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ORDINANCE NO. 5373

AN ORDINANCE of the City of Bellevue, Washington, providing for the issuance and sale of limited tax general obligation bonds of the City in the principal amount of \$10,450,000 for the purpose of providing funds to redeem the City's Limited Tax General Obligation Bond Anticipation Note, 2000 (Convention Center Land Acquisition), to finance the acquisition of a site for future expansion of the Convention Center and/or to finance improvements to the Convention Center, and to pay issuance costs; providing the date, form, terms and maturities of the bonds; providing for the annual levy of taxes to pay the principal of and interest on the bonds; providing for the sale of the bonds; and approving the Third Amendment to the First Amended Design, Construction, Financing and Operating Agreement between the City and the Bellevue Convention Center Authority.

WHEREAS, the City Council (the "Council") of the City of Bellevue, Washington (the "City"), has previously issued its Limited Tax General Obligation Bond Anticipation Note, 2000 (Convention Center Land Acquisition) (the "Note") to finance the acquisition of real property beneath the Meydenbauer Center (the "Existing Site") on a short-term basis; and

WHEREAS, the Council has determined to redeem the Note and, given the current favorable interest rate environment, establish long-term interest rates with respect to the debt incurred to acquire the Existing Site; and

WHEREAS, pursuant to the Amended and Restated Option in Lieu of Condemnation between the City and Schnitzer Northwest, LLC, the City has an option to purchase the site for the future expansion of the Meydenbauer Center (the "Expansion Site") in the event the Council approves such purchase with the intent in good faith to pursue the expansion of the Convention Center; and

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WHEREAS, the Council has determined that, independent of a final determination of whether to implement a City plan for expanding the Convention Center, it is in the public interest to proceed either with the purchase of the Expansion Site or with certain improvements to the Meydenbauer Convention Center (the "Convention Center"); and

WHEREAS, in order to provide the funds required to redeem the outstanding Note, to pay for the Expansion Site and/or to make improvements to the Convention Center, the City now desires to authorize the issuance of limited tax levy general obligation bonds in the principal amount of \$10,450,000 (the "Bonds") and to authorize the sale of the Bonds; and

WHEREAS, pursuant to the First Amended Lease Purchase Agreement between the City and the Bellevue Convention Center Authority (the "Authority"), dated August 1, 1991, and amended November 15, 1993, November 1, 1994 and January 1, 2000 (the "Lease Purchase Agreement"), the First Amended Sublease between the City and the Authority dated August 1, 1991, as amended on January 1, 2000 (the "Lease"), and the First Amended Design, Development, Construction, Financing and Operating Agreement between the City and the Authority dated August 1, 1991, as amended on December 1, 1995 and January 1, 2000 (the "Operating Agreement" and collectively with the Lease Purchase Agreement and the Lease, the "Agreements"), the City authorized the Authority to construct, operate and maintain the Convention Center for lease back to the City; and

WHEREAS, pursuant to the Agreements, the City has previously pledged lodging taxes levied pursuant to RCW 67.28.180 ("2% Revenues") and RCW 67.28.181

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("3% Revenues" and together with the 2% Revenues, "Lodging Taxes") to pay debt service on the Note, debt service on the Authority's bonds, and maintenance and operating costs of the Convention Center; and

WHEREAS, pursuant to the Agreements, the City has previously pledged 2% Revenues collected after April 2005 to pay debt service on the City's Limited Tax Levy General Obligation Bonds, 1995 (the "1995 Bonds"), to fund costs of the Convention Center (including operations, debt service, capital improvements, reserves and related costs), to fully fund expansion of the Convention Center and for any other permitted City purpose; and

WHEREAS, the City and the Authority have determined that it is necessary and in their respective best interests to amend the Operating Agreement to provide for payment of the debt service on the Bonds, first, from amounts on deposit in the Land Payment Project within the City's Hotel/Motel Tax Fund; and second, from 2% Revenues collected after April 2005; and

WHEREAS, since the Existing Site is no longer subject to the original ground lease, the City and the Authority desire to amend the Operating Agreement to remove the Ground Lease Reserve Requirement; and

