

## CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 3758

AN ORDINANCE of the City of Bellevue, Washington, providing for the issuance of \$8,455,000 principal amount of Unlimited Tax General Obligation Refunding Bonds, 1987, of the City for the purpose of providing the funds to pay a part of the cost of refunding, paying and retiring a portion of its outstanding Unlimited Tax General Obligation Bonds, 1985; fixing the date, form, maturities, interest rates, terms and covenants of such refunding bonds; providing for and authorizing the purchase of certain obligations out of a portion of the proceeds of the sale of such bonds and for the use and application of the money to be derived from such investments; authorizing the execution of an agreement with a Refunding Trustee; providing for the payment and redemption of the outstanding bonds to be refunded; and approving the sale and providing for the delivery of such refunding bonds to Shearson Lehman Brothers Inc., Foster & Marshall Division, of Seattle, Washington.

WHEREAS, the City of Bellevue, Washington (the "City"), now has outstanding its Unlimited Tax General Obligation Bonds, 1985 (the "1985 Bonds"), dated February 1, 1985, in the original principal amount of \$10,160,000, issued pursuant to Ordinance No. 3448; and

WHEREAS, pursuant to Ordinance No. 3448, the City reserved the right to redeem any or all of the 1985 Bonds prior to their stated maturity dates on January 1, 1995, or on any interest payment date thereafter at par plus accrued interest; and

WHEREAS, there are presently outstanding \$7,145,000 principal amount of 1985 Bonds maturing serially on January 1 of each of the years 1996 through 2005 and having various interest rates from 8.50% to 9.00% per annum; and

WHEREAS, after due consideration, it appears to the City Council that the 1985 Bonds maturing in the years 1996 through 2005 may be refunded by the issuance and sale of the bonds authorized herein (the "Bonds") so that a substantial savings will be effected by the difference between the principal and interest requirements over the life of the Bonds and the principal and interest requirements over the life of the 1985 Bonds

maturing in the years 1996 through 2005 but for such refunding, which refunding will be effected by:

(a) the issuance of the Bonds; and

(b) the payment of the interest on the 1985 Bonds maturing in the years 1996 through 2005 as the same shall become due up to and including January 1, 1995, and, on January 1, 1995, the call, payment and redemption of all outstanding 1985 Bonds maturing in the years 1996 through 2005 at par;

and

WHEREAS, in order to effect such refunding in the manner that will be the most advantageous to the City and its taxpayers, it is found necessary and advisable that certain Acquired Obligations (hereinafter identified), bearing interest and maturing at such times as necessary to accomplish the refunding as aforesaid, be purchased out of the proceeds of the sale of the Bonds and other money of the City legally available therefor; and

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

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

Section 1. For the purpose of providing a part of the money required to pay the interest on the 1985 Bonds scheduled to mature on January 1 of each of the years 1996 through 2005 (the "1985 Refunded Bonds") as the same shall become due up to and including January 1, 1995, and, on January 1, 1995, to call, pay and redeem at par all outstanding 1985 Refunded Bonds (the "Refunding Plan"), and to pay the costs of issuance and sale of the Bonds, the City shall issue the Bonds in the principal amount of \$8,455,000. The Bonds shall be designated Unlimited Tax General Obligation Refunding Bonds, 1987; 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 (collectively, the fiscal agencies of the State of Washington located in Seattle, Washington, and New York, New York) deems necessary for purpose of identification; 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 July 1, 1987, and semiannually thereafter on each succeeding January 1 and July 1; and shall bear interest at

the rates and mature on January 1 in years and amounts as follows:

<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
1988	\$ 80,000	4.10%
1989	85,000	4.30
1990	85,000	4.50
1991	90,000	4.65
1992	95,000	4.80
1993	100,000	5.00
1994	105,000	5.20
1995	110,000	5.40
1996	570,000	5.55
1997	605,000	5.70
1998	640,000	5.85
1999	685,000	6.00
2000	725,000	6.10
2001	780,000	6.20
2002	830,000	6.30
2003	890,000	6.40
2004	955,000	6.50
2005	1,025,000	6.60

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, is paid in full or until sufficient money for such payment in full is on deposit in the Interest and Debt Redemption Special Levy Fund No. 213 (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 and recorded on the books and records maintained by the Bond Registrar (the "Bond Register"). The 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 fifteenth 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 office of the Bond Registrar in Seattle, Washington, or New York, New York, at the option of such owners.

