

1040-ORD
7/31/2008

CITY OF BELLEVUE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE, 2008

Not to exceed \$30,000,000

ORDINANCE NO. 5833

An Ordinance of the City Council of the City of Bellevue, Washington, authorizing the issuance and sale of a limited tax general obligation bond anticipation note of the City in the principal amount of not to exceed \$30,000,000 for the purpose of financing projects included in the City's Capital Investment Program; providing the form, terms, conditions, covenants and maturity of the note; authorizing the sale of the note; providing for the disposition of the proceeds of sale of the note to pay for such acquisition and for costs of issuing the Note; and providing for the issuance of limited tax general obligation bonds of the City.

PASSED: August 4, 2008

Prepared by:

K&L PRESTON GATES ELLIS LLP
925 Fourth Avenue, Suite 2900
Seattle, Washington 98104-1158

ORDINANCE NO. _____

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WHEREAS, the City of Bellevue, Washington (the "City"), wishes to fund projects included in the City's Capital Investment Program (the "Project"); and

WHEREAS, RCW 39.46.050 provides that a local government authorized to issue bonds may establish lines of credit with any qualified depository to be drawn upon in exchange for its obligations; and

WHEREAS, in order to establish a line of credit to finance the cost of the Project, the Council deems it to be in the best interest of the citizens of the City to issue and sell a short-term obligation to evidence the line of credit in the form of a limited tax general obligation bond anticipation note in the principal amount of not to exceed \$30,000,000 (the "Note"); and

WHEREAS, the City intends to refinance the Note with lawfully available funds and, if necessary, with the proceeds of one or more series of tax-exempt or taxable limited tax general obligation bonds; and

WHEREAS, on June 30, 2008, on behalf of the City, the City's Financial Advisor issued a request for proposals from various financial institutions to acquire the Note and received proposals from two such institutions; and

WHEREAS, the Council has deemed the proposal received from Bank of America, N.A. (the "Bank") to be in the best interest of the City and now wishes to

authorize the sale of the Note to the Bank on the terms and conditions in this ordinance;

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

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

"Bank" means Bank of America, N.A.

"Bonds" means the limited tax general obligation bonds to be issued by the City to pay and redeem the Note.

"City" means the City of Bellevue, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

"City Manager" means the City Manager of the City or any successor to the functions of that position.

"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 United States Treasury Department or the Internal Revenue Service, to the extent applicable to the Note.

"Council" means the general legislative authority of the City.

"Debt Service Fund" means the City's Interest and Debt Redemption Regular Levy Fund described in Section 6.

"Federal Tax Certificate" means the Federal Tax Certificate signed by the Finance Director pertaining to the tax-exemption of interest on any draws on the Note for any portion of proceeds to be used for a permitted tax exempt-purpose under the Code.

"Finance Director" means the Finance Director of the City or any successor to the functions of that position.

"LIBOR" means, for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time, two London Banking Days before the commencement of the interest period, for U.S. dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason, then the rate for that LIBOR Interest Rate Period will be determined by such alternate method as reasonably selected by the Bank. The actual first and last days of the LIBOR Interest Rate Period will be determined by the Bank using the practices of the London inter-bank market, taking into account any days on which banks are required or permitted to be closed in New York or London.

"LIBOR Interest Rate Period" means a period between one month and twelve months in length, consisting of one-month increments, specified in a notice of change to the LIBOR Rate Mode. The first day of the LIBOR Interest Rate Period must be a London Banking Day. The date of the last day of the LIBOR Interest Rate Period and the actual number of days during the interest period will be determined by the Bank using the practices of the London inter-bank market.

"LIBOR Rate" means, as selected by the City, a taxable variable rate equal to LIBOR plus 0.40% or a tax-exempt variable rate equal to (a) the product of 65% of LIBOR, plus (b) 1.31%.

"LIBOR Rate Mode" means the mode during which the LIBOR Rate Principal of the Note bears interest at a variable rate equal to the LIBOR Rate for the duration of the LIBOR Interest Rate Period selected.

"LIBOR Rate Principal" means that portion of principal of the Note that is bearing interest at the LIBOR Rate.

"London Banking Day" means a day on which Bank's London Banking Center is open for business and dealing in offshore dollars.

"Note" means the not to exceed \$30,000,000 principal amount of the City of Bellevue, Washington, Limited Tax General Obligation Bond Anticipation Note, 2008 issued pursuant to this ordinance.

"Note Register" means the registration records for the Note maintained by the Note Registrar.

"Note Registrar" means the Finance Director, whose duties include registering and authenticating the Note, maintaining the Note Register, transferring ownership of the Note, and paying the principal of and interest on the Note.

"Outstanding Principal Balance of the Note" means the aggregate of all funds that the City has drawn from the Bank pursuant to the Note.

"Prime Interest Rate" means, as selected by the City, either a taxable variable rate equal to the Prime Rate, minus 2.45%, or a tax-exempt variable rate equal to (a) the product of 65% of the Prime Rate, minus (b) 0.54%.

