it may be amended from time to time.

(p) “MSRB” means the Municipal Securities Rulemaking Board.

(q) “Owners” means, without distinction, the Registered Owners and the Beneficial Owners.

(r) “Project” means financing, constructing, and equipping a new police facility with a multi-purpose community meeting room, all as deemed necessary and advisable by the City Council. The Project includes acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances. The term “land” includes all real property and all appurtenant improvements, structures and interests therein. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, shall be included as costs of the Project.

(s) “Project Bonds” means the Bonds issued for the purpose of paying the costs of the Project and the sale and issuance of those Bonds.

(t) “Project Fund” means the Public Safety Facility Fund (Fund 319), a special fund previously created and established in the office of the City Clerk-Treasurer.

(u) “Refunded Bonds” means the 2005 Bonds outstanding in the principal amount of \$635,000 that mature in the years 2012 through 2020, inclusive, and bear interest rates varying from 4.20% to 4.80% per annum.

(v) “Refunding Bonds” means the Bonds issued for the purpose of providing the funds necessary to carry out the Refunding Plan and to pay for the costs of sale and issuance of those Bonds.

(w) “Refunding Plan” means:

(i) the deposit with the Refunding Trustee of an amount of proceeds of the Refunding Bonds sufficient (together with other money of the City, if necessary) to acquire the Acquired Obligations and application of that money to the acquisition of the Acquired Obligations by the Refunding Trustee;

(ii) the receipt by the Refunding Trustee of the maturing principal of and interest on the Acquired Obligations and the application of such amounts (and any cash held by the Refunding Trustee) to the payment of the interest on the Refunded Bonds when due up to and including June 27, 2012, and the call, payment and redemption on June 27, 2012, of all the Refunded Bonds at a price of par; and

(iii) the payment of the costs of carrying out the foregoing elements of the Refunding Plan.

(x) “Refunding Trust Agreement” means a Refunding Trust Agreement between the City and the Refunding Trustee providing for the safekeeping of Bond proceeds and the carrying out of the Refunding Plan.

(y) “Refunding Trustee” means The Bank of New York Mellon of New York, New York, serving as refunding trustee or any successor thereto.

(z) “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.

(aa) “Registration Ordinance” means City Ordinance No. 844 establishing a system of registration for the City’s bonds and other obligations.

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

(cc) “Sales and Use Tax” means the additional sales and use tax approved by the requisite number of the qualified City voters at the general election held on November 8, 2011.

(dd) “SEC” means the United States Securities and Exchange Commission.

(ee) “State” means the State of Washington.

(ff) “Term Bonds” means those Bonds maturing in 2020, 2027, 2032 and 2036.

(gg) “Undertaking” means the undertaking to provide continuing disclosure set forth in Section 17 of this ordinance.

(hh) “Underwriter” means Martin Nelson & Co., Inc. of Seattle, Washington.

Section 2. Recitals and Findings.

(a) The City is in need of carrying out the Project, the estimated cost of which is \$2,000,000, and the City does not have available sufficient funds to pay the cost.

(b) Pursuant to Ordinance No. 1216 dated August 1, 2011, a proposition was submitted to the qualified voters of the City at a special election held on November 8, 2011, asking the qualified voters of the City to approve an additional sales and use tax at the rate of one-tenth of one percent pursuant to RCW 82.14.450 to be used for criminal justice and fire protection purposes, including financing, constructing and equipping the Project, and that proposition was approved by the requisite number of voters.

(c) The City will retain 85% of the money received from the Sales and Use Tax and the remaining 15% will be distributed to Cowlitz and Clark Counties to be used in accordance with RCW 82.14.450.

(d) The City is pledging its full faith, credit and resources to the payment of the Project Bonds solely for the purpose of obtaining a more favorable rate of interest.

(e) The City intends to pay the principal of and interest on the Project Bonds solely from the proceeds of the Sales and Use Tax.

(f) The financial framework of the Project Bonds depends on the City’s ability for the life of the Project Bonds to levy the full amount of the Sales and Use Tax approved by the voters.

