ORIGINAL

CITY OF BELLEVUE, WASHINGTON

LIMITED TAX
GENERAL OBLIGATION BOND ANTICIPATION NOTE, 1998

$4,100,000

ORDINANCE NO. 5049

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF A LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED $4,100,000 FOR THE PURPOSE OF FINANCING A PORTION OF THE COSTS OF ACQUIRING THE MEYDENBAUER BAY MARINA AND RELATED PROPERTY; PROVIDING THE FORM, TERMS, CONDITIONS, COVENANTS AND MATURITY OF THE NOTE; AUTHORIZING THE SALE OF THE NOTE TO SEAFIRST BANK; AUTHORIZING THE FINANCE DIRECTOR TO SELECT A FIXED OR VARIABLE RATE FOR THE NOTE, SUBJECT TO SPECIFIED LIMITATIONS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF THE NOTE; AND PROVIDING FOR THE ISSUANCE OF LIMITED TAX LEVY GENERAL OBLIGATION BONDS OF THE CITY.

PASSED: JANUARY ___, 1998

Prepared by:

PRESTON GATES & ELLIS LLP
5000 Columbia Seafirst Center
701 Fifth Avenue
Seattle, Washington 98104-7078

ORDINANCE NO. _____

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Exhibit A Offer to Purchase

ORDINANCE NO. ____

An Ordinance of the City Council of the City of Bellevue, Washington, authorizing the issuance and sale of a Limited Tax General Obligation Bond Anticipation Note of the City in the principal amount of not to exceed $4,100,000 for the purpose of financing a portion of the costs of acquiring the Meydenbauer Bay Marina and related property; providing the form, terms, conditions, covenants and maturity of the note; authorizing the sale of the Note to Seafirst Bank; authorizing the finance director to select a fixed or variable rate for the Note, subject to specified limitations; providing for the disposition of the proceeds of sale of the note; and providing for the issuance of limited tax levy general obligation bonds of the City.

WHEREAS, the City of Bellevue, Washington (the "City"), has determined that it is necessary and desirable to acquire the Meydenbauer Bay Marina and related property; and

WHEREAS, the City is authorized by Ch. 39.50 RCW to issue short term obligations in anticipation of the sale of general obligation bonds; and

WHEREAS, in order to provide the funds required for the interim financing of such acquisition, the City now desires to authorize the issuance of a limited tax general obligation bond anticipation note in the principal amount of not to exceed $4,100,000, to be funded by the future issuance of the limited tax levy general obligation bonds of the City, or other legally available funds; and

WHEREAS, on November 5, 1997, the City issued a request for proposals from various financial institutions to acquire such limited tax general obligation bond anticipation note and received proposals from three such institutions; and

WHEREAS, the Finance Director has deemed the proposal received from Bank of America National Trust and Savings Association, doing business as Seafirst Bank, to be in the best interest of the City;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF BELLEVUE, WASHINGTON AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings, unless a different meaning clearly appears from the context:

(a) "Arbitrage and Tax Certification" means the certificate executed by the Finance Director or his designee setting forth the methodology for computation of any Rebate Amount.

(b) "Bank" means Bank of America National Trust and Savings Association, doing business as Seafirst Bank, or any successor.

(c) "Bonds" means the limited tax levy general obligation bonds to be issued to pay and redeem the Note.

(d) "City" means the City of Bellevue, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

(e) "Code" means the Federal Internal Revenue Code of 1986, as amended, together with corresponding and applicable final, temporary or proposed regulations and revenue rulings issued or amended with respect thereto by the United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Note.

(f) "CIP Fund" means the General Capital Investment Program Fund of the City.

(g) "Council" means the general legislative authority of the City as the same shall be duly and regularly constituted from time to time.

(h) "Finance Director" means the Finance Director of the City or any successor to the functions of such Finance Director.

(i) "Note" means the City of Bellevue, Washington, Limited Tax General Obligation Bond Anticipation Note, 1998, in the principal amount of not to

exceed $4,100,000 issued pursuant to and for the purposes provided in this ordinance.

(j) "Debt Service Fund" means the Interest and Debt Redemption Regular Levy Fund of the City.

(k) "LIBOR Rate" shall have the meaning set forth in the Offer to Purchase.

(l) "Note Register" means the books or records maintained by the Note Registrar for the purpose of registration of the Note.

(m) "Note Registrar" means the Finance Director for the purpose of registering and authenticating the Note, maintaining the Note Register, effecting transfer of ownership of the Note, and paying principal of and interest on the Note, and any subsequent Note Registrar designated by the City.

