

ORDINANCE NO. 3899

AN ORDINANCE of the City of Bellevue, Washington, relating to Local Improvement District No. 277; authorizing the issuance and sale of local improvement district bond anticipation notes in Local Improvement District No. 277 pending the receipt of the proceeds of the local improvement district bonds authorized to be issued by Ordinance No. 3754; and providing for the sale and delivery of those notes to Rainier National Bank of Seattle, Washington.

WHEREAS, by Ordinance No. 3754 passed by the City Council on February 17, 1987, the City ordered the construction and installation of certain improvements on Northeast 4th Street between 100th Avenue Northeast and 112th Avenue Northeast including the intersections thereof pursuant to Resolution No. 4834 and, after a public hearing thereon, established Local Improvement District No. 277 and provided for the issuance and sale of local improvement district warrants or other short-term obligations; and

WHEREAS, by Ordinance No. 3833 passed by the City Council on October 5, 1987, the City authorized the issuance and sale of its \$1,400,000 par value Local Improvement District No. 277 Bond Anticipation Notes, dated October 1, 1987, and maturing October 1, 1990, to pay part of the cost of constructing the improvements in Local Improvement District No. 277 pending the receipt of the proceeds of the issuance and sale of the bonds authorized by Ordinance No. 3754; and

WHEREAS, the City Council deems it to be in the best interest of the City that the City borrow money and issue additional short-term obligation pursuant to Chapter 39.50 RCW in the form of local improvement district bond anticipation notes for the purpose of providing the funds with which to pay part of the cost of constructing the improvements in Local Improvement District No. 277 pending the receipt of the proceeds of the issuance and sale of the bonds authorized by Ordinance No. 3754; NOW, THEREFORE,

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

Section 1. The total estimated cost and expense of the improvements ordered to be carried out in Local Improvement District No. 277 (the "District") by Ordinance No. 3754 is \$7,903,000, and \$5,717,000 of that expense is anticipated to be

assessed against the specially benefited properties in the District. Local improvement district bond anticipation notes of the District (the "Notes") shall be issued in the aggregate principal amount of \$4,317,000 to pay part of the cost and expense of constructing the improvements within the District and pay the administrative costs of issuing and selling the Notes. The Notes shall be designated Local Improvement District No. 277 Bond Anticipation Notes, Issue No. 2; shall be in fully registered form; shall be in the denomination of \$25,000 or any integral multiple thereof except that one Note shall be in the denomination of \$17,000; and shall be numbered separately and in the manner and with any additional designation as the Note Registrar (collectively, the fiscal agencies of the State of Washington located in Seattle, Washington, and New York, New York) deems necessary for the purpose of identification. The Notes shall be dated April 1, 1988; shall mature on October 1, 1990; and shall bear interest at the rate of 5.80% per annum, computed on the basis of a 360-day year of twelve 30-day months, payable on April 1, 1989, and semiannually thereafter on each succeeding October 1 and April 1. The City Council declares and finds that the fixing of the above interest rate is in the best interest of the City.

Section 2. The Notes shall be issued only in registered form as to both principal and interest and recorded on books or records maintained by the Note Registrar (the "Note Register"). The Note Register shall contain the name and mailing address of the owner of each Note and the principal amount and number of each of the Notes held by each owner.

Notes surrendered to the Note Registrar may be exchanged for Notes in any authorized denomination of an equal aggregate principal amount. Notes may be transferred only if endorsed in the manner provided thereon and surrendered to the Note Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Note Registrar shall not be obligated to exchange or transfer any Note during the fifteen days preceding the maturity date of the Notes or any prior redemption date.

Section 3. The Local Improvement Fund, District No. 277 (the "Note Fund"), has been created by Ordinance No. 3754 and, by Ordinance No. 3833, has been divided into two accounts: the Construction Account and the Note Redemption Account. The principal proceeds received from the issuance and sale of the Notes shall be deposited in the Construction Account and used to pay the costs of carrying out the improvements in the District, including interest on the Notes. Until needed for those purposes, the City may invest the principal proceeds temporarily in any legal investment, and the investment earnings may be retained in the Construction Account, except that earnings subject to a federal tax or rebate requirement may be withdrawn from that account and used for those tax or rebate purposes.

Accrued interest received shall be deposited in the Note Redemption Account and used to pay interest on the Notes on their first interest payment date.

Section 4. Interest due semiannually on the Notes shall be paid from proceeds of the Notes or of other short-term obligations issued to pay the cost of constructing the improvements in the District to be transferred to the Note Redemption Account from the Construction Account before each interest payment date (but no sooner than one year before each such date) in amounts sufficient, together with earnings from the investment thereof in the Note Redemption Account to pay that interest when due. Principal of and interest on the Notes at maturity shall be payable solely from the Note Redemption Account in the Note Fund from the proceeds of local improvement district bonds authorized to be issued by Ordinance No. 3754 or other short-term obligations to be deposited in the Note Fund and/or prepaid special benefit assessments deposited in that fund, other money legally available for that purpose, and from the Local Improvement Guaranty Fund of the City, and shall be payable in lawful money of the United States of America. Interest on the Notes shall be paid on the interest payment date by checks or drafts mailed to the registered owners of the Notes at the addresses appearing on the Note Register on the fifteenth day of the month preceding the interest payment date. Principal of the Notes shall be payable on presentation and surrender of the Notes by the registered owners at either of the principal offices of the Note Registrar at the option of the owners.

