CITY OF DES MOINES, WASHINGTON

ORDINANCE NO. 1700

AN ORDINANCE of the City of Des Moines, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed $10,000,000 aggregate principal amount of limited tax general improvement and refunding obligation bonds to provide funds (i) to pay or reimburse a portion of the costs of the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements; (ii) to carry out a current refunding of all or a portion of the City's outstanding Limited Tax General Obligation Bonds, 2008A and Limited Tax General Obligation and Refunding Bonds, 2008B; and (iii) to pay the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the Bond Sale Terms of the sale of the bonds; and providing for other related matters.

Passed July 19, 2018

This document prepared by

STRADLING YOCCA CARLSON & RAUTH, PC
999 Third Avenue, Suite 3610
Seattle, Washington
(206) 829-3000

TABLE OF CONTENTS*

		Page
Section 1.	Definitions	3
Section 2.	Findings and Determinations	7
Section 3.	Authorization and Description of Bonds	9
Section 4.	Appointment of Designated Representative; Bond Sale Terms	9
Section 5.	Bond Registrar; Registration and Transfer of Bonds.	10
Section 6.	Pledge of Taxes	11
Section 7.	Form and Execution of Bonds	11
Section 8.	Bond Fund; Manner of Payment; Failure to Pay.	12
Section 9.	Redemption Provisions and Purchase of Bonds	12
Section 10.	Refunding or Defeasance of the Bonds	14
Section 11.	Deposit and Use of Proceeds	14
Section 12.	Refunding Proceeds; the Refunding Plan	14
Section 13.	Tax Covenants; Designation of Bonds as "Qualified Tax Exempt Obligations."	16
Section 14.	Manner of Sale; Delivery of the Bonds	16
Section 15.	Official Statement; Continuing Disclosure	17
Section 16.	Supplemental and Amendatory Ordinances	17
Section 17.	General Authorization and Ratification	18
Section 18.	Severability	18
Section 19.	Effective Date of Ordinance	18

Exhibit A	Parameters for Bond Sale Terms
Exhibit B	Form of Continuing Disclosure Agreement
Exhibit C	Identification of Refunded Bonds

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

CITY OF DES MOINES, WASHINGTON

ORDINANCE NO. 1700

AN ORDINANCE of the City of Des Moines, Washington, relating to contracting indebtedness; providing for the issuance, sale and delivery of not to exceed $10,000,000 aggregate principal amount of limited tax general improvement and refunding obligation bonds to provide funds (i) to pay or reimburse a portion of the costs of the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements; (ii) to carry out a current refunding of all or a portion of the City's outstanding Limited Tax General Obligation Bonds, 2008A and Limited Tax General Obligation and Refunding Bonds, 2008B; and (iii) to pay the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; appointing the City's designated representative to approve the Bond Sale Terms of the sale of the bonds; and providing for other related matters.

THE CITY COUNCIL OF THE CITY OF DES MOINES, WASHINGTON, DO ORDAIN AS FOLLOWS:

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

(a) "*2008 Bonds*" means the 2008A Bonds and 2008B Bonds.

(b) "*2008A Bond Ordinance*" means Ordinance No. 1445 of the City, adopted on November 20, 2008.

(c) "*2008A Bonds*" means the Limited Tax General Obligation Bonds, 2008A, originally issued in the aggregate principal amount of $6,080,000, as authorized by the 2008A Bond Ordinance.

(d) "*2008B Bond Ordinance*" means Ordinance No. 1444 of the City, adopted on November 20, 2008.

(e) "*2008B Bonds*" means the Limited Tax General Obligation and Refunding Bonds, 2008B, originally issued in the aggregate principal amount of $3,450,000, as authorized by the 2008B Bond Ordinance.

(f) "*Acquired Obligations*" means those Government Obligations, as defined in chapter 39.53 RCW and as further identified in the Refunding Trust Agreement, purchased to accomplish the refunding of the Refunded Bonds as authorized by this ordinance.

(g) "*Authorized Denomination*" means $5,000 or any integral multiple thereof within a maturity of a Series, or such other minimum authorized denominations as may be specified by the Designated Representative in a Bond Purchase Agreement for a Series.

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

(i) "*Bond*" means each bond issued pursuant to and for the purposes provided in this ordinance.

(j) "*Bond Counsel*" means the firm of Stradling Yocca Carlson & Rauth, a Professional Corporation, its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as bond counsel in the field of municipal finance.

(k) "*Bond Fund*" means the Limited Tax General Obligation Bond Fund, 2018, of the City created for the payment of the principal of and interest on the Bonds and other outstanding limited tax general obligation bonds of the City.

(l) "*Bond Purchase Agreement*" means a written offer to purchase a Series of the Bonds pursuant to certain Bond Sale Terms, which offer has been accepted by the Designated Representative on behalf of the City, in accordance with this ordinance. In the case of a competitive sale, the official notice of sale, the Purchaser's bid and the award by the City shall constitute the Bond Purchase Agreement for purposes of this ordinance.

