

ORIGINAL

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 6208

AN ORDINANCE providing for the issuance and sale of one or more series of limited tax general obligation bonds of the City in the aggregate principal amount of not to exceed \$74,000,000 for the purpose of providing funds to finance, reimburse or refinance a portion of the cost of the City's capital improvement program including capitalizing interest; providing for the disposition of the proceeds of sale of such bonds; and delegating the authority to approve the method of sale for and form and terms of the bonds.

WHEREAS, the City Council of the City of Bellevue, Washington (the "City"), has determined that it is in the public interest to finance or refinance interfund loans made to finance a portion of the costs of its Capital Improvement Program ("CIP") Plan, including street, sidewalk and other capital improvements (collectively, the "Project"); and

WHEREAS, the City is authorized by chapters 35A.40 and 39.46 RCW to borrow money and issue general obligation bonds to finance the costs of the Project; and

WHEREAS, the Council deems it in the best interest of the City to issue limited tax general obligation bonds in the aggregate principal amount of not to exceed \$74,000,000 (the "Bonds") to provide financing for the Project, and to pay costs of issuing the Bonds; and

WHEREAS, the Council wishes to delegate authority to the City Manager and/or the Finance Director of the City, or his or her designee (each, a "Designated Representative"), for a limited time, to select the method of bond sale that is in the best interests of the City (if any) and to approve the interest rates, maturity dates, redemption terms, tax status, and principal maturities for the Bonds within the parameters set by this ordinance; and

WHEREAS, the Bonds authorized herein shall be sold by either a competitive sale or negotiated sale as herein provided; now, therefore,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

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

Approved Bid means the winning bid submitted for the Bonds.

Bond Purchase Contract means the contract for the purchase of the Bonds, if any, between the Underwriter and the City, executed pursuant to Section 12 of this ordinance.

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of the Bonds, maintained pursuant to Section 149(a) of the Code.

Bond Registrar means, initially, 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 interest on and principal of the Bonds.

Bonds mean the not to exceed \$74,000,000 aggregate principal amount of the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015, authorized to be issued in one or more series pursuant to this ordinance.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of any series of Tax-Exempt Bonds or the date that is five years after the date of issuance of any Tax-Exempt Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Tax-Exempt Bonds.

CEDE & Co. means the nominee of The Depository Trust Company.

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.

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

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto, to the extent applicable to the Tax-Exempt Bonds.

Commission means the Securities and Exchange Commission.

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

Designated Representative means the City Manager and/or the Finance Director of the City or his or her designee. The signature of one Designated Representative shall be sufficient to bind 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.

Finance Director means the Finance Director of the City and any successor to the functions of such office.

Financial Advisor means Piper Jaffray & Co., Seattle, Washington, or its successor.

Fund means the City's General CIP Fund as described in Section 8 hereof.

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.

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

Net Proceeds, when used with reference to any series of Tax-Exempt Bonds, means the principal amount of such Tax-Exempt Bonds, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

Notice of Sale means the notice of bond sale authorized to be given in Section 12 of this ordinance.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a short-term basis in accordance with regulations under the Code if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Project means constructing, acquiring, improving and equipping a portion of the City's Capital Improvement Program Plan.

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

Taxable Bonds means any Bonds determined to be issued on a taxable basis pursuant to Section 12.

Tax-Exempt Bonds mean any Bonds determined to be issued on a tax-exempt basis under the Code pursuant to Section 12.

Underwriter means the initial purchaser of the Bonds, as selected by the Designated Representative.

Interpretation. In this ordinance, unless the context otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(e) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Findings. The City Council hereby finds that it is in the public interest for the City to issue the Bonds to finance a portion of the costs of the Project. If the City Council shall determine that it has become impractical to acquire any portion of the Project by reason of changed conditions, the City shall not be required to acquire such portions of the Project. If all of the Project has been acquired or constructed or duly provided for, or found to be impractical, the City Council may apply the Bond proceeds or any portion thereof to the redemption of the Bonds or to other capital purposes as the City Council, in its discretion, shall determine.

