

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 4284

AN ORDINANCE relating to the Waterworks Utility of the City, including the sanitary sewerage system and storm and surface water utility, providing for the issuance of Water and Sewer Revenue Bonds, 1991, in the principal amount of \$2,600,000 to obtain a part of the funds with which to pay the cost of capital improvements to the Waterworks Utility of the City; fixing the date, form, maturities, terms, covenants and uses of the proceeds of such bonds; and providing for the public sale thereof.

WHEREAS, pursuant to Ordinance No. 2169, as amended by Ordinance No. 2181, the sanitary sewerage system of the City of Bellevue, Washington (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, to issue additional revenue bonds (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 1976 Refunding Bonds, 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 certain conditions and requirements specified in Section 11 of Ordinance No. 2328 are met and complied with at the time of the issuance of such Parity Bonds; 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

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, which bonds were issued on a parity of lien with the 1976 Refunding Bonds and 1980 Bonds; 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

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, pursuant to Ordinance No. 3757, the City heretofore issued its \$15,950,000 par value of Water and Sewer Revenue Refunding Bonds, 1987 (the "1987 Refunding Bonds"), dated April 1, 1987, which bonds were issued on a parity of lien with the 1976 Refunding Bonds, the 1980 Bonds, the 1983 Refunding Bonds, the 1984 Bonds and the 1986 Bonds; and

WHEREAS, pursuant to Ordinance No. 3801, the City heretofore issued its \$2,060,000 par value of Water and Sewer Revenue Bonds, 1987 (the "1987 Bonds"), dated July 1, 1987, which bonds were issued on a parity of lien with the 1976 Refunding Bonds, the 1980 Bonds, the 1983 Refunding Bonds, the 1984 Bonds, the 1986 Bonds and the 1987 Refunding Bonds; and

WHEREAS, the City deems it advisable to make certain capital improvements (the "Project") to the Waterworks Utility of the City; and

WHEREAS, the City may undertake to make such capital improvements prior to issuance of the bonds authorized by this

Ordinance (the "Bonds") by funding such improvements from Revenue of the Waterworks Utility of the City; and

WHEREAS, the City Council finds that it is in the best interests of the City and the ratepayers of its Waterworks Utility to fund the Project and reimburse the City for expenditures made with respect to the Project by the issuance and sale of the bonds authorized in this ordinance; and

WHEREAS, the City deems it advisable to sell the Bonds at a public sale; NOW, THEREFORE,

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

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

"Arbitrage Rebate and Investment Accounting Certificate" means the certificate executed by the Treasury Manager setting forth the methodology for computation of Rebatable Arbitrage.

"Bonds" shall mean the Water and Sewer Revenue Bonds, 1991, 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 Bonds" shall mean the Water and Sewer Revenue Bonds, 1980, maturing on or before May 1, 1992, issued pursuant to Ordinance No. 2845.

"1983 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.

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

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

"1987 Refunding Bonds" shall mean the Water and Sewer Revenue Refunding Bonds, 1987, issued pursuant to Ordinance No. 3757.

"1987 Bonds" shall mean the Water and Sewer Revenue Bonds, 1987, issued pursuant to Ordinance No. 3801.

"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.

"Bond Sale Resolution" means the resolution to be adopted by the City Council accepting the best bid for the Bonds following the public sale thereof, fixing the interest rate on the Bonds, specifying the maturity dates of the Bonds, and setting forth mandatory redemption dates for Term Bonds, if any, and such other terms and conditions necessary or convenient to the delivery of the Bonds.

"Bond Year" means each one year period that ends at the close of business on September 30.

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

"Final Computation Date" means the date that the last Bond is discharged. A Bond is discharged on the date that all amounts due under the terms of the Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"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, Section 15 of Ordinance No. 3757, Section 13 of Ordinance No. 3801 and Section 17 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.

"Installment Computation Date" means the last year of the fifth Bond Year and of each succeeding fifth Bond Year.

"Nonpurpose Payments" means, in general, any payment with respect to an investment allocated to the Bonds. The following types of payments are specifically included:

(a) Direct Payments. The amount of gross proceeds of the Bond directly used to purchase the investment. Direct payments do not include brokerage commissions, administrative expenses or similar expenses.

(b) Constructive Payments. The fair market value (as of the date of allocation to the Bonds) of any investment that was not directly purchased with gross proceeds of the Bonds, but which is allocated to the Bonds.

(c) Payments of Rebatable Arbitrage. Any payment of Rebatable Arbitrage if such payment is made no later than the due date for such payment.

"Nonpurpose Receipts" means, in general, any receipt with respect to an investment allocated to the Bonds. The following types of receipts are specifically included:

(a) Actual Receipts. Any amount actually or constructively received with respect to an investment. Actual receipts may not be reduced by selling commissions, administrative expenses or similar expenses.

