

AN ORDINANCE RELATING TO THE INCURRENCE OF INDEBTEDNESS; PROVIDING FOR THE ISSUANCE, AS AUTHORIZED BY ORDINANCE NO. 1344, OF LIMITED TAX GENERAL OBLIGATION BONDS, 1988, IN THE PRINCIPAL AMOUNT OF \$2,700,000; PROVIDING FOR THE DATE, DENOMINATIONS, FORM, TERMS, REDEMPTION AND REGISTRATION PRIVILEGES, MATURITIES, INTEREST RATES AND COVENANTS OF THE BONDS; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL THEREOF AND THE INTEREST THEREON; PROVIDING FOR THE ESTABLISHMENT OF A BOND FUND FOR THE BONDS; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF THE SALE OF THE BONDS; AND PROVIDING FOR THE SALE AND DELIVERY OF SUCH BONDS TO SEATTLE-NORTHWEST SECURITIES CORPORATION, SEATTLE, WASHINGTON.

WHEREAS, pursuant to Ordinance No. 1344, the City Council deemed it to be in the best interests of the City that (a) the City incur indebtedness and issue up to \$6,000,000 in aggregate principal amount of its limited tax general obligation bonds for the purpose of providing the funds necessary to pay the costs of acquiring real property within the City for the purposes of constructing and equipping a new police building and senior citizens center thereon, and the incidental costs and the costs related to the sale and issuance of the bonds and notes authorized by Ordinance No. 1344 (collectively, the "CIP Phase I Land Acquisition Project"); and (b) pending the issuance of such bonds, the City issue up to \$4,000,000 in aggregate principal amount of limited tax general obligation bond anticipation notes for such purpose; and

WHEREAS, pursuant to Ordinance No. 1344, the City issued its \$4,000,000 par value City of Redmond, Washington, Limited Tax General Obligation Bond Anticipation Notes, 1986, dated November 18, 1986, and maturing on November 17, 1987 (the "1986 Notes") for the purpose of paying the costs of the CIP Phase I Land Acquisition Project; and

WHEREAS, pursuant to Ordinance No. 1388, the City issued its \$3,000,000 par value City of Redmond, Washington, Limited Tax General Obligation Bond Anticipation Notes, 1987, dated November 17, 1987, and maturing on November 15, 1988 (the "1987

Notes") for the purpose of paying part of the cost of paying and refunding the 1986 Notes; and

WHEREAS, the City Council deems it to be in the best interests of the City that the City incur indebtedness and issue its limited tax general obligation bonds, as authorized by Ordinance No. 1344, for the purpose of providing part of the funds necessary to pay and redeem the 1987 Notes; and

WHEREAS, the issuance of the bonds will not require prior submission to and approval by the voters of the City and the bonds when issued, will not violate any constitutional or statutory debt limitations applicable to the City;

WHEREAS, Seattle-Northwest Securities Corporation, Seattle, Washington, has submitted an offer to purchase such bonds; NOW THEREFORE,

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

SECTION 1. Purpose and Description of Bonds.

A. Purpose. For the purpose of providing part of the funds necessary to pay and redeem the 1987 Notes previously issued to refinance the CIP Phase I Land Acquisition Project pending the issuance of bonds, the City hereby provides for the sale and issuance of its "Limited Tax General Obligation Bonds, 1988" (the "Bonds"), as previously authorized by Ordinance No. 1344.

B. Description. The Bonds shall be in the aggregate principal amount of \$2,700,000; shall be dated November 1, 1988; 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 within a single maturity; 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 "Registrar"), deem necessary for purposes of identification; shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date to which interest has been paid or duly provided for,

whichever is later, payable on June 1, 1989, and on December 1 and June 1 of each year thereafter to the maturity or earlier redemption thereof, at the rates set forth below; and shall mature on December 1 in each of the years and in the principal amounts set forth below:

<u>Maturity Years</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
1989	\$315,000	5.80%
1990	345,000	6.00
1991	365,000	6.15
1992	390,000	6.25
1993	415,000	6.35
1994	440,000	6.45
1995	430,000	6.55

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

The Bonds 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 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 paid by check or draft mailed (or, if approved by the City Finance Director, by wire transfer) on the interest payment date, to the persons who are named as the registered owners of the Bonds (the "Owners") on the registration books for the Bonds (the "Bond Register") maintained by the Registrar, at the addresses for such Owners appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the Owners at either of the principal offices of the Registrar.

