CITY OF MOUNT VERNON, WASHINGTON

LIMITED TAX GENERAL OBLIGATION BONDS, 2022

ORDINANCE NO. 3853

AN ORDINANCE OF THE CITY OF MOUNT VERNON, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF UP TO $12,500,000 LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY IN ONE OR MORE SERIES AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF SAID BONDS.

APPROVED ON JULY 13, 2022

PREPARED BY:

K&L GATES LLP
Seattle, Washington
CITY OF MOUNT VERNON, WASHINGTON
ORDINANCE NO. 3853
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* This Table of Contents is provided for convenience only and is not a part of this ordinance.
ORDINANCE NO. 3853

AN ORDINANCE OF THE CITY OF MOUNT VERNON, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF UP TO $12,500,000 LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY IN ONE OR MORE SERIES AND DELEGATING AUTHORITY TO APPROVE THE FINAL TERMS OF SAID BONDS.

WHEREAS, the City of Mount Vernon, Washington (the "City") is in need of improvements to certain fire stations (hereinafter further defined as the "Projects"); and

WHEREAS, the City is authorized by Title 35 and ch. 39.46 to issue general obligation bonds payable from, inter alia, regular tax levies of the City; and

WHEREAS, the City Council (the "Council") has determined that all or a portion of the costs of the Projects should be financed through the issuance of one or more series of limited tax general obligation bonds of the City in the aggregate principal amount of not to exceed $12,500,000 (the "Bonds"); and

WHEREAS, the Council has determined to delegate to the Mayor or the Finance Director (herein defined as the "City Representative") certain matters relating to the manner and timing of sale of the Bonds;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MOUNT VERNON, WASHINGTON, DO ORDAIN, as follows:

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

Beneficial Owner means any person that has or shares the power, directly or indirectly to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositaries or other intermediaries).
**Bond Fund** means the City of Mount Vernon General Obligation Bond Debt Service Fund, however denominated, that is maintained pursuant to Section 10 of this ordinance.

**Bond Purchase Contract** means, with respect to each series, the purchase contract between the City and the Underwriter.

**Bond Register** means the registration books maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.

**Bond Registrar** means U.S. Bank Trust Company, National Association, the current fiscal agent of the State of Washington, as designated by the Finance Director, for the purposes of registering and authenticating the Bonds of each series, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

**Bonds** means the City of Mount Vernon, Washington Limited Tax General Obligation Bonds, 2022[A][B] [Tax-Exempt (Governmental)] [Taxable] issued in one or more series pursuant to this ordinance.

**Bond Year** means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

**City** means the City of Mount Vernon, Washington, a municipal corporation of the State of Washington.

**City Representative** means the Mayor or Finance Director.
Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

Commission means the United States Securities and Exchange Commission.

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

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Bonds pursuant to Section 4 hereof.


Federal Tax Certificate means the certificate(s) of that name executed and delivered by the City Representative at the time of issuance and delivery of the Bonds of a series that are issued on a federally tax-exempt basis.

Finance Director means the person designated as the Finance Director of the City, or any successor to the functions of the Finance Director or his or her designee.

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

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

Mayor means the mayor of the City, duly elected or appointed under the mayor-council form of government maintained by the City.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and
Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB’s Electronic Municipal Market Access system, currently located at www.emma.msrb.org.

*Net Proceeds*, when used with reference to a series of the Bonds, means the principal amount of such series of Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

*Official Statement* means a final Official Statement delivered to the initial purchasers of the Bonds.

*Private Person* means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

*Private Person Use* means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.
Projects means the capital improvements described in Section 2 of this ordinance.

Record Date means the close of business on the 15th day of the month prior to each date on which a payment of interest on the Bonds of a series is due and payable.

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

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

Term Bonds means any Bonds of a series designated by the Underwriter therefor as Term Bonds in the Bond Purchase Contract for such series of Bonds.

Underwriter means D.A. Davidson & Co.