"Prime Rate" means the rate of interest publicly announced from time to time by the Bank as its Prime Rate. Any change in the Prime Interest Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank's Prime Rate.

"Prime Rate Mode" means the mode during which Prime Rate Principal on the Note bears interest at a variable rate equal to the Prime Interest Rate.

"Prime Rate Principal" means that portion of principal of the Note that is bearing interest at a variable rate equal to the Prime Interest Rate.

"Project" means the projects included in the City's Capital Investment Program.

"Project Fund" means the General Capital Investment Program Fund, No. 3680 to be used to pay costs of the Project and costs of issuing the Note.

"Proposal" means the proposal letter dated July 10, 2008, submitted by the Bank to purchase the Note.

"Registered Owner" means the person in whose name the Note is registered on the Note Register.

"Request for Draw" means a written request by the Finance Director for a draw from the line of credit authorized to be established by this ordinance, in substantially the form set forth at Exhibit B-1.

"Rule" means the Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934.

Section 2. Findings and Authorization of Project. The City finds that it is in the interests of the citizens of the City that the City complete the Project. The costs of the Project and the costs of issuing the Note shall be paid out of the proceeds of the Note.

Section 3. Authorization of the Bonds. For the purpose of providing funds to finance or refinance the Project, including costs of issuing the Note and the Bonds, there shall be issued and sold limited tax general obligation bonds of the City to be designated "City of Bellevue, Washington, Limited Tax General Obligation Bonds" in an amount at least sufficient to pay the principal of and interest on the Note or any additional bond anticipation notes issued to redeem the Note on or before maturity, to the extent not paid from other sources.

The Bonds to be issued shall be in such series, principal amounts, denomination(s) and form; shall be dated and bear interest at such rate or rates; shall be payable at such place or places; shall have such option of payment prior to maturity; shall contain and be subject to such covenants; may be combined with any subsequently authorized bonds and issued as a single combined series, as

provided hereafter by ordinance of the Council. The Bonds shall be payable from annual taxes levied within and as part of the tax levy permitted the City without a vote of the people together with other money of the City that may be legally used and that the City may apply for such purpose. The full faith, credit and resources of the City are pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 4. Authorization of the Note. In anticipation of the issuance of the Bonds, the City shall, for the purpose of financing the costs of the Project and costs of issuing the Note, establish a line of credit. To evidence such line, the City shall issue a short-term obligation in the initial principal amount of not to exceed \$15,000,000, which initial principal amount may be increased to a principal amount not to exceed \$30,000,000, if the amount available to be drawn on the line of credit is increased to match such increased principal amount. The short-term obligation shall be designated the "City of Bellevue, Washington, Limited Tax General Obligation Bond Anticipation Note, 2008," shall be dated as of its date of delivery, shall be fully registered as to both principal and interest, shall be in one denomination, and shall mature five years after its date of delivery. Amounts drawn on the line of credit evidenced by the Note shall bear interest as set forth in the Proposal attached as Exhibit A, which is hereby incorporated by this reference. Amounts drawn on the line of credit evidenced by the Note may be redrawn after payment, providing a "revolving" line of credit. Pursuant to the Commitment, amounts drawn on the Note shall bear interest in one of two variable rate modes (the LIBOR Rate Mode or the Prime Rate Mode), at either taxable or tax-exempt rates, as selected by the City.

Each draw under the line of credit shall be in the Prime Rate Mode unless the LIBOR Rate Mode is elected for all or a portion of the draw. The City hereby delegates to the Finance Director, or her designee, authority to make a written

Request for Draw pursuant to this ordinance. The City hereby also delegates to the Finance Director, or her designee, authority to convert all or a portion of the principal of the Note from one mode to the other, and from one tax status to another. Requests for a draw shall be substantially in the form set forth at Exhibit B-1. A LIBOR Rate Mode may only be elected if all LIBOR Rate Principal equals \$100,000 or more. Elections to convert interest rate modes or tax status or to extend the LIBOR Rate Mode shall be substantially in the form set forth at Exhibit B-2.

The City may convert LIBOR Rate Principal to Prime Rate Principal, or Prime Rate Principal to LIBOR Rate Principal in accordance with this paragraph. In order to request a draw in or a conversion to the LIBOR Rate Mode (or to specify a new LIBOR Interest Rate Period for LIBOR Rate Principal), the Finance Director, or her designee, shall give notice in writing, by facsimile, mail or email of the draw, mode change or extension to the Bank no later than 12:00 noon Seattle time on a London Banking Day that is at least three London Banking Days before the new LIBOR Interest Rate Period is to begin. In the event of a draw in the Prime Rate Mode, the Finance Director, or her designee, shall give notice in writing, by facsimile, mail or email of the draw to the Bank by 1:00 p.m. Seattle time on the day on which the draw is to be made. The notice of a draw in or a conversion to or extension of a LIBOR Rate Mode shall specify the selected LIBOR Interest Rate Period. LIBOR Rate Principal shall automatically be converted to the Prime Rate Mode after the expiration of the LIBOR Rate Period if no new LIBOR Rate Mode is specified in accordance with this paragraph.