SECTION 3. Redemption; Notice; Open Market Purchase;

Cancellation.

A. Optional Redemption. The Bonds maturing in the years 1989 through 1993, inclusive, are not subject to redemption prior to maturity. The City reserves the right to redeem the Bonds maturing on or after December 1, 1994, beginning on December 1, 1993, as a whole at any time, or in part on any interest payment date (maturities to be selected by the City and by lot within a maturity in such manner as the Registrar shall determine), at par plus accrued interest to the date fixed for redemption.

B. Partial Redemption. Any Bond in the principal amount of greater than \$5,000 may be partially redeemed in any integral multiple of \$5,000. In such event, upon surrender of such Bond at either of the principal offices of the Registrar, a new Bond or Bonds (at the option of the Owner) of the same maturity and interest rate and in the aggregate principal amount remaining unredeemed, in any denomination authorized by this ordinance, shall be authenticated and delivered to the Owner, without charge to the Owner therefor.

C. Notice and Effect of Redemption. Notice of any such intended 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 Owner of each Bond to be redeemed at the address appearing on the Bond 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 Bond. In addition, such redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service and Standard & Poor's Corporation at their offices in New York, New York, or their successors, and 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 Bonds.

If such notice shall have been given and the City shall have set aside, on the date fixed for redemption, sufficient money for the payment of all Bonds called for redemption, the Bonds so called shall cease to accrue interest after such redemption date, and all such Bonds 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.

D. Open Market Purchase. The City reserves the right to purchase any or all of the Bonds on the open market at any time and at any price.

E. Cancellation of Bonds. All Bonds purchased and redeemed under this section shall be cancelled.

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

SECTION 5. Pledge of Full Faith, Credit and Resources. The Bonds are general obligations of the City. Unless the principal of and interest on the Bonds are paid from other sources, so long as the Bonds 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 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 Bond Fund.

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 Bonds 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 Bonds are outstanding, together with any other money legally available therefor, will be and is hereby set aside, pledged and

appropriated for the payment of the principal of and interest on the Bonds as the same shall become due.

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

SECTION 7. Execution of Bonds. The Bonds 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 Bond shall cease to be such officer or officers of the City before the Bond so signed shall have been authenticated or delivered by the Registrar or issued by the City, such Bond 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 Bond also may 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 such persons were not such officers of the City.

SECTION 8. Authentication and Delivery of Bonds by Registrar. The Registrar is authorized and directed, on behalf of the City, to authenticate and deliver Bonds initially issued or transferred or exchanged in accordance with the provisions of such Bonds and this ordinance.

Only such Bonds as shall bear thereon a "Certificate of Authentication" manually executed by an authorized representative of 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 Bonds 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 Bonds.

SECTION 9. Registration.

A. Bond Register. The Registrar shall keep, or cause to be kept, the Bond Register at its principal corporate trust offices.

B. Registered Ownership. The City and the Registrar, each in its discretion, may deem and treat the Owner of each Bond 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 Bond shall be made only as described in Section 3 hereof, but such registration may be transferred as herein provided. All such payments made as provided in Section 3 hereof 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. Transfer or Exchange of Registered Ownership. The registered ownership of any Bond may be transferred or exchanged, but no transfer of any Bond shall be valid unless it is surrendered to the Registrar, with the assignment form appearing on such Bond duly executed by the Owner or such Owner's duly authorized agent, in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Owner or transferee therefor (other than taxes payable on account of such transfer), a new Bond or Bonds (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 Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to transfer or exchange any Bond during the 15 days preceding any applicable interest payment, principal payment or redemption date.

D. Registrar's Ownership of Bonds. The Registrar may become the Owner of any Bond 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 a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners of the Bonds.

E. Registration Covenant. The City covenants that, until all Bonds shall have been surrendered and cancelled, it will maintain a system of recording the ownership of each Bond that complies with the provisions of the Internal Revenue Code.

