

ORDINANCE NO. 1951

ORIGINAL

AN ORDINANCE RELATING TO THE INCURRENCE OF INDEBTEDNESS; PROVIDING FOR THE SALE AND ISSUANCE OF \$1,280,000 LIMITED TAX GENERAL OBLIGATION NOTES, 1997, TO PURCHASE CERTAIN REAL PROPERTY IN THE CITY FOR CITY PURPOSES; PROVIDING FOR THE DATE, DENOMINATIONS, FORM, TERMS, REGISTRATION PRIVILEGES, MATURITY, INTEREST RATES AND COVENANTS OF THE NOTES; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL THEREOF AND THE INTEREST THEREON; ESTABLISHING A DEBT SERVICE FUND AND A PROJECT ACCOUNT FOR THE NOTES; AND PROVIDING FOR THE SALE AND DELIVERY OF SUCH NOTES TO BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION DBA SEAFIRST BANK.

WHEREAS, the City of Redmond (the "City") has decided to purchase certain real property from the United States government for city purposes, located at 9551 N.E. Avondale Road in the City (the "Property").

WHEREAS, the City Council of the City deems it to be in the best interest of the City that the City borrow money and issue and sell a short-term obligation in the form of limited tax general obligation notes for the purpose of providing part of the costs necessary to purchase the Property; and

WHEREAS, the incurrence of indebtedness by the City to purchase the Property will not cause the total indebtedness of the City to be incurred without the assent of the voters of the City to exceed the limitations set forth in Chapter 39.36 RCW; and

WHEREAS, Bank of America National Trust and Savings Association dba Seafirst Bank (the "Purchaser") has offered, by way of the Note Purchase Agreement (the "Purchase Agreement"), to purchase such limited tax general obligation notes upon the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

Section 1. Finding, Purpose and Description of Notes. The City authorizes the sale and issuance of its "Limited Tax General Obligation Notes, 1997" (the "Notes") for the purpose of providing part of the funds necessary to purchase the Property and to pay certain "incidental costs and costs related to the sale and issuance" (as defined in RCW 39.46.070) of the Notes (the "Project").

The Notes shall be in the aggregate principal amount of \$1,280,000; shall be dated the date of issue; shall mature on September 1, 1999; shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date at the rate of 4.30 percent per annum, payable on September 1, 1998 and at maturity or earlier redemption. The Notes shall be issued in fully registered form as to both principal and interest; shall be in the denomination of \$100,000 each or any integral multiple thereof, except that one Note ("Note No. 1") be in the denomination of \$80,000 or \$100,000 or any integral multiple thereof plus \$80,000; shall be numbered separately in such manner and with any additional designation as the fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York (collectively, the "Registrars"), deem necessary for purposes of identification;

If any Note is not paid upon proper presentment at its maturity date, the City shall have the obligation to pay interest at the same rate from and after such maturity or earlier redemption date until such Note, both principal and interest, is paid in full.

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

Section 2. Place, Manner and Medium of Payment. Both the principal of and interest on the Notes shall be payable in lawful money of the United States of America. Interest on the Notes shall be paid by check or draft mailed by the Registrar on or before the interest payment date, to the persons who are named as the registered

owners of the Notes (the "Owners") on the registration books for the Notes maintained by the Registrars (the "Note Register") on the fifteenth day of the month preceding the interest payment date and upon presentation and surrender of the Notes at maturity or earlier redemption. Principal of the Notes shall be payable only upon presentation and surrender of the Notes by the Owners upon maturity or earlier redemption at the principal corporate trust office of either Registrar.

Section 3. Redemption: Open Market Purchase. The Notes shall be subject to optional redemption prior to maturity, in whole or in part on any date commencing March 1, 1998 (by lot in such manner as the Registrars shall determine), at a redemption price of par, plus accrued interest to the date fixed for redemption.

Any Note in the principal amount of greater than \$100,000 may be partially redeemed in any integral multiple of \$100,000, except that if Note No. 1 is partially redeemed, the remaining aggregate principal amount of Note No. 1 after such redemption shall be in the denomination of \$80,000 or \$100,000 or any integral multiple thereof plus \$80,000. In such event, upon surrender of such Note at the principal corporate trust office of either Registrar, a new Note or Notes (at the option of the Owner) of the same maturity and interest rate and in the aggregate principal amount remaining unredeemed shall be authenticated and delivered to the Owner, without charge to the Owner therefor, in any denomination authorized by this Ordinance and selected by the Owner.