(n) "Offer to Purchase" means the proposal dated November 14, 1997 of the Bank to acquire the Note, attached hereto as Exhibit A.

(o) "Project" means the acquisition of the Meydenbauer Bay Marina and related property.

(p) "Rebate Amount" means the amount, if any, determined to be payable with respect to the Note by the City to the United States of America in accordance with Section 148(f) of the Code.

(q) "Reference Rate" means the rate of interest publicly announced from time to time by the Bank in San Francisco, California, as its "Reference Rate." The Reference Rate is set based on various factors, including the Bank's costs and desired return, general economic conditions, and other factors, and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above, or below the Reference Rate. Any change in the Reference Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Reference Rate.

Section 2. Findings and Authorization of Acquisition. The City hereby finds and confirms that the public interest, welfare and benefit of the inhabitants of the City require that the City acquire the Project and the Project is hereby authorized. The estimated cost of the Project is $6,562,000, of which approximately $4,100,000 shall be paid out of the proceeds of the Note and the balance out of other legally available funds of the City.

Section 3. Authorization of the Bonds. The City shall issue and sell its limited tax general obligation bonds (the "Bonds") in such amounts and at such time or times as the City Council may determine to be in the best interest of the City and its inhabitants.

The Bonds shall be issued in an amount sufficient, together with any other funds legally available, to pay the principal of and interest on the Note at its maturity. The Bonds to be issued shall be in such denomination(s) and form; shall be dated, and bear interest at such rate or rates; shall be payable at such place or places; and shall have such option of payment prior to maturity as shall be determined by the City Council.

Section 4. Authorization of the Note. In anticipation of issuance of the Bonds, the City shall issue a short-term obligation in the principal amount of not to exceed $4,100,000 to provide interim financing for the Project and to pay costs incidental thereto and to the issuance of the Note. Said short-term obligation shall be designated the "City of Bellevue, Washington, Limited Tax General Obligation Bond Anticipation Note, 1998," shall be dated the date of its delivery, and shall be issued in registered form.

The Note shall mature one year from its date of issuance, shall bear interest payable at maturity or upon earlier redemption, and shall be issued in a total principal amount (not to exceed $4,100,000) as determined by the Finance Director pursuant to Section 17 hereof. If the interest rate shall be fixed, the Note

shall bear interest at a rate equal to 28 basis points (0.028) plus 63% of the sum of the LIBOR Rate plus 40 basis points (0.040), but in any event not to exceed 6% without additional action by Council. If the interest rate shall be variable, the Note shall bear interest at a rate equal to 49% of the Reference Rate, changing on the day of any Reference Rate change. Interest shall be determined on the basis of the actual number of days in each month and a 360-day year if the interest rate shall be fixed and on the basis of the actual number of days in each month and a 365-day year if the interest rate shall be variable.

The City shall be obligated to pay interest at the same rate on the Note from and after the maturity date thereof until the Note shall have been paid in full or funds shall have been duly provided in the Debt Service Fund for such payment in full.

The Finance Director shall act as Note Registrar. Principal of and interest on the Note shall be paid in lawful money of the United States of America on the date due to the registered owner of the Note as shown on the books of the Note Registrar upon presentation of the Note.

Section 5. Debt Service Fund. The "Interest and Debt Redemption Regular Levy Fund" (the "Debt Service Fund") has heretofore been established. A new project entitled "1998 Limited G. O." is hereby created in the Debt Service Fund. The 1998 Limited G. O. project of the Debt Service Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. Money in the 1998 Limited G. O. project of the Debt Service Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of City money. Any earnings from the investment of such money shall be deposited in the Debt Service Fund.

Section 6. Redemption of the Note. The City hereby covenants with the owner of the Note that it will issue and sell Bonds in an amount sufficient, together with all other revenues and money of the City that may legally be used and which the City may apply for such purposes, to pay when due the principal of and interest on the Note and will thereupon redeem the Note. The proceeds of sale of such Bonds and any of such other money so collected shall be paid into the Debt Service Fund. The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Note as the same shall become due.

Section 7 Right of Prior Redemption. The City has reserved the right to call and redeem the Note in whole or in part at any time at a price of par plus the prepayment fee, if any, set forth in the Offer to Purchase, upon at least 5 day's notice by telephone confirmed by telefax to the registered owner of the Note. Interest on the Note so called for redemption shall cease to accrue on the date fixed for redemption.

Section 8. CIP Fund. The "General Capital Investment Program Fund" (the "CIP Fund") has heretofore been established. A new project entitled "Meydenbauer Bay Marina Acquisition" is hereby established in the CIP Fund. Money in the Meydenbauer Bay Marina Acquisition project of the CIP Fund shall be used to pay the costs of the Project and all costs incidental thereto and the costs of issuing the Note.