(m) "*Bond Register*" means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of each Bond.

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

(o) "*Bond Sale Terms*" means the terms and conditions for the sale of a Series of Bonds including, but not limited to the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants, including minimum savings for refunding bonds. The parameters for certain Bond Sale Terms are set forth in Exhibit A.

(p) "*Book-Entry Form*" means a fully registered form in which physical bond certificates are registered only in the name of the Securities Depository (or its nominee), as Registered Owner, with the physical bond certificates held by and immobilized in the custody of the Securities Depository (or its designee), where the system for recording and identifying the transfer of the ownership interests of the Beneficial Owners in those Bonds is neither maintained by nor the responsibility of the City or the Bond Registrar.

(q) "*City*" means the City of Des Moines, Washington, a municipal corporation duly organized and existing as a non-charter code city under the laws of the State.

(r) "*City Contribution*" means money of the City from sources other than proceeds of the Bonds that is legally available and allocated to carrying out the Refunding Plan, as determined by the Designated Representative.

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

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

(u) "*Continuing Disclosure Agreement*" means the written undertaking to provide continuing disclosure entered into pursuant to Section 15 of this ordinance, in substantially the form set forth in Exhibit B.

(v) "*DTC*" means The Depository Trust Company, New York, New York, or its nominee.

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

(x) "*Finance Director*" means the Finance Director or such other officer of the City who succeeds to substantially all of the responsibilities of that office.

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

(z) "*Government Obligations*" means, unless otherwise limited in the Bond Purchase Agreement for a particular Series of the Bonds, any government obligation as that term is defined in RCW 39.53.010, as now in effect or as may hereafter be amended.

(aa) "*Issue Date*" means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

(bb) "*Letter of Representations*" means the Blanket Issuer Letter of Representations between the City and DTC, substantially in the form on file with the City Clerk, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

(cc) "*MSRB*" means the Municipal Securities Rulemaking Board.

(dd) "*Official Statement*" means an offering document, disclosure document, private placement memorandum or substantially similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series of the Bonds in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

(ee) "*Owner*" means, without distinction, the Registered Owner and the Beneficial Owner.

(ff) "*Project*" means the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements, as deemed necessary and advisable by the City. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project.

(gg) "*Project Fund*" means the Municipal Capital Improvements Fund of the City, or such other fund or account as may be designated or created by the Finance Director for the purpose of carrying out the Project.

(hh) "*Purchaser*" means KeyBanc Capital Markets of Seattle, Washington, or such other corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private

placement, underwriter or placement agent in a negotiated sale, or awarded as the successful bidder in a competitive sale of any Series of the Bonds.

(ii) "*Rating Agency*" means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

(jj) "*Record Date*" means the Bond Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with Section 9.

(kk) "*Redemption Date*" means the date or dates selected by the Designated Representative for the call, payment and redemption of the Refunded Bonds, as set forth in the Refunding Plan.

(ll) "*Refunded Bond Ordinances*" means the 2008A Bond Ordinance and the 2008B Bond Ordinance.

(mm) "*Refunded Bonds*" means those maturities or portions of maturities of the 2008 Bonds identified in Exhibit C, which are selected by the Finance Director to be refunded pursuant to the authorization set forth in this ordinance.

(nn) "*Refunding Plan*" means the following plan for carrying out the current refunding of the Refunded Bonds, as further detailed in the Refunding Trust Agreement:

(1) On the Issue Date, the deposit with the Refunding Trustee of proceeds of the sale of the Bonds allocated to the Refunding Plan in an amount, together with the City Contribution (if any), sufficient to acquire the Acquired Obligations (if any) and establish a beginning cash balance;

(2) The acquisition by the Refunding Trustee of the Acquired Obligations (if any) and the periodic receipt by the Refunding Trustee of the maturing principal of and interest on the Acquired Obligations (if any);

(3) On the Redemption Date, the application of the amounts held by it (together with any other cash held by it) to the call, payment and redemption of the Refunded Bonds at a price equal to the principal amount to be redeemed, plus accrued interest to that date; and

(4) At the direction of the City's Finance Director, the application of funds deposited with the Refunding Trustee for such purpose to the payment of all or a portion of the costs of issuing the Bonds and the costs of carrying out the foregoing elements of the Refunding Plan (if payment of such costs is specified in the Refunding Trust Agreement).

(oo) "*Refunding Trust Agreement*" means a refunding trust agreement between the City and the Refunding Trustee, providing for the carrying out of the Refunding Plan.

(pp) "*Refunding Trustee*" means the trustee, or any successor or alternate trustee, designated by the Designated Representative to serve as refunding trustee to carry out the Refunding Plan.

(qq) "*Registered Owner*" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the Bonds are held in Book-Entry Form, Registered Owner shall mean the Securities Depository.

