CITY OF WOODINVILLE, WASHINGTON

ORDINANCE NO. 398

AN ORDINANCE of the City of Woodinville, Washington, relating to contracting indebtedness; providing for the issuance of $4,555,392 par value Limited Tax General Obligation Refunding Bond, 2005, of the City to provide funds with which to pay the cost of advance refunding the callable portions of the City's outstanding Limited Tax General Obligation Bonds, 1997 and Limited Tax General Obligation Bonds, 2000 and paying the administrative costs of such refunding and the costs of issuance and sale of the bond; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bond herein authorized and for the use and application of the money derived from those investments; authorizing the execution of an agreement with the Bank of New York of New York, New York, as refunding trustee; providing for the call, payment and redemption of the outstanding bonds to be refunded; fixing the date, form, maturity, interest rate, terms and covenants of the bond; establishing a bond redemption fund; and approving the sale and providing for the delivery of the bond to Bank of America, N.A., of Seattle, Washington.

Passed August 8, 2005

This document prepared by:

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WHEREAS, pursuant to Ordinance No. 178 (the "1997 Bond Ordinance"), the City previously issued its $1,675,000 par value Limited Tax General Obligation Bonds, 1997 (the "1997 Bonds"), for the purpose of providing funds with which to acquire land for City purposes and carry out other capital purposes as determined by the City Council, and by that ordinance reserved the right to redeem the 1997 Bonds maturing on or after November 1, 2008, prior to their maturity in whole or in part at any time on or after November 1, 2007, at a price of par plus accrued interest to the date fixed for redemption; and

WHEREAS, there are presently outstanding $1,015,000 par value of 1997 Bonds maturing on November 1 in each of the years 2008 through 2013, inclusive, and in 2016, and bearing various interest rates from 5.10% to 5.60% (the "1997 Refunded Bonds"); and

WHEREAS, pursuant to Ordinance No. 266, the City previously issued its $4,990,000 par value Limited Tax General Obligation Bonds, 2000 (the "2000 Bonds"), for the purpose of providing funds needed to construct a City Hall complex and to pay the costs of issuance of the 2000 Bonds, and by that Ordinance reserved the right to redeem the 2000 Bonds maturing on or after December 1, 2011, prior to their maturity in whole or in part at any time on or after December 1, 2010, at a price of par plus accrued interest to the date fixed for redemption; and

WHEREAS, there are presently outstanding $3,115,000 par value of 2000 Bonds maturing on December 1 of each of the years 2011 through 2020, inclusive, and bearing various interest rates from 5.30% to 5.85% (the "2000 Refunded Bonds"); and

WHEREAS, after due consideration, it appears to the City Council that the Refunded Bonds may be refunded by the issuance and sale of the limited tax general obligation refunding bond authorized herein (the "Bond") so that a substantial savings will be effected by the difference between the principal and interest cost over the life of the Bond and the principal and interest cost over the life of the Refunded Bonds but for such refunding, which refunding will be effected by carrying out the Refunding Plan, as defined below; and

WHEREAS, to effect that refunding in the manner that will be most advantageous to the City it is found necessary and advisable that certain Acquired Obligations (as defined below) bearing interest and maturing at such time or times as necessary to carry out the Refunding Plan be purchased out of a portion of the proceeds of the Bond; and

WHEREAS, the City Council deems it to be in the best interests of the City to issue and sell the Bond to pay the cost of refunding the Refunded Bonds and to pay the administrative costs of such refunding and the costs of issuance and sale of the Bond; and

WHEREAS, Bank of America, N.A has proposed to purchase the Bond under the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

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

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

"Bank" means Bank of America, N.A.

"Bond" means the Unlimited Tax General Obligation Refunding Bond, 2005, of the City issued pursuant to and under the authority of and for the purposes provided in this ordinance.

"Bond Fund" means the Unlimited Tax General Obligation Refunding Bond Fund, 2005, created and established by this ordinance.

"Bond Registrar" means the Finance Director of the City.

"1997 Bonds" means the City's outstanding Limited Tax General Obligation Bonds, 1997, issued pursuant to Ordinance No. 178.

"2000 Bonds" means the City's outstanding Limited Tax General Obligation Bonds, 2000, issued pursuant to Ordinance No. 266.

"City" means the City of Woodinville, Washington.

"Code" means the Internal Revenue Code of 1986, as amended.

"Proposal Letter" means the letter of the Bank dated July 20, 2005, describing certain conditions under which the Bank proposes to purchase the Bond.

"Registered Owner" means the Bank, as registered owner of the Bond, or any subsequent owner of the Bond.

