

City of Blaine
Request for Council Action
Meeting Date: July 27, 2020

Subject: Ordinance 20-2949, providing for the issuance and sale of not to exceed \$6,500,000 principal amount of water and sewer revenue refunding bonds to refund certain outstanding water and sewer revenue bonds of the City and 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 final terms of the sale of the bonds; and providing for other related matters.

Department: Finance

Prepared By: _____
(Digital Signature)

Agenda Location: Consent Agenda Council Action Unfinished Business

Attachments:

1. Ordinance 20-2949
-

Background/Summary:

Due to the low interest rate environment, it is advantageous for the City to refund (refinance) existing United States Rural Development (USDA) sewer revenue bonds. These bonds were issued to help finance the construction of the wastewater treatment plant. The bonds have a maturity date of October 2050. The current interest rate on the bonds is 4.5%. The ordinance authorizes the issuance of water and sewer revenue refunding bonds in the principal amount of not to exceed \$6,500,000 with a fixed interest rate not to exceed 3.85%. For the purposes of refunding, water and sewer funds are combined. However, as is done currently, sewer revenue will be used to repay the debt. The ordinance delegates final fixing of the terms to the City Manager and Finance Director.

Budget Implications: Current Budget New Budget Request Non-Budgetary

The current debt service payment is in the wastewater fund budget. The wastewater fund will see a savings by refunding the current bonds. The net present value savings from the refunding will be 5% or \$290,000 over the life of the bonds.

Recommendation: Waive the second reading

The Finance Committee recommends that Council waive the seconding reading and approve Ordinance 20-2949, providing for the issuance and sale of not to exceed \$6,500,000 principal amount of water and sewer revenue refunding bonds to refund certain outstanding water and sewer revenue bonds of the City and 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 final terms of the sale of the bonds; and providing for other related matters.

Reviewed By:

City Manager _____ Finance Director _____ City Clerk _____
(Digital Signature) (Digital Signature) (Digital Signature)

CITY OF BLAINE, WASHINGTON
WATER AND SEWER REVENUE REFUNDING BONDS, 2020

ORDINANCE NO. 20-2949

AN ORDINANCE of the City of Blaine, Washington, providing for the issuance and sale of not to exceed \$6,500,000 principal amount of water and sewer revenue refunding bonds to refund certain outstanding water and sewer revenue bonds of the City and 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 final terms of the sale of the bonds; and providing for other related matters.

Passed: July 27, 2020

This document prepared by:

*Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-4400*

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CITY OF BLAINE, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE of the City of Blaine, Washington, providing for the issuance and sale of not to exceed \$6,500,000 principal amount of water and sewer revenue refunding bonds to refund certain outstanding water and sewer revenue bonds of the City and 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 final terms of the sale of the bonds; and providing for other related matters.

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

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

“Annual Debt Service” for any fiscal year or calendar year means the sum of:

- A. the interest due in such year on all outstanding Parity Bonds excluding, however, interest to be paid from the proceeds of Parity Bonds,
- B. the principal of all outstanding Serial Bonds due in such year, and
- C. the Sinking Fund Requirement, if any, for such year.

If the interest rate on any such bonds is other than a fixed rate, the rate applicable at the time of the computation shall be used.

The City may deduct the direct payment the City is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the City with a direct payment of a portion of the interest from the interest portion of Annual Debt Service.

“Assessments” means assessments (including interest and penalties) levied in any utility local improvement district of the City for the acquisition or construction of additions and improvements to and extension of the System, if such assessments are pledged to be paid into the Bond Fund.

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

“Average Annual Debt Service” means the amount determined by dividing (A) the sum of all interest and principal to be paid on all Parity Bonds from the date of determination to the last maturity date of such Parity Bonds, by (B) the number of fiscal years or calendar years from

and including the fiscal year or calendar year in which the determination is made to the last fiscal year or calendar year in which any of such Parity Bonds will be outstanding.

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

“Bond Fund” means that special fund of the City to be known as the “Blaine Water and Sewer Revenue Bond Fund,” created for the purpose of paying and securing the principal of and interest on the Bonds and any Future Parity Bonds.

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

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

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

“City” means the City of Blaine, Washington, a municipal corporation duly organized and existing under the laws of the State.

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

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

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

“Designated Representative” means the officer of the City appointed in Section 3 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2).

“Finance Director” means the duly qualified, appointed and acting Finance Director of the City or any other officer who succeeds to the duties now delegated to that office.

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

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

“Future Parity Bonds” means all revenue bonds or other revenue obligations of the City issued after the date of the issuance of the Bonds and having a lien upon Gross Revenue for the

payment of the principal thereof and interest thereon equal to the lien upon Gross Revenue for the payment of the principal of and interest on the Bonds.

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

“Gross Revenue” means all earnings and revenue, except Assessments, received by the System from any source, except general ad valorem taxes, grants from the state, federal or local governments, earnings in any refunded bond escrow account or fund, gifts to the System for capital purposes, proceeds from the sale of City or System property, and proceeds of City or System obligations.

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

“Letter of Representations” means the Blanket Issuer Letter of Representations between the City and the Securities Depository, dated May 13, 1996, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

“MSRB” means the Municipal Securities Rulemaking Board.

“Maximum Annual Debt Service” means the maximum amount of Annual Debt Service which shall become due in any future year on the outstanding Bonds or Future Parity Bonds.

“Moody’s” means Moody’s Investors Services or its comparably recognized business successor.

“Net Revenue” means Gross Revenue less the Operating and Maintenance Expenses.

“Operating and Maintenance Expenses” means all reasonable expenses incurred by the City in causing the System to be operated and maintained in good repair, working order and condition, including without limitation payments (other than payments out of proceeds of Parity Bonds) of premiums for insurance on the System, and any State-imposed taxes, and also including all payments made to another agency for treatment or disposal of sewerage or acquisition of water, but excluding depreciation and amortization, non-cash items, and any City-imposed utility taxes or payments in lieu of taxes payable from the Gross Revenue of the System.