Section 5. The City reserves the right and option to redeem the Notes prior to their stated maturity date as a whole or in part at any time on or after October 1, 1989, at par plus accrued interest to the date fixed for redemption.

Portions of the principal amount of any Note, in installments of \$25,000 or any integral multiple thereof, may be redeemed. If less than all of the principal amount of any Note is redeemed, upon surrender of that Note at either of the principal offices of the Bond Registrar, there shall be issued to the registered owner, without charge therefor, a new Note (or Notes at the option of the registered owner) in any of the denominations authorized by this ordinance in the aggregate total principal amount remaining unredeemed.

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

All Notes purchased or redeemed under this section shall be cancelled.

Section 6. The City shall cause notice of any intended redemption of Notes to be given not less than 30 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Note to be redeemed at the address appearing on the Note Register at the time the Note Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Note. Interest on Notes called for redemption shall cease to accrue on the date fixed for redemption unless the Note or Notes called are not redeemed when presented pursuant to the call.

Section 7. If any Note is not redeemed when properly presented at its maturity or call date, the City shall be obligated to pay interest on that Note at the same rate provided in the Note from and after its maturity or call date until that Note, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Note Fund and the Note has been called for payment by giving notice of that call to the registered owner of each of those unpaid Notes.

Section 8. The Notes shall be typed, 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, 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 Notes bearing a Certificate of Authentication in the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This note is one of the fully registered City of Bellevue, Washington, Local Improvement District No. 277 Bond Anticipation Notes, Issue No. 2, described in the Note Ordinance.

WASHINGTON STATE FISCAL AGENCY
Note Registrar

By _____
Authorized Officer

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

If any officer whose facsimile signature appears on the Notes ceases to be an officer of the City authorized to sign notes before the Notes bearing his or her facsimile signature are authenticated or delivered by the Note Registrar or issued by the City, those Notes 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 notes. Any Note also may be signed on behalf of the City by any person who, on the actual date of signing of the Note, is an officer of the City authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Notes.

Section 9. The Note Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Notes which shall at all times be open to inspection by the City. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver Notes transferred or exchanged in accordance with the provisions of the Notes and this ordinance, to serve as the City's paying agent for the Notes and to carry out all of the Note 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 Note Registrar shall be responsible for its representations contained in the Note Registrar's Certificate of Authentication on the Notes. The Note Registrar may become the owner of Notes with the same rights it would have if it were not the Note 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 Note owners.

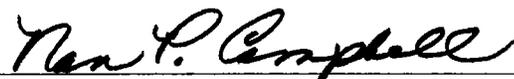
Section 10. The City covenants that it will take all actions necessary to prevent interest on the Notes from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Notes or other funds of the City treated as proceeds of the Notes at any time during the term of the Notes which will cause interest on the Notes to be included in gross income for federal income tax purposes. The City also covenants that, if all gross proceeds of the Notes have not been spent within six months after the date of issuance of the Notes, it will calculate, or cause to be calculated, and rebate to the United States all earnings from the investment of gross proceeds of the Notes that are in excess of the amount that would have been earned had the yield on those investments been equal to the yield on the Notes, plus all income derived from those excess earnings, to the extent and in the manner required by Section 148 of the United States Internal Revenue Code of 1986, as

amended (the "Code"), and applicable regulations. If the City fails to meet rebate requirements applicable to the Notes under Section 148 of the Code, the City covenants that, to the extent permitted by that Section, it will pay the penalty provided in Subsection 148(f)(7)(C) if required to prevent interest on the Notes from being 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 note issuer whose arbitrage certifications may not be relied upon.

Section 11. Rainier National Bank of Seattle, Washington, has submitted an offer to purchase the Notes at a price of par, the City to furnish the Notes and the approving legal opinion of Foster Pepper & Shefelman, municipal bond counsel of Seattle, Washington, at the City's expense. Bond counsel 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 Notes, and bond counsel's opinion shall so state. The City Council finds that it is in the best interest of the City that such offer be accepted, and accepts the same. The Notes, therefore, immediately upon their authentication, shall be delivered to the purchaser in Seattle, Washington, upon payment therefor in accordance with that offer.

Section 12. This ordinance shall take effect and be in force five days after its passage and legal publication.

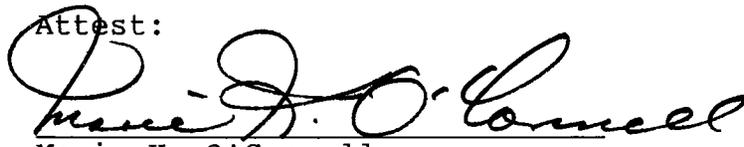
PASSED by the City Council this 4th day of April, 1988, and signed in authentication of its passage this 4th day of April, 1988.


Nan P. Campbell, Mayor

Approved as to form:


Richard L. Andrews
City Attorney

Attest:


Marie K. O'Connell
City Clerk

Published: *April 8, 1988*