"1997 Refunded Bonds" means the 1997 Bonds maturing in the years 2008 through 2013, inclusive, and in 2016, the refunding of which has been provided for by this ordinance.

"2000 Refunded Bonds" means the 2000 Bonds maturing in the years 2011 through 2020, inclusive, the refunding of which has been provided for by this ordinance.

"Refunded Bonds" means, collectively, the 1997 Refunded Bonds and the 2000 Refunded Bonds.

"Refunded Bond Ordinances" means, collectively, Ordinance No. 178, adopted on May 12, 1997, authorizing the issuance of the 1997 Bonds, and Ordinance No. 266, adopted on June 19, 2000, authorizing the issuance of the 2000 Bonds.

"Refunding Plan" means:

(1) The deposit with the Refunding Trustee of proceeds of the Bond, with other money of the City, if necessary, sufficient to acquire the Acquired Obligations;

(2) The payment of the principal of and interest on the 1997 Refunded Bonds when due up to and including November 1, 2007, and the call, payment, and redemption on November 1, 2007 of all of the then-outstanding 1997 Refunded Bonds at a price of par;

(3) The payment of the principal of and interest on the 2000 Refunded Bonds when due up to and including December 1, 2010, and the call, payment, and redemption on December 1, 2010, of all of the then-outstanding 2000 Refunded Bonds at a price of par; and

(4) The payment of the costs of issuing the Bond and the costs of carrying out the foregoing elements of the Refunding Plan.

"Refunding Trust Agreement" means a Refunding Trust Agreement between the City and the Refunding Trustee substantially in the form of that which is on file with the Finance Director and by this reference incorporated herein.

"Refunding Trustee" means the Bank of New York of New York, New York, serving as trustee or escrow agent or any successor trustee or escrow agent.

Section 2. Authorization and Description of Bond. The City shall issue the Bond for the purpose of carrying out the Refunding Plan. The Bond shall be called Limited Tax General

Obligation Bond, 2005 of the City; shall be in the principal amount of $4,555,392; shall be dated its date of delivery; shall be numbered R-1; shall mature on December 1, 2020; and shall be full registered in form. The Bond shall bear interest at the rate of 3.70% per annum (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each June 1 and December 1, commencing December 1, 2005 on the outstanding balance thereof, to its maturity or earlier prepayment in full. The principal of the Bond shall be payable in semiannual installment amounts commencing on December 1, 2005 in the amounts set forth in Exhibit A, which is incorporated by this reference. At maturity, any remaining outstanding principal balance and accrued interest on the Bond shall be due and payable in full. The City Council finds that fixing the above interest rate is in the best interest of the City.

Section 3. Bond Registrar; Registration and Transfer of Bond. The City Finance Director is hereby appointed as Bond Registrar for the Bond. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar. The Bond Register shall contain the name and mailing address of the owner of the Bond.

The Bond may not be assigned or transferred by the Bank without the prior written consent of the City, except that the Bank may assign or transfer the Bond to any successor to the business and assets of the Bank. No assignment or transfer of the Bond shall be effective until the name of the new owner and the new owner's mailing address, together with such information deemed appropriate by the Bond Registrar shall be recorded on the Bond Register.

The Bond Registrar shall keep, or cause to be kept, at its office in Woodinville, Washington, sufficient books for the registration and transfer of the Bond. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bond in accordance with the provisions of the Bond and this ordinance, to serve as the City's paying agent for the Bond, 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 the Bond.

Section 4. Payment of Bond. Installments of principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by check, draft or warrant of the Bond Registrar mailed five days prior to the installment payment date to the Registered Owner at the address appearing on the Bond Register on the 15th day of the month preceding the installment payment date or by wire transfer or electronic debit to the Registered Owner on the installment payment date. Upon payment of the final installment of principal of and interest on the Bond, whether at maturity or upon earlier prepayment and redemption, the Registered Owner shall surrender the Bond at the office of the Bond Registrar in Woodinville, Washington. The Bond presented and surrendered under this section shall be destroyed and cancelled in accordance with law.

The City and the Bond Registrar may deem and treat the Registered Owner as the absolute owner of the Bond for the purpose of receiving payment of principal and interest and for all other purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary other than proper notice of assignment or transfer.

Section 5. Optional Prepayment and Redemption of Bond. The City reserves the right and option to prepay and redeem at any time prior to its stated maturity date upon five days written notice any or all of the principal amount of the Bond outstanding at par plus accrued interest to the date of prepayment and redemption, subject to the payment of a potential prepayment fee as set forth in Exhibit B attached hereto and by this reference incorporated herein. Interest on the principal amount of the Bond called for prepayment shall cease to accrue on the dated fixed for prepayment unless the principal amount called for prepayment is not paid on the prepayment date.

