

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 3757

AN ORDINANCE relating to the Waterworks Utility of the City, including the sanitary sewerage system and storm and service water utility as a part thereof; providing for the issuance of Water and Sewer Revenue Refunding Bonds, 1987, in the principal amount of \$15,950,000 to obtain a part of the funds with which to pay the cost of refunding, paying and retiring a portion of the outstanding Water and Sewer Revenue Bonds, 1980, Water and Sewer Revenue Refunding Bonds, 1983, and Water and Sewer Revenue Bonds, 1984, of the City; fixing the date, interest rates, form, maturities, terms, covenants and uses of the proceeds of such bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of the bonds herein authorized and for the use and application of the money derived from such investment; authorizing the execution of an agreement with a refunding trustee; providing for the payment and redemption of the outstanding bonds to be refunded; and providing for the sale and delivery of such bonds to Shearson Lehman Brothers Inc., Foster & Marshall Division, of Seattle, Washington.

WHEREAS, pursuant to Ordinance No. 2169, as amended by Ordinance No. 2181, the sanitary sewerage system of the City of Bellevue, Washington (hereinafter defined as the "City"), was combined with and became a part of the waterworks utility of the City and, pursuant to Ordinance No. 2845, the storm and surface water utility of the City created and established by Ordinance No. 2003 was combined with and made a part of such combined water distribution system and sanitary sewerage system, and such combined systems (hereinafter defined together with all additions thereto and betterments and extensions thereof heretofore or hereafter made as the "Waterworks Utility of the City") are maintained and operated jointly; and

WHEREAS, pursuant to Ordinance No. 2328 passed August 16, 1976, the City heretofore issued its \$7,155,000 par value of Water and Sewer Revenue Refunding Bonds, 1976 (the "1976 Refunding Bonds"), for the purpose of obtaining a part of the funds with which to accomplish the refunding, defeasance, payment and retirement of its then outstanding Water and Sewer Refunding Bonds, 1975, and Water and Sewer Revenue Bonds, 1975; and

WHEREAS, by Section 11 of Ordinance No. 2328 the City reserved the right, for the purpose of refunding by exchange or purchasing and retiring or advance refunding by call and payment at or prior to their maturity any part or all of the outstanding water and sewer revenue bonds of the City, to issue additional revenue bonds therefor (therein called and defined as "Parity Bonds") and to make payments into the Water and Sewer Revenue Bond Redemption Fund, 1976, created by Ordinance No. 2328 for the payment of the Water and Sewer Revenue Refunding Bonds, 1976, and any Parity Bonds, from the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments sufficient to pay the principal of and interest on such Parity Bonds and to maintain a reserve therefor as required by such Ordinance No. 2328, which such payments may rank equally with the payments out of such Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments required by Ordinance No. 2328 to be made into the Water and Sewer Revenue Bond Redemption Fund, 1976, and the Reserve Account created therein if the following conditions and requirements are met and complied with at the time of the issuance of such Parity Bonds:

"(a) That at the time of issuance of such Parity Bonds, there shall not be a deficiency in the Bond Fund, including the 'Reserve Account' therein.

"(b) That the ordinance providing for the issuance of such Parity Bonds shall provide that all assessments and interest thereon which may be levied in any utility local improvement district hereafter created for the purpose of paying in whole or in part the principal of and interest on such Parity Bonds shall be paid directly into the Bond Fund.

"(c) That in the event there shall be included in such Parity Bonds any Term Bonds, the ordinance providing for the issuance of such Parity Bonds shall provide for a schedule of mandatory payments to be made into the 'Principal and Interest Account' of the Bond Fund, the sum of which shall be sufficient to pay the Term Bonds at maturity.

"(d) That the ordinance authorizing any Parity Bonds shall provide for the payment of the principal of and interest thereon out of the Bond Fund and shall further provide that the 'Reserve Account' be increased, in not less than substantially equal monthly payments, within a period of five years after the date of issuance of such Parity Bonds to an amount equal to the average annual principal and interest requirements on all Parity Bonds, including the

Refunding Bonds; provided, however, that in the event such Parity Bonds are issued for the purpose of refunding outstanding Refunding Bonds and/or Parity Bonds, the amount of such reserve allocated to such bonds being so refunded shall be retained as a reserve for such refunding Parity Bonds or used to retire outstanding bonds pursuant to the refunding plan, in which event such reserve amount shall be replaced in the same manner and within the same time as required for additional Parity Bonds. In computing such 'average annual principal and interest requirements,' there shall be included the amounts required to be paid into the 'Principal and Interest Account' of the Bond Fund in each year under any mandatory payment schedule required for the retirement of Term Bonds of any Parity Bonds.

"(e) That at the time of the issuance of such Parity Bonds, the City shall have on file a certificate from an independent licensed professional engineer experienced in the design, construction and operation of municipal utilities, showing that in his professional opinion, the Revenue of the Waterworks Utility of the City, after deducting Operating and Maintenance Expense, together with Utility Local Improvement District Assessments hereafter collected, which will be available in each succeeding year for the payment of the principal of and interest on all outstanding bonds payable out of such Revenue and Assessments and payable out of the Bond Fund and Parity Bonds to be issued, will be equal to the Coverage Requirement established by Section 8(b).

"In determining whether the City is able to comply with the terms of the parity conditions, the following adjustments may be made to the historical net operating revenue for any twelve consecutive months out of the immediately preceding 24-month period:

"(a) Any rate change that has taken place or been approved may be reflected.

"(b) Revenue may be added from customers actually added to the utility subsequent to the twelve-month period.

"(c) Revenue may be added from customers to be served by the improvements being constructed out of the proceeds of the bonds to be issued.

"(d) A full year's revenue may be included from any customer being served, but who has not been receiving service for the full period of operation used as a basis for the certificate.