Section 3. Authorization of Bonds and Description of Bonds. The City is hereby authorized to issue and sell the Bonds in one or more series in the aggregate principal amount of not to exceed \$74,000,000 to provide funds to finance and/or reimburse costs of the Project, capitalize interest on the Bonds, and to pay costs of issuance of the Bonds. The Bonds shall be general obligations of the City; shall be designated the "City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015", with such additional series designation or other designation as determined to be necessary by the Designated Representative; shall be dated as of their date of delivery; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; and shall bear interest from their date payable on the dates and at rates set forth in the Approved Bid or Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Approved Bid or Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 12. The Bonds of any of the maturities may be combined and issued as term bonds, subject to mandatory redemption as provided in the Notice of Sale for the Bonds and the Approved Bid or Bond Purchase Contract. The Bonds authorized herein may be combined with other limited tax general obligation bonds of the City and sold as a single series and issue if determined to be in the best interest of the City.

Section 4. Registration, Transfer and Payment of Bonds.

(a) *Bond Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of the state fiscal agency. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its principal corporate trust office. The Bond Registrar may be removed at any time at the option of the Finance Director upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Finance Director. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. 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 of the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in Section 13 of this ordinance), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 4(h) hereof, but such Bond may be transferred as herein provided. All such payments made as

described in Section 4(h) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall 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. 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 (or any successor depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Bonds, any notice which 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 (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held in fully-immobilized form hereunder, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

If any Bond shall be duly presented for payment and funds have not been duly provided by the City on such applicable date, then interest shall continue to accrue thereafter on the unpaid principal thereof at the rate stated on such Bond until it is paid.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. 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 Finance Director pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) 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 Finance Director to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Finance Director may hereafter 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.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds of a series, together with a written request on behalf of the Finance Director, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Finance Director.

(4) 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 Finance Director determines that it is in the best interest of the Beneficial Owners of the Bonds that such owners be able to obtain such bonds in the form of Bond certificates, 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 Finance Director shall deliver a written request to the Bond Registrar, together with a supply of definitive Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds of a series together with a written request on behalf of the Finance Director to the Bond Registrar, new Bonds shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such 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 therefor, 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 cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Bond during the 15 days preceding any interest payment or principal payment date any such Bond is to be redeemed.

(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 right of the Registered Owners of 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. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are 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 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 fifteenth day of the month preceding the interest payment date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least 15 days prior to the applicable payment date), such payment shall be made by the Bond Registrar by wire transfer to the account within the continental United States designated by the Registered Owner. 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.

Section 5. Redemption and Purchase.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds of a series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Notice of Sale or Bond Purchase Contract approved by the Designated Representative pursuant to Section 12 of this ordinance. The Bonds of a series shall be subject to mandatory redemption to the extent, if any, set forth in the Approved Bid or Bond Purchase Contract and as approved by the Designated Representative pursuant to Section 12 of this ordinance.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Finance Director.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in book-entry only form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c) or otherwise as provided in the Bond Purchase Contract or Approved Bid. Except as otherwise provided in the Bond Purchase Contract or Approved Bid, if the City redeems at any one time fewer than all of the Bonds having the same series and maturity date, the particular Bonds or portions of Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the

then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) **Official Notice.** For so long as the Bonds are held in book-entry only form, notice of redemption (which notice may be conditional on the receipt of sufficient funds for redemption or otherwise) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Bonds are no longer held in book-entry only form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (A) the redemption date,
- (B) the redemption price,
- (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (D) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (E) any conditions to redemption, and
- (F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, unless such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional

redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) **Effect of Notice; Bonds Due.** If an unconditional notice of redemption has been given as aforesaid, or if the conditions to redemption have been satisfied or waived, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

(3) **Additional Notice.** In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to Section 13 and to the Underwriter and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) **Amendment of Notice Provisions.** The foregoing notice provisions of this Section 5, 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.