(b) Disposition Receipts. An amount determined by treating an investment that ceases to be allocated to the Bonds (other than by reason of a sale or retirement) as if sold for fair market value on the date that the investment ceases to be allocated to the Bonds.

(c) Installment Date Receipts. The fair market value (or, for fixed rate investments, present value) of all investments allocated to the Bonds at the close of business on any Computation Date.

(d) Imputed Receipts. Any receipts that are required to be imputed and taken into account pursuant to Section 1.148-5T of the Temporary Income Tax Regulations or any successor Temporary or Final Income Tax Regulations.

"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 on and 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, Section 15 of Ordinance No. 3757, Section 13 of Ordinance No. 3801 and Section 17 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.

"Project" means the improvements to the Waterworks Utility of the City approved in Section 2 of this ordinance.

"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.

"Serial Bonds" means Bonds which are not Term Bonds.

"Sinking Fund Requirement" means, for any year, the principal amount of Term Bonds required to be purchased, redeemed or paid in such year pursuant to the mandatory amortization provisions of the ordinance or resolution of the City authorizing the issuance of Term Bonds.

"Term Bonds" shall mean 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.

"Treasurer" means the Treasury Manager of the City or any successor to the functions of such Treasurer.

"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. Authorization of Project. The City specifies, adopts and orders the carrying out of a system or plan of additions to and betterments and extensions of the Waterworks Utility of the City consisting of the improvements, acquisitions and work described in Exhibit A attached hereto and by this reference made a part hereof.

There shall be included in the foregoing system or plan the acquisition and installation of all necessary valves, pumps, fittings, couplings, connections, equipment and appurtenances,

the acquisition of any easements, rights-of-way and land that may be required and the performance of such work as may be incidental and necessary thereto.

All of the foregoing shall be in accordance with the plans and specifications therefor prepared by the City's engineers and consulting engineers.

The City Council may modify the details of the foregoing system or plan where, in its judgment, it appears advisable if such modifications do not substantially alter the purposes of that system or plan.

The life of the improvements comprising the foregoing system or plan of additions to and betterments and extensions of the Waterworks Utility of the City is declared to be at least twenty years. The estimated cost of the acquisition, construction, installation and financing of the above-described improvements, including the costs of issuance and sale of the Bonds, is declared to be approximately \$2,600,000. Such cost shall be paid from the proceeds of the Bonds authorized in this ordinance and other money of or received by the City which is made available therefor.

Section 3. Authorization of Bonds. For the purpose of providing a part of the money required to carry out the Project 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 \$2,600,000. The Bonds shall be dated October 1, 1991, 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 computed on the basis of a 360-day year of twelve 30-day months, payable on October 1, 1992, and semiannually thereafter on each succeeding April 1 and October 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 October 1 in the years and amounts either as Serial Bonds or as Sinking Fund Requirements for the mandatory redemption of a Term Bond, as shown below:

<u>Due</u> <u>October 1</u>	<u>Amounts</u>
1993	75,000
1994	80,000
1995	85,000
1996	85,000
1997	95,000
1998	100,000
1999	105,000
2000	110,000
2001	120,000
2002	125,000
2003	135,000
2004	145,000
2005	155,000
2006	165,000
2007	175,000
2008	190,000
2009	205,000
2010	215,000
2011	235,000

The rate of interest on the Bonds will be established by the Bond Sale Resolution upon sale of the Bonds in accordance with Section 20 of this Ordinance. Bonds maturing in the years 1993 through 2005 shall mature as Serial Bonds. Bidders shall be allowed in accordance with Section 4 and the Notice of Bond Sale, to designate if the principal amounts payable in the years 2006 through 2011 shall mature as Serial Bonds or paid as Sinking Fund Requirements of a Term Bond maturing on October 1, 2011. Said designation shall be confirmed in the Bond Sale Resolution.

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.

Section 4. Redemption of Bonds.

A. Optional Redemption. Bonds maturing October 1, 1992 through October 1, 2001, 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 October 1, 2002, in whole on any date on and after October 1, 2001, or in part (maturities to be selected by the City and by lot within a maturity in such manner as the Bond Registrar shall determine), on October 1, 2001, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

B. Mandatory Redemption. The initial purchaser of the Bonds shall determine whether the principal amounts set forth in Section 3 hereof for the years 2006 through 2011 will be retired on October 1 of each respective year as serial bonds maturing in such year or as amortization installments of a Term Bond maturing on October 1, 2011 (the "1991 Term Bond"). Any such amounts designated as amortization installments shall be deemed Sinking Fund Requirements for the 1991 Term Bond and such 1991 Term Bonds shall be subject to mandatory redemption by lot in accordance with the schedule set forth in the Bond Sale Resolution, solely from payments required to be made therefor into the Principal Account of the Bond Fund. Redemption shall be made upon written notice as provided herein and by payment of the principal amount of the 1991 Term Bond to be so redeemed, together with the interest accrued thereon to the date fixed for redemption. For the purpose of selection of 1991 Term Bonds for redemption, each \$5,000 of principal amount of 1991 Term Bonds shall be treated as a separate Bond.