Notice of any such intended redemption shall be given by or on behalf of the City not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Owner of each Note to be redeemed at the address appearing on the Note Register on the day the notice is mailed. The requirements of this section shall be deemed to be complied with when notice is mailed as herein provided, whether or not it is actually received by the Owner of any Note. In addition, such redemption notice shall be mailed within the same time period, postage prepaid, to such other persons, including registered securities depositories, and with such additional

information as the Finance Director shall deem appropriate, but such additional notice shall not be a condition precedent to the redemption of such Notes.

If such notice to the Owners shall have been given and the City shall have set aside sufficient money for the payment of all Notes called for redemption on the date fixed for redemption, the Notes so called shall cease to accrue interest after such redemption date, and all such Notes shall be deemed not to be outstanding hereunder for any purpose, except that the Owners thereof shall be entitled to receive payment of the redemption price and interest accrued on the principal of the Notes to the redemption date from the money set aside for such purpose.

The City reserves the right to purchase any or all of the Notes on the open market at any time and at any price. All Notes purchased by the City shall be surrendered to the Registrars for cancellation.

Section 4. Debt Limit Not Exceeded. The City finds and covenants that the Notes are issued within all constitutional and statutory debt limitations presently applicable to the City.

Section 5. Pledge of Full Faith, Credit and Resources. The Notes are limited tax general obligations of the City. Unless the principal of and interest on the Notes are paid from other sources, including, but not limited to, the proceeds of the sale of the Property, so long as any Notes are outstanding, the City hereby irrevocably covenants to include in its budgets and to make annual levies of taxes upon all property within the City subject to taxation without a vote in amounts which, together with any other money legally available therefor, shall be sufficient to pay such principal and interest as the same shall become due. The City hereby irrevocably pledges its full faith, credit and resources to the annual levy and collection of such taxes and for the prompt payment of such principal and interest. All of such taxes shall be paid into the Note Fund hereinafter created.

The City hereby irrevocably covenants that the annual tax provided for herein to be levied for the payment of the principal of and interest on the Notes shall be within and as a part of the tax levy permitted the City without a vote of the people and that a sufficient portion of each such annual tax levy to be made so long as the Notes are outstanding, together with any other money legally available therefor, shall be and is hereby set aside, pledged and appropriated for the payment of the principal of and interest on the Notes as the same shall become due.

Section 6. Form of Notes. The Notes shall be typewritten, printed or lithographed on good bond paper in a form consistent with this ordinance and Washington law.

Section 7. Execution of Notes. The Notes shall be signed on behalf of the City with the facsimile or manual signatures of the Mayor and the City Clerk, and shall have the seal of the city impressed or a facsimile thereof imprinted thereon.

In case either or both of the officers who shall have executed any 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 Registrars or issued by the City, such Note 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 8. Authentication and Delivery of Notes by Registrars. The Registrars are 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 an authorized signatory of the Registrars 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 Registrars shall be responsible for their representations contained in the Certificate of Authentication on the Notes.

Section 9. Registration. The Registrars shall keep, or cause to be kept, the Note Register at principal corporate trust office of either or both of them.

The City and each Registrar, 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 Registrars shall be affected by any notice to the contrary. Payment of any such Note shall be made only as described in Section 2 hereof, but such registration may be transferred as herein provided. All such payments made as provided in Section 2 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 or exchanged, but no transfer of any Note shall be valid unless it is surrendered at the principal corporate trust office of either Registrar, with the assignment form appearing on such Note duly executed by the Owner or such Owner's duly authorized agent, in a manner satisfactory to the Registrars. Upon such surrender, the Registrars 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 or Notes (at the option of the new Owner), of the same maturity and interest rate and for the same aggregate principal amount, in any authorized denomination, naming as Owner the

person or persons listed as the assignee on the assignment form appearing on the surrendered Note, in exchange for such surrendered and cancelled Note.

Any Note may be surrendered at the principal corporate trust office of either Registrar and exchanged, without charge, for an equal aggregate principal amount of Notes, in any authorized denomination. The Registrars shall not be obligated to transfer or exchange any Note during the 15 days preceding the interest payment, maturity or redemption date.

Either Registrar may become the Owner of any Note with the same rights it would have if it were not a Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member 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 (the "Code").

