

ORDINANCE NO. 1971

ORIGINAL

AN ORDINANCE OF THE CITY OF REDMOND, WASHINGTON, PROVIDING FOR THE ISSUANCE OF ITS LOCAL IMPROVEMENT DISTRICT NO. 91-OW-55 BOND ANTICIPATION NOTES, 1998; PENDING THE RECEIPT OF THE PROCEEDS OF THE LOCAL IMPROVEMENT DISTRICT BONDS AUTHORIZED TO BE ISSUED BY ORDINANCE NO. 1705; FIXING THE DATE, AGGREGATE PRINCIPAL AMOUNT, INTEREST RATE, MATURITY, DENOMINATIONS, REDEMPTION AND REGISTRATION PRIVILEGES, TERMS, COVENANTS AND FORM OF THE NOTES; AND PROVIDING FOR THE SALE OF SUCH NOTES TO BANCAMERICA ROBERTSON STEPHENS, SEATTLE, WASHINGTON.

WHEREAS, by Ordinance No. 1705 (the "LID Ordinance"), after a public hearing thereon, the City ordered the construction of the project commonly known as the Southeast Redmond Storage Tank, together with related improvements, as set forth in Exhibit A to the LID Ordinance (the "Improvements"); established Local Improvement District No. 91-OW-55 (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. 1950, the City issued its \$2,288,000 maximum principal amount of Local Improvement District No. 91-OW-55 Bond Anticipation Note, 1997, dated November 1, 1997, and maturing on November 1, 1998 (the "Outstanding Note"), for the purpose of establishing a line of credit to provide funds to repay the City's \$2,288,000 maximum principal amount of Local Improvement District No. 91-OW-55 Bond Anticipation Note, 1996,

dated December 30, 1996; 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 local improvement district bond anticipation notes in an aggregate principal amount of \$2,345,000 to provide funds to repay and retire the Outstanding Note, together with interest thereon to the date of such repayment; and

WHEREAS, BancAmerica ROBERTSON STEPHENS, Seattle, Washington, has submitted an offer to purchase such bonds 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. Purpose and Description of Bonds. For the purpose of providing part of the funds necessary to repay and retire the Outstanding Note, together with the interest thereon to the date of such repayment, and to pay the costs incidental thereto and the costs related to the sale and issuance of the Notes, the City hereby provides for the sale and issuance of its "Local Improvement District No. 91-OW-55 Bond Anticipation Notes, 1998" (the "Notes"), in the aggregate principal amount of \$2,345,000. The Notes shall be issued in fully registered form as to both principal and interest, shall be dated the date of delivery and shall mature on March 15, 2000, shall be in the denomination of \$50,000 each or any integral multiple thereof, except for one Note in the amount of \$45,000 or \$45,000 plus \$50,000 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 "Registrars"), may deem necessary for the purpose of identification; and shall

bear interest at the rate of 4.20% per annum (computed on the basis of a 360-day year of twelve 30-day months), payable on March 1, 1999, and at the maturity or earlier redemption of the Notes.

If any Note is not paid upon proper presentment at its maturity or earlier redemption, the City shall be obligated to pay interest at the same rate for such Note 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 62A.8-105.

On the date of issue of the Notes, all Notes maturing in the same maturity year shall be issued in the form of a single certificate, which certificate shall be registered in the name of The Depository Trust Company or any successor thereto engaged to operate a book-entry system for recording the beneficial ownership of the Notes, as Custodian (the "Custodian"), or its nominee, and delivered to the Custodian. The Custodian shall hold each such Note certificate in fully immobilized form for the benefit of the beneficial owners of the Notes (the "Beneficial Owners") pursuant to the Letter of Representations (the "Letter of Representations"), from the City and the Registrar to the Custodian pertaining to the payment of the Notes and the book-entry system, until the earliest to occur of either (1) the date of maturity of the Notes evidenced by such certificate, at which time the Custodian shall surrender such certificate to the Registrar for payment of the principal of and interest on such Notes coming due on such date, and the cancellation thereof; (2) the fifth business day following the date of receipt by the Registrar of the City's request to terminate the book-entry system of registering the beneficial ownership of the Notes (the "Book-Entry Termination Date"); or (3) the date the City determines to utilize a new Custodian for the Notes, at which time the old Custodian shall (provided the City is not then

in default of any payment then due on the outstanding Notes) surrender the immobilized certificates to the Registrar for transfer to the new Custodian and cancellation as herein provided.

