

CITY OF KIRKLAND, WASHINGTON
UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2013

ORDINANCE NO. 4420

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE ISSUANCE AND SALE OF AN UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF \$4,670,000 TO REFUND CERTAIN OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY, AND PAY FOR COSTS OF ISSUANCE OF THE BOND; PROVIDING THE FORM AND TERMS OF THE BOND; AND APPROVING THE SALE OF SUCH BOND.

APPROVED ON OCTOBER 15, 2013

PREPARED BY:

K&L GATES LLP
Seattle, Washington

CITY OF KIRKLAND
ORDINANCE NO. 4420
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* This Table of Contents and the cover page are not a part of the following ordinance and are included only for the convenience of the reader.

ORDINANCE NO. 4420

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE ISSUANCE AND SALE OF AN UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF \$4,670,000 TO REFUND CERTAIN OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY, AND PAY FOR COSTS OF ISSUANCE OF THE BOND; PROVIDING THE FORM AND TERMS OF THE BOND; AND APPROVING THE SALE OF SUCH BOND.

WHEREAS, the City of Kirkland, Washington (the "City") now has outstanding its Unlimited Tax General Obligation Bonds, 1995, issued pursuant to Ordinance No. 3483, under date of August 1, 1995, in the original principal amount of \$1,020,000 (the "1995 Bonds"), maturing in the remaining principal amounts and bearing interest as follows:

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2013	\$ 80,000	5.70%
2014	85,000	5.70

; and

WHEREAS, the 1995 Bonds are callable for redemption in whole on any date, or in part on any interest payment date, on or after December 1, 2005, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the City now has outstanding its Unlimited Tax General Obligation Bonds, 2003, issued pursuant to Ordinance No. 3878, under date of January 15, 2003, in the original principal amount of \$8,400,000 (the "2003 Bonds"), maturing in the remaining principal amounts and bearing interest as follows:

<u>Maturity Years (December 1)</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
2013	\$ 405,000	3.80%
2014	420,000	4.00
2015	440,000	4.00
2016	460,000	4.10
2018	1,000,000	5.20
2020	1,070,000	5.20
2022	1,180,000	5.20

; and

WHEREAS, the 2003 Bonds are callable for redemption at any time on or after June 1, 2013, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, as a result of changed market conditions, it appears that debt service savings may be obtained by refunding the 1995 Bonds and the 2003 Bonds through the issuance of an unlimited tax general obligation refunding bond of the City in the aggregate principal amount of \$4,670,000 (hereinafter defined as the "Bond"); and

WHEREAS, the City has received a written offer to purchase the Bond from SunTrust Equipment Finance & Leasing Corp. (the "Purchaser"), and the City Council wishes to accept such offer on the terms and conditions set forth therein and herein;

NOW, THEREFORE, the City Council of the City of Kirkland do ordain as follows:

Section 1. Definitions and Interpretation of Terms.

(a) *Definitions.* As used in this ordinance, the following words shall have the following meanings:

Bond means the City of Kirkland, Washington Unlimited Tax General Obligation Refunding Bond, 2013, to be issued in the aggregate principal amount of \$4,670,000 pursuant to this ordinance.

Bond Fund means the City of Kirkland Unlimited Tax General Obligation Bond Redemption Fund maintained pursuant to Section 10 of this ordinance.

Bond Purchase Offer means the offer letter of the Purchaser dated September 24, 2013.

Bond Register means the registration records maintained by the Bond Registrar for the purpose of identifying ownership of the Bond.

Bond Registrar means the fiscal agency of the state of Washington, whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond and paying the principal of and interest on the Bond.

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

Call Date means October 29, 2013.

City means the City of Kirkland, Washington, a municipal corporation of the State of Washington.

Code means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

Costs of Issuance Agreement means the Costs of Issuance Agreement between the City and the Escrow Agent to be dated as of the date of closing and delivery of the Bond.

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

Designated Representative means the City Manager or the Director of Finance and Administration of the City and shall include any successor in function to either of them and any additional employee or officer of the City appointed in writing by either of them.

Escrow Agreement means the Escrow Deposit Agreement between the City and the Escrow Agent to be dated as of the date of closing and delivery of the Bond.

Escrow Agent means U.S. Bank National Association, Seattle, Washington.

Fixed Rate means a rate of 2.30% per annum.

Maturity Date means December 1, 2022.

Net Proceeds, when used with reference to the Bond, means the principal amount of the Bond, plus accrued interest and original issue premium, if any, and less original issue discount, if any.