Interest on the Note shall accrue from the date money is drawn under the Note until paid and shall be computed on the Outstanding Principal Balance of the Note, calculated on the basis of a 360-day year and the actual number of days elapsed. Interest shall be payable semi-annually on each June 1 and December 1,

commencing December 1, 2008, and at maturity or upon prepayment. The City reserves the right to pay interest on the Note more frequently than semi-annually. All principal on the Note shall be paid at maturity or upon prepayment.

Any unused portion of the available principal amount of the Note shall be subject to a fee equal to 0.10% per annum, payable semi-annually in arrears on each June 1 and December 1, commencing December 1, 2008 and at maturity, and calculated on the basis of the average unused portion of the Note for the preceding semi-annual period, on the basis of actual number of days elapsed in a 360-day year. The Outstanding Principal Balance of the Note on any particular day shall be the aggregate of all funds which the City has drawn from the date of the Note, less the amount of any prepayments of principal. Interest on a particular principal amount so advanced shall be determined from the date of advance pursuant to a Request for Draw.

Section 5. Registration, Exchange and Payments.

(a) *Registrar/Note Register.* The Finance Director shall act as Note Registrar. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the Note if transferred or exchanged in accordance with the provisions of the Note and this ordinance and to carry out all of the Note Registrar's powers and duties under this ordinance.

(b) *Registered Ownership.* The City and the Note Registrar may deem and treat the Registered Owner of the Note as the absolute owner for all purposes, and neither the City nor the Note Registrar shall be affected by any notice to the contrary. Payment of the Note shall be made only as described in Section 5(e). All such payments made as described in Section 5(e) shall be valid and shall satisfy the liability of the City upon the Note to the extent of the amount so paid.

(c) *No Transfer or Exchange of Registered Ownership.* The Note shall not be transferable unless (i) the Bank's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Bank by means of a corporate merger, an exchange of stock, or a sale of assets.

(d) *Registration Covenant.* The City covenants that it will maintain a system for recording the ownership of the Note that complies with the provisions of Section 149 of the Code.

(e) *Place and Medium of Payment.* Both principal of and interest on the Note shall be payable in lawful money of the United States of America. Principal on the Note shall be payable by check or warrant or by other means mutually acceptable to the Bank and the City. Interest shall be payable as set forth in Section 4. Upon final payment of principal and interest of the Note, the Registered Owner shall surrender the Note for cancellation at the office of the Note Registrar.

Section 6. Debt Service Fund. The "Interest and Debt Redemption Regular Levy Fund" (the "Debt Service Fund") has heretofore been established. A new project entitled "2008 Limited G.O. BAN" is hereby created in the Debt Service Fund. The 2008 Limited G.O. BAN project of the Debt Service Fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Note.

Money in the 2008 Limited G.O. BAN project of the Debt Service Fund may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of City money. Any earnings from the investment of such money shall be deposited in the Debt Service Fund.

Section 7. Payment or Prepayment of the Note. Both the principal of and interest on the Note are payable from the proceeds of the sale of the Bonds or

refunding bond anticipation notes to be issued by the City or from any other lawfully available funds. The City hereby covenants with the owner of the Note that it will issue the Bonds, refunding bond anticipation notes, or a combination of the foregoing in an amount sufficient together with other lawfully available funds, to pay when due the principal of and interest on the Note and will thereupon redeem the Note.

The City further irrevocably covenants that, unless the principal of and interest on the Note are paid from other sources, it will make annual levies of taxes upon all of the property in the City subject to taxation within and as a part of the tax levy permitted to cities without a vote of the electors 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.

Section 8. Right of Prepayment. The City has reserved the right to prepay the Note in whole or in part on any date at par plus accrued interest. No prepayment fee shall apply except for reimbursement of the Bank's breakage and redeployment costs in the case of prepayment of LIBOR Rate Principal prior to the last day of its applicable LIBOR Interest Rate Period, which prepayment fee shall be in an amount sufficient to compensate the Bank for any loss, cost or expense incurred by it as a result of the prepayment, including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain the funding of the Note or from fees payable to terminate the deposits from which such funds were obtained. The City shall also pay any customary administrative fees charged by the Bank in connection with the foregoing. For purposes of this paragraph, the Bank shall be deemed to have funded the Note by a matching deposit or other borrowing in the applicable interbank market, whether or not the

Note was in fact so funded. If the Note is prepaid in full, interest shall cease to accrue on the date such prepayment occurs.

The Note evidences a line of credit. Any principal amount that is prepaid prior to maturity is available to be subsequently re-drawn by the City under the Note.

Section 9. Project Fund. The Project Fund has heretofore been established by the City. Money in the Project Fund shall be used to pay costs of the Project, costs of issuing the Note, and all costs incidental thereto. Costs of issuing the Note shall be paid from the CIP Interest and Interim Financing Expense project within the Project Fund.

Money remaining in the Project Fund after all of the costs of the Project, costs of issuing the Note, and all costs incidental thereto have been paid may be used for any lawful City purpose.

Money in the Project Fund 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 Project Fund.