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

(ss) "*SEC*" means the United States Securities and Exchange Commission.

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

(uu) "*Series of the Bonds*" or "*Series*" means a series of the Bonds issued pursuant to this ordinance.

(vv) "*State*" means the State of Washington.

(ww) "*System of Registration*" means the system of registration for the City's bonds and other obligations set forth in chapter 3.32 of the Des Moines Municipal Code.

(xx) "*Tax-Exempt Bond*" means any Bond, the interest on which is intended on the Issue Date to be excludable from gross income for federal income tax purposes.

(yy) "*Taxable Bond*" means any Bond, the interest on which is not intended on the Issue Date to be excludable from gross income for federal income tax purposes.

(zz) "*Term Bond*" means each Bond designated as a Term Bond and subject to mandatory redemption in the years and amounts set forth in the Bond Purchase Agreement.

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

(a) *The City Marina.* Pursuant to applicable law, including without limitation RCW 35A.11.020, 35.22.280 (25) through (28), 35.23.440(26) and chapter 67.20 RCW, the City is authorized to own and operate the City marina (the "Marina"). The City in 2008 undertook a variety of Marina improvements, which are now eligible to be refinanced to achieve a debt service savings. In addition, the City is now in need of funds to undertake the Project, described below, to rebuild the bulkhead and public amenities located along the seaward side of the public parking lot at the north end of the Marina, and has instituted parking fees associated with the public's use of that lot to offset the costs of the Project.

(b) *Findings with respect to the Project and the New Money Portion of Bonds.*

(1) *Authority and Description of Project.* The City finds that it is necessary and in the City's best interest to undertake the design, construction, improvement, renovation and/or replacement of the bulkhead located near the City marina and other related public amenities and capital improvements (the "Project"). The total expected cost of the Project is estimated to be approximately $12 million, which cost is expected to be paid from proceeds of the Bonds and other available money of the City. Because the City does not have sufficient funds currently available and budgeted for this Project, the City Council finds that it is in the best interests of the City to issue the Bonds to carry out the Project.

(2) *Debt Capacity.* The maximum amount of additional indebtedness authorized by this ordinance for the Project (i.e., exclusive of the refunding portion) is $10,000,000. Based on the following facts, this amount is to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote:

(i) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for collection in the calendar year 2018 is $3,786,485,943.

(ii) As of June 1, 2018, the City has limited tax general obligation indebtedness, consisting of bonds, notes and leases outstanding in the principal amount of $13,645,549, which is incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote.

(iii) As of June 1, 2018, the City has no unlimited tax general obligation indebtedness outstanding. Such indebtedness is permitted to be incurred for capital purposes only, with the approval of the requisite proportion of the City's qualified voters at an election meeting the minimum turnout requirements, within the limits of: up to 2½% of the value of the taxable property within the City for general municipal purposes (when combined with the outstanding limited tax general obligation indebtedness); 2½% for utility purposes; and 2½% for open space, parks and economic development purposes.

(c) *Findings With Respect to the Refunding.*

(1) *The Refunded Bonds.* Pursuant to Chapter 39.53 RCW and other applicable State law, the City is authorized to carry out the Refunding Plan. Pursuant to the Refunded Bond Ordinances, the City previously issued the 2008 Bonds, as follows:

(i) *The 2008A Bonds.* The 2008A Bonds were issued for the purpose of providing funds to pay part of the costs of capital improvements to the Marina described in the Marina Master Plan of the City, including but not limited to upgrades to the electrical distribution system, fire safety improvements with installation of stand pipes and a fire alarm system, dredging in the Marina entrance and at selected locations inside the moorage basin and replacement of a large restroom/shower facility (the "2008 Marina Projects"), and to pay the costs of issuance of the 2008A Bonds. The 2008A Bonds are currently outstanding in the aggregate principal amount of $4,330,000, maturing the years 2018 through 2028, inclusive, and bearing interest at rates ranging from 4.000% to 5.000%. In the 2008A Bond Ordinance, the City reserved the right to redeem the 2008A Bonds prior to their maturity at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, on any date on or after December 1, 2018.

(ii) *The 2008B Bonds.* The outstanding 2008B Bonds were allocated to the purpose of providing funds to pay part of the costs of capital improvements to the City's transportation infrastructure described in the Comprehensive Transportation Plan of the City, or necessary repairs to transportation infrastructure owned and maintained by the City, such as bridges and other structures, and roadways (the "2008 Transportation Projects"), and to pay the costs of issuance of the 2008B Bonds. The 2008B Bonds are currently outstanding in the aggregate principal amount of $1,635,000, maturing the years 2021, 2025 and 2028, and bearing interest at rates ranging from 4.375% to 4.700%. In the 2008B Bond Ordinance, the City reserved the

right to redeem the 2008B Bonds prior to their maturity at a price equal to 100% of the principal amount to be redeemed, plus accrued interest, on any date on or after December 1, 2018.