If, as of any Sinking Fund Requirement due date, the principal amount of 1991 Term Bonds retired by purchase or redemption, from any source (including optional redemption pursuant to Section 4(A)) exceeds the cumulative Sinking Fund Requirements through such date, such excess may be credited against the Sinking Fund Requirements for the next year.

C. Notice of Redemption. 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. 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, 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.

D. Effect of 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. 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.

E. Reservation of Right to Purchase 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 5. Bond Fund. 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 Bonds (other than the 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 April 1992 such amount as is equal to 1/6th of the next ensuing six months' requirements for interest on the Bonds and beginning with the month of October 1992, 1/12th of the amount of principal of the Bonds becoming payable on the next ensuing principal payment and/or mandatory redemption date.

Section 6. Reserve Account. The City covenants and agrees to deposit into the Reserve Account from the proceeds of the Bonds or Revenue of the Waterworks Utility of the City within five years from the date of issuance of the Bonds, in not less than substantially equal monthly payments, 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 7. Findings. 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, Section 15 of Ordinance No. 3757 and Section 13 of Ordinance No. 3801.

(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 the payment of the principal of and interest on the Bonds out of the Bond Fund and for the additional amounts required to be deposited in the Reserve Account.

(e) 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 B(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, Section 8(b) of Ordinance No. 3743, Section 11(b) of Ordinance No. 3757 and Section 9(b) of Ordinance No. 3801.

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 Section 15 of Ordinance No. 3757

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 8. Priority of Lien. 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 9. Sufficiency of Revenues. 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 10. Proceeds of the Bonds. 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 into the Waterworks Construction Fund of the City and used to pay the costs of the Project and the costs of issuing the Bonds. Amounts remaining in the Waterworks Construction Fund, if any, upon completion of the Project shall be deposited in the Reserve Account.

Section 11. Covenants. 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 institute and maintain a surcharge on the properties benefitted by the Project in an amount sufficient to pay debt service on the Bonds.

Section 12. Tax Covenant. The City hereby covenants and agrees with the owner of the Bonds for as long as it remains outstanding that the City will not make use of the proceeds of sale of the Bonds or any other funds or obligations of the City that may be deemed to be proceeds of the Bonds pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and the applicable regulations thereunder which, if such use had reasonably been expected on the date of delivery of the Bonds to the initial purchaser thereof, would have caused the Bonds to be "arbitrage Bonds" within the meaning of said section and said regulations. The City will comply with the continuing requirements of Section 148 of the Internal Revenue Code of 1986, as amended, (or any successor provision thereof applicable to the

Bonds) and the applicable regulations thereunder throughout the term of the Bonds.

The City hereby covenants that throughout the term of the Bonds it will not take any action or enter into any agreement that will cause the proceeds of the sale of the Bonds to be used in a manner that would cause any Bond to be classified as a "private activities bond" within the meaning of Section 141 of the Code and the applicable regulations thereunder. Specifically, unless the City has received an opinion of nationally recognized bond counsel approving a specific action or agreement, the City will not permit entities other than governmental units to use in the aggregate more than 10 percent of the Project on a basis other than as a member of the general public unless payments made by such users with respect to such uses do not exceed in the aggregate 10 percent of the principal and interest payments on the Bonds in each Bond Year and over the term of the Bonds.

Section 13. Arbitrage Rebate.

(a) General Rule. The City will pay to the United States of America in accordance with the provisions of this section (i) at least 90 percent of the Rebatable Arbitrage with respect to the Bonds as of each Installment Computation Date, (ii) 100 percent of the Rebatable Arbitrage with respect to the Bonds as of the Final Computation Date and (iii) any income attributable to such Rebatable Arbitrage.

(b) Computation of Rebatable Arbitrage. The Rebatable Arbitrage with respect to the Bonds computed in accordance with the Rebate Computation Certificate and, as of each Computation Date, will be the excess of:

(i) The future value of all Nonpurpose Receipts with respect to the Bonds; over

(ii) The future value of all Nonpurpose Payments with respect to the Bonds.

The future value will be computed as of each Computation Date.

(c) Payment Procedure.

(i) The payment of Rebatable Arbitrage due as of each Installment Computation Date will be paid no later than the date that is 60 days after the Installment Computation Date.