1995 Bonds means the Unlimited Tax General Obligation Bonds, 1995 of the City issued under date of August 1, 1995, as more particularly described in the recitals of this ordinance.

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

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

Purchaser means SunTrust Equipment Finance & Leasing Corp., Towson, Maryland, and any business successor thereto.

Refunded Bonds means, collectively, the 1995 Bonds and the 2003 Bonds.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register.

Tax Certificate means the certificate with respect to federal tax matters relating to the Bond to be executed by a Designated Representative on the date of issuance of the Bond.

2003 Bonds means the Unlimited Tax General Obligation Bonds, 2003 of the City issued under date of January 15, 2003, as more particularly described in the recitals of this ordinance.

(b) *Interpretation.* In this ordinance, unless the context otherwise requires:

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

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

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

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

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

Section 2. Authorization of Bond. The City is hereby authorized to issue an unlimited tax general obligation refunding bond (the "Bond") in the principal amount of \$4,670,000, and sell the Bond to the Purchaser, for the purpose of providing the funds necessary to refund the Refunded Bonds and pay all or a portion of the costs incidental to the foregoing and to the issuance of the Bond.

Section 3. Description of Bond. The Bond shall be designated "City of Kirkland, Washington Unlimited Tax General Obligation Refunding Bond, 2013," shall be dated as of the date of its delivery to the Purchaser, shall be fully registered as to both principal and interest, shall be issued as a single fully registered bond, and shall be numbered in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bond shall bear interest on unpaid principal from its date or the most recent date to which interest has been paid at the Fixed Rate. Interest on the Bond shall be calculated on the basis of a year of 360 days and twelve 30-day months. Interest shall be payable semiannually on each June 1 and December 1, commencing June 1, 2014 to the Maturity Date, as shown below. Principal shall be payable annually on each December 1, commencing on December 1, 2014 to the Maturity Date, as shown below.

Payment Date	Principal Amount	Interest Amount	Installment Total
06/01/2014	--	\$ 63,252.56	\$ 63,252.56
12/01/2014	\$ 540,000.00	53,705.00	593,705.00
06/01/2015	--	47,495.00	47,495.00
12/01/2015	475,000.00	47,495.00	522,495.00
06/01/2016	--	42,032.50	42,032.50
12/01/2016	490,000.00	42,032.50	532,032.50
06/01/2017	--	36,397.50	36,397.50
12/01/2017	510,000.00	36,397.50	546,397.50
06/01/2018	--	30,532.50	30,532.50
12/01/2018	520,000.00	30,532.50	550,532.50
06/01/2019	--	24,552.50	24,552.50
12/01/2019	515,000.00	24,552.50	539,552.50
06/01/2020	--	18,630.00	18,630.00
12/01/2020	530,000.00	18,630.00	548,630.00
06/01/2021	--	12,535.00	12,535.00
12/01/2021	540,000.00	12,535.00	552,535.00
06/01/2022	--	6,325.00	6,325.00
12/01/2022	550,000.00	6,325.00	556,325.00

Section 4. Registration, Transfer and Payments.

(a) *Appointment of Bond Registrar.* The City hereby specifies and adopts the system of registration and transfer for the Bond approved by the Washington State Finance Committee from time to time through the appointment of a state fiscal agency. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

(b) *Bond Register.* The Bond shall be in registered form as to both principal and interest.

(c) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of the Bond as the absolute owner thereof for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of the Bond shall be made only as described in this section and Section 3 hereof. All such payments made as described in this section and Section 3 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.

The Bond is not transferable, except in whole to another financial institution.

Principal of and interest on the Bond shall be payable in lawful money of the United States of America. Installments of principal of and interest on the Bond shall be paid by check, wire, or electronic transfer on the date due to the Purchaser; *provided, however*, the final installment of principal on the Bond shall be payable only upon presentation and surrender of the Bond by the Registered Owner at the principal office of the Bond Registrar.

Section 5. No Prepayment. The Bond is not subject to prepayment.

Section 6. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$4,670,000

STATE OF WASHINGTON

CITY OF KIRKLAND

UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2013

INTEREST RATE: 2.30%

MATURITY DATE: DECEMBER 1, 2022

REGISTERED OWNER: SUNTRUST EQUIPMENT FINANCE & LEASING CORP.
300 E. Joppa Road, 7th Floor
Towson, MD 21286

TAX IDENTIFICATION #: 26-1256148

PRINCIPAL AMOUNT: FOUR MILLION SIX HUNDRED SEVENTY THOUSAND AND NO/100
DOLLARS

The City of Kirkland, Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, the Principal Amount specified above, together with interest thereon, at the Interest Rate specified above. Interest shall be payable semiannually on each June 1 and December 1, commencing June 1, 2014 to the Maturity Date as set forth above. Principal shall be payable annually on each December 1, commencing on December 1, 2014 to the Maturity Date set forth above, as shown below.

