

ORDINANCE NO. 5474

AN ORDINANCE of the City of Bellevue, Washington, providing for the issuance and sale of unlimited tax general obligation bonds of the City in the principal amount of \$8,550,000 for the purpose of providing funds to defease and refund certain outstanding unlimited tax general obligation refunding bonds of the City; authorizing the issuance and sale of limited tax general obligation bonds of the City in the principal amount of \$4,635,000 for the purpose of providing funds to defease and refund certain outstanding limited tax general obligation bonds of the City; authorizing the plans of refunding; authorizing a preliminary official statement; and providing the forms and terms of the two series of such bonds.

WHEREAS, the City Council (the "Council") of the City of Bellevue, Washington (the "City"), has outstanding its Unlimited Tax Levy General Obligation Refunding Bonds, 1993 (the "1993 Bonds"), issued in the original principal amount of \$23,995,000 under date of November 1, 1993, pursuant to Ordinance No. 4596 of the City passed on November 8, 1993, maturing in principal amounts and bearing interest as follows:

Maturity Years (January 1)	Principal Amounts	Interest Rates
2004	\$ 2,165,000	4.80%
2005	2,280,000	5.00
2006	1,320,000	5.00
2007	1,390,000	5.125
2008	1,475,000	5.250

WHEREAS, Ordinance No. 4596 provides that the City may defease the 1993 Bonds prior to their maturity and may call the 1993 Bonds maturing on and after January 1, 2005 for redemption on or after January 1, 2004, in whole on any date or in part, on any interest payment date at a price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, the City has outstanding its Limited Tax General Obligation Bonds, 1994 (the "1994 Bonds"), issued in the original principal amount of \$6,485,000 under date of July 1, 1994, pursuant to Ordinance No. 4659 of the City passed on June 20, 1994, maturing in principal amounts and bearing interest as follows:

Maturity Years (July 1)	Principal Amounts	Interest Rates
2004	\$ 300,000	5.50%
2005	315,000	5.40
2006	335,000	5.50
2007	350,000	5.60
2008	375,000	5.70
2009	395,000	5.80
2010	420,000	5.85
2011	445,000	5.90
2012	470,000	5.95
2014	1,030,000	6.00

; and

WHEREAS, Ordinance No. 4659 provides that the City may defease the 1994 Bonds prior to their maturity and may call the 1994 Bonds maturing on and after July 1, 2005 for redemption on or after July 1, 2004, in whole or in part on any date, at a price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, as a result of changed market conditions, it appears to the Council that debt service savings may be obtained by defeasing and refunding the outstanding 1993 Bonds through the issuance of a series of unlimited tax general obligation refunding bonds (the "Series 2003A Bonds") and by defeasing and refunding the outstanding 1994 Bonds through the issuance of a series of limited tax general obligation refunding bonds (the "Series 2003B Bonds"), as herein authorized; and

WHEREAS, to effect such defeasances and refundings in the most economical manner it is deemed necessary and advisable that proceeds of sale of the Series

2003A and Series 2003B Bonds and, if necessary, other money, be invested in obligations maturing in such amounts and at such times as are required to pay the principal of and interest on the 1993 Bonds and 1994 Bonds (collectively, the "Refunded Bonds") and to redeem and retire the callable 1993 Bonds and 1994 Bonds on the first dates on which such bonds may be called for redemption prior to their respective scheduled maturities; and

WHEREAS, the City has received the offer of Lehman Brothers Inc. to purchase such Series 2003A and Series 2003B Bonds on the terms and conditions set forth herein;

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 Director of Finance pertaining to the tax-exemption of interest on the Bonds and 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 Series 2003A Bonds and the Series 2003B Bonds, 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.

“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.

Escrow Agreement means the Escrow Agreement(s) to be dated as of the date of closing of the Bonds authorized to be entered into pursuant to Section 11 of this Ordinance.

Government Obligations means those obligations now or hereafter defined as such in Chapter 39.53 RCW, as such chapter may be hereafter amended or restated.

"Letter of Representations" means the Blanket Letter of Representations from the City to DTC.

"LTGO Refunded Bonds" means the 1994 Bonds maturing on and after July 1, 2005.

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

"1993 Bonds" means the Unlimited Tax Levy General Obligation Refunding Bonds, 1993 of the City, issued under date of November 1, 1993 pursuant to Ordinance No. 4596 passed by the Council on November 8, 1993, and presently outstanding in the principal amount of \$8,630,000.