(ii) The payment of Rebatable Arbitrage due as of the Final Computation Date will be paid no later than the latest of (a) the date that is 60 days after the Final Computation Date, (b) the date that is 8 months after the date of issuance of the Bonds, or (c) the date 60 days after the earlier of the date that the City no longer expects to spend gross proceeds of the Bonds within 6 months of the date of issuance of the Bonds or 12 months after the date of issuance of the Bonds.

(iii) Each payment of Rebatable Arbitrage will be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255 and will be accompanied by IRS Form 8038-T.

(d) Other Methodology. Notwithstanding this Section 13, payments of Rebatable Arbitrage will be made in accordance with instructions provided by Preston Thorgrimson Shidler Gates & Ellis if necessary to maintain the Federal income tax exemption for interest payments made on the Bonds.

Section 14. Form of the Bond. The Bonds shall be printed on good bond paper with lithographed or engraved borders in substantially the form attached hereto as Exhibit B 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 Bonds, 1991, 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 15. Fiscal Agency. 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 16. Negotiable Instruments. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 17. Parity Bonds. 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, Section 15 of Ordinance No. 3757, Section 13 of Ordinance No. 3801 and of this section are met and complied with at the time of issuance of such Future Parity Bonds, to wit:

(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 11(b) of this Ordinance.

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."

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 18. Defeasance. 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 19. Revenue Fund. 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 20. Sale of the Bonds. The Bonds shall be sold at public sale in accordance with the terms and conditions set forth in the official Notice of Bond Sale attached hereto as Exhibit A and incorporated herein by this reference. The Council shall authorize such sale by resolution adopted on the sale date set forth in said Notice of Bond Sale. The City Clerk is hereby authorized and directed to cause the Notice of Bond Sale substantially in the form attached hereto as Exhibit C, to be published prior to such sale at least once in a newspaper of general circulation within the City.

Following the sale of the Bonds, the City shall cause definitive Bonds to be prepared, executed and delivered, which Bonds shall be lithographed or printed with engraved or lithographed borders. Until the definitive Bonds are prepared, the City may execute a temporary bond which shall be typewritten, and which shall be delivered to the purchaser or purchasers of the Bonds in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions. The temporary Bond shall be dated as of the date of the Bonds, shall be fully registered, shall be in the denomination of \$2,600,000 shall be numbered T-1, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as may be appropriate to temporary bonds, and shall be signed by the Mayor and City Clerk.

Upon surrender to the City of any such temporary Bond, the City without charge to the registered owner shall execute and deliver to the registered owner of the temporary Bond in exchange therefore definitive Bonds of the same series, maturities, interest rates, redemption provisions and aggregate principal amount as the temporary Bond, if any, surrendered. Until so exchanged, the temporary Bond shall be in all respects entitled to the same benefit and security as definitive Bonds executed and issued pursuant to this ordinance.

Section 21. Approval of Official Statement. The form and content of the Preliminary Official Statement in connection with the Bonds approved and the use of the Preliminary Official Statement in connection with the sale of the Bonds is approved. The City deems the Preliminary Official Statement as final as of its date pursuant to Securities and Exchange Commission Rule 15c2-12 except for the omission of information dependent upon the sale of the Bonds, such as price, interest rates, discount, ratings, delivery date and other terms of the Bonds dependent on the foregoing.

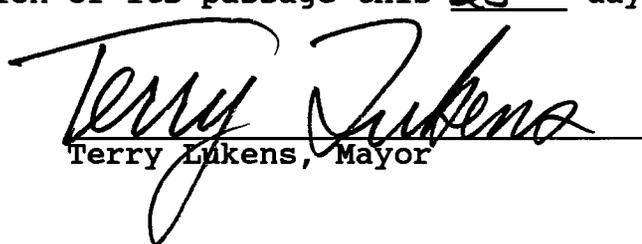
Section 22. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 23. General Authorization. The Mayor, Finance Director, Treasurer and the City Clerk and each of the other appropriate officers, agents and representatives of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance.

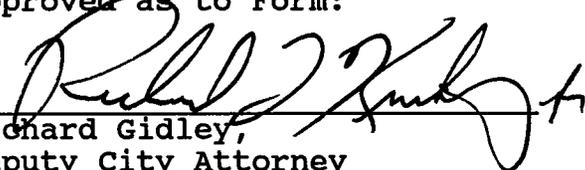
Section 24. Prior Acts. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 25. Effective Date. This ordinance shall take effect and be in force five days after its passage and legal publication.

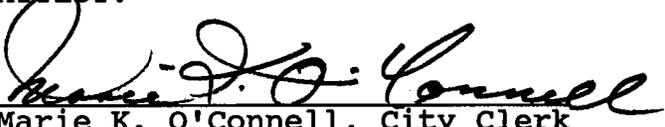
PASSED by the City Council this 23rd day of September 1991, and signed in authentication of its passage this 23rd day of September, 1991.