Interpretation. In this ordinance, unless the context otherwise requires:

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

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

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;
(d) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

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

Section 2. Projects. The City shall construct and equip additions to, capital improvements and safety upgrades to Fire Stations 2 and 3. If the foregoing have been fully provided for and funds are available, the City also may use the balance of the proceeds of the Bonds for other capital improvements as authorized by the Council. The costs of the Projects and the costs of selling the Bonds will be paid from the proceeds of the hereinafter authorized Bonds. The City will determine the application of available funds to accomplish, as nearly as may be calculated, all of the Projects.

Section 3. Authorization of Bonds and Bond Details. For the purpose of all or a portion of the costs of the Projects and paying the costs of issuance related thereto, the City shall issue its limited tax general obligation bonds in one or more series in the aggregate principal amount of not to exceed $12,500,000 (the "Bonds"). The Bonds shall be general obligations of the City, shall be designated "City of Mount Vernon, Washington, Limited Tax General Obligation Bonds, 2022[A][B] [Tax-Exempt (Governmental)] [Taxable];" shall be dated as of the date of delivery of each series of the Bonds, shall be fully registered as to both principal and interest, shall be in the denomination of $5,000 each or any integral multiple thereof within a series, provided that no Bond of a series shall represent more than one maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar
deems necessary for purposes of identification and control, shall bear interest at the per annum rates, payable on the dates and maturing in principal amounts set forth in the Bond Purchase Contract for each series, pursuant to Section 12. The Bonds of any of the maturities of a series may be combined and issued as term bonds ("Term Bonds"), subject to mandatory redemption as provided in the Bond Purchase Contract.

Section 4.  Registration, Exchange and Payments.

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

(b)  Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond of a series as the absolute owner thereof for all purposes (except as provided in Section 13 of this ordinance), and neither the City nor the
Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) DTC Acceptance/Letters of Representations. The Bonds of such series initially shall be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Bonds as eligible for deposit at DTC, the City has executed and delivered to DTC the Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

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

(d) Use of Depository.

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

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

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

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

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

(f) Bond Registrar's Ownership of Bonds. The Bond Registrar may become the
Registered Owner of any Bond with the same rights it would have if it were not the Bond
Registrar, and to the extent permitted by law, may act as depository for and permit any of its
officers or directors to act as member of, or in any other capacity with respect to, any committee
formed to protect the right of the Registered Owners of Bonds.

(g) Registration Covenant. The City covenants that, until all Bonds issued on a
federally tax-exempt basis have been surrendered and canceled, it will maintain a system for
recording the ownership of each such Bond that complies with the provisions of Section 149 of
the Code.

(h) Place and Medium of Payment. Both principal of and interest on the Bonds shall
be payable in lawful money of the United States of America. Interest on the Bonds shall be
calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds
of a series are in fully immobilized form, payments of principal and interest thereon shall be
made as provided to the parties entitled to receive payment as of each Record Date in accordance
with the operational arrangements of DTC referred to in the Letter of Representations. If the
Bonds of a series have been underwritten and are no longer in fully immobilized form, interest
on the Bonds shall be paid by check, ACH or draft (or otherwise as approved by the Finance
Director) mailed or delivered to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, or upon the written request of a Registered Owner of more than $1,000,000 of Bonds of a series (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by ACH or wire transfer to the account within the continental United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar.

Section 5. Redemption Prior to Maturity and Purchase of Bonds.

(a) Optional and Mandatory Redemption. The Bonds of a series may be subject to redemption as set forth in the Bond Purchase Contract approved by the City Representative pursuant to Section 12.

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

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

(d)  Notice of Redemption.

