

ORDINANCE NO. 1632

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ITS LOCAL IMPROVEMENT DISTRICT NO. 87-ST-51 BOND ANTICIPATION NOTES, 1991, PENDING THE RECEIPT OF THE PROCEEDS OF THE LOCAL IMPROVEMENT DISTRICT BONDS AUTHORIZED TO BE ISSUED BY ORDINANCE NOS. 1420 AND 1432; FIXING THE DATE, AGGREGATE PRINCIPAL AMOUNT, INTEREST RATE, MATURITY, DENOMINATIONS, TERMS, COVENANTS AND FORMS OF THE NOTES; AND PROVIDING FOR THE SALE AND DELIVERY OF SUCH NOTES TO SEATTLE-FIRST NATIONAL BANK, SEATTLE, WASHINGTON.

WHEREAS, by Ordinance No. 1420, ratified and reenacted by Ordinance No. 1432 (collectively, the "LID Ordinance"), after a public hearing thereon, the City ordered the improvement of Bellevue-Redmond Road between N.E. 24th Street and N.E. 40th Street by the construction and installation of street and utility improvements, together with related improvements, all pursuant to property owners' petition therefor; established Local Improvement District No. 87-ST-51 (the "District") of the City; provided that payment for the improvements be made by special assessments upon the property in the District payable by the mode of "payment by bonds;" and provided for the issuance and sale of local improvement district warrants or other short-term obligations pursuant to chapter 216, Laws of 1982 (Chapter 39.50 RCW), redeemable by cash and/or by local improvement district bonds; and

WHEREAS, by Ordinance No. 1507, as amended by Ordinance No. 1514, the City issued its \$1,858,000 aggregate principal amount

of Local Improvement District No. 87-ST-51 Bond Anticipation Notes, 1989, dated September 1, 1989, and maturing on November 1, 1990 (the "1989 Notes"), for the purpose of paying part of the costs of carrying out the improvements ordered in the District; and

WHEREAS, by Ordinance No. 1590, the City issued its \$2,650,000 aggregate principal amount of Local Improvement District No. 87-ST-51 Bond Anticipation Notes, 1990, dated November 1, 1990, and maturing on July 1, 1991 (the "Outstanding Notes"), for the purpose of providing part of the funds necessary to repay and retire the 1989 Notes, together with interest thereon to the date of such repayment, and paying part of the costs of carrying out the improvements ordered in the District; and

WHEREAS, the City Council deems it to be in the best interest of the City that the City borrow money and issue and sell its short-term obligations in the form of one or more local improvement district bond anticipation notes for the purpose of providing part of the funds necessary to repay and retire the Outstanding Notes, together with interest thereon to the date of such repayment; and

WHEREAS, Seattle-First National Bank, Seattle, Washington, has submitted an offer to purchase such short-term obligations on the terms and conditions hereinafter set forth; NOW THEREFORE,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO
ORDAIN AS FOLLOWS:

Section 1. For the purpose of providing part of the funds necessary to repay and retire the Outstanding Notes, together with interest thereon to the date of such repayment, the City authorizes the issuance of its Local Improvement District No. 87-ST-51 Bond Anticipation Notes, 1991 (the "Notes"), in the aggregate principal amount of \$2,500,000. The Notes shall be dated July 1, 1991; shall be issued in fully registered form as to both principal and interest; shall be in the denomination of \$5,000 each or any integral multiple thereof; shall be numbered separately, in the manner and with such additional designation as the fiscal agencies of the State of Washington located in Seattle, Washington and New York, New York (collectively, the "Registrar") may deem necessary for the purpose of identification; shall mature on April 1, 1992; and shall bear interest from their date at the rate of 4.875% per annum (computed on the basis of a 360-day year of twelve 30-day months), payable at maturity, with full obligation on the part of the City to pay interest at the same rate from and after maturity until the Notes, together with all accrued interest, are paid in full.

Both the principal of and the interest on the Notes shall be payable solely out of the Local Improvement Fund, District No. 87-ST-51 (the "Note Fund") created by the LID Ordinance, to be funded from the proceeds of local improvement district bonds authorized to be issued by the LID Ordinance or other short-term obligations, which the City covenants to use its best efforts to

issue, and/or prepaid special benefit assessments within the District; or, if necessary, out of the City's Local Improvement Guaranty Fund (the "Guaranty Fund"). Principal of and interest on the Notes shall be payable in lawful money of the United States of America, on or after the maturity, to the persons who are named as the registered owners of the Notes (the "Owners") on the registration books for the Notes (the "Note Register") maintained by the Registrar, upon presentation and surrender of the Notes at either of the principal offices of the Registrar. The City declares and finds that the fixing of the above interest rate is in the best interest of the City.