Terry Lukens, Mayor

Approved as to Form:


Richard J. Sidley,
Deputy City Attorney

ATTEST:


Marie K. O'Connell, City Clerk

Published: September 27, 1991

EXHIBIT A

PROJECT DESCRIPTION

PROJECT NAME: Lakemont Filtration Detention
CIP PLAN NUMBER: D-44
PROJECT LOCATION: South of I-90; east of 184th Avenue SE

This project will consist of facilities to control runoff from a 448-acre Master Plan Development for the development of private residential dwellings and commercial buildings. It will consist of a wet vault for the water quality design storm, followed by a soil filtration system. Excess storm flows would be diverted to an extended detention dry pond and there will be controlled discharge to Lewis Creek. The project to be constructed by developer at estimated cost of \$3,900,000. The developer will directly contribute \$1,630,000 of cost. The City will purchase the entire project for a contribution of \$2,300,000 toward the total cost of the project. Financing for such purchase shall be derived solely from Bond proceeds secured by a surcharge on the storm drainage service charges for all benefitted properties within the development.

EXHIBIT B

UNITED STATES OF AMERICA

NO. \$ _____

STATE OF WASHINGTON

CITY OF BELLEVUE

WATER AND SEWER REVENUE BOND, 1991

INTEREST RATE: MATURITY DATE: CUSIP NO. _____

SEE REVERSE SIDE FOR CERTAIN DEFINITIONS

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____
DOLLARS

The City of Bellevue, Washington, a municipal corporation organized and existing under and by virtue of the laws and Constitution of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date specified above, the Principal Amount specified above, unless redeemed prior thereto as provided herein, together with interest on such Principal Amount from the date hereof or the most recent date to which interest has been paid or duly provided for at the Interest Rate set forth above payable October 1, 1992, and semiannually thereafter on each April 1, and October 1 until payment of the principal sum has been made or duly provided for. Both principal of and interest on this bond are payable in lawful money of the United States of America. Principal shall be paid to the registered owner hereof upon presentation and surrender of this bond at the principal offices of either of the fiscal agencies of the State of Washington in Seattle, Washington or New York, New York (collectively, the "Bond Registrar"). Interest on this bond is payable by check or draft of the Bond Registrar mailed (on the date such interest is due) to the Registered Owner hereof at the address appearing on the registration books (the "Bond Register") maintained by the Bond Registrar as of the fifteenth (15th) day of the month preceding the interest payment date.

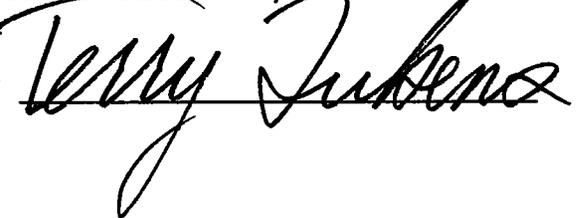
Reference is hereby made to additional provisions of this bond set forth on the reverse side hereof and such additional provisions shall for all purposes have the same effect as if set forth in this space. Reference is also made to the Bond Ordinance (hereinafter defined) as more fully describing the covenants with and the rights of registered owners of the bonds or registered assigns and the meanings of capitalized terms appearing on the bonds which are defined in such ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance (as hereinafter defined) until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City, that all acts, conditions and things required to be done precedent to and in the issuance of this bond and the bonds of this issue have happened, been done and performed and that this bond and the bonds of this issue do not exceed any Constitutional or statutory limitations.

IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this bond to be signed on behalf of the City with the facsimile signature of the Mayor, to be attested by the facsimile signature of the Clerk of the City, and a facsimile of the seal of the City to be reproduced or impressed hereon, as of this first day of October, 1991.

CITY OF BELLEVUE, WASHINGTON

BY 

ATTEST:


Clerk of the City

The Certificate of Authentication for the Bonds shall be in substantially the following form and shall appear on the front of each Bond:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within-referenced Bond Ordinance of the City of Bellevue, Washington, and is one of the Water and Sewer Revenue Bonds, 1991, dated October 1, 1991, of such city.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____
Authorized Officer

(Form of Registered Bond - Reverse)

ADDITIONAL BOND PROVISIONS

This bond is one of an issue of water and sewer revenue bonds of the City of like date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of \$2,600,000 (the "Bonds") issued pursuant to Ordinance No. _____ of the City, passed September 23, 1991 (the "Bond Ordinance"), to pay a portion of the costs of certain additions and improvements to the Waterworks System of the City.