Section 10. Mutilated, Lost, Stolen or Destroyed Notes. If any Note becomes mutilated, lost, stolen or destroyed, the Registrars may authenticate and deliver a new Note of the same maturity and interest rate 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 (a) evidence satisfactory to the Registrars of the destruction or loss of the original Note and of the ownership thereof, and (b) 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 Registrars 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 11. Defeasance. 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 times(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 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 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 the interest on such Notes, the Owners thereof shall cease to be entitled to any lien, benefit or security of this ordinance except for 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 12. Sale of the Notes. The Purchaser has presented the Purchase Agreement to the City pursuant to which the Purchaser has offered to purchase the Notes, under the terms and conditions provided in the Purchase Agreement, which written Purchase Agreement is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Purchase Agreement is in the City's best interest and therefore accepts the offer contained in the Purchase Agreement and authorizes the execution of the Purchase Agreement by City officials.

The Notes will be printed at City expense and will be delivered to the Purchaser in accordance with the terms of the Purchase Agreement with the approving legal opinion of the City's bond counsel relative to the issuance of the Notes printed on each Note or attached thereto. Bond counsel has not been engaged to participate in the

preparation or review of, or express any opinion concerning the completeness or accuracy of the official statement or other disclosure documentation used in connection with the offer or sale of the Notes by any person, 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.

Section 13. Delivery of Notes; Temporary Notes. The proper City officials are authorized and directed to execute and/or approve, as appropriate, all documents, including but not limited to, the final Official Statement pertaining to the Notes, and to do everything necessary for the preparation and delivery of a transcript of proceedings pertaining to the Notes, and the printing, execution and prompt delivery of the Notes to the Purchaser and for the proper application and use of the proceeds of the sale thereof.

If definitive Notes are not ready for delivery by the date established for closing (the "Closing"), the City director of finance, upon the approval of the Purchaser, may cause to be issued and delivered to the Purchaser one or more temporary Notes with appropriate omissions, changes and additions. Any temporary Note or Notes shall be entitled and subject to the same benefits and provisions of this ordinance with respect to the payment, security and obligation thereof as definitive Notes authorized hereby. Such temporary Note or Notes shall be exchangeable without cost to the Owners thereof for definitive Notes when the latter are ready for delivery.

Section 14. Establishment of Note Fund and Project Fund; Application of Note Proceeds. There is hereby created and established in the office of the City Finance Director a special fund to be designated as the "Limited Tax General Obligation Note Fund, 1997" (the "Note Fund").

The accrued interest on the Notes received by the City upon the sale of the Notes shall be deposited into the Note Fund and shall be applied to the payment of interest coming due on the Notes.

There is hereby created and established in the office of the City Finance Director a special fund to be designated as the "Coast Guard Property Acquisition Project Fund" (the "Project Fund"). The net principal proceeds of the sale of the Note shall be deposited, upon receipt, to the Project Fund and used to pay part of the costs of the Project.

Section 15. Tax-Exemption Covenants. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion of the interest on the Notes from gross income 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 from time to time be required under applicable law to continue the exclusion of the interest on the Notes from gross income 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 would cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Code.

The City further covenants that it will 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 the City is a bond issuer the arbitrage certifications of which 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 1997.

Section 16. Preliminary Official Statement Declaration. The City has been provided with copies of a preliminary official statement dated August 22, 1997 (the "Preliminary Official Statement"), prepared 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" the Preliminary Official Statement, as of its date, except for the omission of information on offering prices, interest rates, selling compensation, delivery dates, ratings, other terms of the Notes dependent on such matters.

Section 17. Undertaking to Provide Continuing Disclosure. This section constitutes the City's written undertaking for the benefit of the Owners of the Notes required by subsection (b)(5)(i) of the Rule 15c2-12 (the "Rule") of the United States Securities and Exchange Commission (the "SEC").

The City hereby agrees to provide or cause to be provided to each then existing nationally recognized municipal securities information repository designated by the SEC ("NRMSIR") and to the State Information Depository ("SID"), if one is created, the following annual financial information and operating data (collectively, the "Annual

Financial Information") for each prior fiscal year, commencing with the fiscal year ending December 31, 1997, on or before the last day of the seventh month following the end of such prior fiscal year:

(a) Annual financial statements prepared in accordance with the generally accepted accounting principles applicable to governmental units, as such principles may be changed from time to time and as permitted by State law; which statements will not be audited, except that if and when audited financial statements are otherwise prepared and available to the City, they will be provided (the "Annual Financial Statements");

(b) The assessed valuation of taxable property in the City;

(c) Ad valorem taxes due and the percentages of taxes collected;

(d) Property tax levy rates per \$1,000 assessed valuation;

(e) A statement of authorized, issued and outstanding indebtedness of the City; and

(f) A narrative explanation of the reasons for any amendments to this Section 17 made during the previous fiscal year and the impact of such amendments on the Annual Financial Information being provided.