(2) *Debt Service Savings.* After due consideration, it appears to the City Council that, in order to realize a debt service savings to the City, it is in the best interest of the City to authorize the Designated Representative to take such steps as are necessary or convenient to carry out the refunding of all or a portion of the outstanding 2008 Bonds, as selected by the Finance Director (the "Refunded Bonds"), by the issuance and sale of the refunding portion of the Bonds authorized herein. The Refunded Bonds that are to be refunded shall be selected by the Designated Representative such that a savings equal to or exceeding the savings target set forth in Exhibit A will be effected by the difference between the principal and interest cost over the life of the portion of the Bonds allocated to such refunding and the principal and interest cost over the life of the Refunded Bonds to be refunded by such allocated portion of the Bonds.

(d) *Plan of Financing.* Pursuant to applicable law, including without limitation chapters 35.37, 35A.40, 39.36, 39.44, 39.46, 39.52 and 39.53 RCW, the City is authorized to issue general obligation bonds for the purposes of financing the Project, carrying out the Refunding Plan (subject to meeting the savings target set forth in Exhibit A) and paying the costs of issuance of the Bonds.

(e) *Issuance of the Bonds.* For the purpose of providing the funds necessary to pay or reimburse a portion of the costs of carrying out the Project, to carry out and the Refunding Plan, and to pay the costs of issuance and sale of the Bonds, the City Council therefore finds that it is in the best interests of the City and its taxpayers to issue and sell the Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the City's Designated Representative consistent with this ordinance.

Section 3. Authorization and Description of Bonds. The City is authorized to borrow money on the credit of the City and issue negotiable limited tax general obligation improvement and refunding bonds evidencing indebtedness, in one or more Series, in the maximum principal amount stated in Exhibit A, to provide funds necessary to carry out the Project and the Refunding Plan and to pay the costs of issuance and sale of the Bonds. The Bonds may be issued in one or more Series and may be combined with other general obligation bonds (including refunding bonds) authorized separately. The Bonds shall be designated limited tax general obligation bonds, shall be numbered separately, and shall have any name, year and series or other label as deemed necessary or appropriate by the Finance Director.

Section 4. Appointment of Designated Representative; Bond Sale Terms. The City Manager and the Finance Director are each, acting independently, appointed to act as the Designated Representative of the City in connection with the issuance and sale of the Bonds in accordance with RCW 39.46.040 and this ordinance. The Designated Representative is authorized to approve, on behalf of the City, Bond Sale Terms for the sale of the Bonds in one or more Series, and in connection with each such sale, to execute a Bond Purchase Contract (or, in the case of a competitive sale, a Pricing Certificate) confirming the Bond Sale Terms and such related agreements as may be necessary or desirable, consistent with the parameters set forth in Exhibit A, which is attached and incorporated by this reference.

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

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

(b) *Bond Registrar; Duties.* Unless otherwise determined by the Finance Director, the Fiscal Agent is appointed as initial 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 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 System of Registration. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become an Owner 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.

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

(d) *Securities Depository; Book-Entry Only Form.* Unless otherwise determined by the City's Designated Representative, the Bonds initially shall be issued and held fully immobilized in Book-Entry Form by the Securities 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 participants of the Securities Depository or the persons for whom they act as nominees with respect to the Bonds regarding the accuracy of any records maintained by the Securities Depository or its 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 the Securities Depository). Registered ownership of a Bond initially held in Book-Entry Form, or any portion thereof, may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City or such substitute Securities Depository's successor; or (iii) to any person if the Bond is no longer held in Book-Entry Form.

If the Securities Depository resigns from its functions as depository, or upon a determination by the Finance Director to discontinue utilizing the then-current Securities Depository, the Finance Director may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or if the Finance

Director determines not to utilize a Securities Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be transferred only as provided herein.

Nothing herein shall prevent the Bond Sale Terms from providing that a Series of the Bonds shall be issued in certificated form without utilizing a Securities Depository, and that the Bonds of such Series shall be registered as of their Issue Date in the names of the Owners thereof, in which case ownership may be transferred only as provided herein.

(d) *Lost or Stolen Bonds.* In case any Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor, and effect to the Registered Owner(s) thereof upon the Registered Owner(s)' paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and of Registered Ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

(e) *DTC Letter of Representations.* To induce DTC to accept the Bonds as eligible for deposit at DTC, the City approves the Letter of Representations. The Designated Representative is authorized and directed to execute the Letter of Representations, on behalf of the City, and to deliver it to DTC on or before the Issue Date.