For so long as any outstanding Notes are registered in the name of the Custodian or its nominee and held by the Custodian in fully immobilized form as described in this Section 2, the rights of the Beneficial Owners shall be evidenced solely by an electronic and/or manual entry made from time to time on the records established and maintained by the Custodian in accordance with the Letter of Representations, and no certificates evidencing such Notes shall be issued and registered in the name of any Beneficial Owner or such Beneficial Owner's nominee.

The City may terminate the "book-entry" system of registering ownership of the Notes at any time (provided the City is not then in default of any payment then due on the outstanding Notes) by delivering to the Registrar: (a) a written request that it issue and deliver Note certificates to each Beneficial Owner or such Beneficial Owner's nominee on the Book-Entry Termination Date; (b) a list identifying the Beneficial Owners as to both name and address; and (c) a supply of Note certificates, if necessary for such purpose. Upon surrender to the Registrar of the immobilized certificates evidencing all of the then outstanding Notes, the Registrar shall issue and deliver new certificates to each Beneficial Owner or such Beneficial Owner's duly appointed agent, naming such Beneficial Owner or such Beneficial Owner's nominee as the Owner thereof. Such certificates may be in any integral multiple of \$50,000. Following such issuance, the Owners of such Notes may transfer and exchange such Notes in accordance with Section 7 hereof.

Neither the City nor the Registrar shall have at any time any responsibility or liability to any Beneficial Owner of any Notes or to any other person for any error, omission, action or failure to act on the part of the Custodian with respect to payment, when due, to the Beneficial

Owner of the principal and interest on the Notes, proper recording of beneficial ownership of Notes, proper transfers of such beneficial ownership, or any notices to Beneficial Owners or any other matter pertaining to the Notes.

Section 2. Place, Manner and Medium of Payment. Both principal of and interest on the Notes shall be payable in lawful money of the United States of America. Prior to the Book-Entry Termination Date, the principal and interest on the Notes shall be paid by the Registrar to the Custodian as the Owner (hereinafter defined) thereof, for the benefit of the Beneficial Owners thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, principal of and interest on the Notes shall be paid 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 only upon presentation and surrender of such Owners' Notes upon maturity or earlier redemption, at the principal corporate trust office of either Registrar, at the option of the Owners.

Section 3. Special Obligation of the City. The Notes are special fund obligations of the City, payable solely out of the Local Improvement Fund, District No. 91-OW-55 (the "Local Improvement Fund") created by Ordinance No. 1673 of the City, to be funded from the proceeds of local improvement district bonds authorized to be issued by the LID Ordinance, and other short-term obligations, which the City covenants to use its best efforts to issue, prepaid special benefit assessments within the District and/or other funds, if available for such purposes; or, if necessary, from the City's Local Improvement Guaranty Fund (the "Guaranty Fund"). The Notes are not general obligations of the City.

Section 4. Redemption; Notice; Cancellation. The City reserves the right and option to redeem the Notes prior to their stated maturity date, in whole or in part, on any date commencing March 15, 1999, by lot in such manner as the Registrar shall determine, at par plus interest accrued to the date of redemption, whenever there is sufficient money in the Note Fund to pay the Notes and the accrued interest thereon to the date of redemption.

Any Note in the principal amount of greater than \$50,000 may be partially redeemed in any integral multiple of \$50,000 or any integral multiple of \$50,000 plus \$45,000 with respect to the one Note including the \$45,000. 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.