In its provision of such financial information and operating data, the City may cross-reference to any "final official statement" (as defined in the Rule) available from the Municipal Securities Rulemaking Board (the "MSRB") documents theretofore provided to each then existing NRMSIR or the SID, if one is created.

If not submitted as part of the Annual Financial Information, then when and if available, the City shall provide its Annual Financial Statements, which shall have been audited by such auditor as shall be then required or permitted by the State law, to each then existing NRMSIR and to the SID, if one is created.

The City further agrees to provide or cause to be provided, in a timely manner, to the SID, if one is created, and to either the MSRB or each then existing NRMSIR, notice of any of the following events with respect to the Notes, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Notes;
7. Modifications to rights of the Owners of the Notes;
8. Optional redemptions of the Notes;
9. Defeasances of the Notes;
10. Release, substitution or sale of property securing repayment of the Notes; and
11. Rating changes.

The City also agrees to provide or cause to be provided, in a timely manner, to the SID, if one is created, and to either the MSRB or each then existing NRMSIR, notice of its failure to provide the Annual Financial Information for the prior fiscal year on or before the last day of the seventh month following the end of such prior fiscal year.

After the issuance of the Notes, so long as the interests of the Owners of the Notes will not be materially impaired thereby, as determined by a party unaffiliated with the City (including, without limitation, a trustee for the Owners, nationally recognized bond counsel or other counsel familiar with the federal securities law), or pursuant to a favorable "no-action letter" issued by the SEC, this Section 17 may only be amended in connection with any change in legal requirements, change in law, or change in

the identity, nature or status of the obligated person, or type of business conducted, and only in such a manner that the undertaking of the City, as so amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances.

The City's obligations to provide Annual Financial Information and notices of certain events shall terminate without amendment upon the defeasance, prior redemption or payment in full of all of the then outstanding Notes. This Section 17 or any provision hereof, shall be null and void if the City (i) obtains an opinion of nationally recognized bond counsel or other counsel familiar with the federal securities laws to the effect that those portions of the Rule which require this Section 17 or any such provision are invalid, have been repealed retroactively or otherwise do not apply to the Notes; and (ii) notifies and provides the SID, if any, and either the MSRB or each then existing NRMSIR with copies of such opinion.

The right of each Owner of Notes to enforce the provisions of this Section 17 shall be limited to the right to obtain specific enforcement of the City's obligations under this Section 17, and any failure by the City to comply with the provisions of this undertaking shall not be a default with respect to the Notes under this Ordinance.


The City Finance Director is authorized and directed to take such further action on behalf of the City as may be necessary, appropriate or convenient to carry out the requirements of this Section 17.

Section 18. Contract; Severability. The covenants contained in this ordinance shall constitute a contract between the City and the Owners of each and every Note. The City unconditionally covenants that it will keep and perform all of the covenants of the Notes and this ordinance. If any one or more of the provisions of this ordinance shall be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining provisions of this ordinance or the Notes, and this

ordinance and the Notes shall be construed and enforced as if such unconstitutional or invalid provision had not been contained herein.

Section 19. Effective Date. This Ordinance shall take effect and be in full force five days after passage and publication of an approved summary, consisting of the title.

CITY OF REDMOND, WASHINGTON


MAYOR, ROSEMARIE IVES

ATTEST/AUTHENTICATED:


CITY CLERK, BONNIE MATTSON

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By: 

FILED WITH THE CITY CLERK:	September 2, 1997
PASSED BY THE CITY COUNCIL:	September 2, 1997
SIGNED BY THE MAYOR:	September 2, 1997
PUBLISHED:	September 6, 1997
EFFECTIVE DATE:	September 11, 1997
ORDINANCE NO. <u>1951</u>	



Jane D. Towery
Vice President
Municipal Finance

September 2, 1997

Honorable Mayor and City of Redmond Councilmembers
City of Redmond
P.O. Box 97010
Redmond, WA 98073