Section 6. Failure To Pay Installments; Defaults. If any installment of principal of and interest on the Bond is not paid when due, or the City shall fail to comply with its covenant in Section 8 to preserve the tax-exempt status of the Bond, the interest rate on the Bond shall, at the option of the Bank, be increased by 2 percentage points, until such default has been cured or until all principal and accrued interest of the Bond have been repaid in full. Nothing contained herein shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Bond, and the remedy of acceleration is expressly denied under any circumstances.

Section 7. Pledge of Taxes. For as long as the Bond is outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bond, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 8. Preservation of Tax Exemption for Interest on Bond. The City covenants that it will take all actions necessary to prevent interest on the Bond 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 Bond or other funds of the City treated as proceeds of the Bond at any time during the term of the Bond which will cause interest on the Bond to be included in gross income for federal income tax purposes. The City certifies that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

Section 9. Additional Covenants. The City covenants with the Bank for as long as the Bond remains outstanding as follows:

(1) The City will provide to the Bank audited annual financial statements prepared by the Washington State Auditor's Office within 10 days of its receipt from the office of the Washington State Auditor.

(2) The City will provide to the Bank its internally prepared unaudited financial statement within 180 days of its fiscal year end.

(3) The City will provide to the Bank a copy of its annual budget within 90 days of the new budget cycle.

Section 10. Form and Execution of Bond. The Bond shall be printed or typed in a form consistent with the provisions of this ordinance and state law and shall be signed by the Mayor and by the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only a Bond bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Bond is the fully registered City of Woodinville, Washington, Limited Tax General Obligation Refunding Bond, 2005, described in the Bond Ordinance.

By _____
Bond Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

If any officer whose facsimile signature appears on the Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her facsimile signature is authenticated or delivered by the Bond Registrar or issued by the City, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. The Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Section 11. Small Governmental Issuer Arbitrage Rebate Exception and Designation of the Bond as a "Qualified Tax-Exempt Obligation." The City finds and declares that (a) it is a duly organized and existing governmental unit of the State of Washington and has general taxing power; (b) the Bond is not a "private activity bond" within the meaning of Section 141 of the United States Internal Revenue Code of 1986, as amended (the "Code"); (c) at least 95% of the net proceeds of the Bond will be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) issued by the City and all entities subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) during the calendar year in which the Bond is issued is not reasonably expected to exceed

$5,000,000; and (e) the amount of tax-exempt obligations, including the Bond, designated by the City as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bond is issued does not exceed $10,000,000. The City therefore certifies that the Bond is eligible for the arbitrage rebate exception under Section 148(f)(4)(D) of the Code and designates the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code.

Section 12. Refunding or Defeasance of the Bond. The City may issue refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bond, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease such then-outstanding Bond (hereinafter called the "defeased Bond") and to pay the costs of the refunding or defeasance. If money and/or "government obligations" (as defined in chapter 39.53 RCW, as now or hereafter amended) maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bond in accordance with its terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of the defeased Bond (hereinafter called the "trust account"), then all right and interest of the owner of the defeased Bond in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bond shall cease and become void. The owner of defeased Bond shall have the right to receive payment of the principal of and interest on the defeased Bond from the trust account. The defeased Bond shall be deemed no longer outstanding, and the City may apply any money in any other fund or account established for the payment or redemption of the defeased Bond to any lawful purposes as it shall determine.

Section 13. Bond Fund and Deposit of Bond Proceeds. There is created and established in the office of the Finance Director a special fund designated as the Limited Tax General Obligation Refunding Bond Fund, 2005 (the "Bond Fund"), for the purpose of paying principal of and interest and any prepayment penalty, if any, on the Bond. All taxes collected for and allocated to the payment of the principal of and interest on the Bond shall be deposited in the Bond Fund. The principal proceeds received from the Bond purchaser will be deposited with the Refunding Trustee as set forth in Section 15 to carry out the Refunding Plan and to pay the costs of issuance of the Bond.

Section 14. Refunding of the Refunded Bonds.