“Parity Bonds” means the Bonds and any Future Parity Bonds.

“Permitted Investments” means any investments or investment agreements permitted for cities under the laws of the State of Washington as amended from time to time.

“Principal and Interest Account” means the account of that name created in the Bond Fund for the payment of the principal of and interest on the Bonds and any Future Parity Bonds.

“Professional Utility Consultant” means the independent person(s) or firm(s) selected by the City having a favorable reputation for skill and experience with water, wastewater and storm drainage systems of comparable size and character to the System in such areas as are relevant to the purposes for which they are retained.

“Qualified Insurance” means any unconditional municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States or by a service corporation acting on behalf of one or more such insurance companies, which insurance company or service corporation, as of the time of issuance of such policy or surety bond, is currently rated in one of the two highest rating categories by Moody’s and S&P.

“Qualified Letter of Credit” means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of any Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit is currently rated in one of the two highest rating categories by Moody’s or S&P.

“Rate Stabilization Account” means the account of that name authorized to be created within the Revenue Fund pursuant to Section 9 of this ordinance.

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

“Rebate Amount” means the amount, if any, determined to be payable with respect to the Bonds to the United States of America in accordance with Section 148(f) of the Code.

“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 6.

“Refunded Bonds” means, collectively, the City’s outstanding Water and Sewer Revenue Bond, 2010A and Water and Sewer Revenue Bond, 2010B.

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

“Reserve Account” means the account of that name previously created in the Bond Fund to secure the payment of principal of and interest on the Parity Bonds.

“Reserve Account Requirement” means for the Bonds, an amount to be set by the Designated Representative, which amount may be equal to zero. If the Bonds are to be secured by the Reserve Account, the “Reserve Account Requirement” shall mean with respect to all such outstanding Parity Bonds: (1) the lesser of (A) 125% of Average Annual Debt Service or (B) maximum Annual Debt Service; provided, however, that at the time of issuance of any series

of Parity Bonds, the Reserve Account Requirement allocable to a series of Parity Bonds secured by the Reserve Account shall not exceed 10% of the initial principal amount of that series of Parity Bonds, or (2) an amount determined by the Designated Representative.

“Resource Obligation” means an obligation of the City to pay from Gross Revenue as (A) Operating and Maintenance Expenses for any month in which any Resources were made available to the System during such month (regardless of whether or not the System actually scheduled or received Resources during such month) and (B) at all other times as an indebtedness of the System payable from Gross Revenue on a parity of lien with Parity Bonds, the following costs associated with a resource:

(i) costs associated with the System and any Resources hereafter acquired, purchased or constructed by the City and declared by the Council to be a separate system, which such costs shall include but are not limited to costs of normal operation and maintenance, renewals and replacements, additions and betterments and debt service on the bonds or other obligations of such separate system, but shall exclude costs paid or to be paid from the proceeds of the sale of bonds or other obligations of such separate system, and

(ii) costs associated with the purchase of Resources under a contract.

“Resources” means facilities or resources of the System.

“Revenue Fund” means the water and sewer fund of the City created by Section 10 of Ordinance No. 1185, which section provides that all of the gross earnings and revenue of the System shall be paid into such fund as collected.

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

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

“Securities Depository” means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it.

“S&P” means S&P Global Ratings, or its comparably recognized business successor.

“Serial Bonds” means Parity Bonds other than Term Bonds.

“Sinking Fund Requirement” means, for any fiscal year or calendar year, the principal amount of Term Bonds required to be purchased, redeemed or paid at maturity in such year as established by the ordinance of the City authorizing the issuance of such Term Bonds.

“State” means the State of Washington.

“System” means the existing combined water supply and distribution system and sanitary sewerage disposal system of the City, which may be combined with the City’s stormwater system, together with any refuse disposal system or other utility system now or hereafter

combined therewith, as the same may be added to, improved and extended for as long as the Bonds and any Future Parity Bonds are outstanding, but shall not include any separate utility system established by the City.

“Term Bonds” means the Bonds identified as such, if any, and any Future Parity Bonds identified as Term Bonds in the ordinance authorizing the issuance thereof, the payment of the principal of which is provided for by a mandatory schedule of deposits of money equal (in the aggregate) to the full principal amount of such Term Bonds, into the Bond Fund, and by a mandatory redemption schedule corresponding (as to time and amounts) to such mandatory schedule of deposits.

“Undertaking” means the undertaking to provide continuing disclosure entered into pursuant to Section 21 of this ordinance.

“Underwriter” means D.A. Davidson & Co. who has been selected by the Designated Representative to serve as the underwriter for the Bonds.

Section 2. Purpose and Authorization of the Bonds. The City shall now issue and sell its water and sewer revenue bonds to provide funds to repay the Refunded Bonds, to fund the Reserve Account, if necessary, and to pay costs of issuance of the Bonds.

Section 3. Description of the Bonds; Appointment of Designated Representatives. The City Manager and Finance Director are appointed as the City’s Designated Representatives and either acting alone is authorized and directed to conduct the sale of the Bonds in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of the Bonds, with such additional terms and covenants as she deems advisable, within the following parameters:

A. *Principal Amount.* The Bonds may be issued in one or more series and shall not exceed the aggregate principal amount of \$6,500,000.

B. *Date or Dates.* The Bonds shall be dated as of their date of delivery to the Underwriter, which date may not be later than July 27, 2021.

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

D. *Interest Rate(s).* The Bonds shall bear interest at fixed rates per annum (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds, provided that no rate of interest for any Bond may exceed 5.00%, and the “all-in” true interest cost to the City for the Bonds may not exceed 3.85%.