Upon surrender thereof to the Bond Registrar, Bonds may be exchanged 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 exchange or transfer any Bond during the fifteen days preceding any principal payment or redemption date.

Bonds maturing in the years 1988 through 1996 shall be issued without the right or option of the City to redeem the same prior to their stated maturity dates. The City reserves the right and option to redeem the Bonds maturing on or after January 1, 1997, in 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 January 1, 1996, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption. 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 Bond or 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 further reserves the right and option to purchase any or all of the Bonds in the open market at any price not in

excess of par plus accrued interest to the date of such purchase.

Section 2. The City irrevocably pledges to include in its budget and levy taxes annually for as long as any of the Bonds are outstanding without limitation as to rate or amount 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 the principal of and interest on the Bonds as the same shall become due, 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. All of such taxes collected shall be deposited into the Bond Fund.

Section 3. The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this ordinance and State law, shall be signed by the Mayor and City Clerk, both of whose signatures shall be in facsimile, and a facsimile reproduction of the seal of the City shall be printed thereon.

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, Unlimited Tax General Obligation Refunding Bonds, 1987, described in the Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY  
Bond Registrar

By \_\_\_\_\_  
Authorized Signature

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 nevertheless may be authenticated, delivered and issued and upon such authentication, delivery and issuance,

shall be as binding upon the City as though those whose facsimile signatures appear on the Bonds had continued to be such officers of the City. Any Bond also may be signed 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 authorized to execute bonds although on the original date of such Bond such persons were not such officers of the City.

Section 4. 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, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and City Ordinance No. 3324 establishing a system of registration for the City's bonds and obligations.

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

Section 6. The Interest and Debt Redemption Special Levy Fund No. 213 (the "Bond Fund") heretofore has been created and established in the office of the Finance Director of the City. The proceeds of the sale of the Bonds, exclusive of the accrued interest thereon, which shall be paid into the Bond Fund, together with the amount of approximately \$155,000 of other money of the City available therefor (which amount may be increased or decreased as required when the exact purchase price of the Acquired Obligations as hereinafter defined is ascertained), shall be deposited immediately upon the receipt thereof with Seattle-First National Bank of Seattle, Washington (the "Refunding Trustee") to discharge the obligations of the City under Ordinance No. 3448 authorizing the 1985 Refunded Bonds 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 other

direct obligations of the United States of America ("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 paid 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 and on file with the City Clerk, 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, (a) in the opinion of Roberts & Shefelman, the City's bond counsel, the interest on 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 (the "1986 Code") 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 cash or Government Obligations subject to the conditions that such money or securities 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 Section 148 of the 1986 Code 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: (1) an independent verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee concerning the adequacy of such substituted securities with respect to the principal thereof and the interest thereon and any other money or securities 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 securities 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 7. 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 6 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 Ordinance No. 3448, 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 for the Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the 1985 Refunded Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, rating service fees, verification fees, financial advisor's 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 Refunding Plan provided for by 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 1985 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 exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 8. The City calls for redemption on January 1, 1995, all of the outstanding 1985 Refunded Bonds at par plus accrued interest to the date of such redemption.

Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof. The date on which the 1985 Refunded Bonds are herein called for

redemption is the first date on which such issue may be called at a premium of 3 percent or less.

The proper City officials are authorized and directed to give such notices as required, at the times and in the manner required, pursuant to Ordinance No. 3448, in order to effect the redemption prior to their maturity of the 1985 Refunded Bonds on January 1, 1995.