Section 6. Pledge of Taxes. The Bonds constitute a general indebtedness of the City and are payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Bonds. For as long as any of the Bonds are outstanding, the City irrevocably pledges that it shall, in the manner provided by law within the constitutional and statutory limitations provided by law without the assent of the voters, include in its annual property tax levy amounts sufficient, together with other money that is lawfully available, to pay principal of and interest on the Bonds as the same become due. The full faith, credit and resources of the City are pledged irrevocably for the prompt payment of the principal of and interest on the Bonds and such pledge shall be enforceable in mandamus against the City.

Section 7. Form and Execution of Bonds.

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

(b) *Authentication Required.* Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: *"Certificate of Authentication. This Bond is one of the fully registered City of Des Moines, Washington, Limited Tax General Obligation Improvement and Refunding Bonds, 2018 [Series], 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.

Section 8. Bond Fund; Manner of Payment; Failure to Pay.

(a) *Bond Fund.* The Bond Fund has been previously created as a special fund of the City for the sole purpose of paying principal of and interest on the Bonds and other limited tax general obligation bonds of the City. The principal of and interest on the Bonds shall be paid out of the Bond Fund. All amounts allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund as necessary for the timely payment of amounts due with respect to the Bonds. Bond proceeds (if any) in excess of the amounts needed to carry out the Refunding Plan, to pay the costs of the Project, and to pay the costs of issuance shall be deposited into the Bond Fund. Until needed to pay principal of and interest on the Bonds, the City may invest money in the Bond Fund temporarily in any legal investment, and the investment earnings shall be retained in the Bond Fund and used for the purposes of that Fund.

(b) *Manner of Payment.* Principal of and interest on each Bond shall be payable in lawful money of the United States of America on the dates and in the amounts as provided in the Bond Purchase Agreement applicable to that Series. No Bonds of any Series shall be subject to acceleration under any circumstances.

(1) *Bonds Held In Book-Entry Form.* Principal of and interest on each Bond held in Book-Entry Form shall be payable in the manner set forth in the Letter of Representations.

(2) *Bonds Not Held In Book-Entry Form.* Interest on each Bond not held in Book-Entry Form shall be payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City, however, is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal of each Bond not held in Book-Entry Form shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

(c) *Failure To Pay Bonds.* If the principal of any Bond is not paid when the Bond is 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, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 9. Redemption Provisions and Purchase of Bonds.

(a) *Optional Redemption.* All or some of the Bonds may be issued subject to redemption prior to their stated maturity dates at the option of the City at the times and on the terms set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A.

(b) *Mandatory Redemption.* All or some of the Bonds of any Series may be designated as Term Bonds, subject to mandatory redemption in principal installment payments, as set forth in the

applicable Bond Purchase Agreement. If not redeemed or purchased at the City's option prior to maturity, Term Bonds (if any) must be redeemed, at a price equal to one hundred percent of the principal amount to be redeemed plus accrued interest, on the dates and in the years and principal amounts as set forth in the applicable Bond Purchase Agreement. If the City optionally redeems or purchases a Term Bond prior to maturity, the principal amount of that Term Bond so redeemed or purchased (irrespective of its redemption or purchase price) shall be credited against the remaining mandatory redemption installment payments in the manner as directed by the Finance Director. In the absence of direction by the Finance Director, credit shall be allocated to each mandatory redemption installment payment for that Bond on a *pro rata* basis.

(c) *Extraordinary Redemption Provisions.* All or some of the Bonds of any Series may be issued subject to extraordinary optional or extraordinary mandatory redemption prior to maturity, upon the occurrence of an extraordinary event, at the prices, in the principal amounts, and on the dates set forth in the applicable Bond Purchase Agreement.

(d) *Partial Redemption; Selection of Bonds for Redemption.* If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the Finance Director shall select the Series and maturities to be redeemed. If less than all of the principal amount of a maturity of the selected Series is to be redeemed, if such Series is held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected for redemption by the Securities Depository in accordance with the Letter of Representations, and if the Series is not then held in Book-Entry Form, the portion of such maturity to be redeemed shall be selected by the Bond Registrar randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(e) *Notice of Redemption.* Notice of an intended redemption of any Bond then in Book-Entry Form shall be given in accordance with the Letter of Representations. Unless otherwise set forth in the applicable Bond Purchase Agreement, the City must cause notice of any intended redemption of Bond not in Book-Entry Form to be given not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of each Bond to be redeemed at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be 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, and may be waived by the Registered Owner of the Bond to be redeemed. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Continuing Disclosure Agreement), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of any Bond.

(f) *Rescission of Optional Redemption Notice.* In the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the redemption 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 each Bond for which a notice of optional redemption has been rescinded shall remain outstanding.

(g) *Effect of Redemption.* Interest on each Bond called for redemption shall cease to accrue on the date fixed for redemption, unless either the notice of optional redemption is rescinded as set forth in Section 9, or money sufficient to effect such redemption is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(h) *Purchase of Bonds.* The City reserves the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 10. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (b) redeeming the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose. Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

Section 11. Deposit and Use of Proceeds.