E. *Payment Dates.* Interest must be payable at fixed rates semiannually on such dates as are acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a payment date acceptable

to the Designated Representative and must be payable at maturity or in mandatory redemption installments on such dates as are acceptable to the Designated Representative.

F. *Final Maturity.* The Bonds shall mature no later than October 1, 2050.

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

(i) Optional Redemption. Any Bond may be designated as being (A) subject to redemption at the option of the City prior to its maturity date on the dates and at the prices established by the Designated Representative; or (B) not subject to redemption prior to its maturity date.

(ii) Mandatory Redemption. Any Bond may be designated as a Term Bond, subject to mandatory redemption prior to its maturity.

H. *Price.* The purchase price for the Bonds may not be less than 98% or more than 135% of the stated principal amount of the Bonds.

I. *Savings.* There is a minimum net present value savings of 5.00% of the Refunded Bonds.

J. *Other Terms and Conditions.*

(i) The Bonds may be sold in accordance with Section 19 of this ordinance.

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

Section 4. 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 the ownership of the Bonds shall be recorded on the Bond Register.

B. *Bond Registrar; Duties.* The Fiscal Agent is appointed as Bond Registrar for the Bonds. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on each Bond. The Bond Registrar may become a Registered Owner of a Bond with the same rights it would have if it

were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

C. *Bond Register; Transfer and Exchange.* The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Bond Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same 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 Registered Owner or transferee. The Bond Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next upcoming interest payment or redemption date.

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

Neither the City nor the Bond Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Bond Registrar shall be responsible for any notice which is permitted or required to be given to a Registered Owner except such notice as is required to be given by the Bond Registrar to the Securities Depository.

Section 5. Payment of Bonds. Principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For as long as a Bond is registered in the name of the Securities Depository, payment of principal of and interest on that Bond shall be made in the manner set forth in the Letter of Representations. If a Bond ceases to be in book-entry form, interest on that Bond shall be paid by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register as of the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received at least 10 days before an interest payment date and at the sole expense of the

requesting Registered Owner. Principal of a Bond shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 6. Redemption Provisions and Open Market Purchase of Bonds.

A. *Optional Redemption.* The Bonds shall be subject to optional redemption acceptable to the Designated Representative, within the parameters set forth in Section 3. Any Bond that is subject to optional redemption may be selected by the City, in its sole discretion, for redemption in whole or in part at any time.

B. *Mandatory Redemption.* Bonds designated as Term Bonds by the Designated Representative, within the parameters set forth in Section 3, if not previously redeemed under any optional redemption provisions, defeased or purchased and surrendered for cancellation under the provisions set forth below, shall be called for redemption at a price equal to the stated principal amount to be redeemed, plus accrued interest. If Term Bonds are redeemed under the optional redemption provisions, defeased or purchased by the City and cancelled, the principal amount of the Term Bonds so redeemed, defeased or purchased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

C. *Selection of Bonds for Redemption; Partial Redemption.* All or a portion of the principal amount of any Bond that is subject to optional or mandatory redemption may be redeemed in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed. The principal portion of any Bond registered in the name of the Securities Depository which is to be partially redeemed shall be selected in accordance with the Letter of Representations. If a Bond ceases to be held in book-entry form, the portion to be partially redeemed shall be selected randomly in such manner as the Bond Registrar shall determine.

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

and with such additional information as the Designated Representative shall determine, but these additional mailings shall not be a condition precedent to the redemption of a Bond.

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

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

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

Section 7. Failure to Pay Bonds. If any Bond is not redeemed when properly presented at its maturity date or date fixed for redemption, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner.

Section 8. Revenue Fund. The City pledges to pay all of the Gross Revenues of the System as collected into the Revenue Fund. The Gross Revenue deposited in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

FIRST, to pay the Operating and Maintenance Expenses and costs associated with a Resource Obligation (to the extent payable as Operating and Maintenance Expenses);

SECOND, to make all required payments into the Principal and Interest Account for all Parity Bonds;

THIRD, to make all required payments into the Reserve Account for all Parity Bonds and to make all payments required to be made pursuant to a reimbursement agreement in connection with a Qualified Insurance or Qualified Letter of Credit, except that if there is not sufficient money to make all payments under reimbursement agreements, the payments will be made on a pro rata basis;

FOURTH, to make all required payments into any revenue bond redemption fund created to pay and secure the payment of the principal of and interest on any revenue bonds or short-term obligations of the City having a lien and charge upon the Gross Revenue of the System subordinate and inferior to the lien thereon for the payment of principal of and interest on any Parity Bonds; and

FIFTH, to redeem and retire any water and sewer revenue bonds of the City then outstanding or to purchase any or all of those bonds in the open market, to make necessary additions, betterments, repairs, extensions and replacements of the System or other purposes proper to its maintenance and operation, including the payment of any City-imposed utility taxes or payments in lieu of taxes payable from Gross Revenue of the System, or for any other lawful City purpose.

The City may transfer from any funds or accounts of the City legally available therefor, except bond redemption funds, any money therein to meet the required payments to be made into the Bond Fund.

Section 9. Rate Stabilization Account. A special account of the City to be designated the “Water and Sewer Rate Stabilization Account” (the “Rate Stabilization Account”) may be created within the Revenue Fund, at the discretion of the Finance Director. The City may from time to time appropriate or budget amounts in the Revenue Fund for deposit in the Rate Stabilization Account and may from time to time withdraw amounts therefrom to prevent or mitigate water and sewer rate increases or for other lawful purposes of the City related to the System. Amounts withdrawn from the Rate Stabilization Account shall increase Gross Revenue for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the period for which they are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Rate Stabilization Account shall be credited to the Revenue Fund.