WHEREAS, the City provided notice of its intent to sell the Bonds by competitive bid in the form of the Official Notice of Bond Sale, attached hereto as Exhibit A, and received 6 bids for the purchase of the Bonds; and

WHEREAS, UBS PaineWebber Inc. (the "Purchaser") submitted the bid, attached hereto as Exhibit B, to purchase the Bonds at the lowest true interest cost to the City;

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NOW, THEREFORE, THE COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN 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:

"Arbitrage and Tax Certification" means the certificate executed by the Treasurer pertaining to the calculation and payment of any Rebate Amount with respect to the Bonds.

"Bond Register" means the books or records maintained by the Bond Registrar for the registration and transfer of the Bonds containing the name and mailing address of the owner of each Bond or nominee of such owner and such other information as the Bond Registrar shall determine.

"Bond Registrar" means the fiscal agency of the State of Washington for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying principal of and interest on the Bonds, and any subsequent Bond Registrar designated by the City.

"Bonds" means the \$10,450,000 principal amount of the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2002, issued pursuant to and for the purposes provided in this Ordinance.

"Code" means the 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 U.S. Treasury Department or the Internal Revenue Service, to the extent applicable to the Bonds.

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“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.

“Council” means the legislative authority of the City as the same shall be duly and regularly constituted from time to time.

“Debt Service Fund” means the Interest and Debt Redemption Regular Levy fund of the City.

“DTC” means The Depository Trust Company of New York, as depository for the Bonds, or any successor or substitute depository for the Bonds.

“MSRB” means the Municipal Securities Rulemaking Board or any successors to its functions.

“Lodging Taxes” means lodging taxes levied by the City pursuant to RCW 67.28.180 (“2% Revenues”) and RCW 67.28.181 (“3% Revenues”). The terms “Hotel/Motel Taxes” and “Transient Occupancy Taxes” also mean Lodging Taxes.

“Note” means the City of Bellevue, Washington, Limited Tax General Obligation Bond Anticipation Note, 2000 (Convention Center Land Acquisition), dated January 28, 2000 and issued to finance the cost of acquiring the Existing Site.

“NRMSIR” means a nationally recognized municipal securities information repository.

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

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"Registered Owner" means the person in whose name a Bond is registered on the Bond Register. For so long as the City utilizes the book-entry system for the Bonds, DTC shall be deemed to be the Registered Owner.

"Rule" means the SEC's Rule 15c2-12 under the Securities and Exchange Act of 1934, as the same may be amended from time to time.

"SEC" means the Securities and Exchange Commission.

"SID" means a state information depository for the State of Washington (if one is created).

"Treasurer" means the Treasurer of the City, or any successor to the functions of the Treasurer.

Section 2. Findings. The Council hereby finds that the public interest, welfare and benefit of the inhabitants of the City require that the City proceed to redeem the City's outstanding Note and establish long-term interest rates with respect to the debt incurred to acquire the Existing Site. The principal amount of the Note to be redeemed is \$7,908,000, which, together with interest accrued thereon, shall be provided from a portion of the proceeds of sale of the Bonds. The Council further finds that it is in the public interest of the inhabitants of the City that the City proceed to acquire the Expansion Site and/or make improvements to the Convention Center, independent of a final determination of whether to implement a City plan for expanding the Convention Center. The estimated cost of the Expansion Site and/or the improvements to the Convention Center is \$1,734,100. The cost of acquiring the Expansion Site and/or making improvements to the Convention Center, including related costs, shall be paid out of a portion of the proceeds of sale of the Bonds.