Section 10. Note Deemed To Be No Longer Outstanding. In the event that the City, in order to effect the payment, retirement or redemption of the Note, sets aside in the Debt Service Fund or in another special account, held in trust by a trustee, cash or noncallable government obligations, as such obligations are now or hereafter defined in RCW 39.53, or any combination of cash and/or noncallable government obligations, in amounts and maturities that, together with the known earned income therefrom, are sufficient to redeem or pay and retire the Note in accordance with its terms and to pay when due the interest thereon, and such cash and/or noncallable government obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt

Service Fund for the payment of the principal of and interest on the Note. The owner of the Note shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal and interest from such special account, and the Note shall be deemed to be not outstanding under this ordinance.

Section 11. Lost or Destroyed Note. In case the Note shall be lost, stolen or destroyed, the Note Registrar may execute and deliver a new Note of like amount, date, and tenor to the Registered Owner thereof upon the owner paying the expenses and charges of the City and the Note Registrar in connection therewith and upon filing with the Note Registrar evidence satisfactory to the Note Registrar that the Note was actually lost, stolen or destroyed and of his/her/its ownership thereof, and upon furnishing the City with indemnity satisfactory to the Finance Director.

Section 12. Form of the Note. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1 [Not to exceed \$30,000,000]

STATE OF WASHINGTON
CITY OF BELLEVUE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE, 2008

REGISTERED OWNER: BANK OF AMERICA, N.A.

MATURITY DATE: August 15, 2013

INTEREST RATE: Variable, as set forth below

PRINCIPAL AMOUNT: [NOT TO EXCEED THIRTY MILLION AND NO/100 DOLLARS]

The City of Bellevue, Washington, a municipal corporation of the State of Washington (the "City") hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner hereof, the principal amount of not to

exceed [\$30,000,000]. Each draw pursuant to a Request for Draw under this Note shall bear interest at a taxable or tax-exempt rate in the LIBOR Rate Mode or in the Prime Rate Mode, as set forth in Ordinance No. _____ of the City, adopted on August 4, 2008 (the "Note Ordinance"). Interest on this Note shall accrue from the date money is drawn, pursuant to a Request for Draw, until paid and shall be computed on the principal amount outstanding on the basis of a 360-day year and the actual number of days elapsed. Interest shall be payable semi-annually on each June 1 and December 1, beginning December 1, 2008 and at maturity or upon early prepayment. The City reserves the right to pay interest on this Note more frequently than semi-annually. Principal on this Note shall be paid on the Maturity Date identified above unless earlier prepaid. Unused portions of this Note shall be subject to the fee, if any, set forth in the Note Ordinance.

Both principal of and interest on this Note are payable in lawful money of the United States of America. Principal and interest shall be paid to the Registered Owner hereof out of the Debt Service Fund of the City. Reference is made to the Note Ordinance for the definition of other capitalized terms used herein.

The City has reserved the right to prepay this Note in whole or in part at any time at a price of par. A prepayment fee may apply, as set forth in the Note Ordinance. Interest shall cease to accrue on the date this Note is prepaid in full.

The City has covenanted with the owner of this Note that it will issue and sell limited tax general obligation bonds in an aggregate principal amount sufficient, with such other moneys of the City available for such purposes as the Council may, from time to time appropriate and set aside, to pay the principal of and interest on this note when due and will thereupon redeem this Note. The City further covenants that it will levy taxes annually upon all the taxable property in the City within the levy limits permitted to cities without a vote of the electors and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on this Note 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 Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Note Registrar.

This Note is issued pursuant to the Constitution and laws of the State of Washington, and duly adopted ordinances of the City, to provide interim financing for projects included in the City's Capital Investment Program.

The Note is not transferable unless (i) the Registered Owner's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Registered Owner by means of a corporate merger, an exchange of stock, or a sale of assets.

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

IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this Note to be signed by the facsimile or manual signature of its Mayor, to be attested by the facsimile or manual signature of its Clerk, and the official seal of the City to be impressed or imprinted hereon, this ___ day of _____, 2008.

CITY OF BELLEVUE, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile
Clerk

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Note is described in the within-referenced Ordinance No. _____ of the City of Bellevue, Washington, and is the City of Bellevue, Washington, Limited Tax General Obligation Bond Anticipation Note, 2008 dated _____, 2008.

FINANCE DIRECTOR
as Note Registrar

By _____

Section 13. Execution of the Note. The Note shall be signed on behalf of the City by the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the City Clerk, and shall have the official corporate seal of the City impressed or imprinted thereon.

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

authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this ordinance.

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

Section 14. Application of Proceeds of the Note. The proceeds of the Note shall be deposited into the Project Fund and used to finance the Project.

Section 15. Sale of the Note. The City hereby accepts the Proposal in accordance with the terms contained in this ordinance and the Proposal, which is attached as Exhibit A. The Finance Director is hereby authorized to agree to any other terms, conditions and covenants that are in the best interests of the City and in accordance with the Proposal.