"(e) Actual or reasonably anticipated changes in the Operating and Maintenance Expense subsequent to such twelve-month period shall be added or deducted, as is applicable";

and

WHEREAS, pursuant to Ordinance No. 2845, the City heretofore issued \$11,460,000 par value of its Water and Sewer Revenue Bonds, 1980 (the "1980 Bonds"), dated May 1, 1980, which bonds were issued on a parity of lien with the 1976 Refunding Bonds, and by such ordinance reserved the right and option to redeem the 1980 Bonds maturing in the years 1993 through 2010 on May 1, 1992, at a price of 103% of par plus accrued interest; and

WHEREAS, pursuant to Ordinance No. 3102, the City heretofore issued \$3,000,000 par value of its Water and Sewer Revenue Bonds, 1982 (the "1982 Bonds"), dated June 1, 1982, which bonds were issued on a parity of lien with the 1976 Refunding Bonds and 1980 Bonds; and

WHEREAS, pursuant to Ordinance No. 3260, the City heretofore issued its \$3,660,000 par value of Water and Sewer Revenue Refunding Bonds, 1983 (the "1983 Refunding Bonds"), dated May 15, 1983, for the purpose of obtaining a part of the funds to accomplish the refunding, defeasance, payment and retirement of its then outstanding 1982 Bonds, which bonds were issued on a parity of lien with the 1976 Refunding Bonds and 1980 Bonds, and by that ordinance reserved the right and option to redeem the 1983 Bonds maturing in the years 1994 through 2002 on June 1, 1993, and on any interest payment date thereafter at a price of par plus accrued interest; and

WHEREAS, pursuant to Ordinance No. 3362, the City heretofore issued its \$1,160,000 par value of Water and Sewer Revenue Bonds, 1984 (the "1984 Bonds"), dated June 1, 1984, which bonds were issued on a parity of lien with the 1976 Refunding Bonds, the 1980 Bonds and the 1983 Refunding Bonds, and by such ordinance reserved the right and option to redeem the 1984 Bonds maturing in the years 1995 through 2004 on June 1, 1994, at a price of 101% of par plus accrued interest; and

WHEREAS, pursuant to Ordinance No. 3743, the City heretofore issued its \$2,000,000 par value Water and Sewer Revenue Bonds, 1986 (the "1986 Bonds"), dated December 30, 1986, which bonds were issued on a parity of lien with the 1976 Refunding

Bonds, the 1980 Bonds, the 1983 Refunding Bonds and the 1984 Bonds; and

WHEREAS, there are presently outstanding \$10,245,000 principal amount of the 1980 Bonds maturing on May 1 in each of the years 1993 through 2010 and bearing various interest rates from 7.70% to 8.80%; and

WHEREAS, there are presently outstanding \$2,525,000 principal amount of the 1983 Refunding Bonds maturing on June 1 in each of the years 1994 through 2002 and bearing various interest rates from 8.60% to 9.15%; and

WHEREAS, there are presently outstanding \$820,000 principal amount of the 1984 Bonds maturing on June 1 in each of the years 1995 through 2004, and bearing various interest rates from 9.75% to 10.40%; and

WHEREAS, the City Council finds that it is in the best interests of the City and the ratepayers of its Waterworks Utility to refund the outstanding 1980 Bonds maturing in the years 1993 through 2010, the outstanding 1983 Refunding Bonds maturing in the years 1994 through 2002, and the 1984 Bonds maturing in the years 1995 through 2004, by the issuance and sale of the bonds authorized in this ordinance (the "Bonds"), for the purpose of realizing a savings for the Waterworks Utility of the City and its ratepayers, which refunding will be effected by:

- (a) The issuance of the Bonds;
- (b) The payment of the interest on the 1980 Bonds maturing in the years 1993 through 2010 (the "1980 Refunded Bonds") as the same shall become due up to and including May 1, 1992, and, on May 1, 1992, the call, payment and redemption of the outstanding 1980 Refunded Bonds at 103% of par;
- (c) The payment of the interest on the 1983 Refunding Bonds maturing in the years 1994 through 2002 (the "1983 Refunded Refunding Bonds") as the same shall become due up to and including June 1, 1993, and on June 1, 1993, the call, payment and redemption of the outstanding 1983 Refunded Refunding Bonds at par; and
- (d) The payment of the interest on the 1984 Bonds maturing in the years 1995 through 2004 (the "1984 Refunded Bonds") as the same shall become due up to and including June 1, 1994, and, on

June 1, 1994, the call, payment and redemption of the outstanding 1984 Refunded Bonds at 101% of par;

and

WHEREAS, in order to effect such refunding in the manner that would be most advantageous to the City and its ratepayers, it is found necessary and advisable that Acquired Obligation hereinafter defined, bearing interest and maturing at such time or times as necessary to accomplish the refunding as aforesaid, be purchased out of the proceeds of the sale of the Bonds authorized herein and other money of the City legally available therefor; and

WHEREAS, Shearson Lehman Brothers Inc., Foster & Marshall Division, Seattle, Washington, has offered to purchase such Bonds under the terms and conditions hereinafter set forth; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DO ORDAIN, as follows:

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

"Bonds" shall mean the Water and Sewer Revenue Refunding Bonds, 1987, authorized to be issued by this ordinance.

"1976 Refunding Bonds" shall mean the Water and Sewer Revenue Refunding Bonds, 1976, issued pursuant to Ordinance No. 2328.

"1980 Parity Bonds" shall mean the Water and Sewer Revenue Bonds, 1980, maturing on or before May 1, 1992, issued pursuant to Ordinance No. 2845.

"1980 Refunded Bonds" shall mean the Water and Sewer Revenue Bonds, 1980, maturing in the years 1993 through 2010, issued pursuant to Ordinance No. 2845.

"1983 Parity Refunding Bonds" shall mean the Water and Sewer Revenue Refunding Bonds, 1983, maturing on or before June 1, 1993, issued pursuant to Ordinance No. 3260.