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

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

(A) the redemption date,

(B) the redemption price,
(C) if fewer than all outstanding Bonds of a series are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

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

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

On or prior to any redemption date, unless the redemption was conditional and the conditions for the redemption have not been satisfied or the notice has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds of a series which are to be redeemed on that date.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given as aforesaid, unless the redemption was conditional and the conditions for the redemption have not been satisfied or the notice has been rescinded, the Bonds or portions of Bonds of a series so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.
(3) **Additional Notice.** In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 25 days before the redemption date to each party entitled to receive notice pursuant to Section 13, and to such persons (including securities repositories who customarily at the time receive notices of redemption in accordance with rules promulgated by the Commission) and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) **Amendment of Notice Provisions.** The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.
Section 6. Form of Bonds. The Bonds of each series shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF WASHINGTON
CITY OF MOUNT VERNON
LIMITED TAX GENERAL OBLIGATION BOND, 2022[A][B]
[TAX-EXEMPT (GOVERNMENTAL)] [TAXABLE]

INTEREST RATE: %     MATURITY DATE:     CUSIP NO.:
REGISTERED OWNER:
PRINCIPAL AMOUNT:

The City of Mount Vernon, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _________, 20__, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _________ 1, 20__, and semiannually thereafter on the first days of each succeeding _________ and _________. Both principal of and interest on this bond are payable in lawful money of the United States of America. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC. Initially, the City has specified and adopted the registration system for the bonds of this issue specified by the State Finance Committee, and the fiscal agent of the State will act as registrar, paying agent and authenticating agent (the "Bond Registrar").

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 3853 duly passed by the City Council on July 13, 2022 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance. Simultaneously herewith, the City is issuing it Limited Tax General Obligation Bonds, 2022[A][B] [Tax-Exempt (Governmental)] [Taxable].

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.
This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of $______ and is issued by the City pursuant to the Bond Ordinance for providing funds undertake capital improvements to City facilities.

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

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

The City has [not] designated the bonds of this issue as “qualified tax-exempt obligations” for investment by financial institutions under Section 265(b) of the Code. [Interest on this bond is not exempt from general federal income taxation.]

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

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

IN WITNESS WHEREOF, the City of Mount Vernon, Washington has caused this bond to be executed by the manual or facsimile signatures of the Mayor and City Clerk and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this 18th day of July, 2025.

CITY OF MOUNT VERNON,
WASHINGTON

By: \[Signature\]
Mayor

ATTEST:
\[Signature\]
City Clerk

[SEAL]

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

Date of Authentication: __________________

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Limited Tax General Obligation Bonds, 2022[A][B] [Tax-Exempt (Governmental)] [Taxable] of the City of Vernon, Washington, dated _______, 20__,

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By ________________________________

Section 7. Execution of Bonds. The Bonds of each series shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City, and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon.

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 be signed and attested on behalf of the City by such persons who at
the date of the actual execution of such Bond, are the proper officers of the City, although at the
original date of such Bond any such person shall not have been such officer of the City.

Section 8. Project Fund; Application of Bond Proceeds. The proceeds of the Bonds
of a series (exclusive of the Underwriter’s discount) shall be deposited into one or more capital
project accounts, to provide separate accounting for the use of federally taxable and tax-exempt
Bond proceeds, used to pay costs of issuance and, together with other available moneys, to pay
costs of the Projects.

The Treasurer shall invest the net proceeds of the Bonds in such obligations as may now
or hereafter be permitted to cities of the State of Washington by law and that will mature prior to
the date on which such money shall be needed. Earnings on such investments, except as may be
required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, if any, may be used
for City purposes or transferred to the Bond Fund for the uses and purposes therein provided.

The City shall maintain books and records regarding the use and investment of proceeds
of Bonds issued on a federally tax-exempt basis in order to maintain compliance with its
obligations under its Federal Tax Certificate.

Section 9. Tax Covenants. This section shall not apply to any series of Bonds, the
interest on which is not exempt from general federal income taxation.

The City covenants that it will not take or permit to be taken on its behalf any action that
would adversely affect the exemption from federal income taxation of the interest on the Bonds
of a series and will take or require to be taken such acts as may reasonably be within its ability
and as may from time to time be required under applicable law to continue the exemption from
federal income taxation of the interest on the Bonds of such series.
(a)  *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bonds of a series or any other funds of the City which may be deemed to be proceeds of the Bonds of such series pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Bonds of such series to the initial purchasers thereof, would have caused the Bonds of such series to be treated as “arbitrage bonds” within the meaning of such term as used in Section 148 of the Code.

The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bonds of a series.