The appropriate City officials are hereby authorized and directed to do everything necessary for prompt issuance, execution and delivery of the Note and for the proper application and use of the proceeds thereof. Upon delivery of the Note, the City shall pay to the Bank a fee equal to \$7,500, and reimburse the Bank for its legal fees in an amount not to exceed \$1,200 which payments shall be made by check, wire transfer or other mutually acceptable means.

Section 16. General Authorization; Ratification of Prior Acts. The Finance Director and other appropriate officers of the City are authorized to take any

actions 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 17. Ongoing Disclosure; Information to be Provided to Bank. With respect to the Note, the City is exempt from the official statement and ongoing disclosure requirements of the Rule.

While the Note is outstanding, the City will provide the following information to the Bank:

- (1) Audited financial statements within 10 days after they are published;
- (2) Unaudited annual financial statements as soon as available and in any event within seven months following the end of each fiscal year;
- (3) The City's annual budget within 30 days after adoption; and
- (4) Such other information as may be reasonably requested by the Bank from time to time.

Section 18. Interest Rate Upon Default. If (1) there occurs any nonpayment of principal, interest, fees or other amounts when due under the Note or this ordinance, or (2) interest on tax-exempt draws on the Note shall cease to be tax-exempt, then the Bank at its option may increase the interest rate on the Note by two (2.0%) percentage points.

Section 19. Tax Covenant. The Note may bear interest at taxable or tax-exempt rates, as set forth in the definitions of LIBOR Rate and Prime Interest Rate. Notwithstanding the foregoing, the City covenants to take all actions required to maintain the tax-exempt status of interest on the Note bearing interest at tax-exempt rates, under Section 103 of the Code as set forth in the Federal Tax Certificate.

The Note is not a "qualified tax exempt obligation" under Section 265(b)(3) of the Code for banks, thrift institutions and other financial institutions.

Section 20. Reimbursement. Upon a determination by the Finance Director that the costs of one or more capital projects are expected to be reimbursed from the proceeds of the Note, the Finance Director is authorized and directed to execute a certificate of official intent. Each certificate so executed shall become a part of the official records of the City available for public inspection and review.

Section 21. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Note.

Section 22. Effective Date. This ordinance shall become effective five days after its passage and publication, as required by law.

1040-ORD
7/31/2008

PASSED THIS 4th DAY OF August, 2008, by the City Council of the City of Bellevue, and signed in approval therewith this 4th day of August, 2008.

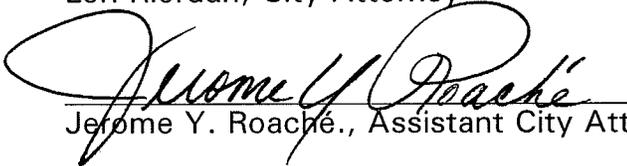
CITY OF BELLEVUE



Grant Degginger, Mayor

APPROVED AS TO FORM:

Lori Riordan, City Attorney



Jerome Y. Roaché., Assistant City Attorney

ATTEST:



Myrna L. Basich, City Clerk

PUBLISHED: August 7, 2008

1040-ORD
7/31/2008

Exhibit A

Proposal

1040-ORD
7/31/2008



Nancy Nuerenberg
Senior Vice President

Government Banking
WA1-501-34-03
800 5th Avenue, 34th Floor
Seattle, WA 98104

Tel 206.358.6279
Fax 206.358.8818
nancy.d.nuerenberg@bankofamerica.com

July 10, 2008

Zemed Yitref
Investment and Debt Manager
City of Bellevue
450 110th Ave. NE
P.O. Box 90012
Bellevue, WA 98009

Re: City of Bellevue, Washington, \$15,000,000 LTGO Bond Anticipation Note (Line of Credit)

Dear Zemed:

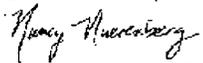
Bank of America, N. A. is pleased to provide the attached proposal for a Line of Credit not to exceed \$15 million (the "Credit Facility") for the City of Bellevue. The Credit Facility will provide proceeds to be used by the City to finance various projects.

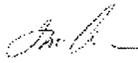
The rates and terms for the Credit Facility are attached to this letter, as Exhibit B, Summary of Terms and Conditions. The terms and conditions are not all-inclusive, but generally describe the proposal offered to the City.

This Summary of Terms and Conditions contains confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this Summary of Terms and Conditions or as may be required by law, the contents of the Summary of Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

We appreciate the opportunity to present you with this proposal. Please call either myself at (206) 358-6279 or Tana Aardal at (206) 358-8935 to discuss any questions or comments you may have regarding this proposal.

Sincerely,
Bank of America, N.A.


Nancy Nuerenberg, SVP
Senior Product Delivery Officer


Tana Aardal, SVP
Senior Client Manager

cc: Rebecca Chao, Seattle Northwest Securities
Brennan Church, Bank of America
Alan Schulkin, Schulkin Law

EXHIBIT "A"
PROPOSAL CONTENT
CITY OF BELLEVUE, WASHINGTON
July 10, 2008

1. Indicate your acceptance of the terms: a 5 year revolving L.T.G.O. Note (in the form of a line of credit) prepayable any time without penalty.