"1994 Bonds" means the Limited Tax General Obligation Bonds, 1994 of the City issued under date of July 1, 1994 pursuant to Ordinance No. 4659 passed by the Council on June 20, 1994, and presently outstanding in the principal amount of \$4,435,000.

"NRMSIR" means a nationally recognized municipal securities information repository.

"Refunded Bonds" means, collectively, the UTGO Refunded Bonds and the LTGO Refunded Bonds.

"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.

“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.

“Series 2003A Bond Account” means the “Unlimited Tax General Obligation Bond Redemption Account, 2003” to be created within the Debt Service Fund by as authorized Section 5 of this Ordinance.

“Series 2003A Bonds” means the \$8,550,000 principal amount of the City’s Unlimited Tax General Obligation Refunding Bonds, Series 2003A, issued pursuant to this Ordinance.

“Series 2003B Bond Account” means the “Limited Tax General Obligation Bond Redemption Account, 2003” authorized to be created within the Debt Service Fund by Section 5 of this Ordinance.

“Series 2003B Bonds” means the \$4,635,000 principal amount of the City’s Limited Tax General Obligation Refunding Bonds, Series 2003B, issued pursuant to this Ordinance.

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

“Underwriter” means Lehman Brothers Inc., Seattle, Washington.

“UTGO Refunded Bonds” means the 1993 Bonds maturing on and after January 1, 2005.

Section 2. Authorization of Bonds. For the purpose of providing for the defeasance and refunding of the outstanding 1993 Bonds and to pay costs of issuance of the Series 2003A Bonds, thereby effecting a savings to the City and its taxpayers, the City shall issue and sell the Series 2003A Bonds in the aggregate principal amount of \$8,550,000. The Series 2003A Bonds shall be sold as a single series to be designated the "City of Bellevue, Washington, Unlimited Tax General Obligation Refunding Bonds, Series 2003A.

The Series 2003A Bonds shall be dated their date of delivery; shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof, provided that no Series 2003A Bond shall represent more than one maturity; shall be numbered separately and in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control; shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth below from their date, until the Series 2003A Bonds have been paid or their payment duly provided for, payable on January 1, 2004, and semiannually thereafter on the first day of each July and January and shall mature on January 1 of each year as follows:

Series 2003A Bonds

<u>Maturity Year (January 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2004	\$2,275,000	3.00%
2005	2,245,000	4.00
2006	1,275,000	5.00
2007	1,340,000	5.00
2008	1,415,000	4.00

For the purpose of providing for the defeasance and advance refunding the outstanding 1994 Bonds and to pay costs of issuance of the Series 2003B Bonds, thereby effecting a savings to the City and its taxpayers, the City shall also issue and sell the Series 2003B Bonds in the aggregate principal amount of \$4,635,000. The Series 2003B Bonds shall be sold as a single series to be designated the "City of Bellevue, Washington, Limited Tax General Obligation Refunding Bonds, Series 2003B."

The Series 2003B Bonds shall be dated their date of delivery; shall be issued in fully registered form in the denomination of \$5,000 or any integral multiple thereof, provided that no Series 2003B Bond shall represent more than one maturity; shall be numbered separately and in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and control; shall bear interest (calculated on the basis of a 360-day year of twelve 30-day months) at the rates set forth below from their date, until the Series 2003B Bonds have been paid or their payment duly provided for, payable on January 1, 2004, and semiannually thereafter on the first day of each July and January and shall mature on July 1 of each year as follows:

Series 2003B Bonds

<u>Maturity Year (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2004	\$410,000	2.00%
2005	370,000	2.00
2006	380,000	2.00
2007	385,000	2.50
2008	400,000	3.00
2009	410,000	3.00
2010	425,000	3.25
2011	435,000	3.50

2012	450,000	4.50
2013	475,000	4.50
2014	495,000	4.50

Section 3. 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 3(h) hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 3(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 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.

(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 of a series 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

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, series and

interest rate, 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 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 4. Redemption; Purchases.