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Section 3. Authorization and Description of Bonds. The City shall issue and sell the Bonds in the principal amount of \$10,450,000 for the purposes of redeeming the Note (including paying interest to the date of redemption), financing the acquisition the Expansion Site and/or financing improvements to the Convention Center, and paying costs of issuing the Bonds. The Bonds shall be designated the "City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2002" (the "Bonds"), shall be dated as of June 1, 2002, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control, and shall bear interest payable on December 1, 2002, and semiannually thereafter on the first days of June and December. Interest on the Bonds shall be calculated based on a 360-day year of twelve 30-day months. The Bonds shall bear interest at the following rates and mature on December 1 in the following years and in the following amounts:

<u>Maturity Year (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Maturity Year (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2006	\$ 200,000	3.50%	2018	\$ 335,000	4.75%
2007	210,000	3.875	2019	355,000	4.875
2008	215,000	4.00	2020	370,000	4.875
2009	225,000	4.25	2021	390,000	5.50
2010	235,000	4.25	2022	410,000	5.50
2011	245,000	4.25	2023	435,000	5.00
2012	255,000	4.25	2024	455,000	5.125
2013	265,000	4.25	2025	480,000	5.125
2014	275,000	4.375	2026	505,000	5.125
2015	290,000	4.50	2027	535,000	5.125
2016	305,000	4.60			
2017	320,000	4.65	2032	3,140,000	5.375

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Section 4. Registration, Exchange and Payments.

(a) *Registrar/Bond Register.* The City hereby adopts the system of registration approved by the Washington State Finance Committee, which utilizes the fiscal agency of the State of Washington in New York, New York, as registrar, authenticating agent, paying agent and transfer agent (collectively, the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Bonds (the "Bond Register"), which shall 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 Certificate of Authentication on the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar may deem and treat the Registered Owner of each Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 4(h) shall be valid and shall satisfy the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* The Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept

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the Bonds as eligible for deposit at DTC, the City has executed and delivered to DTC a Blanket Issuer Letter of Representations (the "Letter of Representations").

Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds for the accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any DTC participant of any amount in respect of the principal or interest on Bonds, any notice that is permitted or required to be given to Registered Owners under this Ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC), the selection by DTC or any DTC participant of any person to receive payment in the event of a partial redemption of the Bonds, or any consent given or other action taken by DTC as the Registered Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC or its successor depository shall be deemed to be the Registered Owner for all purposes, and all references in that ordinance to the Registered Owners shall mean DTC or its nominee and shall not mean the owners of any beneficial interest in any Bonds.

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(d) *Use of Depository.*

(i) The Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Bond for each maturity in a denomination equal to the total principal amount of such maturity. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the City pursuant to subsection (ii) below or such substitute depository's successor; or (C) to any person as provided in subsection (iv) below.

(ii) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the City to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the City may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(iii) In the case of any transfer pursuant to clause (A) or (B) of subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together with a written request on behalf of the City, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the City.

(iv) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository

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can be obtained, or (B) the City determines that it is in the best interest of the beneficial owners of the Bonds that the Bonds be provided in certificated form, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The City shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds in certificated form, to issue Bonds in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the City to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Transfer or Exchange of Registered Ownership; Change in Denominations.* The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity and interest rate,

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in any authorized denomination. The Bond Registrar shall not be obligated to transfer or exchange any Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond 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 member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Bonds.

(g) *Registration Covenant.* The City covenants that, until all Bonds have been surrendered and canceled, it will maintain a system for recording the ownership of each Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. For so long as all Bonds are in fully immobilized form, payments of principal and interest shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer in fully immobilized form, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date, and principal of the Bonds shall be payable upon presentation and surrender of such Bonds

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by the Registered Owners at the principal office of the Bond Registrar; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account with a bank located within the United States.

Section 5. Redemption; Purchases.

(a) *Optional Redemption.* The Bonds maturing on and after December 1, 2012, are subject to redemption prior to maturity at the option of the City in whole or in part on any date on or after December 1, 2011 (with maturities selected by the City), at par, plus accrued interest to the date of redemption. If less than a whole of a maturity is called for redemption, the Bonds to be redeemed shall be chosen by lot in integral multiples of \$5,000 by the Bond Registrar or, so long as the Bonds are registered in the name of Cede & Co. or its registered assign, according to the operational arrangements of DTC, as then in effect.