(a) *Project Fund; Deposit of New Money Proceeds.* The Project Fund has been previously created for the purpose of paying the costs of the Project and other capital improvements. On the Issue Date, proceeds received from the sale and delivery of the Bonds allocated to carry out the Project shall be deposited into the Project Fund and used to pay or reimburse the City for 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 shall be retained in the Project Fund and used for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement (if applicable) may be withdrawn from the Project Fund and used for those tax or rebate purposes.

(b) *Refunding Proceeds.* On the Issue Date, the proceeds of the Bonds allocated to the Refunding Plan shall be deposited with the Refunding Trustee in accordance with Section ___.

(c) *Costs of Issuance.* Pending their application to pay costs of issuance, bond proceeds may be deposited, as directed by the Finance Director, either with the Refunding Trustee for payment in accordance with the Refunding Trust Agreement or in the Project Fund for payment by the City.

Section 12. Refunding Proceeds; the Refunding Plan. Subject to the condition of meeting the minimum savings target set forth in exhibit A, the Designated Representative is authorized to carry out the refunding of the Refunded Bonds, consistent with the following:

(a) *Appointment of Refunding Trustee*. The Designated Representative is authorized and directed to appoint a financial institution to serve as Refunding Trustee and to perform the duties of Refunding Trustee under this ordinance.

(b) *Use of Bond Proceeds; Acquisition of Acquired Obligations*. On the Issue Date, sufficient proceeds of the sale of the Bonds, plus the City Contribution (if any), shall be deposited with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds by carrying out the Refunding Plan in accordance with the Refunding Trust Agreement. 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 amounts required to be paid by the Refunding Plan. The Acquired Obligations, if any, shall be listed and more particularly described in a schedule attached to the Refunding Trust Agreement. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to carry out the Refunding Plan shall be returned to the City for deposit in the Bond Fund to pay interest on the Bonds on the next upcoming interest payment date.

(c) *Refunding Trust Agreement; Administration of Refunding Plan*. The Designated Representative is authorized and directed to execute a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with carrying out the Refunding Plan. The Refunding Trust Agreement shall, among other things, authorize and direct the Refunding Trustee to purchase the Acquired Obligations and to make the payments required to be made by the Refunding Plan. 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 the Refunded Bond Ordinances, this ordinance, chapter 39.53 RCW and other applicable State law. All administrative costs (including without limitation all necessary and proper fees, compensation, and expenses of the Refunding Trustee for the Bond and all other costs incidental to the setting up of the escrow to accomplish the Refunding Plan) and costs of issuance of the Bonds may be paid out of the amounts deposited with the Refunding Trustee or other available money of the City, in accordance with the Refunding Trust Agreement.

(d) *Call for Redemption of the Refunded Bonds*. The Designated Representative is authorized to call the Refunded Bonds for redemption on their respective Redemption Dates at their redemption prices, plus accrued interest. Such call for redemption shall identify the Refunded Bonds, the maturity dates, the Redemption Date and redemption price (expressed as a percentage of par, plus accrued interest), and shall be irrevocable after the Bonds are delivered to the Purchaser. The Designated Representative is authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the Refunded Bond Ordinances, and to take all other actions necessary to effect the redemption of the Refunded Bonds on the Redemption Date.

(e) *Additional Findings with Respect to Refunding*. Prior to approving the sale of the Bond, the Designated Representative shall make the following determinations in writing if in his or her judgment the following conditions are met:

(1) The savings that will be effected (as measured by the difference between the principal and interest cost over the life of the Bond and the principal and interest cost over the life of the Refunded Bonds, but for such refunding) shall be equal to at least the percentage savings set forth in Exhibit A. In making such determination, the Designated Representative shall give consideration

to the fixed maturity of the Bond and the Refunded Bonds, the costs of issuance of the Bond and the known earned income from the investment of the proceeds of the Bond pending redemption of the Refunded Bonds.

(2) The Refunding Plan will provide sufficient funds to discharge and satisfy the obligations of the City under the Refunded Bond Ordinance. In making such determination, the Designated Representative may rely upon a verification by a nationally recognized independent certified public accounting firm.

Section 13. Tax Covenants; Designation of Bonds as "Qualified Tax Exempt Obligations." The Designated Representative is authorized to designate each Series of the Bonds as either Tax-Exempt Bonds or Taxable Bonds.

(a) *Preservation of Tax Exemption for Interest on Tax-Exempt Bonds.* For each Series of the Bonds issued as Tax-Exempt Bonds, the City covenants that it will take all actions necessary to prevent interest on the Tax-Exempt 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 Tax-Exempt Bonds or other funds of the City treated as proceeds of the Tax-Exempt Bonds that will cause interest on the Tax-Exempt Bonds to be included in gross income for federal income tax purposes. The City also covenants that, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Tax-Exempt Bonds, it will take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Tax-Exempt Bonds.