Bank of America is offering a 5 year revolving note as described. The Note is prepayable any time without penalty, except in the case of LIBOR draws prepaid prior to the interest rate reset date. See attached Summary of Terms and Conditions, "Prepayment".

2. Provide information regarding the interest rate alternatives (taxable and tax exempt, prime and/or LIBOR indices) you offer, the basis for the calculation (30/360, Actual/360, etc.), the formulas and a calculation of a current indicative rate based on each.

See Summary of Terms and Conditions, "Interest Rate".

3. Provide the estimated fees, including origination fees, annual fees and unused portion fees (if any). The City would prefer not to have an unused portion fee.

See Summary of Terms and Conditions, "Origination Fees" and "Unused Fee". There is no annual fee.

4. Specify a maximum for bank legal expenses, if any. If other direct expenses are expected, provide an estimated maximum for those fees.

Bank legal expenses will not exceed \$1,200. No other direct expenses are expected.

5. Indicate minimum draw amounts, timing restrictions, if any, and any other drawing conditions.

See Summary of Terms and Conditions, "Draw Requirements".

6. Indicate the interest payment timing and whether there is any compounding of the interest charges.

Proposal offers semi-annual payment of interest. Borrower may elect monthly or quarterly interest payment frequency if desired. There is no compounding of interest charges.

7. Provide your desired changes or additions, including copies of standard language, you request for the Note Ordinance.

Bank has few changes or additions to the Note Ordinance. Prime rate accrual should be on an Actual / 360 day basis. Prepayment section needs to address LIBOR draws repaid prior to interest rate reset date.

8. What materials do you require to close this financing and according to what timeline?

Bank requires only: i) Copy of City's unaudited 2007 financial results (or CAFR if available). ii) Review and approval by Bank legal counsel of all documents relating to the Credit Facility.

9. What ongoing reporting do you require during the term of this Note?

See Summary of Terms and Conditions, "Reporting Requirements".

10. Indicate your willingness to either extend the term of the line and/or increase the amount of the line and discuss the fees and requirements associated with these actions.

See Summary of Terms and Conditions, "Increase in Credit Facility / Renewal Options".

City of Bellevue
July 10, 2008
Page 3 of 7

11. Provide a listing of your experience doing lines of credit or bond anticipation notes for Washington clients during the last five years.

As a sample of some of the lines of credit / BANs for Washington clients during the last five years is follows. Additional references can be provided upon request.

City of Bellevue: \$35 million Non-Revolving Line, BAN

City of Monroe: \$16.1 million BAN

City of University Place: \$11.5MM Non-Revolving Line, BAN; \$5MM Non-Revolving Line, BAN

City of North Bend: \$10 million BAN

12. Provide the name, location, email address of each person who would be working on this account, including the Bank's legal counsel, if any. Indicate which person is the contact person for this RFP so any updates or clarifications can be sent to that person.

Primary Bank Contact for RFP:

**Nancy Nuerenberg, SVP
Bank of America
Government Banking
WA1-501-34-03
800 Fifth Ave., Floor 34
Seattle, WA 98104**

Phone: (206)358-6279

Email: nancy.d.nuerenberg@bankofamerica.com

Additional Bank contacts:

**Tana Aardal, SVP
Bank of America
Government Banking
WA1-501-34-03
800 Fifth Ave., Floor 34
Seattle, WA 98104**

Phone: (206)358-8935

Email: tana.r.aardal@bankofamerica.com

**Brennan Church, VP
same address**

(206)358-8935

brennan.church@bankofamerica.com

Bank Counsel:

**Alan W. Schulkin
Attorney at Law
5514 N.E. 73rd St.
Seattle, WA 98115**

Phone: (206)527-5032

Email: alan@schulkinlaw.com

City of Bellevue
July 10, 2008
Page 4 of 7

EXHIBIT "B"

**SUMMARY OF TERMS AND CONDITIONS
CITY OF BELLEVUE, WASHINGTON
July 10, 2008**

BORROWER: City of Bellevue, Washington (the "Borrower").

LETTER OF CREDIT PROVIDER: Bank of America, N.A. (the "Bank").

CREDIT FACILITY: Limited Tax General Obligation Bond Anticipation Note, Revolving Line of Credit (the "Credit Facility").

AMOUNT OF CREDIT FACILITY: \$15,00,000 (Not to Exceed)

PURPOSE: To finance various projects included in the Borrower's Capital Investment Program.

MATURITY DATE: Five years from closing.

INTEREST RATE: At Borrower's option, the following rates will be available for advances on the Credit Facility:

Tax-Exempt – Non-Bank Qualified options:

Bank of America Prime Rate: A rate per year equal to 65% of Bank of America's Prime Rate, *minus* 0.54%. The Prime Rate is the rate of interest publicly announced from time to time by Bank of America as its Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in Bank of America's Prime Rate.

- Indicative Rate based on the Prime Rate of 5.00% as of July 10, 2008 is 2.71%.