(b)  *Private Person Use Limitation for Bonds.* The City covenants that for as long as the Bonds of a series issued as governmental bonds or tax advantaged bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bonds to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.
The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bonds are allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the project described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the projects financed or refinanced with the proceeds of the Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds allocable to the state or local governmental use portion of the project(s) to which the Private Person Use of such portion of the projects financed with the proceeds of the Bonds relate. The City further covenants that it will comply with any limitations on the use of the projects financed with the proceeds of the Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bonds.
(c) Modification of Tax Covenants. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds of a series issued on a federally tax-exempt basis. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City’s bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

(d) Designation under Section 265(b) of the Code. The City Representative is authorized to determine and execute a designation, if applicable, of Bonds of a series under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 10. Bond Fund and Provision for Tax Levy Payments. The Finance Director shall establish or maintain a fund or account to be used for the payment of debt service on general obligation bonds, designated as the “General Obligation Bond Debt Service Fund” or as it may be otherwise designated (the “Bond Fund”). The taxes hereafter levied for the purpose of paying principal of and interest on the Bonds and other funds to be used to pay the Bonds shall be deposited in the Bond Fund no later than the date such funds are required for the payment of principal of and interest on the Bonds. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of City funds.

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

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

Section 11. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States, maturing at such time or times and bearing interest to be earned thereon in amounts, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds of a series in accordance with their terms, are set aside in a special account of the City to effect such redemption and retirement, and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bonds of such series so provided for, and the registered owners of such Bonds shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the money so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder. The
City shall give written notice of defeasance to the owners of all Bonds of such series so provided and to each party entitled to receive notice in accordance with Section 13 of this ordinance.

Section 12. Sale of Bonds. The Council has determined that it is in the best interest of the City to delegate to the City Representative the authority to designate the tax status and approve the number of series, the final interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity, redemption rights and other terms and conditions of the Bonds of each series. The Council has been advised that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a regular meeting date of the Council. The Council has determined that it would be in the best interest of the City to delegate to the City Representative for a limited time the authority to designate the tax status and to determine the number of series, to approve the final interest rates, aggregate principal amount and principal amounts of each maturity of the Bonds and determine the redemption rights for the Bonds for each series. The City Representative is hereby authorized to determine the number of series, to approve the final interest rates, aggregate principal amount, principal maturities and redemption rights for the Bonds of each series in the manner provided hereafter so long as (i) the aggregate principal amount of the Bonds issued pursuant to this ordinance does not exceed $12,500,000; (ii) the aggregate true interest cost for the Bonds does not exceed 5.25%; and (iii) the final maturity of the Bonds is no later than December 1, 2042.

In designating the tax status, determining the number of series, final interest rates, aggregate principal amounts, principal maturities, and redemption rights for the Bonds of each series, the City Representative, in consultation with City staff, shall take into account those factors that, in his/her judgment, will result in the most favorable overall interest cost on the Bonds of each series to their maturity, including, but not limited to current financial market
conditions and current interest rates for obligations comparable in tenor and quality to the Bonds of a series. The authority granted to the City Representative by this Section 12 shall expire on December 31, 2022. If a Bond Purchase Contract for Bonds has not been executed within eighteen months after the date of final approval of this ordinance, the authorization for the issuance of such Bonds shall be rescinded, and Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 12.

The Bonds shall be sold by negotiated sale to the Underwriter, and the City Representative shall negotiate the terms of sale for the Bonds, including the terms described in this section, in a contract of sale with the Underwriter (the “Bond Purchase Contract”).

Subject to the terms and conditions set forth in this Section 12, the City Representative is hereby authorized to execute the final form of a Bond Purchase Contract upon his or her approval of the final interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the sale of a series of Bonds, the City Representative shall provide a report to the Council, describing the final terms of the Bonds of that series approved pursuant to the authority delegated in this section.

Upon the passage and approval of this ordinance, the proper officials of the City including the City Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds of each series to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the
Bonds of that series in accordance with the terms of the Bond Purchase Contract. In furtherance of the foregoing, the City Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriter’s discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of Underwriter and other retained services, including bond counsel, rating agencies, fiscal agent, and other expenses customarily incurred in connection with issuance and sale of bonds.