(g) The life of the capital facilities to be acquired and constructed with the proceeds of the Project Bonds exceeds the term of the Project Bonds.

(h) Pursuant to Ordinance No. 1064, the City issued the 2005 Bonds for the purpose of providing funds with which to pay the cost of acquiring land for a public safety building and purchasing a fire truck. Ordinance No. 1064 reserved the right to redeem the 2005 Bonds maturing on or after December 1, 2011, prior to their state maturity dates on or after December 1, 2010, at par plus accrued interest to the date fixed for redemption.

(i) After due consideration, it appears to the City Council that the Refunded Bonds may be refunded by the sale, issuance and delivery of the Refunding Bonds, and that a substantial savings will be effected by the difference between the principal and interest cost over

the life of the Refunding Bonds and the principal and interest cost over the remaining scheduled life of the Refunded Bonds, which refunding will be effected by carrying out the Refunding Plan.

(j) The City Council deems it to be in the best interest of the City to issue and sell the Bonds to the Underwriter to pay the costs of (i) the Project, (ii) carrying out the Refunding Plan and (iii) the sale and issuance of the Bonds.

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 \$586,345,222.

(a) The City has limited tax general obligation bonds and notes outstanding in the principal amount of \$1,117,189, 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.

(b) The City does not have any voted general obligation indebtedness.

(c) The amount of indebtedness authorized by this ordinance is \$2,630,000 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 \$2,630,000 to finance the cost of the Project, to carry out the Refunding Plan and pay the costs of issuance and sale of the Bonds. The Project, or any portion or portions thereof, shall be acquired or made, to the extent practicable, with available proceeds of the Project Bonds, together with any other legally available money of the City.

Section 5. Description of Bonds. The Bonds shall be called City of Woodland, Washington, Limited Tax General Obligation Improvement and Refunding Bonds, 2012. The Bonds shall be issued in the aggregate principal amount of \$2,630,000; 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 December 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.

The Bonds are designated as Project Bonds or Refunding Bonds as set forth in Exhibit B, 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 the 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 an 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 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 shall mean DTC, its nominee or successor depository and 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-Treasurer, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

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 Woodland, Washington, Limited Tax General Obligation Improvement and Refunding 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 2021, 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, 2022, prior to their stated maturity dates at any time on or after June 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 2020, 2027, 2032 and 2036 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 those 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 are to be optionally redeemed prior to maturity, the City shall select the maturities to be redeemed. 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 each 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 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 City Clerk-Treasurer shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

(f) Effect of Redemption. Notice of redemption having been given as provided in this ordinance and not having been rescinded, the Bonds subject to redemption shall become due on the date fixed for redemption. Interest on Bonds shall cease to accrue on the date fixed for redemption unless the Bonds are not paid when properly presented.

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

Section 11. Pledge of Taxes.

(a) Property 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.

(b) Sales and Use Tax. The City irrevocably pledges to the payment of the principal of and interest on the Project Bonds, the proceeds of the Sales and Use Tax. The City pledges and covenants that to the full extent permitted by law, the Sales and Use Tax shall be maintained and continued until the Project Bonds, both principal and interest, are fully paid and retired.

(c) Real Estate Excise Taxes. The City irrevocably pledges to the payment of the principal of and interest on the Refunding Bonds the proceeds of real estate excise taxes imposed by the City under chapter 82.46 RCW. The pledge applies only to the extent that the proceeds of the Refunded Bonds were used to acquire land for a public safety building.

Section 12. Federal Income Tax Matters

(a) Preservation of Tax Exemption for Interest on Bonds. The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes.