(b) *Mandatory Redemption.* The Bonds maturing on December 1, 2032 shall be redeemed prior to maturity by lot (or paid at maturity), not later than December 1 in the years 2028 through 2032 (to the extent such Bonds have not been previously redeemed or purchased) and in the principal amounts set forth below, without premium, together with the interest accrued to the date fixed for redemption.

<u>Year</u>	<u>Amount</u>
2028	\$565,000
2029	595,000
2030	625,000
2031	660,000
2032*	695,000

* Final Maturity

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(c) *Partial Redemption.* 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, for the then unredeemed balance of the principal amount, a new Bond or Bonds, at the option of the registered owner, of like maturity and interest rate in any authorized denomination.

(d) *Notice of Redemption.* Written notice of any redemption of Bonds shall be given by the Bond Registrar on behalf of the City by first class mail, postage prepaid, not less than 30 days nor more than 60 days before the redemption date to the registered owners of Bonds that are to be redeemed at their last addresses shown on the Bond Register. So long as the Bonds are in book-entry form, notice of redemption shall be made according to the operational arrangements of DTC, as then in effect. The Bond Registrar shall provide additional notice of redemption (at least 30 days) to each NRMSIR and SID, if any, in accordance with Section 4.

The requirements of this section shall be deemed complied with when notice is mailed, whether or not it is actually received by the owner.

Each notice of redemption shall contain the following information: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Bonds to be redeemed, (4) a statement that on the redemption date the redemption price will become due and payable upon each Bond or portion called for redemption, and that interest shall cease to accrue from the redemption date, (5) a statement that the Bonds are to be surrendered for payment at the principal office of the Bond Registrar, (6) the CUSIP numbers of all Bonds being redeemed, (7) the dated

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date of the Bonds, (8) the rate of interest for each Bond being redeemed, (9) the date of the notice, and (10) any other information needed to identify the Bonds being redeemed.

Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(e) *Effect of Redemption.* Unless the City has revoked a notice of redemption, the City shall transfer to the Bond Registrar amounts that, in addition to other money, if any, held by the Bond Registrar, will be sufficient to redeem, on the redemption date, all the Bonds to be redeemed. From the redemption date interest on each Bond to be redeemed shall cease to accrue.

(f) *Amendment of Notice Provisions.* The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

(g) *Purchase by City.* The City reserves the right to purchase any of the Bonds at any time and at any price.

Section 6. Creation of Debt Service Fund and Provision for Tax Levy Payments. The "Interest and Debt Redemption Regular Levy Fund" (the "Debt Service

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Fund") has heretofore been established. The Debt Service Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Bonds.

The City hereby irrevocably covenants for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an ad valorem tax, within and as a part of the tax millage levy permitted to cities without a vote of the people, upon all the property within the City subject to taxation in an amount which will be sufficient, together with other lawfully available funds, including amounts derived from Lodging Taxes and available under the Agreements, to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the Debt Service Fund. None of the money in the Debt Service Fund shall be used for any other purpose than the payment of the principal of and interest on the Bonds. Money in 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 interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

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The City hereby irrevocably covenants and agrees, for as long as the Bonds are outstanding and unpaid, to levy the Lodging Taxes at a rate not less than the maximum allowable rate at the time the Bonds are issued and hereby pledges in accordance with RCW 67.28.180 and 67.28.181, respectively, to apply amounts collected thereunder, subject to their use for other authorized purposes, to the extent necessary for the payment of the principal of and interest on the Bonds. Such amounts as are available under the Agreements and necessary for the payment of principal of and interest on the Bonds will be and are irrevocably set aside, pledged and appropriated for such purpose.

Section 7. Defeasance. In the event that money and/or "Government Obligations," as such Obligations are now or may hereafter be defined in Chapter 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bonds or a portion of the Bonds in accordance with their 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 Bond Fund for the payment of the principal of and interest on the Bonds so provided for and such Bonds 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 Bonds shall be deemed not to be outstanding hereunder. Within 30 days of any defeasance of Bonds, the City shall provide notice of defeasance of Bonds to registered owners and to each NRMSIR and SID, if any, in accordance with Section 18.