(b) *Post-Issuance Compliance.* The Finance Director is authorized and directed to adopt and implement written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Tax-Exempt Bonds from being included in gross income for federal tax purposes.

(c) *Designation of Tax-Exempt Bonds as "Qualified Tax-Exempt Obligations."* Any Series of the Bonds may be designated as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met: (1) the Series does not constitute "private activity bonds" within the meaning of Section 141 of the Code; (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity 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) will issue during the calendar year in which the Series is issued will not exceed $10,000,000; and (3) the amount of tax-exempt obligations, including the Series, 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 Series is issued does not exceed $10,000,000.

Section 14. Manner of Sale; Delivery of the Bonds.

(a) *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell each Series of the Bonds by negotiated sale or private placement, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale of a Series and accepting the Bond Sale Terms, the Designated Representative shall take into account those factors

that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale or Private Placement.* If the Designated Representative determines that a Series of the Bonds is to be sold by negotiated sale or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for each Series of the Bonds shall set forth the Bond Sale Terms. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

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

Section 15. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable to him or her, approve the preliminary Official Statement prepared in connection with each sale of a Series of the Bonds to the public or through a Purchaser as a placement agent. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for each Series of the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of a Series of the Bonds.

(c) *Agreement to Provide Continuing Disclosure.* If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser acting as a participating underwriter for a Series of the Bonds, the Designated Representative is authorized to execute a Continuing Disclosure Agreement for the benefit of holders of a Series of the Bonds in substantially the form attached as Exhibit B.

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

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

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

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

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

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

PASSED by the City Council of the City of Des Moines, Washington, at an open public meeting thereof, this 19th day of July, 2018, and signed in authentication of its passage this 19th day of July, 2018.

Mayor

ATTEST:

Bonnie Wilkins, City Clerk

APPROVED AS TO FORM:

Bond Counsel

Published July 24, 2018

Exhibit A

PARAMETERS FOR BOND SALE TERMS

(a)	Principal Amount.	The Bonds may be issued in one or more Series. The aggregate principal amount of the Bonds shall not exceed $10,000,000, and the refunding portion shall not exceed the amount necessary to carry out the refunding and pay the costs of issuance and administrative costs of carrying out the Refunding Plan.
(b)	Date or Dates.	Each Bond shall be dated its Issue Date, as determined by the Designated Representative, which date may not be later than December 31, 2019.
(c)	Denominations, Name, etc.	The Bonds shall be issued in Authorized Denominations, shall be numbered separately in the manner and shall bear any name (including any additional series or other designation) as deemed necessary or appropriate by the Designated Representative.
(d)	Interest Rate(s).	Each Bond shall bear interest from its Issue Date or from the most recent date to which interest has been paid or duly provided for, whichever is later, unless otherwise provided in the Bond Purchase Agreement. One or more rates of interest shall be established for each maturity of each Series of the Bonds, which rate or rates may be fixed or variable. No rate of interest for any Bond may exceed 6.00%, and the true interest cost to the City for any Series of the Bonds may not exceed 5.00%.
(e)	Payment Dates.	Interest shall be payable on dates acceptable to the Designated Representative, which shall include payment at the maturity of each Bond, on any mandatory redemption date for Term Bonds, and on any other redemption date. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity and in mandatory redemption installments for Term Bonds on dates acceptable to the Designated Representative.
(f)	Maturities; Final Maturity.	The final maturity of the Bonds allocated to the Project shall mature no later than 22 years after the Issue Date. The final maturity of the Bonds allocated to the Refunding Plan may not be later than twelve months after the date of the final maturity of the Refunded Bonds.
(g)	Redemption Prior to Maturity.	The Designated Representative may approve in the Bond Purchase Agreement redemption provisions consistent with Section 9 and subject to the following: (1) Optional Redemption. Any Bond may be subject to optional redemption prior to its maturity. Any Bond that is subject to optional redemption prior to maturity must be callable on at least one or more date(s) occurring not more than 10½ years after the Issue Date, consistent with Section 9.

(2) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity in mandatory redemption installment payments of principal, consistent with Section 9.

(3) Extraordinary Redemption. Any Bond may be subject to extraordinary optional redemption or extraordinary mandatory redemption upon the occurrence of an extraordinary event, as such event or events may be set forth in the Bond Purchase Contract or other appropriate document, consistent with Section 9.

(h) Price. The purchase price for any Series of Bonds may not be less than 95% or more than 125% of the stated principal amount of that Series.

(i) Other Terms and Conditions.

(1) Debt Capacity. A Series of the Bonds may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date.

(2) Expected Life of Capital Facilities. As of the Issue Date of each Series, the Designated Representative must find to his or her satisfaction that the average expected life of the capital facilities to be financed with the proceeds (or allocable share of proceeds) of that Series must exceed the weighted average maturity of such Series (or share thereof allocated to financing those capital facilities).