(b) Small Governmental Issuer Arbitrage Rebate Exception and Designation of Bonds as “Qualified Tax-Exempt Obligations.” The City finds and declares that (a) it is a duly organized and existing governmental unit of the State and has general taxing power; (b) no Bond which is part of this issue of Bonds is a “private activity bond” within the meaning of Section 141 of the Code; (c) at least 95% of the net proceeds of the Bonds will be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) issued by the City and all entities subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) during the calendar year in which the Bonds are issued is not reasonably expected to exceed \$5,000,000; and (e) the amount of tax-exempt obligations, including the Bonds, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bonds are issued does not exceed \$10,000,000. The City therefore certifies that the Bonds are eligible for the arbitrage rebate exception under Section 148(f)(4)(D) of the Code and designates the Bonds as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code.

(c) Written Policies and Procedures Authorized. The City hereby authorizes and directs the City Clerk-Treasurer or other proper City officials to establish written policies and procedures to (i) ensure that any portion of the Bonds that becomes nonqualified is remediated in accordance with the requirements under Treasury Regulations Section 1.141-12 and (ii) monitor the requirements of Section 148 of the Code with respect to the Bonds.

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 (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 (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 Registered 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 Deposit of Bond Proceeds. The Bond Fund is hereby created and established in the office of the City Clerk-Treasurer as a special fund designated the Limited Tax General Obligation Bond Fund, 2012, 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.

Proceeds of the Refunding Bonds in an amount sufficient to carry out the Refunding Plan and pay the costs of issuance and sale of the Refunding Bonds, and proceeds of the Project Bonds in an amount sufficient to pay the costs of issuance and sale of the Project Bonds, shall be deposited with the Refunding Trustee and used to carry out the Refunding Plan and pay the costs of issuance and sale of the Bonds, as set forth in Section 15 of this ordinance. Any proceeds of the Refunding Bonds not deposited with the Refunding Trustee shall be deposited in the Bond Fund and used to pay interest on the Refunding Bonds on the first interest payment date.

The Project Fund has been created and established in the office of the City Clerk-Treasurer as a special fund designated the Public Safety Facility Fund (Fund 319). The remaining proceeds and premium, if any, received from the sale and delivery of the Project Bonds shall be deposited into the Project Fund and used to pay the costs of the Project. Until needed to pay such costs, the City may invest those proceeds temporarily in any legal investment, and the investment earnings may be retained in the Project Fund and be spent for the purposes of that fund.

Section 15. Refunding of the Refunded Bonds.

(a) Appointment of Refunding Trustee. The Bank of New York Mellon, of New York, New York, is appointed Refunding Trustee.

(b) Use of Bond Proceeds; Acquisition of Acquired Obligations. The proceeds of the Refunding Bonds necessary to carry out the Refunding Plan shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the City

relating to the Refunded Bonds under Ordinance No. 1064 by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. The Acquired Obligations are listed and more particularly described in Exhibit A attached to the Refunding Trust Agreement. Any Refunding Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Bonds shall be returned to the City at the time of delivery of the Bonds to the Underwriter and deposited in the Bond Fund to pay interest on the Refunding Bonds on the first interest payment date.

(c) Administration of Refunding Plan. The Refunding Trustee is authorized and directed to purchase the Acquired Obligations and to make the payments required to be made by the Refunding Plan from the Acquired Obligations and money deposited with the Refunding Trustee pursuant to this ordinance. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of Ordinance No. 1064, this ordinance, chapter 39.53 RCW and other applicable statutes of the State and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Bonds, including bond preparation, rating service fees, Refunding Trustee fees, bond counsel's fees, and other related expenses, shall be paid out of the proceeds of the Bonds.

(e) Authorization for Refunding Trust Agreement. To carry out the Refunding Plan provided for by this ordinance, the City Clerk-Treasurer is authorized and directed to execute and deliver to the Refunding Trustee a Refunding Trust Agreement substantially in the form on file with the City Clerk-Treasurer and by this reference made a part hereof setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption, and retirement of the Refunded Bonds as provided herein and stating that the provisions for payment of the fees, compensation, and expenses of the Refunding Trustee set forth therein are satisfactory. Prior to executing the Refunding Trust Agreement, the City Clerk-Treasurer is authorized to make such changes therein that do not change the substance and purpose thereof or that assure that the escrow provided therein and the Bonds are in compliance with the requirements of federal law governing the exclusion of interest on the Bonds from gross income for federal income tax purposes.