Section 6. **Form of the Bonds.** The Bonds shall be in substantially the following form, with appropriate or necessary insertions, depending upon the omissions and variations as permitted or required hereby:

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF BELLEVUE
LIMITED TAX GENERAL OBLIGATION BOND, 2015[A/B]((TAXABLE))

INTEREST RATE: % MATURITY DATE: CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Bellevue, Washington, a municipal corporation organized and existing under 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 _____, 20____, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above payable _____ 1, 20____, and semiannually thereafter on each _____ 1 and _____ 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. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). 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 The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

This bond is one of an authorized issue of limited tax general obligation bonds of the City of like date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of \$ _____, issued pursuant to Ordinance No. _____ of the City, passed on December 1, 2014 (the "Bond Ordinance"), to finance, reimburse or refinance a portion of the costs of the City's Capital Improvement Program Plan, capitalize interest and to pay costs of issuance of the Bonds, as further provided in the Bond Ordinance. [Pursuant to the Bond Ordinance, the City also has authorized the issuance of its Limited Tax General Obligation Bonds, 2015[A/B]((Taxable)) in the aggregate principal amount of \$ _____ for this purpose.]

The bonds of this issue are subject to redemption prior to their stated maturities as provided in the Bond Ordinance.

The City has irrevocably covenanted with the owner of this bond that it will annually include in its budget and levy taxes, 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 money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full

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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.

The bonds of this issue have not been designated by the City as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

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.

Reference is made to 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.

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

IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of the Mayor and to be attested by the manual or facsimile signature of the Clerk of the City, and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this _____ day of _____, 2015.

[SEAL]

CITY OF BELLEVUE, WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile
City Clerk

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2015[A/B] [(Taxable)], dated _____, 2015.

WASHINGTON STATE FISCAL AGENT, as
Registrar

By _____
Authorized Officer

Section 7. Execution of the Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. In case either or both of the officers who have signed or attested any of the Bonds cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed or attested such Bonds had not ceased to be such officers, and any Bond may be signed or attested on behalf of the City by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the City.

Only Bonds that bear a Certificate of Authentication in the form set forth in Section 6, 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 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 8. Disposition of Bond Proceeds. At the time of delivery of the Bonds, the proceeds of the Bonds shall be deposited in the Fund. Amounts deposited in the

Fund shall be used to finance, refinance and/or reimburse costs of the Project, to capitalize interest on the Bonds, and to pay the costs of issuing the Bonds, and are appropriated for such purposes.

Money remaining in the Fund after all of such costs have been financed, refinanced or reimbursed may be used to pay costs of other legally authorized capital expenditures of the City or shall be deposited into the Debt Service Fund. Money in the Fund may be invested as permitted by law and the investment policy of the City. All interest earned and profits derived from such investments shall be retained in and become a part of the Fund or deposited into the Debt Service Fund.

Section 9. Tax Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exemption from federal income taxation of the interest on any Tax-Exempt Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on such Tax-Exempt Bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of Tax-Exempt Bonds or any other funds of the City which may be deemed to be proceeds of any Tax-Exempt Bonds pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Tax-Exempt Bonds to the initial purchasers thereof, would have caused the Tax-Exempt Bonds to be treated as "arbitrage bonds" within the meaning of such term as used in Section 148 of the Code. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Tax-Exempt Bonds.

(b) *Private Person Use Limitation for Tax-Exempt Bonds.* The City covenants that for as long as any Tax-Exempt Bonds are outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Tax-Exempt Bonds to be allocated to any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Tax-Exempt Bonds are allocable to any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Tax-Exempt Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the Project described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Project funded by the proceeds of the Bonds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Tax-Exempt Bonds allocable to the state or local governmental use portion of the Project to which the Private Person Use of such portion of the Project funded by the proceeds of the Tax-Exempt Bonds relate. The City further covenants that it will comply with any limitations on the use of the Project funded by the proceeds of the Tax-Exempt Bonds by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Tax-Exempt Bonds.

(c) *Modification of Tax Covenants.* The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bonds. To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on any Bonds.

(d) *No Designation under Section 265(b).* The City does not designate the Tax-Exempt Bonds issued pursuant to this ordinance as "qualified tax-exempt obligations" for investment by financial institutions under Section 265(b) of the Code.