Section 10. Bond Fund. There has heretofore been created in the office of the Finance Director a fund of the City known as the “Blaine Water and Sewer Revenue Bond Fund” (the “Bond Fund”), which fund shall be drawn upon for the sole purpose of paying the principal of, premium if any, and interest on the Parity Bonds. The money in the Bond Fund shall be kept separate and apart from all other funds and accounts of the City.

A. Debt Service Account. A special account known as the Debt Service Account has been created in the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on the Parity Bonds.

As long as any of the Bonds remain outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the Debt Service Account, on or before the date due, those amounts necessary, together with Gross Revenue collected and deposited and such other money as is on hand and available therefor in the Debt Service Account, to pay the interest or principal and interest next coming due on the outstanding Bonds.

The City covenants and agrees that in the event it issues any Future Parity Bonds that are Term Bonds, it will provide in each ordinance authorizing the issuance of the same for annual payments to be made from the Revenue Fund into the Debt Service Account sufficient together with Gross Revenue collected and deposited and such other money as is on hand and available therefor in such account to satisfy the Sinking Fund Requirement with respect to such Term Bonds.

B. Reserve Account. The Reserve Account Requirement for the Bonds may be set at zero, and if so, the Reserve Account will not secure the Bonds. A Reserve Account has been created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Bonds (if the Designated Representative so determines) and any Future Parity Bonds secured by the Reserve Account. If necessary, the City hereby covenants that it will deposit into the Reserve Account Bond proceeds or other available funds in a sum equal to the Reserve Account Requirement for the Bonds.

The City further covenants that in the event it issues any Future Parity Bonds it will provide in each ordinance authorizing the issuance of such Future Parity Bonds for the payment into the Reserve Account out of Future Parity Bond proceeds, Gross Revenue or Assessments (or, at the option of the City, out of any other funds on hand and legally available therefor) approximately equal additional annual installments so that by five years from the date of issuance of such Future Parity Bonds there will have been paid into the Reserve Account an amount that, together with money already on deposit therein, will be at least equal to the Reserve Account Requirement. The City may substitute Qualified Insurance or a Qualified Letter of Credit for amounts required to be deposited into the Reserve Account. Such Qualified Letter of Credit or Qualified Insurance shall not be cancellable on less than five years' notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of this section providing for payment in the event of a deficiency therein, as if the Parity Bonds that remain outstanding had been issued on the date of such notice of cancellation. The City may create a separate reserve account for a series of Future Parity Bonds, in which case the Reserve Account shall not secure Future Parity Bonds.

The City further covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Account Requirement, as redetermined in each calendar year with respect to the Parity Bonds secured by such Reserve Account. Whenever there is a sufficient amount in the Bond Fund, including all accounts therein, to pay the principal of, premium, if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay the principal of, premium, if any, and interest on the Parity Bonds secured thereby. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on the outstanding Parity Bonds secured by such Reserve Account, as long as the money remaining on deposit in such Reserve Account is at least equal to the Reserve Account Requirement determined with respect to the Parity Bonds then outstanding.

In the event the Bonds outstanding are ever refunded, the money set aside in the Reserve Account to secure the payment thereof may be used to retire Bonds or may be transferred to any other reserve account that may be created to secure the payment of any bonds issued to refund the Bonds.

In the event there shall be a deficiency in the Debt Service Account to meet maturing installments of either interest on or principal of and interest on the outstanding Parity Bonds payable out of such Account, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom and by the sale or redemption of obligations held in the Reserve Account, if necessary, in such amounts as will provide cash in the Reserve Account sufficient to make up any such deficiency, and if a deficiency still exists immediately prior to an interest

payment date and after the withdrawal of cash, the City shall then draw from any Qualified Letter of Credit, Qualified Insurance, or other equivalent credit facility in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide. If more than one Qualified Letter of Credit or Qualified Insurance is available, draws shall be made ratably thereon to make up the deficiency. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from money in the Revenue Fund first available after making the payments required to be made under paragraphs "FIRST" through "FOURTH" of Section 8 of this ordinance.

C. Lien of Bond Fund. The Bonds, together with the interest thereon, shall be payable from Assessments, if any, and Gross Revenue, and such Assessments and Gross Revenue are hereby pledged and set aside out of the Revenue Fund into the Bond Fund. The amounts so pledged are hereby declared to be a lien and charge upon Assessments, if any, and Gross Revenue equal to the lien and charge thereon to secure and pay the principal of and interest on any Future Parity Bonds and superior to all other charges of any kind or nature, except the Operating and Maintenance Expenses.

D. Investment of Money in Bond Fund. All money in the Debt Service Account or Reserve Account may be kept in cash or invested in Permitted Investments maturing not later than the maturity of the Bonds outstanding at the time of such purchase. Interest earned on or profits made from the sale of such investments shall be deposited in and become a part of the Bond Fund or the Revenue Fund.

Section 11. Adequacy of Revenue. The Council hereby declares that in fixing the amounts to be paid into the Bond Fund it has considered and has due regard for the Operating and Maintenance Expenses and has not obligated the City to set aside and pay into the Bond Fund more money from the Revenue Fund than in its judgment will be available over and above such Operating and Maintenance Expenses.

Section 12. General Covenants. The City hereby covenants with the owners of the Bonds for as long as the same remain outstanding as follows:

A. Rates and Charges. The City will establish, maintain and collect lawful rates and charges for the use of the services and facilities of the System, and shall adjust such rates and charges from time to time so that:

(i) Gross Revenue will at all times be sufficient (a) to pay all Operating and Maintenance Expenses and to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue therefrom or payments in lieu thereof and all other amounts that the City may now be and hereafter become obligated to pay from Gross Revenue by law or contract, and, together with Assessments actually collected, (b) to pay the principal of and interest on all outstanding Parity Bonds as and when the same become due and payable, to make all payments required to be made into the Bond Fund to satisfy the Sinking Fund Requirement, and to make when due all payments required to be made into the Reserve Account; and

(ii) the Net Revenue in each calendar year will equal at least 1.25 times Annual Debt Service for such year (after deducting Assessments actually collected for such year). For the purpose of meeting the requirement of this paragraph there may be added to Net Revenue for any calendar year any amount withdrawn from the Rate Stabilization Account and credited to Gross Revenue as provided in Section 9 of this ordinance. There shall be subtracted from Net Revenue for any calendar year any amounts in such year withdrawn from the Revenue Fund and deposited into the Rate Stabilization Account in such calendar year.