(3) Refunding Conditions; Minimum Savings. The Designated Representative must find that:

(a) The net present value savings that will be effected (as measured by the difference between the principal and interest cost over the life of the Bonds allocable to the Refunding Plan and the principal and interest cost over the life of the Refunded Bonds, but for such refunding) shall be at least equal to 2.00%. In making such determination, the Designated Representative shall give consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the Bonds pending redemption of the Refunded Bonds.

(b) The Refunding Plan will provide sufficient funds to discharge and satisfy the obligations of the City under the Refunded Bond Ordinance. In making such determination, the Designated Representative may rely upon a verification by a nationally recognized independent certified public accounting firm.

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

Exhibit B

[Form of]
CONTINUING DISCLOSURE AGREEMENT

City of Des Moines, Washington
Limited Tax General Obligation Improvement and Refunding Bonds, 2018

For the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the City of Des Moines, Washington (the "City"), makes the following written undertaking for the benefit of the Owners of the City's Limited Tax General Obligation Improvement and Refunding Bonds, 2018.

Capitalized terms used but not defined below shall have the meanings given in Ordinance No. 1700 of the City (the "Bond Ordinance").

(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 Municipal Securities Rulemaking Board (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 paragraph (b) of this certificate ("annual financial information"). If audited financial statements are unavailable on or before the dates specified in paragraph (b), below, the timely filing of unaudited financial statements shall satisfy the requirements and filing deadlines set forth in paragraph (b), and the City agrees to file audited financial statements if and when they are otherwise prepared and available to the City.

(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, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant

 Exhibit B

to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) Timely notice of a failure by the City to provide required annual financial information on or before the dates specified in paragraph (b) below.

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

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (2) principal amount of general obligation bonds outstanding at the end of the applicable fiscal year; (3) assessed valuation for that fiscal year; (4) property tax levy amounts and rates for that fiscal year; [and (5) a statement of revenues for that fiscal year from any other revenue sources pledged to the Bonds (if any)];

(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, 2018; 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 Securities and Exchange Commission.

(c) Amendment of Continuing Disclosure Agreement. This Continuing Disclosure Agreement is subject to amendment after the primary offering of the Bonds without the consent of any Owner or holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12, including: (i) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; (ii) the undertaking, as amended, would have complied with the requirements of the rule at the time of the primary offering, after taking into account any amendments or interpretations of the rule, as well as any change in circumstances; and (iii) the amendment does not materially impair the interests of holders, as determined either by parties unaffiliated with the City (e.g., bond counsel or other counsel familiar with federal securities laws), or by approving vote of bondholders pursuant to the terms of the Bond Ordinance at the time of the amendment. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to this Continuing Disclosure Agreement 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. This Continuing Disclosure Agreement shall inure to the benefit of the City and the Beneficial Owner of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Continuing Disclosure Agreement. The City's obligations under this Continuing Disclosure Agreement shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Continuing Disclosure Agreement shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Continuing Disclosure Agreement become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized Bond 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 Continuing Disclosure Agreement. As soon as practicable after the City learns of any material failure to comply with this Continuing Disclosure Agreement, 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 this Continuing Disclosure Agreement 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 this Continuing Disclosure Agreement.

(g) Designation of Official Responsible to Administer Continuing Disclosure Agreement. The Finance Director or his or her designee is the person designated, in accordance with the Bond Ordinance, to carry out the Continuing Disclosure Agreement of the City in respect of the Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

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

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

(iii) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person a Continuing Disclosure Agreement to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(iv) Selecting, engaging and compensating designated agents and consultants, including financial advisors and legal counsel, to assist and advise the City in carrying out this Continuing Disclosure Agreement; and

(v) Effecting any necessary amendment of this Continuing Disclosure Agreement.

Exhibit C

Identification of Refunded Bonds

Limited Tax General Obligation Bonds, 2008A
(Redemption Date: 12/1/2018)

Maturity (Dec 1)	Principal Amount	Interest Rate	Maturity (Dec 1)	Principal Amount	Interest Rate
2019	$325,000	5.000%	2024	$410,000	4.625%
2020	340,000	5.000	2025	425,000	4.625
2021	355,000	5.000	2026	445,000	4.600
2022	375,000	4.500	2027	465,000	4.650
2023	390,000	4.500	2028	490,000	4.700

Limited Tax General Obligation Bonds, 2008B
(Redemption Date: 12/1/2018)

Maturity (Dec 1)	Principal Amount	Interest Rate
2021*	$390,000	4.375%
**		
2025*	600,000	4.625
**		
2028*	525,000	4.700

*Term Bond maturity

CERTIFICATION

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

1. The attached copy of Ordinance No. 1700 (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 July 19, 2018, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date [is/was] July 24, 2018.

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

Dated: 7/19, 2018.

CITY OF DES MOINES, WASHINGTON

Bonnie Wilkins, City Clerk