Prior to the Book-Entry Termination Date, the Registrar shall give, or cause to be given, notice of a call for redemption of any Notes to the Custodian, as the Owner thereof, for the benefit of the Beneficial Owners thereof, in accordance with the Letter of Representations. From and after the Book-Entry Termination Date, and unless waived by the Owner of any Note to be redeemed, notice of any such redemption shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Owners of each Note to be redeemed at their respective addresses appearing on the Note Register on the day 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 period, postage prepaid, to such other persons, including registered securities depositories, and with such additional information as the City Finance Director shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Notes.

If such notice shall have been given as herein provided and the City shall have set aside, on the date fixed for redemption, funds sufficient to pay the full redemption price for the payment of all Notes called 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 purposes, except that the Owners thereof shall be entitled to receive payment of the redemption price and accrued interest to the redemption date from the money set aside for such purpose.

All Notes redeemed under this section shall be cancelled by the Registrars.

Section 5. Form and Execution of the Notes. The Notes shall be printed, typewritten or multicopied on good bond paper in a form consistent with the provisions of this ordinance and Washington law, and shall be signed on behalf of the City with the facsimile or manual signatures of the Mayor and 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 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 Registrars 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 6. 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 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 7. Registration and Transfer. The Registrars shall keep, or cause to be kept, at the principal corporate trust office of either or both of them, the Note Register, which shall at all times be open to inspection by the City. The Registrars are authorized to carry out all of the Registrars' powers and duties under this ordinance.

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. Prior to the Book-Entry Termination Date, the beneficial ownership of the Notes may only be transferred on the records established and maintained by the Custodian. On and after the Book-Entry Termination Date, no transfer of any Note shall be valid unless it is surrendered at any principal corporate trust office of the Registrars, with the assignment form appearing on such Note duly executed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrars 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 new Owner or transferee therefor (other than any

governmental fees or taxes payable on account of such transfer), a new Note of the same interest rate and for the same principal amount, 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 the Registrar and exchanged, without charge, for an equal aggregate principal amount of Notes of the same maturity and interest rate, in any authorized denomination as selected by the Owner. The Registrars shall not be obligated to transfer or exchange any Note during the 15 days preceding any applicable maturity or redemption date.

Either 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 (the "Code").

Section 8. 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 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 Registrars 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 9. 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 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 (the "Defeased Notes"), when due in accordance with their terms or upon the earlier redemption thereof in accordance with a refunding plan adopted by the City, are set aside in a special fund (the "Trust Account") to effect such payment or redemption and are pledged irrevocably for the purpose of effecting such payment or redemption, then no further payments need be made into the Local Improvement Fund for the payment of the principal of and interest on such Defeased Notes, the Owners thereon shall cease to be entitled to any lien, claim, benefit or security of this ordinance, the Local Improvement Fund or the Guaranty Fund except for the covenants in Section 13 of this ordinance, which shall survive the defeasance hereof until the actual payment of the notes and 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 Defeased Notes shall no longer be deemed to be outstanding hereunder.

Section 10. Preliminary Official Statement Declaration. The City has been provided with copies of a preliminary official statement dated February 25, 1998 (the "Preliminary Official

Statement"), prepared by BancAmerica ROBERTSON STEPHENS (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 the offering prices, interest rates, selling compensation, delivery dates, ratings and other terms of the Notes dependent on such matters.

Section 11. Sale of the Notes; Delivery; Temporary Notes. The Purchaser has submitted a written purchase offer (the "Purchase Offer") to the City in which it has offered to purchase the Notes under the terms and conditions provided in the Purchase Offer, which Purchase Offer is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that accepting the Purchase Offer is in the City's best interest and therefore accepts the Purchase Offer and authorizes the execution thereof to evidence such acceptance by the appropriate City officials.