Section 9. The City Council finds and determines that the issuance and sale of the Bonds at this time will effect a saving to the City and its taxpayers and is in the best interest of the City and in the public interest. In making such finding and determination, the City Council has given consideration to the fixed maturities of the Bonds and the 1985 Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of sale of the Bonds used in the Refunding Plan pending payment and redemption of the 1985 Refunded Bonds.

The City Council further finds and determines that the money to be deposited with the Refunding Trustee for the principal of and interest on the 1985 Refunded Bonds in accordance with Section 6 of this ordinance will discharge and satisfy the obligations of the City under Ordinance No. 3448 with respect to the 1985 Refunded Bonds and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to the 1985 Refunded Bonds and that the 1985 Refunded Bonds no longer shall be deemed to be outstanding under such ordinance immediately upon the deposit of such money with the Refunding Trustee.

Section 10. The City covenants that 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 1986 Code 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 the 1986 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.

The City further covenants 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 11. The City may issue advance refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay the principal of and interest on the Bonds, or such portion thereof included in a refunding or defeasance plan, as the same become due and payable and to redeem and retire or refund all such then-outstanding Bonds (hereinafter collectively called the "defeased Bonds") and to pay the costs of such refunding or defeasance. In the event that money and/or Government Obligations maturing at such time or times and bearing interest thereon, in amounts (together with such money, if necessary) sufficient to redeem and retire or refund the defeased Bonds in accordance with their terms, are set aside irrevocably in a special fund for and are pledged irrevocably to such redemption and retirement (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this ordinance except with respect to the provisions of Section 10 herein, and, except as hereinafter provided, in the funds and accounts obligated to the payment of such defeased Bonds thereafter shall cease and become void. Such owners thereafter shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account, and the defeased Bonds shall be deemed not to be outstanding hereunder. Anything herein to the contrary notwithstanding, the pledge of the full faith, credit and taxing power of the City to the payment of the Bonds shall remain in full force and effect after the establishment and full funding of the trust account. Subject to the rights of the owners of the Bonds, the City then may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

Section 12. 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, options of redemption, 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 is acceptable to such purchaser. Such temporary Bond shall be exchanged for the definitive Bonds as soon as the same are printed, authenticated 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 retired immediately at the original purchase price thereof plus accrued interest from money deposited with the Refunding Trustee.

Section 13. Shearson Lehman Brothers Inc., Foster & Marshall Division, Seattle, Washington, has presented a Bond Purchase Contract to the City whereunder Shearson Lehman Brothers Inc., Foster & Marshall Division, has offered to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which written Bond Purchase Contract is on file with the City Clerk and incorporated herein by this reference. The City Council finds that entering into the Bond Purchase Contract is in the best interest of the City and its taxpayers and, therefore, accepts the offer contained in the Bond Purchase Contract and authorizes its execution by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the Bond 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 shall not be required to review and shall express no 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 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 delivery of the Bonds to the purchaser, including without limitation 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.

The financial advisor is authorized to subscribe for on behalf of the City the Acquired Obligations at the prices specified in Schedule A of the Refunding Trust Agreement (subject to substitution).

Section 14. This ordinance shall take effect and be in force five days after its passage and legal publication.

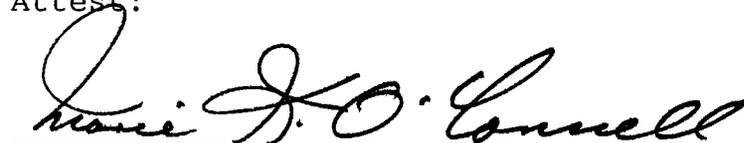
PASSED by the City Council this 2nd day of March, 1987, and signed in authentication of its passage this 2nd day of March, 1987.

  
CARY E. BOZEMAN, Mayor

Approved as to form:

  
RICHARD L. ANDREWS  
City Attorney

Attest:

  
MARIE K. O'CONNELL, City Clerk

Published: March 2, 1987

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