Both principal of and interest on this bond are payable solely out of the special fund of the city known as the "Water and Sewer Revenue Bond Redemption Fund, 1976" created by Ordinance No. 2328 of the City (the "Bond Redemption Fund"). These Bonds are not a general obligation of the City.

The outstanding bonds maturing on and after October 1, 2002 are subject to optional redemption prior to their maturity, in whole on any date on or after October 1, 2001, or in part on October 1, 2001 and on any interest payment date thereafter (maturities to be selected by the City and by lot within a maturity in such manner as the Bond Registrar shall determine), at par plus accrued interest to the date of redemption.

[The bonds maturing on October 1, 2011 (hereinafter referred to as the "1991 Term Bonds") shall be redeemed prior to maturity by lot, (or paid at maturity) not later than October 1 in the years 2006 through 2011, inclusive, from amounts credited to the Principal Account in the Bond Fund to meet Sinking Fund Requirements therefor (to the extent such amounts have not been used to redeem or purchase such bonds as provided in the Bond Ordinance) and in the principal amounts as set forth below, upon

written notice as provided hereinafter by payment of the principal amount thereof, together with interest, if any, accrued thereon to the date fixed for redemption:

<u>Year</u>	<u>Amount]</u>
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Portions of the principal amount of any bond, in installments of \$5,000 or any integral multiple of \$5,000, may be redeemed in accordance with the foregoing paragraph[s]. If less than all of the principal amount of any bond is redeemed, upon surrender of such bond at the principal office of the Bond Registrar, there shall be issued to the registered owner without charge therefor for the then unredeemed balance of the principal amount thereof, 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 redemption, unless waived, is to be given by the Bond Registrar by mailing an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the bond or bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar. Notice of redemption having been given as aforesaid, the bonds or portions of bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such bonds or portions of Bond shall cease to bear interest.

The City of Bellevue hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and of the Bond Ordinance, to be by it kept and performed.

The City of Bellevue does hereby pledge and bind itself to set aside from the money in the Waterworks Utility Revenue Fund, and to pay into and maintain the Bond Redemption Fund and the Reserve Account created therein, the various amounts required by the Bond Ordinance to be paid into and maintained in said Fund and Account, all within the times provided by said ordinance. The City has further pledged and bound itself to set aside and pay into said Waterworks Utility Revenue Fund as collected the Revenue of the Waterworks Utility of the City.

The amounts pledged to be paid into and maintained in said Fund and Account are hereby declared to be a prior lien and charge other charges upon the money in said Revenue Fund superior to all other charges of any kind or nature except the Operating

and Maintenance Expense and to the payment and retirement of the Outstanding Prior Bonds and equal in rank to the charges therein to pay and secure the payment of the principal of and interest on the water and sewer revenue bonds of the City issued under dates of August 1, 1976, May 1, 1980, May 15, 1983, June 1, 1984, December 30, 1986, April 1, 1987 and July 1, 1987 (the "Outstanding Parity Bonds") and to any charges that may be made later upon the money in said Revenue Fund to pay and secure the payment of the principal of and interest on any water and sewer revenue bonds which the City may issue later on a parity with the Outstanding Parity Bonds and the bonds of this issue.

The City of Bellevue has further bound itself to maintain said combined water and sewerage system in good condition and repair, to operate the same in an efficient matter and at a reasonable cost, and to establish, maintain and collect rates and charges for water supplied and sanitary sewage collection and disposal service furnished for as long as any of the Outstanding Parity Bonds, these bonds and any bonds issued on a parity therewith are outstanding that will make available for the payment of the principal of and interest on all of such bonds as the same shall become due an amount equal to at least 1.25 times the average amount required to be paid annually hereafter into such Bond Redemption Fund to pay the principal of and interest on all of such bonds after Operating and Maintenance Expense.

The bonds of this issue are issued in fully registered form in the denomination of \$5,000 each or any integral multiple thereof, provided that no bond shall represent more than one maturity. Upon surrender 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. This bond is transferable only on the records maintained by the Bond Registrar for that purpose upon the surrender of this bond by the registered owner hereof or his/her duly authorized agent and only if endorsed in the manner provided hereon, and thereupon a new fully registered bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Such exchange or transfer shall be without cost to the registered owner or transferee. The City may deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of and interest on the bond and for any and all other purposes whatsoever.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE
/ _____ /

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and all rights thereunder and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as Agent to transfer said bond on the books kept by the Bond Registrar for registration thereof, with full power of substitution in the premises.

DATED: _____, 19__.