The Notes shall not be subject to prepayment or redemption prior to maturity.

The Notes shall be negotiable investment securities to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 2. The Notes shall be printed or lithographed on good bond paper or may be typewritten or multicopied in a form consistent with this ordinance and Washington law. The Notes shall be signed by the facsimile or manual signatures of the Mayor and the City Clerk and shall have a facsimile reproduction of the seal of the City printed thereon or the seal of the City impressed thereon.

In case either or both of the officers who shall have executed the Notes shall cease to be such officer or officers of the City before the Notes so signed shall have been authenticated or delivered by the Registrar or issued by the City, such Notes

nevertheless may 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 Note also may 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 such persons were not such officers of the City.

Section 3. The Registrar is authorized and directed, on behalf of the City, to authenticate and deliver Notes initially issued or transferred or exchanged in accordance with the provisions of such Notes and this ordinance.

Only such Notes as shall bear thereon a "Certificate of Authentication" manually executed by the 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 Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Notes.

Section 4. The Registrar shall keep, or cause to be kept, at its principal corporate trust offices, the Note Register, which shall at all times be open to inspection by the City. The Registrar is authorized to carry out all of the Registrar's powers and duties under this ordinance.

The City and the Registrar, each in its discretion, may deem and treat the Owner of each Note as the absolute owner thereof for all purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary. Payment of any such Note shall be made only as described in Section 1 hereof, but such registration may be transferred as herein provided, all such payments made as provided in Section 1 hereof shall be valid and shall satisfy and discharge the liability of the City upon such Note to the extent of the amount or amounts so paid.

The registered ownership of any Note may be transferred, but no transfer of any Note shall be valid unless it is surrendered to the Registrar, with the assignment form appearing on such Note duly executed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Owner or such Owner's duly authorized agent. Upon such surrender, the Registrar shall cancel the surrendered Note and shall authenticate and deliver without charge to the Owner or transferee therefor (other than any governmental fees or taxes payable on account of such transfer), a new Note of the same number and interest rate and for the same principal amount, naming as Owner the person or persons designated as the assignee or transferee, in exchange for such surrendered and cancelled Note. The Registrar shall not be obligated to transfer any Note during the 15 days preceding its maturity date.

The Registrar may become the Owner of any Notes with the same rights it would have if it were not the Registrar and, to

the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of the Notes.

The City covenants that, until all Notes shall have been surrendered and cancelled, it will maintain a system of recording the ownership of each Note that complies with the provisions of the Internal Revenue Code of 1986, as amended, together with all applicable regulations thereunder (collectively, the "Code").

Section 5. If any Note becomes mutilated, lost, stolen or destroyed, the Registrar may authenticate and deliver a new Note of the same number and interest rate, for the same principal amount, and of like tenor and effect in substitution therefor, all in accordance with law. If such mutilated, lost, stolen or destroyed Note has matured, the City, at its option, may pay the same without the surrender thereof. However, no such substitution or payment shall be made unless and until the applicant shall furnish evidence satisfactory to the Registrar of the destruction or loss of the original Note and the ownership thereof, and such additional security, indemnity or evidence as may be required by or on behalf of the City. No substitute Note shall be furnished unless the applicant shall reimburse the City and the Registrar for their respective expenses in the furnishing thereof. Any such substitute Note so furnished shall be equally and proportionately entitled to the security of this ordinance with all other Notes issued hereunder.

Section 6. If money and/or "Government Obligations" (as such obligations are defined in Chapter 39.53 RCW, as now in existence or hereafter amended) maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient, together with any money initially deposited, to provide for the payment of all of the principal of and interest on all or a portion of the Notes, when due in accordance with their terms in accordance with a refunding plan adopted by the City, are set aside in a special fund (hereinafter called the "trust account") to effect such payment or redemption and are pledged irrevocably for the purpose of effecting such payment, then no further payments need be made into the Note Fund for the payment of the principal of and interest on such Notes, the Owners thereon shall cease to be entitled to any lien, claim, benefit or security of this Ordinance, the Note Fund or the Guaranty Fund except the right to receive the money and the principal and interest proceeds on the obligations set aside in the trust account, and such Notes shall no longer be deemed to be outstanding hereunder.