The Notes will be printed at City expense and will be delivered to the Purchaser in accordance with the Purchase Offer with the approving legal opinion of Gottlieb, Fisher & Andrews, PLLC, bond counsel of Seattle, Washington, relative to the issuance of the Notes, printed on or attached to each Note. 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 prepared or used by any person in connection with the offer or sale of 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 appropriate City officials are authorized and directed to approve and/or execute 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 delivery of definitive Notes to the Purchaser and for the proper application and use of the proceeds of the sale thereof.

Pending the printing, execution and delivery to the purchaser of the definitive Notes, the City may cause to be executed and delivered to the Purchaser a single temporary Note in the total amount of the Notes. Such temporary Note shall bear the same date of issuance, interest rates, options of redemption, terms and covenants as the definitive Notes and shall be issued as a fully registered Note in the name of the Purchaser, and shall be in such form as is acceptable to the Purchaser. Such temporary Note shall be exchangeable without cost to the Owner thereof for definitive Notes when the latter are ready for delivery.

Section 12. Application of Note Proceeds. The accrued interest on the Notes, if any, received upon the sale of the Notes shall be deposited into the Local Improvement Fund and shall be applied to the payment of interest coming due on the Notes. The principal proceeds received upon the sale of the Notes shall be deposited into the Local Improvement Fund and applied, together with other moneys of the City, to repay and retire the Outstanding Note, together with the interest thereon to the date of repayment, and to pay the costs related to the issuance of the Notes.

Section 13. Tax-Exemption Findings and 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 the 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 the 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 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.

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 covenants that it will not issue more than \$10,000,000 of "qualified tax-exempt obligations," as defined in Section 265 of the Code (relating to the partial interest expense deduction authorized for banks, thrift institutions and certain other financial institutions) during calendar year 1998. The City hereby designates the Notes as "qualified tax-exempt obligations" for such purposes 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.

Section 14. Undertaking to Provide Continuing Disclosure. This section constitutes the City's written undertaking for the benefit of the Owners and Beneficial Owners of the Notes required by subsection (b)(5)(i) of 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, 1998, 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 outstanding balance of obligations secured by the Guaranty Fund at the end of such fiscal year;

(c) The balance of money and investments (based upon fair market value) in the Guaranty Fund at the end of such fiscal year;

(d) A narrative explanation of the reasons for any amendments to this Section 14 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") or any other 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 or Beneficial 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 or Beneficial 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 14 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 14 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 14 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 or Beneficial Owner of Notes to enforce the provisions of this Section 14 shall be limited to the right to obtain specific enforcement of the City's obligations

under this Section 14, 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.

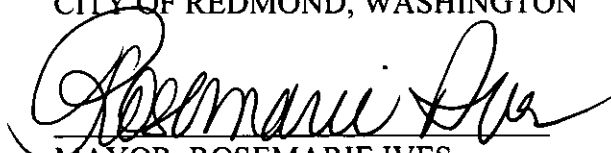
The City Finance Director is authorized and directed to take such further action on behalf of the City as may be necessary, appropriate or convenient to carry out the requirements of this Section 14.

Section 15. Contract; Severability. The covenants contained in Sections 1 through 14, inclusive, of 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 16. Year 2000. The City has conducted a comprehensive review and assessment of the City's computer applications and made inquiry of the City's key suppliers, vendors, and customers with respect to the "year 2000 problem" (that is, the risk that computer applications may not be able to properly perform date-sensitive functions after December 31, 1999) and, based on that review and inquiry, the City does not believe the year 2000 problem will result in a material adverse change in the City's business conditions (financial or otherwise), operations, properties or prospects, or ability to repay the credit.

Section 17. Effective Date. This ordinance shall take effect from and after its passage and five days following its publication as required by law.

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:	March 3, 1998
PASSED BY THE CITY COUNCIL:	March 3, 1998
PUBLISHED:	March 7, 1998
EFFECTIVE DATE:	March 12, 1998
ORDINANCE NO. <u>1971</u>	

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