"1983 Refunded Refunding Bonds" shall mean the Water and Sewer Revenue Refunding Bonds, 1983, maturing in the years 1994 through 2002, issued pursuant to Ordinance No. 3260.

"1984 Parity Bonds" shall mean the Water and Sewer Revenue Bonds, 1984, maturing on or before June 1, 1994, issued pursuant to Ordinance No. 3362.

"1984 Refunded Bonds" shall mean the Water and Sewer Revenue Bonds, 1984, maturing in the years 1995 through 2004, issued pursuant to Ordinance No. 3362.

"1986 Bonds" shall mean the Water and Sewer Revenue Bonds, 1986, issued pursuant to Ordinance No. 3743.

"Bond Fund" shall mean the Water and Sewer Revenue Bond Redemption Fund, 1976, created by Ordinance No. 2328 for the payment of the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

"Bond Registrar" shall mean the fiscal agencies of the State of Washington in Seattle, Washington, or New York, New York, as the same may be designated from time to time.

"City" shall mean the City of Bellevue, Washington, a duly organized noncharter code city.

"Future Parity Bonds" shall mean any and all water and sewer revenue bonds of the City issued after the date of the issuance of the Bonds pursuant to the provisions of Section 11 of Ordinance No. 2328, Section 16 of Ordinance No. 2845, Section 13 of Ordinance No. 3260, Section 12 of Ordinance No. 3362, Section 12 of Ordinance No. 3743 and Section 15 of this ordinance, the payment of the principal of and interest on which constitutes a lien and charge upon the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments on a parity with the lien and charge upon such revenue and assessments for the Outstanding Parity Bonds and the Bonds.

"Government Obligations" shall mean any direct obligations of the United States of America and which are otherwise lawful investments of the City at the time of such investment.

"Operating and Maintenance Expense" shall mean all reasonable expenses incurred by the City in causing the Waterworks Utility of the City to be operated and maintained in good repair, working order and condition, including payments of premiums for insurance on the Waterworks Utility of the City, payments to be made to the Municipality of Metropolitan Seattle, a municipal corporation, for sewage treatment and disposal, payments to The City of Seattle, Washington, for water purchased, and any State-imposed taxes, but excluding any City-imposed utility taxes or payments in lieu of taxes payable from Revenue of the Waterworks Utility of the City.

"Outstanding Parity Bonds" shall mean any and all water and sewer revenue bonds of the City issued after the date of the issuance of the 1976 Refunding Bonds, pursuant to the provisions of Section 11 of Ordinance No. 2328, Section 16 of Ordinance No. 2845, Section 13 of Ordinance No. 3260, Section 12 of Ordinance No. 3362, Section 12 of Ordinance No. 3743 and Section 15 of this ordinance, the payment of the principal of and interest on which constitutes a lien and charge upon the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments on a parity with the lien and charge upon such Revenue and Assessments for the Outstanding Parity Bonds and the Bonds.

"Outstanding Prior Bonds" shall mean the remaining outstanding water revenue bonds and sewer revenue bonds heretofore issued by the five special purpose districts whose assets have been acquired by the City and which the City has agreed to pay, which then outstanding bonds were more particularly described in Ordinance No. 2169, and provision for the payment, retirement and refunding of which has been made by Ordinance No. 2169, as amended by Ordinance No. 2181.

"Principal and Interest Account" shall mean the account of that name in the Bond Fund created and established in the Office of the Director of Finance of the City by Ordinance No. 2328.

"Refunding Plan" shall mean:

- (1) The payment of the interest on the 1980 Refunded Bonds as the same shall become due up to and including May 1, 1992, and, on May 1, 1992, the call, payment and redemption of all of the outstanding 1980 Refunded Bonds at a price of 103% of par;
- (2) The payment of the interest on the 1983 Refunded Refunding Bonds as the same shall become due up to and including June 1, 1993, and, on June 1, 1993, the call, payment and redemption of all of the outstanding 1983 Refunded Refunding Bonds at a price of par; and
- (3) The payment of the interest on the 1984 Refunded Bonds as the same shall become due up to and including June 1, 1994, and, on June 1, 1994, the call, payment and redemption of all of the outstanding 1984 Refunded Bonds at a price of 101% of par.

"Refunded Bonds" shall mean the 1980 Refunded Bonds, the 1983 Refunded Refunding Bonds and the 1984 Refunded Bonds.

"Refunding Trustee" shall mean Seattle-First National Bank of Seattle, Washington.

"Reserve Account" shall mean the account of that name in the Bond Fund created and established in the Office of the Director of Finance of the City by Ordinance No. 2328.

"Revenue of the Waterworks Utility of the City" shall mean all of the earnings and revenue received by the Waterworks Utility of the City from any source whatsoever, except Utility Local Improvement District Assessments, general ad valorem taxes, grants from the state or federal governments, proceeds from the sale of City property and bond proceeds.

"Term Bonds" shall mean Bonds maturing in the year 2010 and any bonds of any Parity Bonds maturing in any year, the principal of which is greater than 1.25 times the average annual principal amount of all bonds maturing in the three years immediately preceding the year in which the Term Bonds of the Parity Bonds mature.

"Utility Local Improvement District Assessments" shall mean all utility local improvement district assessments and installments thereof, plus interest and penalties thereon, heretofore levied and pledged by the boards of commissioners of the respective special purpose districts to be paid into the bond redemption funds of the Outstanding Prior Bonds, and hereafter collected, together with all assessments in and payments received in any other utility local improvement district created by the City Council to secure the payment of the Bonds and any Outstanding Parity Bonds and pledged to be paid into the Bond Fund.