Money remaining in the Meydenbauer Bay Marina Acquisition project of the CIP Fund after all of the costs of the Project have been paid may be used to pay costs of other legally authorized expenditures of the City, or shall be deposited in the Debt Service Fund. Money in the Meydenbauer Bay Marina Acquisition project of the CIP Fund may be invested as permitted by law and in a manner consistent

with this ordinance. All earnings derived from such investments shall be retained in and become a part of the CIP Fund.

Section 9. Defeasance. In the event that money and/or "Government Obligations," as such obligations are now or may hereafter be defined in Ch. 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Note or a portion of the Note in accordance with its terms, are set aside in a special account to effect such redemption or retirement and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the CIP Fund for the payment of the principal of and interest on the Note so provided for, and such Note shall cease to be entitled to any lien, benefit or security of this ordinance, except the right to receive the funds so set aside and pledged, and such Note shall be deemed not to be outstanding hereunder.

Section 10. Tax Covenants. The City hereby covenants and agrees with the owner of the Note that throughout the term of the Note, the City will not make use of the proceeds of sale of the Note or any other funds or obligations of the City that may be deemed to be proceeds of the Note 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 Note to the initial purchaser thereof, would have caused the Note to be an "arbitrage bond" 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 Note) and the applicable regulations thereunder throughout the term of the Note.

The City hereby covenants that throughout the term of the Note it will not take any action or enter into any agreement that will cause the proceeds of the sale of the Note to be used in a manner that would cause the Note to be classified as a "private activity bond" within the meaning of Section 141 of the Code and the applicable regulations thereunder.

Section 11. Arbitrage Rebate. The City will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption for interest payments on the Note, in accordance with the Arbitrage and Tax Certification.

Section 12. Rate Covenant. The City hereby covenants with the owner of the Note and the owners of the Bonds so long as the Note or Bonds remain outstanding, to establish and collect rates and charges for moorage at the Meydenbauer Bay Marina in amounts sufficient to pay maintenance and operation costs of the marina and debt service on the Note and Bonds and to increase such rates and charges at an annual rate not less than the Urban Wage Earners and Clerical Workers Consumer Price Index for each twelve month period ending on December 31, as published by the United States Department of Labor, for the Seattle-Tacoma Statistical Metropolitan Area; provided, that if the City Manager determines based on the report of a consultant with expertise in the area of marina economics that such increase in rates and charges will cause the Meydenbauer Bay Marina to be no longer competitive, then the City shall not be obligated to increase rates and charges at such rate pursuant to this covenant.

Section 13. Lost or Destroyed Note. In case the Note shall be lost, stolen or destroyed, the Note Registrar may execute and deliver a new Note of like amount, date, and tenor to the registered owner thereof upon the owner paying the expenses and charges of the City and the Note Registrar in connection

therewith and upon his/her filing with the Note Registrar evidence satisfactory to the Note Registrar that the Note was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City with indemnity satisfactory to the Finance Director.

Section 14. Form of the Note. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1 $4,100,000

STATE OF WASHINGTON

CITY OF BELLEVUE

LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE, 1998

REGISTERED OWNER: Bank of America National Trust and Savings Association, doing business as Seafirst Bank

MATURITY DATE: One Year from the Date of Issuance

INTEREST RATE: [_____]

PRINCIPAL AMOUNT: [_____]

The City of Bellevue, Washington, a municipal corporation of the State of Washington (the "City") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner hereof or registered assigns, the Principal Amount indicated above together with interest thereon from the date hereof at the Interest Rate specified above, payable on the Maturity Date, or until such Principal Amount has been paid, or such payment has been duly provided for. Interest shall be calculated on the basis of the actual number of days in each month [and a 365-day year if the interest rate shall be variable and on the basis of the actual number of days in each month and a 360-day year if the interest rate shall be fixed.]

Both principal of and interest on this Note are payable in lawful money of the United States of America. Principal and interest shall be paid to the Registered Owner hereof at the office of the Finance Director of the City in Bellevue, Washington, out of the Debt Service Fund of the City. Reference is made to an ordinance of the City passed on January __, 1998 (the "Note Ordinance") for the definition of other defined terms used herein.

The City has reserved the right to call and redeem this note in whole or in part at any time at a price of par, [plus the prepayment fee set forth in Exhibit A attached hereto,] upon at least 5 day's notice to the Registered Owner. Interest shall cease to accrue on the date fixed for redemption.