(a) *Optional Redemption.* The Series 2003A Bonds are not subject to redemption prior to maturity. The Series 2003B Bonds maturing on July 1, 2014, are subject to redemption prior to maturity at the option of the City in whole or in part on any date on or after July 1, 2013, at par, plus accrued interest to the date of redemption. If less than a whole of a maturity is called for redemption, the Series 2003B Bonds to be redeemed shall be chosen by lot in integral multiples of \$5,000 by the Bond Registrar or, so long as the Series 2003B 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) *Partial Redemption.* If less than all of the principal amount of any Series 2003B Bond is redeemed, upon surrender of such Series 2003B 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 Series 2003B Bond or Series 2003B Bonds, at the option of the registered owner, of like maturity and interest rate in any authorized denomination.

(c) *Notice of Redemption.* Written notice of any redemption of Series 2003B 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 Series 2003B Bonds that are to be redeemed at their last addresses shown on the Bond Register. So long as the Series 2003B 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 16.

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 Series 2003B Bonds are to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the Series 2003B Bonds to be redeemed, (4) a statement that on the redemption date the redemption price will become due and payable upon each Series 2003B Bond or portion called for redemption, and that interest shall cease to accrue from the redemption date, (5) a statement that the Series 2003B Bonds are to be surrendered for payment at the principal office of the Bond Registrar, (6) the CUSIP numbers of all Series 2003B Bonds being redeemed, (7) the dated date of the Series 2003B Bonds, (8) the rate of interest for each Series 2003B Bond being redeemed, (9) the date of the notice, and (10) any other information needed to identify the Series 2003B Bonds being redeemed.

Upon the payment of the redemption price of Series 2003B 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 Series 2003B Bonds being redeemed with the proceeds of such check or other transfer.

(d) *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.

(e) *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.

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

Section 5. Creation of Bond Accounts and Provision for Tax Levy Payments.

The "Interest and Debt Redemption Regular Levy Fund" (the "Debt Service Fund") has heretofore been established.

(a) *Series 2003A Bond Account.* A special account of the City known as the "Unlimited Tax General Obligation Bond Redemption Account, 2003" (the "Series 2003A Bond Account"), is hereby authorized to be created in the Debt Service Fund of the City. The Series 2003A Bond Account shall be drawn upon for the sole purpose of paying the principal of and interest on the Series 2003A Bonds. The taxes hereafter

levied for the purpose of paying principal of and interest on the Series 2003A Bonds and other funds to be used to pay the Series 2003A Bonds shall be deposited in the Series 2003A Bond Account no later than the date such funds are required for the payment of principal of and interest on the Series 2003A Bonds. Money in the Series 2003A Bond Account not needed to pay the interest or principal next coming due on the Series 2003A Bonds 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 Series 2003A Bond Account.

The City hereby irrevocably covenants that, unless the principal of and interest on the Series 2003A Bonds are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all property in the City subject to taxation in amounts sufficient to pay such principal and interest 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 for the prompt payment of such principal and interest.

(b) *Series 2003B Bond Account.* A special account of the City known as the "Limited Tax General Obligation Bond Redemption Account, Series 2003B" (the "Series 2003B Bond Account"), is hereby authorized to be created in the Debt Service Fund of the City. The Series 2003B Bond Account shall be drawn upon for the sole purpose of paying the principal of and interest on the Series 2003B Bonds.

The City hereby irrevocably covenants for as long as any of the Series 2003B Bonds are outstanding and unpaid that each year it will include in its budget and pay

into the Series 2003B Bond Account (on or before the date due) an amount that will be sufficient to pay the principal of and interest on the Series 2003B Bonds as the same shall become due. None of the money in the Series 2003B Bond Account shall be used for any other purpose than the payment of the principal of and interest on the Series 2003B Bonds. Money in the Series 2003B Bond Account 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 Series 2003B Bond Account.

The City hereby irrevocably pledges that, to the extent it does not have other sufficient funds to repay the Series 2003B Bonds, it will levy an ad valorem tax upon all the property within the City subject to taxation, within and as a part of the tax levy permitted to cities without a vote of the people, in an amount sufficient to repay the Series 2003B Bonds. 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 Series 2003B Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Series 2003B Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of the principal of and interest on the Series 2003B Bonds as the same shall become due.

Section 6. 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 applicable Bond Account 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 16.

Section 7. 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 8. 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, series 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 9. Form of the Bonds. The Bonds shall be in substantially the following form:

NO. _____ UNITED STATES OF AMERICA \$ _____

STATE OF WASHINGTON
CITY OF BELLEVUE
[UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND, SERIES
2003A/LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, SERIES 2003B]

INTEREST RATE: _____ MATURITY DATE: _____ CUSIP NO: _____

REGISTERED OWNER: _____

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 January 1, 2004, and semiannually thereafter on each July 1 and January 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. 5474 (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 [make annual levies of taxes without limitation as to rate or amount/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, 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.