The failure to collect Gross Revenue in any fiscal year sufficient to comply with the covenant contained in this subsection shall not constitute an event of default if the City, before the 90th day of the following fiscal year, both (a) employs a Professional Utility Consultant to recommend changes in the City's rates which are estimated to produce Gross Revenue sufficient (once the rates recommended by the Professional Utility Consultant have been imposed by the City) to meet the requirements of this subsection; and (b) imposes rates at least as high as those recommended by such Professional Utility Consultant at the time or times so recommended.

B. Maintenance of System. The City will at all times keep and maintain the System in good repair, working order and condition, and will at all times operate the same and the business in connection therewith in an efficient manner and at a reasonable cost.

C. Sale or Disposition of the System. The City will not sell, mortgage, lease or otherwise dispose of or encumber all or any portion of the System, except as follows:

(i) The City may sell, mortgage, lease or otherwise dispose of all or substantially all of the System if, simultaneously with such sale, mortgage, lease or other disposition or encumbrance, provision is made for the payment into the Bond Fund of cash or Government Obligations sufficient, together with interest to be earned thereon, to pay the principal of and interest on all then outstanding Parity Bonds.

(ii) Except as provided in subsection (iii) below, the City will not sell, mortgage, lease or otherwise dispose of or encumber any part of the useful operating properties of the System in excess of 5% of the value of the net utility plant of the System unless prior to such sale, mortgage, lease or other disposition or encumbrance:

(a) there shall have been filed with the Finance Director a certificate of a Professional Utility Consultant stating that such sale, mortgage, lease or other disposition or encumbrance will not impair the ability of the City to comply with the rate covenants set forth in Section 12.A of this ordinance; or

(b) provision is made for the payment, redemption or other retirement of a principal amount of outstanding Parity Bonds equal to the greater of the following amounts: (1) an amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding (defined as the total principal amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Net Revenue from the portion of the System sold or disposed of for the 12 preceding months bears to the total Net Revenue for such period; or (2) an amount that will be in the same proportion to the net principal amount of Parity Bonds then outstanding that the book value of the part of the System

sold or disposed of bears to the book value of the entire System immediately prior to such sale or disposition.

(iii) The City may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the same with a value less than 5% of the net utility plant of the System or which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation, without making any deposit into the Bond Fund.

D. Collection of Assessments. The City shall promptly collect all Assessments levied in any utility local improvement district now or hereafter created to secure the payment of the principal of and interest on any Parity Bonds and shall pay the same into the Bond Fund without allocation of such Assessments to any particular series of Parity Bonds. It is hereby provided further, however, that nothing in this ordinance or in this subsection shall be construed to prohibit the City from issuing revenue bonds having a lien on Gross Revenue junior to the lien on such revenue for the payment of the principal of and interest on Parity Bonds and pledging as security for the payments of such junior lien bonds assessments levied in any utility local improvement district that may have been created to pay part or all the cost of improvements to the System for which such junior lien revenue bonds were specifically issued.

E. Books and Accounts. The City will maintain complete books and records relating to the operation of the System and its financial affairs, and will cause such books and records to be audited annually, and cause to be prepared an annual financial and operating statement.

F. Insurance. The City will carry fire and extended coverage insurance on the System as is ordinarily carried on the property of similar public utilities by other municipal corporations engaged in the operation of the same if such insurance can be obtained at a reasonable cost, to the full insurable value thereof, and will also carry adequate public liability insurance and other kinds of insurance as under good practices are ordinarily carried on the properties of similar public utilities by private companies engaged in the operation of the same; provided, however, that the City may if deemed necessary and advisable by the Council, institute or continue a self-insurance program with respect to any or all of the aforementioned risks. The premiums paid for all such insurance shall be regarded and paid as an Operating and Maintenance Expense.

G. Delinquencies. The City will promptly collect all service rates and charges and Assessments, determine in a timely manner all delinquencies, and take all necessary legal action to enforce collection of such delinquencies.

H. No Free Service. Except as permitted by law, the City will not furnish any service of the System to any customer free of charge.

Section 13. Tax Covenants; Designation of Bonds as “Qualified Tax-Exempt Obligations.”

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

B. *Post-Issuance Compliance.* The Finance Director is authorized and directed to review and update the City’s written procedures to facilitate compliance by the City with the covenants in this Section 13 and the applicable requirements of the Code that must be satisfied after the issue date to maintain the tax treatment of the Bonds and the receipt of interest thereon.

C. *Designation of Bonds as “Qualified Tax-Exempt Obligations.”* The Bonds shall be designated as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

(i) the Bonds are not “private activity bonds” within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which 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 Bonds are issued will not exceed \$10,000,000; and

(iii) 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.

Section 14. Future Parity Bonds. The City hereby further covenants with the owners of the Bonds for as long as the same remain outstanding as follows:

A. That it will not issue any bonds with a lien on Gross Revenue superior to the lien on such revenues of the Bonds. The City may issue Future Parity Bonds and incur Resource Obligations and obligations under reimbursement agreements related to the provision of credit enhancement devices that secure any Parity Bonds for:

FIRST, the purpose of acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements or repairs and capital improvements to the System, or for any other lawful purpose; or

SECOND, the purpose of refunding or purchasing and retiring at or prior to their maturity any outstanding revenue bonds or other obligations payable out of Gross Revenue; and to pledge that payments be made into the Bond Fund for the payment of the principal thereof and interest thereon out of the Revenue Fund sufficient to pay the principal of and interest on such Future Parity Bonds and to maintain the reserves required therefor, which such payments may rank equally with the payments out of such Revenue Fund into the Bond Fund and the Reserve Account to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding, upon compliance with the following conditions:

(i) That at the time of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund.