RE: City of Redmond
Limited Tax General Obligation Notes, 1997

Honorable Mayor and City Councilmembers:

Bank of America National Trust & Savings Association doing business as Seafirst Bank (the "Underwriter") offers to purchase from the City of Redmond (the "Issuer") all the above-described notes (the "Notes"), on the terms and based upon the covenants, representations and warranties set forth below. Appendix A, which is incorporated into this agreement by reference, contains a brief description of the Notes, including principal amount, maturity, interest rate, purchase price, and the proposed date of delivery and payment (the "Closing"). Other provisions of this agreement are as follows:

1. Issuer, to the best of its knowledge, represents and covenants to the Underwriter that:
 - (a) It has, and will have at the Closing, the power and authority to enter into and perform this agreement, to pass the Note ordinance (the "Note Ordinance") and to deliver and sell the Notes to the Underwriter;
 - (b) This agreement and the Notes do not and will not conflict with, or constitute or create a breach or default under, any existing law, regulation, order or agreement to which Issuer is subject;
 - (c) No governmental approval or authorization, other than the Note Ordinance, which has not been obtained or will not be obtained prior to closing, is required in connection with the sale of the Notes to the Underwriter.
 - (d) The Issuer hereby ratifies, approves and confirms the distribution of the Preliminary Official Statement with respect to the Notes, dated August , 1997 (together with the Appendices thereto, any documents incorporated therein by reference, and any supplements or amendment thereto, the "Preliminary Official Statement"), in connection with the public offering and sale of the Notes by the Underwriter prior to the availability of the Official Statement and deems such Preliminary Official Statement final as of its date for purposes of SEC Rule 15c2-12(b)(1).
 - (e) The above referenced Preliminary Official Statement with corrections, if any, noted by the Issuer and its counsel, as of its date and (except as to matters corrected in the final Official Statement) as of the Closing, shall be accurate and complete in all material respects to the knowledge and belief of the officers and employees of the Issuer, after due review.

- (f) The Issuer will have made an undertaking to provide continuing disclosure to meet the applicable requirements of paragraph (b)(5) of the S.E.C. Rule 15c2-12.
2. The Issuer agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days after any final agreement to purchase, offer, or sell the Notes and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final Official Statement in sufficient quantities to comply with S.E.C. Rule 15c2-12(b)(4) and the rules of the Municipal Securities Rulemaking Board ("MSRB").
 3. The Underwriter agrees to deliver the required number of copies of the final Official Statement to the MSRB and to all Nationally Recognized Municipal Securities Information Repositories ("NRMSIRS") on the business day on which the final Official Statement is available, and in any event no later than seven business days after the date hereof.
 4. The Underwriter shall have the right to cancel this agreement to purchase the Notes by notifying the Issuer of its election to do so if, after the execution of this agreement and prior to the Closing:
 - (a) A decision by a court of the United States or the United States Tax Court shall be rendered or a ruling, or a regulation (final, temporary, or proposed), by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be issued and in the case of any such regulation, published in the Federal Register, or legislation shall have been introduced in, enacted by or favorably reported to either the House of Representatives or the Senate of the United States, with respect to Federal taxation upon interest received on bonds of the type and character of any of the Notes which, in the reasonable judgment of the Underwriter, materially adversely affects the marketability of the Notes or their sale at the contemplated public offering prices; or
 - (b) The United States shall have become engaged in hostilities which have resulted in declaration of war or national emergency or other national or international calamity or other event shall have occurred to such an extent as, in the reasonable opinion of the Underwriter, to have a materially adverse affect on the marketability of the Notes; or
 - (c) There shall have occurred a general suspension of trading on the New York Stock Exchange; or
 - (d) A general banking moratorium shall have been declared by the United States of America, New York State or Washington State authorities; or
 - (e) Legislation shall hereafter be enacted, or actively considered for enactment, with an effective date prior to the date of the delivery of the Notes, or a decision by a court of the United States shall hereafter be rendered or a ruling or regulation by the Securities and Exchange Commission or other governmental agency having jurisdiction over the subject matter shall hereafter be made, the effect of which is that:
 - (1) The Notes are not exempt from the registration, qualification or other requirements of the Securities Act of 1933, as amended and as then in effect or the Securities Exchange Act of 1934, as amended and then in effect, or
 - (2) The Note Ordinance is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or