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Section 8. Tax Covenant. The City covenants to undertake all actions required to maintain the tax-exempt status of interest on the Bonds under Section 103 of the Code as set forth in the Arbitrage and Tax Certification that will be executed at the closing of the Bonds.

The City has not designated the Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 9. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and tenor to the Registered Owner upon the owner's paying the expenses and charges of the Bond Registrar and the City in connection with preparation and authentication of the replacement Bond or Bonds and upon his or her filing with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City and the Bond Registrar with indemnity satisfactory to both.

Section 10. Form of the Bonds. The Bonds shall be in substantially the following form:

NO. _____ UNITED STATES OF AMERICA \$ _____

STATE OF WASHINGTON
CITY OF BELLEVUE
LIMITED TAX GENERAL OBLIGATION BOND, 2002

INTEREST RATE: MATURITY DATE: CUSIP NO:

REGISTERED OWNER:

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PRINCIPAL AMOUNT: _____ THOUSAND
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 identified 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 December 1, 2002, and semiannually thereafter on each June 1 and December 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. For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Blanket Issuer Letter of Representations from the City to The Depository Trust Company. In the event that the bonds of this issue are no longer held in fully immobilized form, interest on this bond shall be paid 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 records maintained by the Bond Registrar as of the fifteenth day of the month preceding the interest payment date; provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000 principal amount, interest will be paid by wire transfer on the date due to an account with a bank located within the United States. Principal shall be paid to the Registered Owner hereof upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in New York, New York (the "Bond Registrar").

Reference is made to Ordinance No. 5373 (the "Bond Ordinance") 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 this bond 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 until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to cities without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other amounts lawfully available therefore, including Lodging Taxes levied by the City pursuant to Ch. 67.28 RCW and available under the Agreements, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

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The City hereby irrevocably covenants and agrees, for as long as the Bonds are outstanding and unpaid, to levy the Lodging Taxes at a rate not less than the maximum allowable rate at the time the Bonds are issued and hereby pledges in accordance with RCW 67.28.180 and 67.28.181, respectively, to apply amounts collected thereunder, subject to their use for other authorized purposes, to the extent necessary for the payment of the principal of and interest on the Bonds. Such amounts as are available under the Agreements and necessary for the payment of principal of and interest on the Bonds will be and are irrevocably set aside, pledged and appropriated for such purpose.

This bond is one of an issue of limited tax general obligation 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 \$10,450,000, issued pursuant to the Bond Ordinance to redeem the City's Outstanding Limited Tax General Obligation Bond Anticipation Note, 2000 (Convention Center Land Acquisition), finance the acquisition the Expansion Site and/or finance improvements to the Convention Center, and pay incidental interest and issuance costs.

The City has reserved the right to redeem any or all of the outstanding bonds of this issue maturing on and after December 1, 2012 (maturities to be selected by the City and by lot within a maturity or, for so long as this Bond is registered in the name of CEDE & Co. or its registered assign, by DTC, in such manner as DTC or the Bond Registrar shall determine) in whole or part on any date on or after December 1, 2011, at par plus accrued interest to the date of redemption.

Notice of any intended redemption shall be given not less than 30 nor more than 60 days prior to the redemption date 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 the Bond Ordinance shall be deemed to be complied with when notice is mailed as provided, regardless of whether or not it is actually received by the owner of any bond. Interest on all such bonds so called for redemption shall cease to accrue on the date fixed for redemption unless such bond or bonds so called for redemption are not redeemed upon presentation made pursuant to such call.

Portions of the principal sum of this bond in installments of \$5,000 or any integral multiple thereof may also be redeemed, and if less than all of the principal sum hereof is to be redeemed, upon the surrender of this 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 sum hereof, at the option of the owner, a bond or bonds of like maturity and interest rate in any of the denominations authorized by the Bond Ordinance.

The City has not designated the bonds of this issue as "qualified tax-exempt obligations" for purchase by financial institutions.

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The pledge of tax levies for payment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

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 this bond and for any and all other purposes whatsoever.

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 manual or facsimile signature of the Mayor, to be attested by the manual or facsimile signature of the Clerk of the City, and the seal of the City to be reproduced or impressed hereon, as of this June 1, 2002.