The City hereby covenants with the owner of this Note that it will issue and sell limited tax general obligation bonds in an aggregate principal amount sufficient, with such other moneys of the City available for such purposes as the Council, may, from time to time, appropriate and set aside, to pay the principal of and interest on this Note when due and will thereupon redeem this note. The full faith, credit, and resources of the City are hereby irrevocably pledged for the prompt payment of the principal of and interest on the Note.

The Note has been designated as a qualified tax-exempt obligation for purposes of Section 265(b) of the Internal Revenue Code of 1986.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the "Note Ordinance" until the Certificate of Authentication hereon shall have been manually signed by the Note Registrar.

This Note is issued pursuant to the Constitution and laws of the State of Washington, and duly adopted Ordinances of the City, to provide interim financing for the acquisition of Meydenbauer Bay Marina and related property.

It is hereby certified and declared that all acts, conditions and things required to be done precedent to and in the issuance of this Note have happened, been done and performed and that the total indebtedness of the City including this Note, does not exceed any constitutional, statutory or charter limitation.

IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this Note to be signed by the facsimile or manual signature of its Mayor, to be attested by the facsimile or manual signature of its Clerk, and the official seal of the City to be impressed or imprinted hereon, this ___ day of January, 1998.

CITY OF BELLEVUE, WASHINGTON

By /s/ facsimile or manual signature
Mayor

ATTEST:

/s/ facsimile or manual signature
Clerk

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Note is described in the within-referenced Ordinance No. _____ of the City of Bellevue, Washington, and is the Limited Tax General Obligation Bond Anticipation Note, 1998 dated January ___, 1998, of such City.

Finance Director
As Note Registrar

By _____

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

DATED: _____, _____.

SIGNATURE GUARANTEED

_____

NOTICE: Signature(s) must be guaranteed pursuant to law.

_____

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

Section 15. Execution of the Note. The Note shall be signed on behalf of the City by the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the City Clerk, and shall have the official corporate seal of the City impressed or imprinted thereon.

Only such Note as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this ordinance.

In case either of the officers of the City who shall have executed the Note shall cease to be such officer or officers of the City before the Note so signed shall have been authenticated or delivered by the Note Registrar, or issued by the City, such Note 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. The Note may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Note shall be the proper officers of the City although at the original date of such Note any such person shall not have been such officer.

Section 16. Application of Proceeds of the Note. At the time of delivery of the Note, the proceeds of the Note shall be deposited into the Meydenbauer Bay Marina Acquisition project of the CIP Fund and used to pay costs of the Project and costs related to the issuance of the Note. The amounts deposited in accordance with the previous sentence are deemed to be appropriated for the purposes specified.

Any money remaining in the Meydenbauer Bay Marina Acquisition project of the CIP Fund after all Project costs have been paid may be used to pay costs of other legally authorized expenditures of the City, or shall be deposited in the Debt Service Fund.

Section 17. Sale of the Note. The City hereby accepts the proposal dated November 14, 1997, submitted by the Bank to purchase the Note (the "Offer to Purchase") in accordance with the terms contained in this ordinance and said proposal. The Finance Director is hereby authorized to determine the final principal amount of the Note in an amount not to exceed $4,100,000, to determine whether the interest rate shall be fixed or variable, and to agree to any other terms, conditions and covenants that are in the best interests of the City and in accordance with the Offer to Purchase.

The appropriate City officials are hereby authorized and directed to do everything necessary for prompt issuance, execution and delivery of the Note and for the proper application and use of the proceeds thereof.

Section 18. 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 Note.

Section 19. Special Designation. The City hereby designates the Note as a qualified tax-exempt obligation for purposes of Section 265(b) of the Internal Revenue Code of 1986.

Section 20. Exemption from Official Statement and Ongoing Disclosure Requirements. With respect to the Note, the City is exempt from the official

statement and ongoing disclosure requirements of Section 15c2-12 of the Securities and Exchange Act of 1934, as amended. The City will provide a copy of its most recent annual financial statement upon written request and at the requester's expense.

Section 21. Effective Date. This ordinance shall become effective five days after its passage and publication, as required by law.

PASSED by the City Council of the City of Bellevue, Washington at a regular meeting of the Council, this 20th day of January, 1998, and signed in authentication of its passage this 20th day of January, 1998.

CITY OF BELLEVUE, WASHINGTON

Mike Creighton
Mayor

ATTEST:

Myrna L Basich
City Clerk

APPROVED AS TO FORM:

Richard Gilley
Deputy City Attorney

Published January 23, 1998

Exhibit A

Offer to Purchase