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

(b) *Use of Bond Proceeds; Acquisition of Acquired Obligations*. All of the proceeds of the sale of the Bond, exclusive of any contingency amounts that shall be paid into the Bond Fund, if any, shall be deposited immediately upon the receipt thereof with the Refunding Trustee and used to discharge the obligations of the City relating to the Refunded Bonds under the Refunded Bond Ordinances by providing for the payment of the amounts required to be paid by the Refunding Plan. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of the Acquired Obligations, bearing such interest

and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amounts required to be paid by the Refunding Plan. The Acquired Obligations are listed and more particularly described in Exhibit A to the Refunding Trust Agreement between the City and the Refunding Trustee, but are subject to substitution as set forth below. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to purchase the Acquired Obligations and provide a beginning cash balance, if any, and pay the costs of issuance of the Bond shall be returned to the City at the time of delivery of the Bond to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Bond on the first interest payment date.

(c) *Substitution of Acquired Obligations.* Prior to the purchase of any Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute other direct, noncallable obligations of the United States of America ("Substitute Obligations") for any of the Acquired Obligations and to use any savings created thereby for any lawful City purpose if, (a) in the opinion of Foster Pepper & Shefelman PLLC, or other nationally recognized bond counsel to the City, the interest on the Bond and the Refunded Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148, and 149(d) of the Code, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan, as verified by a nationally recognized independent certified public accounting firm.

After the purchase of the Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute therefor cash or Substitute Obligations subject to the conditions that such money or securities held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, that such substitution will not cause the Bond or the Refunded Bonds to be arbitrage bonds within the meaning of Section 148 of the Code and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue dates of the Bond and the Refunded Bonds, as applicable, and that the City obtain, at its expense: (1) a verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee confirming that the payments of principal of and interest on the substitute securities, if paid when due, and any other money held by the Refunding Trustee will be sufficient to carry out the Refunding Plan; and (2) an opinion from Foster Pepper & Shefelman PLLC, bond counsel to the City, its successor, or other nationally recognized bond counsel to the City, to the effect that the disposition and substitution or purchase of such securities, under the statutes, rules, and regulations then in force and applicable to the Bond, will not cause the interest on the Bond or the Refunded Bonds to be included in gross income for federal income tax purposes and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Bond. Any surplus money resulting from the sale, transfer, other disposition, or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the City to be used for any lawful City purpose.

(d) *Administration of Refunding Plan.* The Refunding Trustee is authorized and directed to purchase the Acquired Obligations (or substitute obligations) and to make the payments required to be made by the Refunding Plan from the Acquired Obligations (or substitute obligations) and money deposited with the Refunding Trustee pursuant to this ordinance. All Acquired Obligations (or substitute obligations) and the money deposited with the Refunding

Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the Refunded Bond Ordinances, this ordinance, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Refunding Trustee and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Bond, including bond printing, verification fees, structuring agent fees, bond counsel's fees, and other related expenses, shall be paid out of the proceeds of the Bond.

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

Section 15. Call for Redemption of the Refunded Bonds. The City calls for redemption on November 1, 2007, all of the 1997 Refunded Bonds at a price of par. The City calls for redemption on December 1, 2010, all of the 2000 Refunded Bonds at a price of par. Such call for redemption shall be irrevocable after the delivery of the Bond to the initial purchaser thereof. The date on which the Refunded Bonds are herein called for redemption is the first date on which those bonds may be called.

The proper City officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, pursuant to the Refunded Bond Ordinances in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 16. City Findings with Respect to Refunding. The City Council of the City finds and determines that the issuance and sale of the Bond at this time will effect a savings to the City and is in the best interest of the City and its taxpayers and in the public interest. In making such finding and determination, the City Council has given consideration to the fixed maturities of the Bond and the Refunded Bonds, the costs of issuance of the Bond and the known earned income from the investment of the proceeds of the issuance and sale of the Bond pending payment and redemption of the Refunded Bonds.

The City Council further finds and determines that the money to be deposited with the Refunding Trustee for the Refunded Bonds in accordance with Section 15 of this ordinance will discharge and satisfy the obligations of the City under the Refunded Bond Ordinances with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the City therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds

shall no longer be deemed to be outstanding under such ordinances immediately upon the deposit of such money with the Refunding Trustee.

Section 17. Approval of Transaction. It is anticipated that the Bank will offer to purchase the Bond at a price of par under the terms and conditions contained in the Proposal Letter and this ordinance. The City Council finds that accepting such offer is in the best interest of the City and authorizes the Finance Director to accept such offer on behalf of the City. The City covenants to comply with all terms and conditions of the Proposal Letter as authorized by this ordinance. The costs of issuance described in Exhibit B to the Refunding Trust Agreement, including but not limited to a Bank origination fee of $4,555.39, the Bank's counsel fees of $1,000.00, and Banc of America Securities LLC structuring fee in the amount of $18,221.57, shall be paid upon issuance of the Bond.