Section 10. Debt Service Fund and Provision for Tax Levy Payments. The Debt Service Fund has been established by the City and shall be drawn upon for the purpose of paying the principal of and interest on the Bonds.

The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an ad valorem tax, within and as a part of the tax levy permitted to cities without a vote of the people, upon all the property within the City subject to taxation in an amount which will be sufficient, together with other lawfully available funds, to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the Debt Service Fund. Money in the Debt Service Fund not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be

lawful for the investment of City money. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

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

Section 11. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Debt Service Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, 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 such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Debt Service Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance.

The City shall give written notice of defeasance to the owners of all Bonds so provided for within 20 days of the defeasance and to each party entitled to receive notice in accordance with Section 13 of this ordinance.

Section 12. Sale of the Bonds; Official Statement. Market conditions are fluctuating and, as a result, the most favorable market conditions may best be achieved by either a negotiated sale or a competitive sale, depending on then applicable market conditions. The Council has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to approve the method of sale and to approve the final interest rates, maturity dates, redemption terms and principal maturities for the Bonds. The Designated Representative may also determine the date to which interest on the Bonds shall be capitalized, whether the Bonds shall be issued in one or more series, to determine whether the Bonds (or the Bonds of a series) shall be issued as Taxable Bonds or Tax-Exempt Bonds, to combine the Bonds authorized herein with other authorized limited tax general obligation bonds of the City and to sell such bonds as a single series and issue. The Designated Representative is hereby authorized to approve a competitive bond sale or a negotiated bond sale, as set forth below.

(a) *Competitive Bond Sale.* If the Designated Representative determines that the Bonds are to be sold at a competitive public sale, the Designated Representative or

his designee shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in the amount determined to be necessary accompany each bid; (4) cause notice of the public sale to be given (the "Notice of Sale"); and (5) provide for such other matters pertaining to the public sale as he deems necessary or desirable. The Designated Representative shall cause the Notice of Sale to be given and provide for such other matters pertaining to the public sale as he or she deems necessary or desirable.

Upon the date and time established for the receipt of bids for the Bonds, the Designated Representative or his designee shall open the bids and shall cause the bids to be mathematically verified. The Bonds shall be sold to the bidder offering to purchase them at the lowest true interest cost to the City; *provided, however*, that the Designated Representative reserves the right to reject any and all bids for the Bonds and also may waive any irregularity or informality in any bid.

Subject to the terms and conditions set forth in this Section 12, the Designated Representative is hereby authorized to accept an Approved Bid for the Bonds in one or more series upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$74,000,000;
- (2) the final maturity date for the Bonds is no later than December 1, 2035;
- (3) the Bonds are sold (in the aggregate) at a price not less than 96% and not greater than 120; and
- (4) the true interest cost for the Bonds (in the aggregate) does not exceed 5.00%.

(b) *Negotiated Bond Sale.* If the Designated Representative determines that the Bonds are to be sold by negotiated sale, the Designated Representative shall solicit bond underwriting proposals and shall select the Underwriter that submits the proposal that is in the best interest of the City. The Bonds shall be sold to the Underwriter pursuant to the terms of the Bond Purchase Contract.

Subject to the terms and conditions set forth in this Section 12, the Designated Representative is hereby authorized to enter into the Bond Purchase Contract with the Underwriter to issue and sell the Bonds in one or more series upon his or her approval of the final interest rates, maturity dates, aggregate principal amounts, principal maturities, and redemption rights set forth therein for the Bonds in accordance with the authority granted by this section so long as:

- (1) the aggregate principal amount of the Bonds does not exceed \$74,000,000;

(2) the final maturity date for the Bonds is no later than December 1, 2035;

(3) the Bonds are sold (in the aggregate) at a price not less than 96% and not greater than 120%; and

(4) the true interest cost for the Bonds (in the aggregate) does not exceed 5.00%.