"Waterworks Utility of the City" shall mean the combined water distribution system and sanitary sewerage system of the City, as combined by Ordinance No. 2169, as amended by Ordinance No. 2181, and the storm and surface water system of the City combined therewith by Ordinance No. 2845, together with all additions thereto and betterments and extensions thereof heretofore or hereafter made or constructed.

Section 2. For the purpose of providing a part of the money required to carry out the Refunding Plan and to pay the costs of issuance and sale of the Bonds, the City shall cause to be issued the Bonds in the principal amount of \$15,950,000. The Bonds shall be dated April 1, 1987, shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purpose of identification, and shall bear interest at the rates set forth below, computed on the basis of a 360-day year

of twelve 30-day months, payable on November 1, 1987, and semiannually thereafter on each succeeding May 1 and November 1. The Bonds shall be payable solely out of the Bond Fund, shall be a valid claim of the owner thereof only as against such Bond Fund and the amount of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments pledged to such fund and shall not be general obligations of the City.

The Bonds shall mature on May 1 in years and amounts as follows:

<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
1991	\$ 40,000	4.90%
1992	165,000	5.00
1993	385,000	5.20
1994	590,000	5.40
1995	690,000	5.60
1996	740,000	5.80
1997	785,000	6.00
1998	850,000	6.10
1999	920,000	6.20
2000	1,000,000	6.30
2001	1,070,000	6.45
2002	1,160,000	6.60
2003	790,000	6.70
2004	860,000	6.80
2005	790,000	6.85
2006	855,000	6.90
2007	935,000	6.90
**	**	**
2010	3,325,000	6.90

If any Bond is not redeemed upon proper presentment at its maturity or call date, the City shall be obligated to pay interest at the same rate for each such Bond from and after its maturity or call date until such Bond, both principal and interest, shall have been paid in full or until sufficient money for such payment in full is on deposit in the Bond Fund and such Bond has been called for payment.

The Bonds shall be issued only in registered form as to both principal and interest on books or records (the "Bond Register") maintained by the Bond Registrar. Such Bond Register shall contain the name and mailing address of the owner of each Bond and the principal amount and number of Bonds held by each owner.

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 paid by check or draft mailed to the registered owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners at either of the principal offices of the Bond Registrar at the option of such registered owners.

Upon surrender thereof to the Bond Registrar, Bonds are interchangeable for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Such exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be required to transfer any Bond during the fifteen days preceding any principal payment or redemption date.

Bonds maturing May 1, 1991, through May 1, 1997, are issued without the right or option of the City to redeem the same prior to their respective maturity dates. The City reserves the right and option to redeem Bonds maturing on or after May 1, 1998, as a whole, or in part in inverse order of maturity (and by lot within a maturity in such manner as the Bond Registrar shall determine), on May 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

Bonds maturing in the year 2010 are Term Bonds and, if not purchased in the open market or redeemed under the optional redemption provisions set forth above, shall be called for redemption by lot (in such manner as the Bond Registrar shall determine) at par plus accrued interest on the following dates and in the following amounts:

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
May 1, 2008	\$1,015,000
May 1, 2009	1,105,000
May 1, 2010	1,205,000

Term Bonds previously redeemed by optional call or open market purchase shall be credited to the principal amount of Term Bonds to be called on the latest scheduled mandatory redemption date.

Portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple of \$5,000, may be

redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at either of the principal offices of the Bond Registrar, there shall be issued to the registered owner, without charge therefor, a new Bond (or Bonds at the option of the registered owner) of like maturity and interest rate in any of the denominations authorized by this ordinance.

Notice of any such intended redemption shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register. The requirements of this section shall be deemed to be complied with when notice is mailed as herein provided, whether or not it is actually received by the owner of any Bond. The interest on the Bonds so called for redemption shall cease on the date fixed for redemption unless such Bonds so called are not redeemed upon presentation made pursuant to such call. In addition, such redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's Corporation at their offices in New York, New York, or their successors, to Shearson Lehman Brothers Inc., Foster & Marshall Division, at its office in Seattle, Washington, or its successor, and to such other persons and with such additional information as the City Clerk shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

The City also reserves the right and option to purchase any or all of the Bonds in the open market at a price not in excess of par plus accrued interest to the date of purchase.

Section 3. The Bond Fund heretofore has been created and established in the office of the Director of Finance of the City by Ordinance No. 2328 and has been divided into two accounts, the Principal and Interest Account and the Reserve Account. So long as any Bonds are outstanding and unpaid, the Director of Finance of the City shall set aside and pay into the Principal and Interest Account, in addition to the amounts to be paid into such Account for the Outstanding Parity Bonds, out of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments a fixed amount, without regard to any fixed proportion, namely, on or before the 20th day of each month beginning with the month of May, 1987, such amount as is equal to 1/6th of the next ensuing six months' requirements for interest on the Bonds and 1/12th of the amount of principal of the Bonds becoming payable on the next ensuing principal payment and/or mandatory redemption date.

Section 4. The Reserve Account is fully funded in an amount not less than the average annual debt service

requirements for the Outstanding Parity Bonds and the Bonds. The City will maintain that amount therein at all times, except for withdrawals therefrom as authorized herein, until there is a sufficient amount in the Bond Fund, including the Reserve Account, to pay the principal of and interest on all outstanding bonds payable out of the Bond Fund to the final maturity thereof, at which time the money in the Bond Fund, including the Reserve Account, may be used to pay such principal and interest.

In the event there shall be a deficiency in the Bond Fund to meet maturing installments of either principal or interest, as the case may be, on any outstanding bonds payable out of the Bond Fund, such deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom for that purpose. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from the Revenue of the Waterworks Utility of the City and/or Utility Local Improvement District Assessments first available after making necessary provisions for the required payments into the Bond Fund.