The Bond will be printed at City expense and will be delivered to the Bank, together with the approving legal opinion of Foster Pepper & Shefelman PLLC, municipal bond counsel of Seattle, Washington, regarding the Bond. The proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Bond to the Bank and for the proper application and use of the proceeds of the sale thereof.

Section 18. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Woodinville, Washington, at a regular open public meeting thereof, and signed in authentication of its passage this 8th day of August, 2005.

Mayor

ATTEST:

Sandra C. Parker / CMC

City Clerk

APPROVED AS TO FORM:

Bond Counsel

EXHIBIT A

Bond Debt Service Schedule

BOND DEBT SERVICE

City of Woodinville, Washington
LTGO Refunding Bond, 2005 (BANA)

Dated Date 08/31/2005
Delivery Date 08/31/2005

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/31/2005					
12/01/2005	65,272	3.700%	42,605.57	107,877.57	107,877.57
06/01/2006	18,158	3.700%	83,067.22	101,225.22	
12/01/2006	18,157	3.700%	82,731.30	100,888.30	202,113.52
06/01/2007	18,835	3.700%	82,395.39	101,230.39	
12/01/2007	18,836	3.700%	82,046.95	100,882.95	202,113.34
06/01/2008	70,005	3.700%	81,698.48	151,703.48	
12/01/2008	70,006	3.700%	80,403.39	150,409.39	302,112.87
06/01/2009	70,047	3.700%	79,108.28	149,155.28	
12/01/2009	70,046	3.700%	77,812.41	147,858.41	297,013.69
06/01/2010	70,038	3.700%	76,516.56	146,554.56	
12/01/2010	70,038	3.700%	75,220.85	145,258.85	291,813.41
06/01/2011	193,622	3.700%	73,925.15	267,547.15	
12/01/2011	193,623	3.700%	70,343.14	263,966.14	531,513.29
06/01/2012	201,693	3.700%	66,761.12	268,454.12	
12/01/2012	201,692	3.700%	63,029.80	264,721.80	533,175.92
06/01/2013	206,912	3.700%	59,298.49	266,210.49	
12/01/2013	206,912	3.700%	55,470.62	262,382.62	528,593.11
06/01/2014	216,805	3.700%	51,642.75	268,447.75	
12/01/2014	216,804	3.700%	47,631.86	264,435.86	532,883.61
06/01/2015	226,215	3.700%	43,620.98	269,835.98	
12/01/2015	226,216	3.700%	39,436.01	265,652.01	535,487.99
06/01/2016	227,710	3.700%	35,251.01	262,961.01	
12/01/2016	227,709	3.700%	31,038.38	258,747.38	521,708.39
06/01/2017	170,788	3.700%	26,825.76	197,613.76	
12/01/2017	170,788	3.700%	23,666.18	194,454.18	392,067.94
06/01/2018	177,623	3.700%	20,506.60	198,129.60	
12/01/2018	177,623	3.700%	17,220.58	194,843.58	392,973.18
06/01/2019	184,048	3.700%	13,934.55	197,982.55	
12/01/2019	184,048	3.700%	10,529.66	194,577.66	392,560.21
06/01/2020	192,561	3.700%	7,124.78	199,685.78	
12/01/2020	192,562	3.700%	3,562.40	196,124.40	395,810.18
	4,555,392		1,604,426.22	6,159,818.22	6,159,818.22

EXHIBIT B

Prepayment Fee Provision

Prepayments of principal of the Bond may be made in whole or in part at any time. All prepayments of principal shall be applied in the inverse order of maturity. If there is a prepayment of any such principal, the prepayment shall be accompanied by the amount of accrued interest on the amount prepaid, and a prepayment fee. The prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the purchase price of the Bond or from fees payable to terminate the deposits from which such funds were obtained. The City shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of this paragraph, the Bank shall be deemed to have funded the purchase price of the Bond by a matching deposit or other borrowing in the applicable interbank market, whether or not the purchase price of the Bond was in fact so funded.

CERTIFICATION

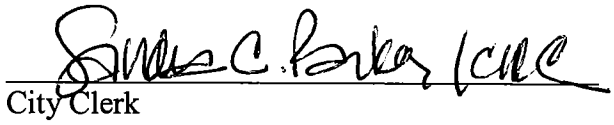
I, the undersigned, City Clerk of the City of Woodinville, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 398 (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 August 8, 2005, as that ordinance appears on the minute book of the City, and the Ordinance will be in full force and effect five days after publication in the City's official newspaper.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 8th day of August, 2005.

CITY OF WOODINVILLE, WASHINGTON



City Clerk