- (f) A stop order, ruling or regulation by the Securities and Exchange Commission shall hereafter be issued or made, the effect of which is that the issuance, offering or sale of the Notes, as contemplated herein or in the Final Official Statement, is in violation of any provision of the Securities Act of 1933, as amended and as then in effect, the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect and which, in the reasonable judgment of the Underwriter, adversely affects the marketability of the Notes or the market price thereof.
5. The Underwriter's obligations hereunder are also subject to the following conditions:
At or prior to the Closing, Issuer will deliver, make available to the Underwriter or have adopted:
- (a) The Notes, in definitive form or a temporary note as provided;
 - (b) A certificate from an authorized officer of the Issuer, in form and substance acceptable to the Issuer and the Underwriter, stating that execution of the Certificate shall constitute execution of the final Official Statement attached thereto, and to the knowledge and belief of such officers, after due review, it does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which made, not misleading, and that the representations of the Issuer contained in this agreement were true and correct when made and are true and correct as of the Closing;
 - (c) The approving opinion of Note Counsel dated the Closing date;
 - (d) The following documents executed by authorized officers of the Issuer:
 - (1) A certificate, dated the day of the Closing to the effect that no litigation or other proceedings are pending or threatened in any way affecting the issuance, sale or delivery of, or security for, any of the Notes.
 - (2) A certificate setting forth the facts, estimates and circumstances in existence on the date of Closing which establish that it is not expected that the proceeds of the Notes, will be used in a manner that could cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder.
 - (3) Such additional certificates, instruments or opinions or other evidence as the Underwriter may deem reasonably necessary or desirable to evidence the due authorization sale, issuance and delivery of the Notes, the truth and accuracy, as of the time of the Closing, of the representations and warranties, and the conformity of the Notes, and Note Ordinance with their terms thereof as summarized in the Official Statement, and to cover such other matters as it reasonably requests.
 - (4) A certified copy of the Note Ordinance.
6. Issuer will pay the cost of preparing, printing and executing the Notes and the fees and disbursements of Note Counsel, travel and lodging expenses of Issuer's employees and representatives, and other expenses of Issuer.

As a convenience to Issuer, Underwriter may from time to time as Issuer's Underwriter, make arrangements for certain items for which Issuer is responsible hereunder, such as printing of the Official Statement.

- 7. This agreement is intended to benefit only the parties hereto, and Issuer's representations and warranties shall survive any investigation made by or for the Underwriter, delivery and payment of the Notes, and the termination of this agreement. Should the Issuer fail to satisfy any of the foregoing conditions or covenants, or if the Underwriter's obligations are terminated for any reasons permitted under this agreement, then neither the Underwriter nor the Issuer shall have any further obligations under this agreement, except that any expenses incurred shall be borne in accordance with Section 6.
- 8. This offer expires on the date, and at the time, set forth on Appendix A.

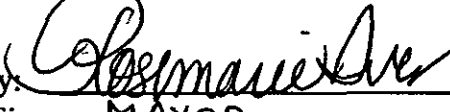
Respectfully submitted,

SEAFIRST BANK


By: Jane Towery, Vice President

Accepted September 2, 1997

CITY OF REDMOND


By: _____
Its: MAYOR
Date: 9.4.97

**APPENDIX A
DESCRIPTION OF NOTES**

- (a) **Purchase Price:** \$1,275,200.00 (\$99.625 per \$100).
- (b) **Denominations:** \$100,000 or integral multiples thereof, except that one Note shall be in the denomination of \$80,000 or \$100,000 or any integrated multiple thereof plus \$80,000.
- (c) **Form:** Certificated.
- (d) **Dated Date:** The Date of Delivery planned for September 24, 1997, or other such date as mutually agreed by Issuer and Underwriter.
- (e) **Interest Payment Date:** September 1, 1998
- (f) **Maturity Schedule:** Notes shall mature on September 1 and bear interest as follows:

Maturity September 1	Principal Amount	Rate	Yield
1999	\$1,280,000	4.30%	100

- (g) **Optional Redemption:** The City reserves the right to redeem and call the Notes prior to the stated date of maturity according to the terms of the Note Ordinance, on or after March 1, 1998, at the price of par plus accrued interest, if any, to the date of redemption.
- (h) **Closing Date:** September 24, 1997 or such other date that is agreed to by Issuer and Underwriter
- (i) **Offer Expires:** Midnight, September 2, 1997
- (j) **Bond Counsel:** Graham & James LLP/Riddell Williams P.S.