SECTION 10. Mutilated, Lost, Stolen or Destroyed Bonds. If any Bond becomes mutilated, lost, stolen or destroyed, the Registrar may authenticate and deliver a new Bond 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 Bond 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 Bond and of the ownership thereof, and such additional security, indemnity or evidence as may be required by or on behalf of the City. No substitute Bond shall be furnished unless the applicant shall reimburse the City and the Registrar for their respective expenses in the furnishing thereof. Any such substitute Bond so furnished shall be equally and proportionately entitled to the security of this ordinance with all other Bonds 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 all of the principal of and interest on all or a portion of the Bonds of either series, 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 (hereinafter called 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 Bond Fund for the payment of the principal of and the interest on such Bonds, the Owners thereof shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the money and the principal and interest proceeds on the obligations set aside in the trust account, and such Bonds shall no longer be deemed to be outstanding hereunder.

SECTION 12. Sale of the Bonds; Delivery; Temporary Bonds.

Seattle-Northwest Securities Corporation of Seattle, Washington, has presented a Bond Purchase Agreement (the "Purchase Contract") to the City whereunder Seattle-Northwest Securities Corporation has offered to purchase the Bonds under the terms and conditions provided in the Purchase Contract, which written Purchase Contract is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Purchase Contract is in the City's best interest and therefore accepts the offer contained in the Purchase Contract and authorizes the execution of the Purchase Contract by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the Purchase Contract offer with the approving legal opinion of Riddell, Williams, Bullitt & Walkinshaw, bond counsel of Seattle, Washington, relative to the issuance of the Bonds, printed on each bond. Bond counsel 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 Bonds, 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 Bonds.

The proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to Seattle-Northwest Securities Corporation and for the proper application and use of the proceeds of the sale thereof.

If definitive Bonds are not ready for delivery by the date established for closing, the City Finance Director, upon the approval of Seattle-Northwest Securities Corporation, may cause to be issued and delivered to the purchasers one or more temporary Bonds with appropriate omissions, changes and additions. Any temporary Bond or Bonds 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 Bonds authorized hereby. Such temporary Bond or Bonds shall be exchangeable without cost to the Owners thereof for definitive Bonds when the latter are ready for delivery.

SECTION 13. Establishment of Bond Fund; Application of Bond Proceeds. There is hereby created and established in the office of the City Finance Director a special fund to be designated as the "CIP Phase I Bond Fund" (the "Bond Fund"). The accrued interest on the Bonds, if any, received upon the sale of the Bonds shall be deposited into the Bond Fund and shall be applied to the payment of interest coming due on the Bonds. The principal proceeds received upon the sale of the Bonds shall be deposited into the Note Repayment Account of the CIP Phase I Land Acquisition and Note Repayment Fund created pursuant to Ordinance No. 1344, and immediately applied to pay a part of the costs of paying and redeeming the 1987 Notes.

SECTION 14. 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 Bonds 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 from

time to time be required under applicable law to continue the exclusion of the interest on the Bonds 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 Bonds or of its other money at any time during the term of the Bonds which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code").

The City further covenants that, if all the proceeds of the Bonds have not been spent within six months from the date of issuance of the Bonds, the City shall calculate or cause to be calculated, and shall rebate to the United States, all earnings from the investment of Bond 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 Bonds, 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 Bonds or any other funds held under this ordinance which would cause any Bond 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 Internal Revenue Code, unless the tax exemption thereof is not affected.

The City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue 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 1988.

SECTION 15. Contract; Severability. The covenants contained in this ordinance shall constitute a contract between the City and the Owners of each and every Bond. The City unconditionally covenants that it will keep and perform all of the covenants of the Bonds 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 Bonds, and this ordinance and the Bonds shall be construed and enforced as if such unconstitutional or invalid provision had not been contained herein.

Section 16. Effective Date. This ordinance shall take effect from and after its passage and five days following its publication or posting as required by law.

CITY OF REDMOND, WASHINGTON

*Doreen Marchione*  
MAYOR, DOREEN MARCHIONE

ATTEST/AUTHENTICATED:

*Doris A. Schuible*  
CITY CLERK, DORIS A. SCHAIBLE

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

BY *Jay C. Porter*

FILED WITH THE CITY CLERK:	10/20/88
PASSED BY THE CITY COUNCIL:	10/25/88
SIGNED BY THE MAYOR:	10/25/88
PUBLISHED:	10/30/88
EFFECTIVE DATE:	11/4/88
ORDINANCE NO. <u>1453</u>	