(ii) If there are Assessments levied in any utility local improvement district in which additions and improvements to and extensions of the System will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require that such Assessments be paid into the Bond Fund.

(iii) If there are Assessments pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require such Assessments to be used for the refunding or paid into the Bond Fund.

(iv) The principal of and interest on the Future Parity Bonds shall be payable out of the Bond Fund, and the ordinance authorizing their issuance shall further provide for payments into the Bond Fund to satisfy the Sinking Fund Requirement and payments into the Reserve Account to satisfy any Reserve Account Requirement, all as required by Section 10 of this ordinance.

(v) Prior to the delivery of any Future Parity Bonds, the City shall have on file in the office of the Finance Director either:

(a) a certificate of the Finance Director showing that the Net Revenue determined as hereafter provided for each calendar or fiscal year after the issuance of such Future Parity Bonds will equal at least 1.25 times the Annual Debt Service (after deducting Assessments, allocated to the years in which they would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll) for each such calendar or fiscal year for all Parity Bonds plus the Future Parity Bonds proposed to be issued. For purposes this certificate, "Net Revenue" shall be the Net Revenue for a period of any 12 consecutive months (which may include amounts withdrawn from the Rate Stabilization Account, as provided in Section 9 of this ordinance) out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds, or

(b) a certificate of a Professional Utility Consultant showing that the Net Revenue determined and adjusted as hereafter provided for each calendar or fiscal year after the issuance of such Future Parity Bonds (the "Adjusted Net Revenue") will equal at least 1.25 times the Annual Debt Service (after deducting Assessments, allocated to the years in which they would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll) for each such calendar or fiscal year for all Parity Bonds plus the Future Parity Bonds proposed to be issued.

The Adjusted Net Revenue shall be the Net Revenue for a period of any 12 consecutive months (which may include amounts withdrawn from the Rate Stabilization Account, as provided in Section 9 of this ordinance) out of the 24 months immediately preceding the date of delivery of such proposed Future Parity Bonds as adjusted by such Professional Utility Consultant to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

(x) the additional Net Revenue that would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 12-month period, had been in force during the full 12-month period;

(y) the additional Net Revenue that would have been received if any facility of the System that became fully operational after the beginning of such 12-month period had been so operating for the entire period; and

(z) the additional Net Revenue estimated by such Professional Utility Consultant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System that are (1) under construction at the time of such certificate or (2) will be constructed from the proceeds of the Future Parity Bonds to be issued.

Such Professional Utility Consultant may rely upon, and his or her certificate shall have attached thereto, financial statements of the System certified by the Finance Director showing income and expenses for the period upon which the same is based.

B. Notwithstanding the foregoing requirement, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding Future Parity Bonds will result in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding Future Parity Bonds over and above the amount required in such year for the principal of and interest on the bonds being refunded thereby, the condition stated in subsection A(v) of this section need not be met.

C. Nothing herein contained shall prevent the City from issuing any revenue bonds, warrants or other obligations that are a charge upon the money in the Revenue Fund junior or inferior to the payments required by this ordinance to be made into the Bond Fund and the Reserve Account.

Section 15. Refunding or Defeasance of the Bonds. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (A) paying when due the principal of and interest on the affected Bonds (the “defeased Bonds”); (B) redeeming the defeased Bonds prior to their maturity; and (C) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the “trust account”), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment or redemption of the defeased Bonds to any lawful purpose.

While a Bond is registered in the name of the Securities Depository, notice of any defeasance shall be given in the manner prescribed in the Letter of Representations for notices of redemption of Bonds. If a Bond ceases to be held in book-entry form, then unless specified by the City in a refunding or defeasance plan, selection of Bonds to be defeased, notice of defeasance and replacement of Bond certificates shall be done in accordance with the provisions of this ordinance for the redemption of Bonds prior to their maturity.

Section 16. Form of the Bonds. The Bonds shall be in substantially the following form:

No. _____ \$ _____

UNITED STATES OF AMERICA
STATE OF WASHINGTON
CITY OF BLAINE

WATER AND SEWER REVENUE REFUNDING BOND, 2020

INTEREST RATE: _____% MATURITY DATE: _____ CUSIP NO.: _____

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Blaine, Washington (the “City”), for value received, hereby promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from the _____, 2020, or the most recent date to which interest has been paid or duly provided for until payment of this Bond at the Interest Rate set forth above, payable on _____, 20__, and semiannually thereafter on the first days of each _____ and _____. The principal

of and interest on this Bond are payable solely out of the special fund of the City known as the Debt Service Account (the “Bond Fund”).

Both principal of and interest on this Bond are payable in lawful money of the United States of America. For so long as the Bonds are held in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Blanket Issuer Letter of Representations from the City to The Depository Trust Company. In the event that the Bonds are no longer held in fully immobilized form, interest on this Bond shall be paid by check or draft mailed to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of this Bond shall be payable upon presentation and surrender of this Bond by the Registered Owner at the office of the fiscal agent of the State of Washington in Seattle, Washington (the “Bond Registrar”).

Principal and interest are payable solely out of the Bond Fund, into which fund the City hereby irrevocably binds itself to pay certain fixed amounts out of the Gross Revenue of the System, as the same is defined in Ordinance No. _____ of the City (the “Bond Ordinance”), without regard to any fixed proportion, namely, amounts sufficient to pay the principal of and interest on the outstanding Bonds and any additional and/or refunding water and sewer revenue bonds issued on a parity of lien with the Bonds, and to accumulate a reserve, all at the times and in the manner set forth in the Bond Ordinance. Reference is made to the Bond Ordinance for definitions of capitalized terms not otherwise defined herein.