LIBOR Fixed Rate: A rate per year equal to 65% of the LIBOR 1-12 Month Fixed Rate, *plus* 1.31%. "LIBOR" means, for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. LIBOR Fixed Rate advances with tenors of 1 to 12 months will be available, not exceeding the expiration/maturity date of the Credit Facility. LIBOR Fixed Rate advances will be in amounts of \$100,000 or greater.

- Indicative Rate based on the one month LIBOR of 2.44% as of July 10, 2008 is 2.90%.

Taxable options:

Bank of America Prime Rate: A rate per year equal to Bank of America's Prime Rate, *minus* 2.45%. The Prime Rate is the rate of interest publicly announced from time to time by Bank of America as its Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in Bank of America's Prime Rate.

- Indicative Rate based on the Prime Rate of 5.00% as of July 10, 2008 is 2.55%.

LIBOR Fixed Rate: A rate per year equal to the LIBOR 1-12 Month Fixed Rate, *plus* 0.40%. "LIBOR" means, for any applicable interest period, the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as selected by the Bank from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the interest period, for U.S. Dollar deposits (for delivery on the first day of such interest period) with a term equivalent to such interest period. If such rate is not available at such time for any reason, then the rate for that interest period will be determined by such alternate method as reasonably selected by the Bank. A "London Banking Day" is a day on which banks in London are open for business and dealing in offshore dollars. LIBOR Fixed Rate advances with tenors of 1 to 12 months will be available, not exceeding the expiration/maturity date of the Credit Facility. LIBOR Fixed Rate advances will be in amounts of \$100,000 or greater.

- Indicative Rate based on the one month LIBOR of 2.44% as of July 10, 2008 is 2.84%.

All calculations of interest and fees shall be made on the basis of actual number of days elapsed in a 360-day year.

ORIGINATION FEE: Borrower agrees to pay Bank an origination fee of 0.05% of the amount of the Credit Facility (\$7,500). This fee shall be deemed fully earned and payable upon closing.

UNUSED COMMITMENT FEE: Borrower agrees to pay Bank an unused commitment fee of 0.10% per annum, payable semi-annually in arrears, calculated on the difference between the maximum amount of the Credit Facility and the average principal amount outstanding for the preceding semi-annual period.

DRAW PROCEDURES:

- Draws may be requested in amounts as needed in a sum of up to the total Amount of the Credit Facility.
- The Credit Facility is a revolving line of credit and amounts drawn on the Credit Facility may be redrawn after payment.
- Prime Rate Draws may be requested on a same day basis, up to 1pm.
- LIBOR Rate Draws may be requested by noon (Seattle time), 3 days prior to the draw.

City of Bellevue
July 10, 2008
Page 6 of 7

- REPAYMENT:** Interest shall be paid semi-annually each June 1 and December 1, beginning December 1, 2008.
- Principal outstanding on the Credit Facility is payable in full on the Maturity Date.
- SECURITY:** Limited Tax General Obligation of Borrower.
- PREPAYMENT:** The Borrower may prepay any variable rate loan under the Credit Facility in whole or in part at any time without fee, except for reimbursement of Bank of America's breakage and redeployment costs in the case of prepayment of LIBOR based borrowings.
- REPRESENTATIONS AND WARRANTIES:** Usual and customary for transactions of this type. In addition, Borrower shall provide a legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank and its legal counsel, (i) the Ordinance and all documents related to the Credit Facility have been properly adopted, authorized and executed; (ii) the Ordinance and all documents related to the Credit Facility constitute a legally binding obligation of the Borrower, enforceable according to their terms (subject to standard exceptions), and (iii) interest payable on the Credit Facility is excludable from net income for purposes of federal income taxes (for Tax-Exempt draws).
- COVENANTS:** Usual and customary for transactions of this type, including but not limited to:
- To issue bonds, refunding bond anticipation notes, or a combination of both, which together with available funds, are in an amount sufficient to pay the full amount of principal outstanding plus accrued interest due and payable on the Credit Facility on the Maturity Date.
 - To levy taxes annually upon all the taxable property in the City without limitation as to rate or amount and in amounts sufficient, with other money legally available therefor, to pay the principal of and interest on the Credit Facility when due.
- REPORTING REQUIREMENTS:** **Financial Information from Borrower.** Borrower shall provide financial information and statements in form and content acceptable to Bank indicated below:
- Within 10 days of receipt, annual State Audit Report of the Borrower.
 - Within 7 months of fiscal year end, Borrower's internally prepared unaudited annual financial statement.
 - Within 30 days of adoption, Borrower's annual budget.
 - Such other financial information as may be reasonably requested by Bank from time to time.
- INCREASE IN CREDIT FACILITY /RENEWAL OPTIONS:** Borrower may request increase in the Credit Facility at any time prior to the Maturity Date. Borrower may request renewal of the Credit Facility for additional term prior to the Maturity Date. Such requests will be subject to Bank credit approval. Terms and conditions, including rates, fees, and maturity date are subject to credit approval at that time.
- EVENTS OF DEFAULT:** If there occurs (a) any nonpayment of principal, interest, fees or other amounts when due, or (b) failure to maintain the tax exempt status of the Credit Facility, then the Bank may increase the interest rate spread by two percentage points.