All money in the Reserve Account may be kept in cash or deposited in institutions permitted by law in an amount in each institution not greater than the amount insured by any department or agency of the United States Government, or may be invested in United States Government obligations having a guaranteed market, or in United States Government obligations maturing not later than the last maturity of any outstanding bonds that are payable out of the Bond Fund. Interest earned on any such investments shall be deposited in and become a part of the Bond Fund.

Notwithstanding the provisions for the deposit of earnings, any earnings which are subject to a federal tax or rebate requirement may be withdrawn from the Bond Fund for deposit in a separate fund or account for that purpose.

If the City shall fail to set aside and pay into the Bond Fund the amounts which it has obligated itself by this section to set aside and pay therein, the owner of any Bond may bring suit against the City to compel it to do so.

Section 5. The City Council of the City finds as follows:

(a) The purpose for the issuance of the Bonds qualifies as a purpose for the issuance of Parity Bonds as defined in Section 11 of Ordinance No. 2328, Section 16 of Ordinance No. 2845, Section 13 of Ordinance No. 3260, Section 12 of Ordinance No. 3362 and Section 12 of Ordinance No. 3743.

(b) At the time of the issuance of the Bonds there is not and will not be a deficiency in the Bond Fund, including the Reserve Account.

(c) No Utility Local Improvement District Assessments are levied in connection with the issuance of the Bonds.

(d) Provision is made herein for a schedule of mandatory payments into the Principal and Interest Account for the mandatory redemption of the Term Bonds.

(e) Provision is made herein for the payment of the principal of and interest on the Bonds out of the Bond Fund and no additional amounts are required to be deposited in the Reserve Account.

(f) At the time of the issuance of the Bonds, the City will have on file a certificate from an independent, licensed professional engineer experienced in the design, construction and operation of municipal utilities, showing that, in his professional opinion, the Revenue of the Waterworks Utility of the City, after deducting Operating and Maintenance Expense, together with Utility Local Improvement District Assessments hereafter collected which will be available in each succeeding year for the payment of the principal and interest on all outstanding bonds payable out of the Bond Fund, including the Bonds to be issued, at least will be equal to the coverage requirement established by Section 8(b) of Ordinance No. 2328, Section 14(b) of Ordinance No. 2845, Section 11(b) of Ordinance No. 3260, Section 8(b) of Ordinance No. 3362 and Section 8(b) of Ordinance No. 3743.

The conditions and requirements set forth in Section 11 of Ordinance No. 2328, Section 16 of Ordinance No. 2845, Section 13 of Ordinance No. 3260, Section 12 of Ordinance No. 3362 and Section 12 of Ordinance No. 3743 have been met and complied with, or will have been met and complied with at the time of the issuance of the Bonds, and, therefore, the Bonds shall be issued on a parity with the Outstanding Parity Bonds.

Section 6. By Ordinance No. 2169, as amended by Ordinance No. 2181, irrevocable provision has been made for the payment and retirement of all of the Outstanding Prior Bonds. The Revenue of the Waterworks Utility of the City and all Utility Local Improvement District Assessments hereafter collected are pledged to the payments to be made into the Bond Fund as aforesaid, and the Outstanding Parity Bonds and the Bonds shall

constitute a lien and charge upon the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments prior and superior to any other liens and charges whatsoever, subject only to Operating and Maintenance Expense and to the payment and retirement of the Outstanding Prior Bonds.

Section 7. In the judgment of the City Council, the Revenue of the Waterworks Utility of the City at the rates to be charged for water and sanitary sewage disposal service and storm and surface water drainage service furnished on the entire utility, together with Utility Local Improvement District Assessments, will be more than sufficient to meet all Operating and Maintenance Expense and to permit the setting aside into the Bond Fund out of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments hereafter collected of amounts sufficient to pay the interest on the Outstanding Parity Bonds and the Bonds as such interest becomes payable and to pay and redeem all of such bonds at maturity or earlier mandatory redemption dates. The City Council further declares that in creating the Bond Fund and in fixing the amounts to be paid into the same as aforesaid it has exercised due regard for the Operating and Maintenance Expense, and the City has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments than in the judgment of the City Council will be available over and above such Operating and Maintenance Expense and debt service requirements of such Outstanding Parity Bonds, and that no portion of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments has been pledged previously for any indebtedness other than the Outstanding Prior Bonds to be refunded or otherwise paid and retired as stated above.

Section 8. The proceeds of the sale of the Bonds, exclusive of the accrued interest and premium, if any, thereon which shall be paid into the Bond Fund, shall be deposited immediately upon the receipt thereof with the Refunding Trustee to discharge the obligations of the City relating to the 1980 Refunded Bonds under Ordinance No. 2845, the 1983 Refunded Refunding Bonds under Ordinance No. 3260, and the 1984 Refunded Bonds under Ordinance No. 3362 by providing for the payment of the amounts required to be paid by the Refunding Plan and to pay the costs of issuance and sale of the Bonds. To the extent practicable, such obligations shall be discharged fully by the Refunding Trustee's simultaneous purchase of United States Treasury Certificates of Indebtedness, Notes and/or Bonds - State and Local Government Series and/or other Government Obligations authorized to be acquired with proceeds of refunding bonds under the Refunding Bond Act of the State of Washington, Chapter 39.53 RCW (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 the beginning cash balance, if any (which may be increased or decreased), for the payment of the amounts required to be made by the Refunding Plan.

The Acquired Obligations are more particularly described and are set forth in Schedule A attached to the Refunding Trust Agreement hereinafter referred to, but are subject to substitution as set forth below.

Prior to the purchase of any such Acquired Obligations, the City reserves the right to substitute other Government Obligations for any of the Acquired Obligations and to use any savings created thereby for any lawful City purpose if, in the opinion of Roberts & Shefelman, the City's bond counsel, (a) the Bonds will remain exempt from federal income taxation under Sections 103, 148, and 149(d) of the United States Internal Revenue Code of 1986, and applicable regulations thereunder, and (b) such substitution shall not impair the timely payment of the amounts required to be paid by the Refunding Plan.