This Bond is one of a total issue of \$_____ par value of the Bonds, all of like date and tenor, except as to maturity, redemption provisions and interest rates, all payable from the Bond Fund and all issued by the City under and pursuant to the laws of the State of Washington and the Bond Ordinance for the purpose of providing funds to repay the Refunded Bonds as specified in the Bond Ordinance.

The Bonds are subject to redemption prior to their stated maturity as provided in the Bond Ordinance and certificate outlining the Final Terms of the Bonds.

The Gross Revenue is hereby pledged to the payment of principal of and interest on the Bonds, and the Bonds constitute a charge or lien upon such revenues prior and superior to any other charges whatsoever, excluding charges for Operation and Maintenance Expenses of the System and payments associated with Resource Obligations, if any, and equal to the lien and charge thereon of any Future Parity Bonds. The Bonds are not a general obligation of the City.

The City has designated the Bonds as qualified tax-exempt obligations for purposes of Section 265(b) of the Internal Revenue Code of 1986.

The City hereby covenants and agrees with the owners of the Bonds to carry out fully all covenants and meet all obligations of the City as set forth herein and in the Bond Ordinance, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

This Bond shall not become valid or obligatory for any purpose until the certificate of authentication set forth hereon has been signed by the Bond Registrar.

This Bond is interchangeable for Bonds of any authorized denomination of an equal aggregate principal amount, and of the same interest rate and maturity. This Bond is transferable only upon the registry books of the Bond Registrar by surrender of this certificate to the Bond Registrar, duly assigned and executed as indicated below. Such exchange or transfer shall be without cost to the owner or transferee. The City may deem the person in whose name this Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bond and for any and all other purposes whatsoever. The Bond Registrar shall not be obligated to transfer or exchange this Bond during the fifteen days preceding any interest payment date or the date on which notice of redemption of such Bond is to be given nor after such notice has been given.

It is hereby certified and declared that the Bonds are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and the ordinances of the City and that all acts, conditions and things required to be done precedent to and in the issuance of this Bond have happened, have been done and have been performed as required by law.

IN WITNESS WHEREOF, the City has caused this Bond to be signed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Clerk, and its corporate seal to be impressed or a facsimile thereof imprinted hereon this ____ day of _____, 2020.

CITY OF BLAINE, WASHINGTON

By _____ /s/ _____
Mayor

By _____ /s/ _____
City Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This is one of the City of Blaine, Washington, Water and Sewer Revenue Refunding Bonds, 2020, dated _____, 2020, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENT
Bond Registrar

By: _____
Authorized Officer

Section 17. Execution and Authentication of the Bonds. The Bonds shall be signed on behalf of the City by the manual or facsimile signature of the Mayor and attested by the manual

or facsimile signature of the City Clerk and shall have the seal of the City impressed or a facsimile thereof imprinted thereon.

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

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

Section 18. Lost or Stolen Bonds. In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar may deliver a new bond or bonds of like amount, date, maturity, interest rate, tenor, and effect to the Registered Owner or nominee thereof upon the owner paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to said Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and or ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

Section 19. Sale and Delivery of the Bonds.

A. *Manner of Sale of Bonds; Delivery of Bonds.* The Designated Representative is authorized to sell the Bonds by negotiated sale to the Underwriter based on his or her assessment of market conditions, in consultation with appropriate City officials and staff and advisors, and within the parameters set forth in Section 3. In determining the Final Terms, the Designated Representative shall take into account those factors that, in his or her judgment, may be expected to result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current interest rates for obligations comparable to the Bonds.

B. *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Underwriter, with the approving legal opinion of nationally recognized bond counsel regarding the Bonds.

Section 20. Official Statement.

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

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

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

Section 21. Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the above-referenced Bonds (the “Bonds”), the City makes the following written Undertaking for the benefit of holders of the Bonds:

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

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

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) 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; (g) modifications to rights of holders of the Bonds, if material; (h) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (i) defeasances; (j) release, substitution, or sale of property securing repayment of the Bonds, if material; (k) rating changes; (l) bankruptcy, insolvency, receivership or similar event of the City, as such “Bankruptcy Events” are defined in Rule 15c2-12; (m) 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; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material; (o) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and (p) default, event of acceleration, termination

event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties. The term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(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 (a) annual financial statements showing ending fund equity for the System prepared in accordance with generally accepted accounting principles applicable to government entities (and modified as may be required by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute); (b) the principal amount of outstanding Parity Bonds; and (c) debt service coverage for the Parity Bonds;

(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, 2020; 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.

If not submitted as part of the annual financial information described in paragraph B(i) above, the City will provide or cause to be provided to the MSRB audited financial statements, when and if available.

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

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

E. Termination of Undertaking. The City’s obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City’s

obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

F. Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute an Event of Default (as defined in Section 23 of this ordinance) in respect of the Bonds. The sole remedy of a Beneficial Owner of a Bond shall be to take action to compel the City or other obligated person to comply with the Undertaking, including seeking an order of specific performance from an appropriate court.

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

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

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

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

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

(v) Effecting any necessary amendment of the Undertaking.

Section 22. Application of Bond Proceeds. The proceeds of the Bonds shall be applied as follows:

A. If determined by the Designated Representative, the amount necessary to satisfy the Reserve Account Requirement shall be deposited into the Reserve Account.

B. Bond proceeds allocated to refunding the Refunded Bonds shall be deposited into the Debt Service Fund for the Refunded Bonds and applied to redeem the Refunded Bonds on the Issue Date. The amount to pay the costs of issuing the Bonds shall be deposited into the Revenue Fund.