This bond is one of an issue of [unlimited/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 \$[8,550,000/4,635,000], issued pursuant to the Bond Ordinance to defease and refund the City's outstanding [Unlimited Tax Levy General Obligation Refunding Bonds, 1993/Limited Tax General Obligation Bonds, 1994], and pay issuance costs. Simultaneously herewith the City is issuing its [Unlimited Tax General Obligation Refunding Bonds, Series 2003A/Limited Tax General Obligation Refunding Bonds, Series 2003B] in the aggregate principal amount of \$[8,550,000/4,635,000].

[The City has not reserved the right to redeem any or all of the outstanding bonds of this issue prior to maturity.] [The City has reserved the right to redeem any or all of the outstanding bonds of this issue maturing on and after July 1, 2014 (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 July 1, 2013, 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, series 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.

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.

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.

Section 10. 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 11. Refunding Plan and Procedures.

(a) *Refunding Plan.* For the purpose of realizing a debt service savings and benefiting the taxpayers of the City, the Council proposes to issue the Series 2003A Bonds for the purpose of providing for the payment of the principal of and interest on and the redemption price of the outstanding 1993 Bonds, including the UTGO Refunded Bonds to be redeemed at the price of par on January 1, 2004; and to issue the Series 2003B Bonds for the purpose of providing for the payment of the principal of and interest on and the redemption price of the outstanding 1994 Bonds, including the LTGO Refunded Bonds to be redeemed at a price of par on July 1, 2004.

(b) *Refunding Accounts.* There is hereby authorized to be created a special account of the City to be maintained with the Escrow Agent and known as the "UTGO Refunding Account," which account is to be drawn upon for the sole purpose of paying

the principal of and interest on the outstanding 1993 Bonds, including the UTGO Refunded Bonds until their date of redemption and of paying costs related to the defeasance of the outstanding 1993 Bonds and the refunding of the UTGO Refunded Bonds. There is hereby authorized to be created in a special account of the City to be maintained with the Escrow Agent known as the "LTGO Refunding Account," which account is to be drawn upon for the sole purpose of paying the principal of and interest on the outstanding 1994 Bonds including the LTGO Refunded Bonds until their date of redemption and of paying costs related to the defeasance of the outstanding 1994 Bonds and the refunding of the LTGO Refunded Bonds

The proceeds of sale of the Series 2003A Bonds (exclusive of accrued interest thereon, which shall be paid into the Series 2003A Bond Account and used to pay interest on the Series 2003A Bonds on January 1, 2004) shall be credited to the UTGO Refunding Account. The proceeds of sale of the Series 2003B Bonds (exclusive of accrued interest thereon, which shall be paid into the Series 2003B Bond Account and used to pay interest on the Series 2003B Bonds on January 1, 2004) shall be credited to the LTGO Refunding Account.

Money in the UTGO Refunding Account and LTGO Refunding Account shall be used immediately upon receipt to defease the 1993 Bonds and 1994 Bonds, respectively, as authorized by Ordinance Nos. 4596 and 4659 and to pay costs of issuance. The City shall defease the 1993 Bonds and 1994 Bonds and discharge such obligations by the use of money in the Refunding Account to purchase certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such

amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

- (1) principal of and interest on the outstanding 1993 Bonds due and payable through and including January 1, 2004; and
- (2) the redemption price of the UTGO Refunded Bonds (100% of the principal amount thereof) on January 1, 2004; and
- (3) principal of and interest on the outstanding 1994 Bonds due and payable through and including July 1, 2004; and
- (4) the redemption price of the LTGO Refunded Bonds (100% of the principal amount thereof) on July 1, 2004.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(c) *Escrow Agent/Escrow Agreement.* To carry out the current refunding and defeasance of the outstanding 1993 Bonds and the advance refunding and defeasance of the outstanding 1994 Bonds, the Director of Finance is hereby authorized to appoint as escrow agent a bank or trust company qualified by law to perform the duties described herein (the "Escrow Agent"). A beginning cash balance, if any, and Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Refunded Bonds. The proceeds of any series of Bonds remaining in the applicable Refunding Account after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to

pay expenses of the acquisition and safekeeping of the Acquired Obligations and expenses of the issuance of such series of Bonds.