After the purchase of the Acquired Obligations by the Refunding Trustee, the City reserves the right to substitute therefor money or other Government Obligations, subject to the conditions that such money and Government Obligations held by the Refunding Trustee shall be sufficient to carry out the Refunding Plan, making all required payments when due, that such substitution will not cause the Bonds to be arbitrage bonds within the meaning of the Internal Revenue Code of 1986, and regulations thereunder in effect on the date of such substitution and applicable to obligations issued on the issue date of the Bonds, and that the City obtains, at its expense, the following: (1) an independent verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee concerning the adequacy of such substituted Government Obligations with respect to the principal thereof and the interest thereon and any other money or Government Obligations held for such purpose to carry out the Refunding Plan, making all required payments at the times provided; and (2) an opinion from Roberts & Shefelman, bond counsel to the City, its successor, or other nationally recognized bond counsel of the City, to the effect that the disposition and substitution or purchase of such Government Obligations will not, under the statutes, rules and regulations then in force and applicable to the Bonds, cause the interest on the Bonds not to be exempt from federal income taxation and that such disposition and substitution or purchase is in compliance with the statutes and regulations applicable to the Bonds. 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.

Section 9. The Refunding Trustee is authorized and directed to purchase the Acquired Obligations and to make the payments required to be made by the Refunding Plan from the Acquired Obligations and money deposited with the Refunding Trustee pursuant to Section 8 of this ordinance. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held, invested and applied in accordance with the provisions of Ordinances Nos. 2845, 3260 and 3362, this ordinance, Chapter 39.53 RCW and other applicable statutes of the State of Washington.

All necessary and proper fees, compensation and expenses of the Refunding Trustee in connection with its duties under the Refunding Trust Agreement and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs relating to the issuance and delivery of the Bonds, including bond printing, rating service fees, escrow verification fees, financial advisor fees, bond counsel's fees and other related expenses shall be paid out of the proceeds of the Bonds.

In order to carry out the purposes of this ordinance, the City Manager is authorized and directed to execute 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 such provisions for the payment of the fees, compensation and expenses of such Refunding Trustee are satisfactory to it. Prior to executing the Refunding Trust Agreement, the City Manager is authorized to make such changes therein which do not change the substance and purpose thereof or which assure that the escrow provided therein and the Bonds are in compliance with the requirements of federal law governing the exemption of the interest on the Bonds from federal income taxation.

Section 10. The City calls for redemption on May 1, 1992, all of the outstanding 1980 Refunded Bonds at 103% of par.

The City calls for redemption on June 1, 1993, all of the outstanding 1983 Refunded Refunding Bonds at par.

The City calls for redemption on June 1, 1994, all of the outstanding 1984 Refunded Bonds, at 101% of par.

Such calls for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The dates on which the Refunded Bonds are called for redemption herein are the first dates on which the Refunded Bonds may be called at a premium of 3% or less.

The proper City officials are authorized and directed to give such notice as required, at the times and in the manner required, pursuant to Ordinances Nos. 2845, 3260 and 3362, in order to effect the redemption prior to the maturity of the 1980 Refunded Bonds, the 1983 Refunded Refunding Bonds and the 1984 Refunded Bonds, respectively.

Section 11. The City covenants and agrees with the owner of each of the Bonds as follows:

(a) All Utility Local Improvement District Assessments hereafter collected by the Director of the Office of Finance of King County, Washington, as ex officio treasurer for the issuers of the Outstanding Prior Bonds, shall be transferred to the Director of Finance of the City for deposit in the Bond Fund and all Utility Local Improvement District Assessments hereafter collected by the Director of Finance of the City shall be paid into the Bond Fund and may be used to pay the principal of and interest on the Outstanding Parity Bonds and the Bonds and/or Future Parity Bonds, without such assessments or installments thereof or interest thereon being particularly allocated to the payment of the principal and interest on any particular issue of bonds payable out of the Bond Fund. However, nothing in this ordinance or in this section shall be construed to prohibit the City from issuing water and sewer revenue bonds junior in lien to such Outstanding Parity Bonds, Bonds and Future Parity Bonds and pledging as security for their payment assessments levied in any utility local improvement district which may have been specifically created to pay part or all of the costs of improvements to the Waterworks Utility of the City for which such junior lien bonds were specifically issued.

(b) It will establish, maintain and revise, as necessary, and collect such rates and charges for water and sanitary sewage disposal service and for storm and surface water drainage service so long as any Outstanding Parity Bonds, Bonds or Future Parity Bonds are outstanding as will make available, together with any Utility Local Improvement District Assessments hereafter collected, in each succeeding

year for the payment of the principal of and interest on such bonds then outstanding an amount equivalent to at least 1.25 times the average annual debt service requirements, both principal and interest, of such bonds, after deducting Operating and Maintenance Expense from the Revenue of the Waterworks Utility of the City. This subparagraph hereinafter shall be called the "Coverage Requirement." In determining whether the Coverage Requirement is or will be satisfied by the City, there shall be deemed to be included within the principal amount of bonds maturing in any year the amounts required to be paid into the Principal and Interest Account in such year under any mandatory payment schedule required for the retirement of Term Bonds of any Parity Bonds, and there shall be deemed to be excluded from the principal amount of any Term Bonds the sum of such payments required to be made under any such mandatory payment schedule.

(c) It will at all times maintain and keep the Waterworks Utility of the City in good repair, working order and condition, and also will at all times operate such utility and the business in connection therewith in an efficient manner and at a reasonable cost.