(c) *Report to Council; Expiration of Authority.* Following the sale of the Bonds, the Designated Representative shall provide a report to the Council, describing the method of sale and final terms of the Bonds approved pursuant to the authority delegated in this section.

The authority granted to the Designated Representative by this Section 12 shall expire one year after the effective date of this ordinance. If an Approved Bid or Bond Purchase Contract has not been accepted within one year after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a bond purchase contract or establishing terms and conditions for the authority delegated under this Section 12.

(d) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City, including the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the successful bidder or Underwriter thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds.

(e) *Preliminary and Final Official Statements.* The City authorizes the Finance Director to approve the preliminary official statement for the Bonds and authorizes the distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the Finance Director is hereby authorized to deem the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds. The City agrees to cooperate with the successful bidder or 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 successful bidder or 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's Finance Director is authorized to approve, supplement or amend the final official statement.

Section 13. 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 the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing in 2015 for the fiscal year ended December 31, 2014):

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 Budgeting Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute);
2. The assessed valuation of taxable property in the City;
3. Ad valorem taxes due and percentage of taxes collected;
4. Property tax levy rate per \$1,000 of assessed valuation; and
5. Outstanding general obligation debt of the City.

Items 2-5 shall be required only to the extent that such information is not included in the annual financial statements.

The information and data described above shall be provided on or before the end of 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 the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents available to the public on the MSRB's internet website and, if such document is a final official statement within the meaning of the Rule, available from the MSRB or filed with the Commission.

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 Budgeting 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 the MSRB.

(c) *Listed Events.* The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:

- Principal and interest payment delinquencies;
- Non-payment related defaults, if material;

- Unscheduled draws on debt service reserves reflecting financial difficulties;
- Unscheduled draws on credit enhancements reflecting financial difficulties;
- Substitution of credit or liquidity providers, or their failure to perform;
- Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Tax-Exempt Bonds, or other material events affecting the tax status of the Tax-Exempt Bonds;
- Modifications to the rights of Bondholders, if material;
- Bond calls, if material, and tender offers;
- Defeasances;
- Release, substitution, or sale of property securing repayment of the Bonds, if material;
- Rating changes;
- Bankruptcy, insolvency, receivership or similar event of the City;
- The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Solely for purposes of disclosure, and not intending to modify this undertaking, the City advises that no debt service reserves or property secures 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 the MSRB 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) *Format for Filings with the MSRB.* All notices, financial information and operating data required by this undertaking to be provided to the MSRB must be in an

electronic format as prescribed by the MSRB. All documents provided to the MSRB pursuant to this undertaking must be accompanied by identifying information as prescribed by the MSRB.

(f) *Termination/Modification.* The City's obligations to provide annual financial information and notices of listed events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. Any provision of this section shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that the portion of the Rule that requires that provision is invalid, has been repealed retroactively or otherwise does not apply to the Bonds and (2) notifies the MSRB of such opinion and the cancellation of this section.

The City may amend this section with an opinion of nationally recognized bond counsel in accordance with the Rule. In the event of any amendment of this section, the City shall describe such amendment in the next annual report, and shall include 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 listed event under subsection (c) and (ii) the annual report for the year in which the change is made shall 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.

(g) *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 under this section, 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 14. *Lost or Destroyed Bonds.* If any Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and tenor to the Registered Owner upon the owner 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 15. *General Authorization; Ratification of Prior Acts.* The City Manager and 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

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by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

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

Section 17. Effective Date. This ordinance shall become effective five days after its passage and publication, as required by law.

Passed by the City Council this 1st day of December, 2014, and signed in authentication of its passage this 1st day of December, 2014.

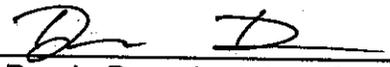
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Claudia Balducci, Mayor

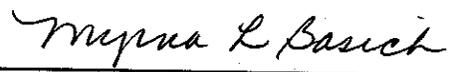
APPROVED AS TO FORM:

Lori M. Riordan, City Attorney

By: 

Darcie Durr, Assistant City Attorney

ATTEST:



Myrna L. Basich, City Clerk

Published December 4, 2014