SIGNATURE GUARANTEED:

NOTE: The signature of this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT C

NOTICE OF BOND SALE

CITY OF BELLEVUE, WASHINGTON

WATER AND SEWER REVENUE BONDS, 1991

NOTICE IS HEREBY GIVEN that the City of Bellevue, Washington, will receive sealed bids at the office of the City Clerk of the City at the City Hall, 11511 Main Street, Bellevue, Washington 90012 on

Monday, October 7, 1991

until 11 o'clock a.m., local time, for the purchase of the Water and Sewer Revenue Bonds, 1991, of the City in the aggregate principal amount of \$2,600,000 (the "Bonds"). The bids for the Bonds will be publicly opened, read, and evaluated at such time, and shall be acted upon by the City Council at a regular meeting thereof at 8 o'clock p.m. on the same date in the Chambers of the City Council in Bellevue, Washington.

BOND DETAILS. The Bonds will be dated as of October 1, 1991, will be in denominations of \$5,000 or any integral multiple thereof, will be in fully registered form and will be numbered. The principal amounts of the Bonds set forth below for the years 1993 through 2005 shall be retired on October 1 of each respective year as serial bonds maturing in such year. The bidder shall designate whether the principal amounts of the Bonds set forth below for the years 2006 through 2011 shall be retired on October 1 of each respective year as serial bonds maturing in such year or as sinking fund requirements for one term bond maturing on October 1, 2011; provided, that if the bidder designates any of such principal amounts of Bonds as sinking fund requirements of term bonds, such term bonds must amortize consecutively from the first date that the bidder designates as a sinking fund requirement to and including the 2011 term bond maturity date.

<u>Serial Maturity or Sinking Fund Requirement Year</u>	<u>Principal Amount</u>
1993	75,000
1994	80,000
1995	85,000
1996	85,000
1997	95,000
1998	100,000
1999	105,000
2000	110,000
2001	120,000
2002	125,000
2003	135,000
2004	145,000
2005	155,000
2006	165,000
2007	175,000
2008	190,000
2009	205,000
2010	215,000
2011	235,000

The Bonds will bear interest from the date thereof payable on October 1, 1992, and semiannually thereafter on April 1 and October 1 of each year.

REGISTRATION SYSTEM. The Bonds are issuable only as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof. The principal of and interest on the Bonds are payable by the fiscal agencies of the State of Washington in the cities of Seattle, Washington and New York, New York. Both principal of and interest on the Bonds will be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed (on the date such interest is due) to the registered owners or nominees of such owners at the addresses appearing on the Bond Register (as hereinafter defined) as of 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 or nominees of such owners at the principal offices of either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington, or New York, New York, at the option of such owners.

BOND REGISTRATION. The fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York,

New York, currently Seattle-First National Bank and Bank of New York, respectively, will act as bond registrar, transfer agent, and authenticating and paying agent with respect to the Bonds (collectively, the "Bond Registrar"). The Bonds may be transferred only upon the records maintained for such purpose (the "Bond Register") and only if endorsed in the manner provided thereon and surrendered to the Bond Registrar.

OPTIONAL REDEMPTION. The outstanding Bonds maturing on and after October 1, 2002, will be subject to redemption prior to their scheduled maturity, in whole on any date on or after October 1, 2001, or in part, on any interest payment date on or after October 1, 2001, at a redemption price of par plus accrued interest to the date of redemption.

If less than all of the Bonds subject to optional redemption are to be called for redemption, the City shall choose the maturities to be redeemed. In the event that less than all of the Bonds of any maturity are called for redemption, the particular Bonds of such maturity to be redeemed shall be selected by lot by the Bond Registrar.

SECURITY AND PARITY. The Bonds have been authorized by Ordinance No. 4284 of the City (the "Bond Ordinance"). Principal of and interest on the Bonds are payable solely out of the special fund of the City known as the "Water and Sewer Revenue Bond Redemption Fund, 1976" created and established by Ordinance No. 2328 of the City. The Bonds are payable solely from the Revenues of the Waterworks System of the City and all Utility Local Improvement District Assessments (as defined in the Bond Ordinance) after payment of Operating and Maintenance Expense (as defined in the Bond Ordinance) and to the payment and retirement of the Outstanding Prior Bonds (as defined in the Bond Ordinance), on a parity with the 1976 Refunding Bonds, the 1980 Bonds, the 1983 Refunding Bonds, the 1984 Bonds, the 1986 Bonds, the 1987 Refunding Bonds (as such terms are defined in the Bond Ordinance), and other Water and Sewer Revenue Bonds of the City hereafter issued on a parity therewith.

TAX EXEMPTION. Interest on the Bonds will be excludable from gross income subject to federal income taxation, provided that the continuing arbitrage requirements of Section 148 of the Federal Internal Revenue Code of 1986 (the "Code") are complied with. The Bonds are not private activity bonds. Interest on the Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations, but will be taken into account in the computation of adjusted net book income and adjusted current earnings for purposes of the corporate alternative minimum tax under Section

55 of the Code and in the computation of the environmental tax on corporations under Section 59A of the Code.