(f) Call for Redemption of the Refunded Bonds. The City calls for redemption on June 27, 2012, all of the Refunded Bonds at par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bonds to the Underwriter. The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to Ordinance No. 1064 in order to effect the redemption prior to their maturity of the Refunded Bonds.

(f) Additional Findings. The City Council finds and determines that the money to be deposited with the Refunding Trustee to carry out the Refunding Plan will discharge and satisfy the obligations of the City under Ordinance No. 1064 with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under Ordinance No. 1064 immediately upon the deposit of such money with the Refunding Trustee.

Section 16. Official Statement. The City has been provided with copies of a Preliminary Official Statement dated April 26, 2012, prepared in connection with the sale of the Bonds. For the sole purpose of the Underwriter's compliance with paragraph (b)(1) of the Rule, the City deems "final" that Preliminary Official Statement as of its date, except for the omission of information permitted to be omitted by the Rule, 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 on behalf of the City 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 17. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of the Rule, 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 the Rule; (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; and

(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 that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) outstanding general obligation debt; (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, 2011; 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 person, under the circumstances and in the manner permitted by the Rule. 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, the Underwriter and any 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 the Rule 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 Owner of a Bond shall be to take such actions as that 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 City Clerk-Treasurer (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, 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 the Rule 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 the Rule;

(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 18. Approval of Bond Purchase Contract; Delivery of Bonds. The Underwriter has presented 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-Treasurer. 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 prepared at City expense and will be delivered to the Underwriter in accordance with the Bond Purchase Contract, together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds.

Section 19. 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 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 Owners of the Bonds.

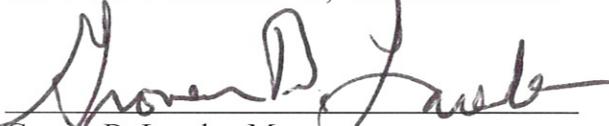
Section 20. General Authorization and Ratification. The Mayor and other appropriate officers of the City are severally authorized and directed to take any actions and to execute any documents as in their judgment may be necessary or desirable to carry out the terms of, and complete the transactions contemplated 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 of the City of Woodland, Washington, at a regular meeting thereof, this 7<sup>th</sup> day of May, 2012.

CITY OF WOODLAND, WASHINGTON:

  
\_\_\_\_\_  
Grover B. Laseke, Mayor

APPROVED AS TO FORM;

  
\_\_\_\_\_  
FOSTER PEPPER PLLC, Bond Counsel

Published: 5/16/12  
Effective: 5/21/12

ATTEST/AUTHENTICATED:

  
\_\_\_\_\_  
Mari E. Ripp, City Clerk/Treasurer

## EXHIBIT A

### Maturity Schedule:

Maturity Year (December 1)	Principal Amount	Interest Rate	Maturity Year	Principal Amount	Interest Rate
2012	\$ 85,000	0.48%	2021	\$ 55,000	2.75%
2013	130,000	0.68	2022	60,000	3.00
2014	130,000	0.95	***	***	***
2015	135,000	1.21	2027	390,000	3.50
2016	90,000	1.48	***	***	***
2017	90,000	2.00	2032	560,000	4.00
***	***	***	***	***	***
2020	305,000	3.00	2036	600,000	4.10

### Mandatory Redemption Schedule:

#### Term Bonds Maturing 2020

Mandatory Redemption Years	Mandatory Redemption Amounts
2018	\$ 95,000
2019	100,000
2020*	110,000

\*Maturity.

#### Term Bonds Maturing 2027

Mandatory Redemption Years	Mandatory Redemption Amounts
2023	\$65,000
2024	70,000
2025	80,000
2026	85,000
2027*	90,000

\*Maturity.

Term Bonds Maturing 2032

Mandatory Redemption Years	Mandatory Redemption Amounts
2028	\$ 95,000
2029	105,000
2030	110,000
2031	120,000
2032*	130,000

\*Maturity.