City of Bellevue
July 10, 2008
Page 7 of 7

**GOVERNING
LAW/ARBITRATION:**

The Credit Facility will be governed by the laws of the State of Washington. Any dispute arising out of or related to this letter or the final loan documentation shall be determined by binding arbitration in accordance with the Federal Arbitration Act. All arbitration proceedings shall be conducted through JAMS (an independent, alternative dispute resolution service).

EXPENSES:

All costs of Borrower's outside legal counsel shall be the responsibility of the Borrower. Borrower shall pay all reasonable costs and expenses associated with the preparation and review of all documentation executed in connection with the Credit Facility, including Bank's attorneys' fees, whether or not the Credit Facility is closed.

DOCUMENTATION:

Borrower agrees to execute documentation in form and in substance satisfactory to Bank and its legal counsel, including without limitation, a Promissory Note and Ordinance prepared by Bond Counsel and opinions of Bond Counsel and such other legal opinions as are deemed necessary by the Bank or are customary for a transaction of this type.

**FOR DISCUSSION
PURPOSES
ONLY:**

This Summary of Terms and Conditions does not constitute a commitment to lend by Bank of America or any of its affiliates and is presented for discussion purposes only. The actual terms and conditions upon which Bank of America may extend credit to Borrower is subject to satisfactory completion of due diligence, necessary credit approval and such other terms and conditions as determined by Bank of America, in its sole discretion.

1040-ORD
7/31/2008

Exhibit B-1
Form of Request for Draw

CITY OF BELLEVUE, WASHINGTON
LINE OF CREDIT

REQUEST FOR DRAW NO. _____

TO: _____

On behalf of the City of Bellevue, Washington ("City"), I hereby certify that:

1. I am the Finance Director of the City, or her authorized designee, authorized by Ordinance No. _____ of the City Council passed on August 4, 2008 (the "Ordinance") to request this draw under the Note and to make the representations on behalf of City set forth herein.
2. City requests a draw under the Note in the amount of:

\$ _____

The amount of this draw plus all previous draws of City under the Note do not exceed [\$30,000,000]. Please disburse the draw to City on (insert date), by depositing funds to City as follows:

ABA Number _____
For the Account of City
Account No. _____
City — Draw No. _____

3. This draw shall bear interest in (check one of the following):

 the Prime Rate Mode
 the LIBOR Rate Mode for a _____ Month LIBOR
Interest Rate Period
4. The draw will be expended for purposes authorized by the Ordinance.
5. Except as previously disclosed to the Bank, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental body pending or, to the best of the knowledge of City, threatened against City to restrain or enjoin the adoption of the Ordinance or the execution and delivery of the Note, or the collection and application of funds as contemplated by the Ordinance and the Note, which, in the reasonable judgment of City, would have a material and adverse effect on

the ability of City to pay the amounts due under the Ordinance and the Note.

6. All representations of City in the Ordinance were true and correct when made, and remain true and correct on this date.
7. The City requests that draws under the Note bear interest in a Prime Rate Mode or LIBOR Rate Mode (as selected above) that is:

- Taxable
 Tax-Exempt

The City acknowledges that the initial designation of "Tax-Exempt" requires satisfaction of the conditions set forth in Section 19 of the Ordinance and that all tax-exempt draws shall be used for qualifying tax-exempt purposes as provided in the Federal Tax Certificate for the Note.

Dated as of this ___ day of _____, _____.

CITY OF BELLEVUE, WASHINGTON

By: _____
Finance Director/Designee

1040-ORD
7/31/2008

Exhibit B-2

Form of Rate Conversion Election

CITY OF BELLEVUE, WASHINGTON
LINE OF CREDIT
ELECTION TO CONVERT OR EXTEND RATE, CERTIFICATE NO. _____

TO: _____

On behalf of City of Bellevue, Washington ("City"), I hereby certify that:

1. I am the Finance Director of the City, or her authorized designee, authorized by Ordinance No. ____ of the City Council passed on August 4, 2008 (the "Ordinance") to file this certificate electing to convert the interest rate mode or tax status of the Note or extending the interest rate period on the Note and to make the representations on behalf of City set forth herein.
2. City requests that \$_____ Principal amount of Draw No. ____, which was requested under Request For Draw No. _____ in the original principal amount of \$_____ bear interest at (check one of the following):
 - the Prime Rate Mode beginning at the end of the current LIBOR Interest Rate Period
 - the LIBOR Rate Mode for a _____ Month LIBOR Interest Rate Period
3. If the draw will bear interest at the LIBOR Rate Mode, the applicable LIBOR Interest Rate Period shall begin (check one):
 - At the end of the current LIBOR Interest Rate Period, or
 - On (insert date at least three London Banking Days after this certificate is given to the Bank).

4. The City requests that draws under the Note bear interest in a Prime Rate Mode or LIBOR Rate Mode (as selected above) that is:

- Taxable
- Tax-Exempt

Dated as of this ___ day of _____, _____.

CITY OF BELLEVUE, WASHINGTON

By: _____
Finance Director/Designee