In order to carry out the purposes of this section, the Mayor, City Manager or Director of Finance of the City is authorized and directed to execute and deliver to the Escrow Agent, one or more Escrow Agreements, substantially in the form on file with the City.

(d) *Implementation of Refunding Plan.* The City hereby irrevocably sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Bonds to make the payments described in subsection (a) of this Section 11.

The City hereby irrevocably calls the UTGO Refunded Bonds for redemption on January 1, 2004 in accordance with the provisions of Ordinance No. 4596 authorizing the redemption and retirement of the UTGO Refunded Bonds prior to their fixed maturities. Said defeasance and call for redemption of the UTGO Refunded Bonds shall be irrevocable after the final establishment of the escrow account and delivery of the Acquired Obligations with respect to the UTGO Refunded Bonds to the Escrow Agent.

The City hereby irrevocably calls the LTGO Refunded Bonds for redemption on July 1, 2004 in accordance with the provisions of Ordinance No. 4659 authorizing the redemption and retirement of the LTGO Refunded Bonds prior to their fixed maturities. Said defeasance and call for redemption of the LTGO Refunded Bonds shall be irrevocable after the final establishment of the escrow account and delivery of the Acquired Obligations with respect to the LTGO Refunded Bonds to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notices of the defeasance and redemption of the 1993 Bonds and 1994 Bonds in accordance with the applicable provisions of Ordinance Nos. 4596 and 4659. The City is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notices therefor. The costs of publication of such notices shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the Director of Finance, or, at the direction of the Director of Finance, to the fiscal agency or agencies of the State of Washington, sums sufficient to pay, when due, the payments specified in this section. All such sums shall be paid from the money and Acquired Obligations deposited with said Escrow Agent pursuant to the previous section of this Ordinance, and the income therefrom and proceeds thereof. All such sums so paid to the Director of Finance shall be credited to the applicable Refunding Account. All money and Acquired Obligations deposited with such bank and any income therefrom shall be held, invested (but only at the direction of the Director of Finance) and applied in accordance with the provisions of this Ordinance and with the laws of the State of Washington for the benefit of the City and owners of the applicable 1993 Bonds and 1994 Bonds.

The City will take such actions as are found necessary to ensure that all necessary and proper fees, compensation and expenses of the Escrow Agent shall be paid when due.

Section 12. 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 applicable Bond Account and used to pay a portion of interest on the Bonds on January 1, 2004.

(b) The remaining proceeds shall be deposited into the applicable Refunding Account and used to defease and refund the outstanding 1993 Bonds and 1994 Bonds and to pay costs of issuance of the Bonds

Section 13. Sale of the Bonds. The Council finds that the purchase contract that has been distributed to the Council is reasonable and that it is in the best interest of the City that the Bonds shall be sold to Lehman Brothers Inc. (the "Underwriter") upon the conditions set forth in the purchase contract. The City accepts the purchase contract and authorizes the City Manager or Director of Finance to execute the purchase contract and deliver it to the Underwriter. The Bonds shall be issued and delivered to the Underwriter upon payment of the purchase price specified in the purchase contract.

Section 14. Official Statement. The City approves the preliminary official statement for the Bonds and authorizes the City Financial Advisor's and/or Underwriter'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 Underwriter 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

Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The City authorizes the Underwriter 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 15. 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 16. 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 2004 for the fiscal year ended December 31, 2003):

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

generally of the type included in the official statement for the Bonds under the heading "TABLE 8: General Fund Statement of Revenues, Expenditures and Changes in Fund Balance."

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.

Items 2-5 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.

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.

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 16, and any provision of this Section 16 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 16, 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

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 17. 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 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 18. Effective Date. This Ordinance shall be 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 special meeting of the Council, this 16th day of October, 2003, and signed in authentication of its passage this 16th day of October, 2003.

(SEAL)

Connie B. 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 October 17, 2003

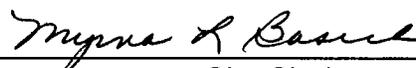
CERTIFICATE

I, the undersigned, Clerk of the City of Bellevue, Washington (herein called the "City") and keeper of the records of the City Council of the City (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. 5474 of the City (herein called the "Ordinance"), as finally passed at a special meeting of the Council of the City held on the 16th day of October, 2003, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Council was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper adoption or passage of said Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City this 16th of October, 2003.



City Clerk