Term Bonds Maturing 2036

Mandatory Redemption Years	Mandatory Redemption Amounts
2033	\$135,000
2034	145,000
2035	155,000
2036*	165,000

\*Maturity.

**EXHIBIT B**

**Allocation of Project Bonds and Refunding Bonds**

<b>Maturity or Mandatory Redemption Year</b>	<b>Project Bonds</b>	<b>Refunding Bonds</b>	<b>Total</b>
2012	-	\$ 85,000	\$ 85,000
2013	\$ 30,000	100,000	130,000
2014	30,000	100,000	130,000
2015	35,000	100,000	135,000
2016	40,000	50,000	90,000
2017	40,000	50,000	90,000
2018	45,000	50,000	95,000
2019	50,000	50,000	100,000
2020	55,000	55,000	110,000
2021	55,000	-	55,000
2022	60,000	-	60,000
2023	65,000	-	65,000
2024	70,000	-	70,000
2025	80,000	-	80,000
2026	85,000	-	85,000
2027	90,000	-	90,000
2028	95,000	-	95,000
2029	105,000	-	105,000
2030	110,000	-	110,000
2031	120,000	-	120,000
2032	130,000	-	130,000
2033	135,000	-	135,000
2034	145,000	-	145,000
2035	155,000	-	155,000
2036	165,000	-	165,000
<b>Total</b>	\$1,990,000	\$640,000	\$2,630,000

## CERTIFICATION

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

1. The attached copy of Ordinance No. 1237 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on May 7, 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 7<sup>th</sup> day of May, 2012.

CITY OF WOODLAND, WASHINGTON

  
\_\_\_\_\_  
Mari E. Ripp, City Clerk-Treasurer

**SUMMARY OF ORDINANCE NO. 1237  
OF THE CITY OF WOODLAND, WASHINGTON**

On May 7, 2012 the City Council of the City of Woodland, Washington, approved Ordinance No. 1237 the main point which may be summarized by its title as follows:

**AN ORDINANCE OF THE CITY OF WOODLAND, WASHINGTON, RELATING TO CONTRACTING INDEBTEDNESS; PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF \$2,630,000 PAR VALUE OF LIMITED TAX GENERAL OBLIGATION IMPROVEMENT AND REFUNDING BONDS, 2012, TO (I) FINANCE THE COST OF CONSTRUCTING AND EQUIPPING A NEW POLICE FACILITY AND CERTAIN OTHER IMPROVEMENTS, (II) CURRENTLY REFUND THE CITY'S OUTSTANDING LIMITED TAX GENERAL OBLIGATION BONDS, 2005, AND (III) PAY THE ADMINISTRATIVE COSTS OF SUCH REFUNDING AND THE COSTS OF ISSUANCE AND SALE OF SUCH BONDS; FIXING THE TERMS AND COVENANTS OF THE BONDS; AUTHORIZING THE EXECUTION OF AN AGREEMENT WITH THE BANK OF NEW YORK MELLON, AS REFUNDING TRUSTEE; PROVIDING FOR AND AUTHORIZING THE PURCHASE OF CERTAIN OBLIGATIONS AND FOR THE USE AND APPLICATION OF THE MONEY DERIVED FROM THOSE INVESTMENTS; PROVIDING FOR THE CALL, PAYMENT AND REDEMPTION OF THE OUTSTANDING BONDS TO BE REFUNDED; AUTHORIZING THE SALE AND PROVIDING FOR THE DELIVERY OF THE BONDS TO MARTIN NELSON & CO., INC., OF SEATTLE, WASHINGTON; AND PROVIDING FOR RELATED MATTERS AND APPROVING AN ORDINANCE SUMMARY FOR PUBLICATION AS MORE PARTICULARLY SET FORTH HEREIN.**

The full text of this Ordinance will be mailed upon request.

APPROVED by the City Council at their meeting on 7<sup>th</sup> day of May, 2012.

  
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Mari E. Ripp, Clerk-Treasurer

Published: May 16, 2012  
Effective: May 21, 2012