CITY OF BELLEVUE, WASHINGTON

By _____
Mayor

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:

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CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within-referenced Ordinance No. 5373 of the City of Bellevue, Washington, and is one of the Limited Tax General Obligation Bonds, 2002, dated June 1, 2002.

WASHINGTON STATE FISCAL
AGENCY, as Bond Registrar

By _____
Authorized Officer

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 Register 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 bond in every
particular, without alteration or
enlargement or any change
whatever.

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Section 11. Execution of the Bonds. The Bonds 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 a facsimile of the official corporate seal of the City impressed or imprinted thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond 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 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Ordinance.

In case either of the officers of the City 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 may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond any such person shall not have been such officer.

Section 12. Hotel/Motel Tax Fund. The Hotel/Motel Tax Fund has heretofore been established. A new project entitled "2002 Bond Proceeds Project" is hereby established in the Hotel/Motel Tax Fund. Money in the 2002 Bond Proceeds Project shall be used to pay the costs of acquiring the Expansion Site and/or of making

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improvements to the Convention Center and all costs incidental thereto, including costs of issuing the Bonds.

Amounts in the 2002 Bond Proceeds Project shall be expended in accordance with the Third Amendment to First Amended Design, Construction, Financing and Operating Agreement.

Money remaining in the 2002 Bond Proceeds Project after all of the costs of acquiring the Expansion Site and/or making improvements to the Convention Center, and all costs incidental thereto including costs of issuing the Bonds have been paid may be used for any lawful purpose.

Money in the 2002 Bond Proceeds Project may temporarily be deposited in such institutions or in such obligations as may be lawful for the investment of City money. Any earnings from the investment of such money shall be retained in and become a part of the 2002 Bond Proceeds Project.

Section 13. Application of Proceeds of Bonds. At the time of delivery of the Bonds, the proceeds of the Bonds shall be deposited as follows:

(a) The accrued interest, if any, to the date of delivery shall be deposited to the Debt Service Fund and used to pay a portion of interest on the Bonds on December 1, 2002.

(b) The amount necessary to redeem the Note shall be deposited into the Land Payment Project within the Hotel/Motel Tax Fund of the City and used to redeem the Note on June 28, 2002; and

(c) The remaining amount shall be deposited to the 2002 Bond Proceeds Project to be used to pay the costs of acquiring the Expansion Site and/or of making

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improvements to the Convention Center and to pay costs incidental thereto and to the issuance of the Bonds.

Money remaining in the Land Payment Project after all of such costs have been paid or reimbursed, shall be deposited in the Debt Service Fund. Money in the Land Payment Project fund may be invested as permitted by law. All interest earned and profits derived from such investments shall be retained in and become a part of the Debt Service Fund.

Section 14. Award of Bid; Sale of the Bonds. The Council finds that the competitive bid submitted by UBS PaineWebber Inc. (the "Purchaser") and attached hereto as Exhibit B is reasonable and that it is in the best interest of the City that the Bonds shall be sold upon the conditions set forth in the bid, the Notice of Bond Sale, attached hereto as Exhibit A, and this Ordinance. The City therefore accepts the bid. The Bonds shall be issued and delivered to the Purchaser upon payment of the purchase price specified in the bid.

Section 15. Official Statement. The City approves the preliminary official statement for the Bonds and authorizes the Purchaser's distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the City deems the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds and the completion of the purchase contract. The City agrees to cooperate with the Purchaser to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, copies of a final official statement in sufficient quantity

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to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The City authorizes the Purchaser to use the official statement, substantially in the form of the preliminary official statement, in connection with the sale of the Bonds. The City's Director of Finance is authorized to approve, supplement or amend the final official statement.

Section 16. Severability. If any provision in this Ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this Ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 17. Undertaking to Provide Ongoing Disclosure.