INTEREST RATE AND BIDDING DETAILS. Bid forms will be provided by the City. Each bid shall be signed and enclosed in a sealed envelope. No bid will be accepted for the purchase of fewer than all of the Bonds. No bid will be accepted with a price of less than 98% of the principal amount of the Bonds.

All bids shall be without condition. Each bid submitted shall provide for the payment of accrued interest to the date of delivery on the Bonds.

One or more rates of interest may be fixed for the Bonds, which rate or rates must be in a multiple of $1/8$ or $1/20$ of 1%. No more than one rate of interest may be fixed for any one maturity.

It is requested that each bid state (i) the total interest cost over the life of the Bonds, less premium or plus discount, if any and (ii) the true interest cost of the Bonds. Such statement shall not be deemed to be a part of the bid.

REOFFERING PRICE. The successful bidder must certify the initial reoffering price to the public (excluding bond houses and brokers) for each maturity of the Bonds to the City's bond counsel not less than five business days prior to closing. This certification shall constitute the agreement of the bidder to offer all Bonds in each maturity for sale at a price no greater than the certified reoffering price until at least ten percent of the principal amount of each maturity is sold at a price less than or equal to the certified reoffering price. Failure to honor this agreement may result in cancellation of the sale and forfeiture of the bidder's good faith deposit.

BOND INSURANCE. If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the bidder, any purchase of such insurance or commitment therefor shall be at the sole option and expense of the bidder and any increased costs of issuance of the Bonds resulting by reason of such insurance, unless otherwise paid shall be paid by such bidder. Any failure of the Bonds to be so insured or of any such policy of insurance to be issued shall not in any way relieve the purchaser of his contractual obligations arising from the acceptance of his proposal for the purchase of the Bonds.

DEPOSIT. All bids for the Bonds shall be accompanied by a deposit in the amount of \$130,000.00. All deposits shall be by cashier's or certified check made payable unconditionally to the

order of the City of Bellevue, Washington. The deposits of unsuccessful bidders will be returned as soon as possible to such bidders. The good faith deposit of the successful bidder shall be held as security for the performance of such bid. Such check shall be cashed by the City Treasurer and will be applied to the purchase price of the Bonds or be forfeited to the City as and for liquidated damages if the successful bidder shall fail or neglect to complete the purchase of said Bonds in accordance with its proposal within forty (40) days after the acceptance thereof. Interest will not be allowed on such good faith deposits.

AWARD. The City reserves the right to reject any and all bids received and to waive any irregularities therein or in the bidding. No bid may be withdrawn after the same is filed with the Finance Director unless permission is first obtained by resolution of the City Council. Unless all proposals are rejected, the City will award the Bonds at the meeting of the Council on the day of the bid opening. The Bonds will be awarded to the responsible bidder offering to purchase all of the Bonds at the lowest true interest cost to the City, such lowest true interest cost to be determined in accordance with the effective interest cost method of calculation by doubling the semiannual interest rate (compounded semiannually) necessary to discount the debt service payments from the payment date to the date of the Bonds and to the price bid, not including accrued interest to the date of delivery.

DELIVERY. The City will deliver the Bonds in Seattle, Washington. Accrued interest to the date of delivery shall be paid by the purchaser at the time of delivery.

The approving legal opinion of Preston Thorgrimson Shidler Gates & Ellis will be printed on the Bonds and will be furnished, without cost, to the successful bidder at the time of delivery. The obligations hereunder to deliver and accept the Bonds shall be conditioned on the availability and delivery at the time of delivery of such Bonds of said approving opinion, and of a certificate, in form and tenor satisfactory to said law firm and dated as of the date of such delivery, to the effect that there is no litigation pending or (to the knowledge of the signer or signers thereof) threatened affecting the validity of such Bonds.

SETTLEMENT. Payment for the Bonds shall be made in Federal funds available on the date and at the place of delivery of such Bonds.

CUSIP NUMBERS. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser

thereof to accept delivery of and pay for said Bonds in accordance with the terms of its bid. All expenses in relation to the printing of CUSIP numbers on said Bonds shall be paid for by the City; provided, however, that the CUSIP Service bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the purchaser.

FURTHER INFORMATION. Further information regarding the Bonds may be obtained upon request made to the undersigned, or to the City Finance Director (206-455-6846), or from the Financial Advisor to the City, Seattle-Northwest Securities Corporation, Pacific First Center, 1420 Fifth Avenue, Suite 4300, Seattle, Washington 98101, Attention: Therese B. Dickison (206-628-2882).

DATED at Bellevue, Washington, this 23rd day of September 1991.


City Clerk,
Marie K. O'Connell, CMC
City of Bellevue, Washington

Published on: September 27, 1991