Section 23. Events of Default. The City hereby covenants and agrees with the owners of the Bonds, in order to protect and safeguard the covenants and obligations undertaken by the City securing the Bonds, that the following shall constitute “Events of Default”:

A. If default shall be made in the due and punctual payment of the principal of and premium, if any, on any of the Parity Bonds when the same shall become due and payable, either at maturity or by proceedings for mandatory redemption or otherwise;

B. If default shall be made in the due and punctual payment of any installment of interest on any Parity Bond;

C. If the City shall fail to purchase or redeem any Term Bonds, if any, in an aggregate principal amount at least equal to the Sinking Fund Requirement for the applicable Fiscal Year;

D. If the City shall default in the observance and performance of any other of the covenants, conditions and agreements on the part of the City contained in this ordinance and the default or defaults shall have continued for a period 90 days after the City shall have received from the Bondowners’ Trustee (hereinafter defined) or from the owners of not less than 20% in principal amount of Parity Bonds outstanding, a written notice specifying and demanding the cure of such default;

E. If an order, judgment or decree shall be entered by any court of competent jurisdiction: (i) appointing a receiver, trustee or liquidator for the City or the whole or any substantial part of the System; (ii) approving a petition filed against the City seeking the bankruptcy, arrangement or reorganization of the City under any applicable law of the United States or the State; or (iii) assuming custody or control of the City or of the whole or any substantial part of the System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within 60 days from the date of the entry of such order, judgment or decree; or

F. If the City shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) file a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law; (iii) make an assignment for the benefit of its creditors; (iv) consent to the appointment of a receiver of the whole or any substantial part of the System; or (v) consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City or of the whole or any substantial part of the System.

Section 24. Bondowners’ Trustee. So long as an Event of Default has not been remedied, a bondowners’ trustee (the “Bondowners’ Trustee”) may be appointed by the registered owners of 25% in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners’ Trustee, notification thereof being given to the City. That appointment shall become effective immediately upon acceptance thereof by the Bondowners’ Trustee. Any Bondowners’ Trustee

appointed under the provisions of this section shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the registered owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties.

In the event that any Event of Default in the sole judgment of the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the City a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the City, the Bondowners' Trustee and the registered owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the registered owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

Section 25. Suits at Law or in Equity. Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or in any of the Parity Bonds.

Nothing contained in this section shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the registered owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the registered owners of the Parity Bonds and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance and the ordinances authorizing the issuance of other outstanding Parity Bonds. The respective registered owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective registered owners of those Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in

trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any registered owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any registered owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.

Section 26. Application of Money Collected by Bondowners' Trustee. Any money collected by the Bondowners' Trustee at any time shall be applied in the following order of priority:

A. first, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

B. second, to the payment to the persons entitled thereto first of required interest and then of unpaid principal amounts on any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

Section 27. Duties and Obligation of Bondowners' Trustee. The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this ordinance.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a registered owner of any Parity Bond until his or her title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

Section 28. Suits by Individual Bondowners Restricted. Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

- A. An Event of Default has happened and is continuing; and
- B. A Bondowners' Trustee has been appointed; and
- C. Such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and
- D. The registered owners of 25% in principal amount of the Parity Bonds, after the occurrence of such Event of Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and
- E. There have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and
- F. The Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No registered owner or beneficial owner of any Parity Bond shall have any right in any manner whatever by his or her action to affect or impair the obligation of the City to pay from the Net Revenue the principal of and interest on such Parity Bonds to the respective owners thereof when due.

Section 29. Authorization to Officials and Agents. The proper City officials are hereby authorized and directed to do everything necessary and proper for the prompt issuance, execution and delivery of the Bonds in conformance with the provisions of this ordinance and for the proper use and application of the proceeds of the sale thereof as provided in this ordinance.

Section 30. Supplements and Amendments.

A. The Council from time to time and at any time may adopt an ordinance or ordinances supplementing or amending this ordinance, which ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the City in this ordinance other covenants and agreements thereafter to be observed, which shall not adversely

affect the interests of the owners of any Parity Bonds in any material respect, or to surrender any right or power herein reserved to or conferred upon the City.

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance in regard to such matters or questions as the Council may deem necessary or desirable and not inconsistent with this ordinance and which shall not adversely affect the interests of the owners of any Parity Bonds in any material respect.

(iii) To amend or supplement any provision contained in this ordinance for the purpose of obtaining or maintaining a rating on the Bonds so long as such amendment or supplement is not inconsistent with this ordinance and will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

Any such supplemental ordinance of the Council may be adopted without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection B of this section; provided, however, that the City shall obtain an opinion of nationally recognized bond counsel to the effect that such supplemental ordinance complies with this subsection A and will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

B. With the consent of the owners of not less than a majority in aggregate principal amount of the Parity Bonds at the time outstanding, the Council may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

(i) Extend the fixed maturity of any Parity Bond, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Parity Bond so affected; or

(ii) Reduce the aforesaid percentage of owners of Parity Bonds required to approve any such supplemental ordinance, without the consent of the owners of all Parity Bonds then outstanding.

It shall not be necessary for the consent of bondowners under this subsection B to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

C. Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and the owners of the Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

Section 31. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 32. Ratification. Any action consistent with the authority but prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 33. Effective Date. This ordinance shall take effect ten days after its passage, approval and publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Blaine, Washington, at an open public meeting thereof, this 27th day of July, 2020.

Bonnie Onyon, Mayor

ATTEST:

Samuel Crawford, City Clerk

APPROVED AS TO FORM:

City Attorney

CERTIFICATION

I, the undersigned, City Clerk of the City of Blaine, Washington (the “City”), hereby certify as follows:

1. The attached copy of Ordinance No. ____ (the “Ordinance”) is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on July 27, 2020, 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 _____, 2020.

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: _____, 2020.

CITY OF BLAINE, WASHINGTON

City Clerk