A. Contract/Undertaking. This section constitutes the City's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

B. Financial Statements/Operating Data. The City agrees to provide or cause to be provided to each NRMSIR and to the SID, if any, in each case as designated by the SEC in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 2002 for the fiscal year ended December 31, 2001):

1. Annual financial statements, which statements may or may not be audited, showing ending fund balances for the City's general fund, prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) and

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generally of the type included in the official statement for the Bonds under the heading "Historical General Fund Operating Results";

2. The assessed valuation of taxable property in the City;
3. Property tax levy rate per \$1,000 of assessed valuation;
4. Outstanding general obligation debt of the City; and
5. Ad valorem taxes due and percentage of taxes collected.
6. Lodging Taxes collected pursuant to RCW 67.28.180 and RCW 67.28.181.

Items 2-6 shall be required only to the extent that such information is not included in the annual financial statement.

Such annual information and operating data described above shall be provided on or before nine months after the end of the City's fiscal year. The City's current fiscal year ends December 31. The City may adjust such fiscal year by providing written notice of the change of fiscal year to each then existing NRMSIR and the SID, if any. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the NRMSIR, the SID or to the SEC and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available to each then existing NRMSIR and the SID, if any.

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C. Material Events. The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to the rights of Bond holders;
8. Bond calls (optional, contingent or unscheduled Bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856);
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds; and
11. Rating changes.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no debt service reserves or property secure payment of the Bonds.

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D. Notification Upon Failure to Provide Financial Data. The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to the SID, if any, notice of its failure to provide the annual financial information described in Subsection B above on or prior to the date set forth in Subsection B above.

E. Termination/Modification. The City's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

Notwithstanding any other provision of this Ordinance, the City may amend this Section 17, and any provision of this Section 17 may be waived with an approving opinion of nationally recognized bond counsel in accordance with the Rule.

In the event of any amendment of this Section 17, the City shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under subsection C, and (ii) the annual report for the year in which the change is made should present a

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comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

F. Bond Owner's Remedies Under This Section. The right of any Bondowner or beneficial owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds. For purposes of this section, "beneficial owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 18. Use of Funds on Deposit in the Land Payment Project. Pursuant to Section 3.2 of the Lease, the Authority is obligated to pay as Additional Rent, Ground Lease Rental Payments. Section 1 of the Second Amendment to the Operating Agreement dated January 1, 2000, provides that such amounts shall be held by the City to pay or reimburse the costs of expanding the Convention Center or for debt service on notes or bonds issued to finance or refinance the City's acquisition of the Existing Site, such as the Bonds. The City has accumulated \$1,416,947 of such amounts in the Land Payment Project within the Hotel/Motel Tax Fund including interest thereon, and hereby authorizes the use of such amounts to pay interest on the Bonds as it becomes due. Such amounts shall be taken into account pursuant to Section 19 in amending the Operating Agreement.

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Section 19. Amendment to Operating Agreement. The City hereby approves the Third Amendment to the Operating Agreement in substantially the form attached as Exhibit C (the "Third Amendment"). The Third Amendment provides for the payment of debt service on the Bonds, first, from amounts on deposit in the Land Payment Project; and, second, from 2% Revenues collected after April 2005. The Third Amendment also deletes provisions regarding the Ground Lease Reserve Requirement. The City Manager is hereby authorized to execute such Third Amendment on behalf of the City.

Section 20. General Authorization; Ratification of Prior Acts. The Director of Finance and other appropriate officers of the City are authorized to take any actions, including approval of the Preliminary Official Statement and distribution of the Official Notice of Bond Sale, and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this Ordinance. All acts taken pursuant to the authority of this Ordinance but prior to its effective date are hereby ratified.

Section 21. Effective Date. This Ordinance shall be effective five days after its passage and publication as required by law.

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PASSED by the City Council of the City of Bellevue, Washington at a regular meeting of the Council, this 10th day of June, 2002, and signed in authentication of its passage this 10th day of June, 2002.

(SEAL)

Connie Marshall
Mayor

Approved as to form:

Richard L. Andrews, City Attorney

Patrice C. Cole
Patrice C. Cole, Assistant City Attorney

Attest:

Myrna L. Basich
Myrna L. Basich, City Clerk

Published June 14, 2002