(d) It will not sell, lease, mortgage or in any manner encumber or dispose of all the property of the Waterworks Utility of the City unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all bonds payable out of the Bond Fund at any time outstanding, and it will not sell, lease, mortgage or in any manner encumber or dispose of any part of the property of the Waterworks Utility of the City that is used, useful and material to the operation thereof, unless provision is made for replacement thereof, or for payment into the Bond Fund of the total amount of revenue received which shall not be less than an amount which shall bear the same ratio to the amount of outstanding bonds payable out of the Bond Fund as the revenue available for debt service for such outstanding bonds for the twelve months preceding such sale, lease, mortgage or encumbrance or disposal from the portion of the utility sold, leased, mortgaged, encumbered or disposed of bears to the revenue available for debt service for such bonds from the entire utility for the same period. Any such money so paid into the Bond Fund shall be used to retire such outstanding bonds at the earliest possible date.

(e) It will keep, while any of the Bonds remains outstanding, proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Waterworks Utility of the City, and it will furnish the original purchaser or purchasers of the Bonds or any subsequent owner or owners thereof, at the written request of such purchaser or owner, complete operating and income statements of such utility in reasonable detail covering any calendar year not more than ninety days after the close of such calendar year, and it will grant any owner or owners of at least twenty-five percent of the outstanding Bonds the right at all reasonable times to inspect the entire Waterworks Utility of the City and all records, accounts and data of the City relating thereto. Upon request of any owner of any of the Bonds, it also will furnish to such owner a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington.

(f) It will not furnish water or sanitary sewage disposal service or storm and surface water drainage service to any customer whatsoever free of charge and will take legal action promptly to enforce collection of all delinquent accounts and all delinquent Utility Local Improvement District Assessments.

(g) It will carry the types of insurance, including self-insurance, on the properties of the Waterworks Utility of the City in the amounts normally carried by private water and sewer companies engaged in the operation of water and sewerage systems, and the cost of such insurance shall be considered a part of Operating and Maintenance Expense of such utility. If, as, and when the United States of America or some agency thereof shall provide for war risk insurance, the City further agrees to take out and maintain such insurance on all or such portions of the Waterworks Utility of the City on which such war risk insurance may be written in an amount or amounts to cover adequately the value thereof.

(h) It will pay all Operating and Maintenance Expense and otherwise meet the obligations of the City as herein set forth.

(i) It will neither make nor permit any use of proceeds of the Bonds or other funds of the City at any time during the term of the Bonds which will

cause the Bonds to be arbitrage bonds within the meaning of Section 148 of the United States Internal Revenue Code of 1986 and applicable regulations promulgated thereunder. Further, the City covenants that, if all proceeds of the Bonds have not been spent within six months from the date of issuance of the Bonds, it will calculate, or cause to be calculated, and rebate to the United States all earnings from the investment of Bond proceeds that are in excess of the amount that would have been earned had the yield on such investments been equal to the yield on the Bonds, plus all income derived from such excess earnings, to the extent and in the manner required by Section 148 of such Code and such applicable regulations. In the event the City shall fail to meet the rebate requirements applicable to the Bonds under Section 148 of such Code, the City covenants that, to the extent permitted by that Section, it shall pay the penalty provided in Subsection 148(f)(7)(C) if required to prevent a loss of the tax exemption for interest on the Bonds.

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 12. The Bonds shall be printed on good bond paper with lithographed or engraved borders in a form consistent with this ordinance and shall be signed by the facsimile signatures of the Mayor and City Clerk. The seal of the City shall be reproduced on the lower border thereof, and such seal is adopted as the seal of the City for such Bonds being issued.

Only such Bonds as shall bear thereon a Certificate of Authentication in the following form, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This bond is one of the fully registered City of Bellevue, Washington, Water and Sewer Revenue Refunding Bonds, 1987, described in the within mentioned ordinance.

Washington State Fiscal Agency
Bond Registrar

By _____
Authorized Officer

Such executed 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 or both of the officers who shall have executed the Bonds shall cease to be such 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 also may be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be 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 13. The fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York, as the same may be designated from time to time, are appointed Bond Registrar for the Bonds. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the City. 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 Bond Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 14. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 15. The City covenants with the owner of each of the Bonds for as long as any of the same is outstanding that it will not create any special fund or funds for the payment of the principal of and interest on any other revenue bonds which will have any priority over or which will rank on a parity with the payments required by this ordinance to be made out of the Revenue of the Waterworks Utility of the City and Utility Local

Improvement District Assessments pledged to be paid into the Bond Fund, except it reserves the right for

First, the purpose of acquiring, constructing and installing additions, betterments and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements of or repairs or capital improvements to, the Waterworks Utility of the City pursuant to a plan or plans of additions and betterments thereto hereafter adopted, or

Second, the purpose of refunding by exchange or purchasing and retiring or advance refunding by call and payment at or prior to their maturity any part or all of the outstanding water and sewer revenue bonds of the City,

to issue additional and/or refunding Future Parity Bonds therefor and to make payments into the Bond Fund from the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments sufficient to pay the principal of and interest on such Future Parity Bonds and to maintain a reserve therefor as required, which such payments may rank equally with the payments out of such Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments required by this ordinance to be made into the Bond Fund and Reserve Account, if the conditions and requirements set forth in Section 11 of Ordinance No. 2328, Section 16 of Ordinance No. 2845, Section 13 of Ordinance No. 3260, Section 12 of Ordinance No. 3362, Section 12 of Ordinance No. 3743 and of this section are met and complied with at the time of issuance of such Future Parity Bonds.

Nothing contained in this section shall prevent the City from issuing revenue bonds, warrants or other obligations, the payment of the principal of and interest on which is a charge upon the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments junior and inferior to the payments required to be made out of such Revenue into the Bond Fund.