The City Representative is authorized to ratify and to approve for purposes of the Rule, on behalf of the City, the Official Statement (and any preliminary official statement) relating to the issuance and sale of the Bonds of a series and the distribution of the Official Statement pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

The City Representative is hereby authorized to deem final one or more preliminary Official Statements relating to the Bonds of a series for the purposes of the Rule.

Section 13. Undertaking to Provide Ongoing Disclosure.

(a) Contract/Undertaking. This section constitutes the City’s written undertaking for the benefit of the owners of the Bonds of an applicable series as required by Section (b)(5) of the Rule.

(b) Financial Statements/Operating Data. The City agrees to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”), the following annual financial information and operating data for the prior fiscal year (commencing in first fiscal year following the date of issuance of that series of Bonds):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City’s general fund prepared in accordance with the Budgeting Accounting and Reporting System prescribed by the Washington State Auditor.
pursuant to RCW 43.09.200 (or any successor statute) and generally of the type included in the official statement for the Bonds of that series under the heading “Comparative Statement of Revenues, Expenditures and Changes in Fund Balance”;

2. The assessed valuation of taxable property in the City;

3. Ad valorem taxes due and collected;

4. Property tax levy rate per $1,000 of assessed valuation; and

5. Outstanding general obligation debt of the City.

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

The information and data described above shall be provided on or before the end of nine months after the end of the City’s fiscal year, commencing with the fiscal year ending on December 31, 2023. The City’s current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-refer to other documents available to the public on the MSRB’s internet website or filed with the Commission.

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

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

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material or events affecting the tax status of the Bonds;

(7) Modifications to the rights of Bond holders, if material;

(8) Bond calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution or sale of property securing the repayment of the Bonds, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the City;

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of the trustee, if material;

(15) Incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, 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 the Rule.

Solely for purposes of information, but without intending to modify this undertaking, with respect to the notice regarding property securing the repayment of the Bonds, the City will state in its preliminary and final Official Statements that there is no property securing the repayment of the Bonds. The City shall promptly determine whether the events described above are material.

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

(e) *EMMA: Format for Filings with the MSRB.* Until otherwise designated by the MSRB or the Commission, any information or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB’s Electronic Municipal Market Access system ("EMMA"), currently located at www.emma.msrb.org. All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

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

The City may amend this section with respect to the Bonds of a series with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (A) notice of such change shall be given in the same manner as for a listed event under Subsection (c), and (B) the annual report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

(g)  Bond Owner’s Remedies Under This Section. The right of any bondowner or beneficial owner of Bonds of an applicable series to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City’s obligations under this section, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, “beneficial owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or
to dispose of ownership of, any Bonds of the applicable series, including persons holding Bonds through nominees or depositories.

Section 14. Lost, Stolen or Destroyed Bonds. In case any Bond or Bonds of a series shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like date, series, number and tenor to the Registered Owner thereof upon the Registered Owner’s paying the expenses and charges of the City in connection therewith and upon his/her filing with the City evidence satisfactory to the City that such Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City with indemnity satisfactory to the City.

Section 15. Ordinance and Laws a Contract with the Registered Owner and Holder. This ordinance is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the Registered Owners and holders of the Bond or Bonds of a series, the provisions of this ordinance and of said laws shall constitute a contract with the Registered Owners and holders, and the obligations of the City and its Council under said laws and under this ordinance shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Bonds of the respective series set forth shall be for the equal benefit of the Registered Owners and holders.

Section 16. 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 17. Effective Date. This ordinance shall become effective immediately upon
its adoption.

ADOPTED by the City Council of the City of Mount Vernon, Washington, at a regular
meeting thereof held this 13th day of July, 2022.

CITY OF MOUNT VERNON,
WASHINGTON

By: ____________________________
Mayor

ATTEST:

Becky Jensen
City Clerk

APPROVED AS TO FORM:

______________________________
City Attorney