Section 7. The principal proceeds received from the sale of the Notes shall be paid into the Note Fund and used to repay and retire the Outstanding Notes, together with the interest thereon to the date of repayment.

Section 8. The City covenants that it will not take or permit to be taken on its behalf any action which would adversely

affect the exclusion of the interest on the Notes from the gross income of the recipients thereof for purposes of federal income taxation, and will take or require to be taken such acts as may be permitted by Washington law and as may be required from time to time under applicable law to continue the exclusion of the interest on the Notes from the gross income of the recipients thereof for purposes of federal income taxation. Without limiting the generality of the foregoing, the City will not invest or make or permit any use of the proceeds of the Notes or of its other money at any time during the term of the Notes, which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code.

The City covenants that it shall calculate or cause to be calculated, and shall rebate to the United States, all earnings from the investment of Note proceeds that are in excess of the amount that would have been earned had the yield on such investments been equal to the yield on the Notes, plus income derived from such excess earnings, to the extent and in the manner required by Section 148 of the Code.

The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

The City will take no actions and will make no use of the proceeds of the Notes or any other funds held under this ordinance which would cause any Note to be treated as a "private

activity bond" (as defined in Section 141(b) of the Code) subject to treatment under said Section 141(b) as an obligation not described in Section 103(a) of the Code, unless the tax exemption thereof is not affected.

The City hereby designates the Notes as "qualified tax-exempt obligations" for purposes of Section 265 of the Code (relating to the deduction by financial institutions of the interest incurred to carry tax-exempt debt), and authorizes and directs the proper City officials to execute and deliver all documents necessary to evidence such designation to any and all interested parties. The City further covenants not to issue more than \$10,000,000 of such "qualified tax-exempt obligations" during 1991.

Section 9. The City has been provided with copies of a preliminary official statement, dated June 12, 1991 (the "Preliminary Official Statement"), prepared by Seattle-First National Bank (the "Purchaser") in connection with the sale of the Notes. For the sole purpose of the Purchaser's compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), the City "deems final" that Preliminary Official Statement as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates, any other

terms or provisions required by the City to be specified in a negotiated bid, ratings and other terms of the Notes dependent on such matters.

Section 10. Seattle-First National Bank of Seattle, Washington, has presented a written purchase offer (the "Purchase Offer") to the City whereunder Seattle-First National Bank has offered to purchase the Notes under the terms and conditions provided in the Purchase Offer. A copy of such Purchase Offer is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Purchase Offer is in the City's best interest and therefore accepts the offer contained in the Purchase Offer and authorizes the execution of the Purchase Offer by the Mayor.

The Notes will be printed, typewritten or multicopied at City expense and will be delivered to Seattle-First National Bank in accordance with the Purchase Offer, together with the approving legal opinion of Riddell, Williams, Bullitt & Walkinshaw, bond counsel of Seattle, Washington, relative to the issuance of the Notes. Bond counsel has not been engaged to review, and shall not be required to review or express any opinion concerning the completeness or accuracy of, any official statement, offering circular or other sales material issued or used in connection with the Notes, and bond counsel's opinion shall so state. Bond counsel has not been retained to monitor, and shall not be responsible for monitoring, the City's

compliance with any federal law or regulations to maintain the tax-exempt status of the interest on the Notes.

The proper City officials are authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Notes to Seattle-First National Bank in accordance with the Purchase Offer, and for the proper application and use of the proceeds of the sale thereof.

Section 11. This ordinance shall take effect from and after its passage and five days following its publication as required by law.

CITY OF REDMOND, WASHINGTON

Doreen Marchione
MAYOR, DOREEN MARCHIONE

ATTEST/AUTHENTICATED:

for Sandra A. Maurin
CITY CLERK, DORIS A. SCHAIBLE

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By *Sam E. K...*

FILED WITH THE CITY CLERK: 6-13-91
PASSED BY THE CITY COUNCIL: 6-18-91
SIGNED BY THE MAYOR:
PUBLISHED: 6-23-91
EFFECTIVE DATE: 6-28-91
ORDINANCE No.: 1632

JLA:sll
6/18/91