Section 16. In the event the City shall issue advance refunding bonds pursuant to the laws of the State of Washington, or have funds available from any other lawful source, to pay the principal of and interest on the Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding Bonds and to pay the costs of refunding, and shall have set aside irrevocably in a special fund for and pledged to such payment and refunding, money and/or Government Obligations, sufficient in amount, together with known earned income from the investment thereof,

to make such payments and to accomplish the refunding as scheduled, and shall make irrevocable provisions for redemption of such Bonds, then in that case all right and interest of the owners of the Bonds to be so retired or refunded in the covenants of this ordinance and in the Revenue of the Waterworks Utility of the City, Utility Local Improvement District Assessments, funds and accounts obligated to the payment of such Bonds, except the right to receive the funds so set aside and pledged to be paid from the Bond Fund without priority and except with respect to the provisions of Section 11(i) herein, shall thereupon cease and become void and the City may then apply any money in any fund or account established for the payment or redemption of such Bonds to any lawful purposes as it shall determine.

In the event that the refunding plan provides that the Bonds being refunded or the refunding bonds to be issued be secured by cash and/or Government Obligations pending the prior redemption of those Bonds being refunded and if such refunding plan also provides that certain cash and/or Government Obligations are pledged irrevocably for the prior redemption of those Bonds included in the refunding plan, then only the debt service on the Bonds and the refunding bonds payable from the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments shall be included in the computation of coverage for issuance of Parity Bonds and the annual computation of coverage for determining compliance with the Coverage Requirement.

Section 17. By Ordinance No. 2169, as amended by Ordinance No. 2181, there has been created and established in the office of the Director of Finance of the City a special fund designated the "Waterworks Utility Revenue Fund." The Revenue of the Waterworks Utility of the City shall be deposited as received in the Waterworks Utility Revenue Fund and shall be used, paid out and distributed in the following order of priority:

(a) To meet Operating and Maintenance Expense;

(b) To meet the required payments into the Bond Fund for all bonds payable out of the Bond Fund from the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments, including the amounts required to be paid into the Principal and Interest Account in such year under any mandatory payment schedule required for the retirement of Term Bonds of any Outstanding Parity Bonds, the Bonds or Future Parity Bonds, and payments necessary to make up any deficiency in the Reserve Account created by authorized withdrawals therefrom;

(c) To meet the debt service requirements for any water and sewer revenue bonds hereafter issued for the payment of which the lien and charge upon the Revenue of the Waterworks Utility of the City will be junior to the prior lien and charge thereon for payments to be made into the Bond Fund; and

(d) To redeem and retire any water and sewer revenue bonds of the City then outstanding or to purchase any or all of those bonds in the open market at a price not in excess of the price at which those bonds would be redeemed at the next call date, and to make necessary additions, betterments, repairs, extensions and replacements of the Waterworks Utility of the City and other purposes proper to its maintenance and operation, including the payment of any City-imposed utility taxes or payments in lieu of taxes payable from Revenue of the Waterworks Utility of the City.

Section 18. Shearson Lehman Brothers Inc., Foster & Marshall Division, of Seattle, Washington, has presented a bond purchase agreement (the "Purchase Contract") to the City by which such company has offered to purchase the Bonds under the terms and conditions provided in the Purchase Contract, which written Purchase Contract is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Purchase Contract is in the best interest of the City and the ratepayers of the Waterworks Utility and, therefore, accepts the offer contained in the Purchase Contract and authorizes the execution of the Purchase Contract by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the terms of the Purchase Contract with the approving legal opinion of Roberts & Shefelman, municipal bond counsel of Seattle, Washington, relative to the issuance of the Bonds, printed on each Bond. Bond counsel has not been retained to and shall not be required to review or express any opinion concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Bonds except with respect to the paragraphs of the Official Statement entitled "Description of the Bonds," "Tax-Exemption," "Bonds not 'Qualified Tax-Exempt Obligations' for Financial Institutions," and "Property and Casualty Insurance Companies," and bond counsel's opinion shall so state.

The proper City officials are authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to the purchaser, including the execution of the

Official Statement on behalf of the City, and for the proper application and use of the proceeds of the sale thereof.

Seattle-Northwest Securities Corporation, the City's financial advisor, or the Refunding Trustee is authorized to order on behalf of the City the Acquired Obligations specified in Schedule A of the Refunding Trust Agreement (subject to substitution).

The Director of Finance of the City is authorized to establish a special fund or account for the purpose of complying with the covenants set forth in Section 11(i) herein relating to arbitrage rebate requirements. All earnings from the investment of Bond proceeds, or money treated as Bond proceeds under the 1986 Code as it may be amended, and regulations promulgated thereunder, including money in the Reserve Account and allocated to the Bonds, in excess of the earnings invested at the yield on the Bonds determined under the 1986 Code, shall be deposited in such fund or account, and any earnings therefrom shall be retained therein. Such fund or account shall be a trust fund established for the benefit of the United States Government.

Section 19. Pending the printing, execution and delivery to the purchaser of the definitive Bonds, the City may cause to be executed and delivered to such purchaser a single temporary Bond in the total principal amount of the Bonds. Such temporary Bond shall bear the same date of issuance, interest rates, principal payment dates and terms and covenants as the definitive Bonds, shall be issued as a fully registered Bond in the name of such purchaser, and shall be in such form as acceptable to such purchaser. Such temporary Bond shall be exchanged for the definitive Bonds as soon as the same are printed, executed and available for delivery. If the Acquired Obligations are not acquired by the Refunding Trustee and the definitive Bonds are not ready for exchange and delivery within 45 days from the date of delivery of the temporary Bond, such temporary Bond shall be immediately retired at the original purchase price therefor plus accrued interest thereon from money deposited with the Refunding Trustee.

Section 20. This ordinance shall take effect and be in force five days after its passage and legal publication.

PASSED by the City Council this 2nd day of March, 1987, and signed in authentication of its passage this 2nd day of March, 1987.



Cary E. Bozeman, Mayor

Approved as to Form:



Richard L. Andrews,
City Attorney

ATTEST:



Marie K. O'Connell, City Clerk

Published: March 8, 1987

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