Payment Date	Principal Amount	Interest Amount	Installment Total
06/01/2014	--	\$ 63,252.56	\$ 63,252.56
12/01/2014	\$ 540,000.00	53,705.00	593,705.00
06/01/2015	--	47,495.00	47,495.00
12/01/2015	475,000.00	47,495.00	522,495.00
06/01/2016	--	42,032.50	42,032.50
12/01/2016	490,000.00	42,032.50	532,032.50
06/01/2017	--	36,397.50	36,397.50
12/01/2017	510,000.00	36,397.50	546,397.50
06/01/2018	--	30,532.50	30,532.50
12/01/2018	520,000.00	30,532.50	550,532.50
06/01/2019	--	24,552.50	24,552.50
12/01/2019	515,000.00	24,552.50	539,552.50
06/01/2020	--	18,630.00	18,630.00
12/01/2020	530,000.00	18,630.00	548,630.00
06/01/2021	--	12,535.00	12,535.00
12/01/2021	540,000.00	12,535.00	552,535.00
06/01/2022	--	6,325.00	6,325.00
12/01/2022	550,000.00	6,325.00	556,325.00

Interest on this bond shall be calculated on the basis of a year of 360 days and twelve 30-day months. So long as a breach or default in any representation, warranty or covenants, set forth in the Ordinance or the Bond is continuing, the Registered Owner may increase the interest rate on the Bond by 150 basis points (1.5%) by notice to the City and Bond Register; provided that if such a failure by the City to comply with any of its obligations or to perform any of its duties is other than a payment obligation under the Ordinance or the Bond, then such failure shall not constitute a breach or default for purposes of the increase in interest, unless the City fails to cure such failure within 30 days after the Registered Owner has made written demand on the City to cure such failure, and provided further, that so long as the City has been diligently pursuing the cure of such failure and continues to pursue the cure of such failure, then the City shall have an additional 30 days to so cure.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Regular payments of principal and interest shall be made by the fiscal agency of the State of Washington, as the registrar, paying agent and authentication agent (the "Bond Registrar") mailed on the date such principal and interest is due or by electronic funds transfer made on the date such interest is due to the registered owner or nominee at the address appearing on the Bond Register. The final payment of principal and interest shall be paid only upon presentation and surrender of this bond to the Bond Registrar.

This bond is not subject to prepayment.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. 4420 duly passed by the City Council on October 15, 2013 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

The Bond Registrar's Certificate of Authentication on the Bond shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: October 29, 2013

This is the Unlimited Tax General Obligation Refunding Bond, 2013, of City of Kirkland, Washington, as described in the within mentioned Bond Ordinance and dated this 29th day of October, 2013.

WASHINGTON STATE FISCAL AGENCY, as
Bond Registrar

By _____

Section 7. Execution of Bond; Default Remedies. The Bond shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and City Clerk of the City and the seal of the City shall be impressed, imprinted or otherwise reproduced thereon. The Bond shall not be valid or obligatory for any purpose or entitled to the benefits of this ordinance unless and until a Certificate of Authentication, in the form hereinbefore recited, has been manually executed by or on behalf of the Bond Registrar or its duly designated agent.

In case either of the officers who shall have executed the Bond shall cease to be an officer or officers of the City before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, the Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Bond may be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Bond are the proper officers of the City, although at the original date of the Bond any such person shall not have been such officer of the City.

The Registered Owner of the Bond shall have and possess all the rights of action and remedies afforded by the common law, the Constitution and statutes of the State of Washington, and of the United States of America, for the enforcement of payment of its Bond and interest thereon, and of the pledge of the tax revenues made hereunder, and of all covenants of the City hereunder. So long as a breach or default in any representation, warranty or covenants, set forth in this Ordinance or the Bonds is continuing, the Registered Owner may increase the interest rate on the Bond by 150 basis points (1.5%) by notice to the City and Bond Register; provided that if such a failure by the City to comply with any of its obligations or to perform any of its duties is other than a payment obligation under this Ordinance or the Bond, then such failure shall not constitute a breach or default for purposes of the increase in interest, unless the City fails to cure such failure within 30 days after the Registered Owner has made written demand on the City to cure such failure, and provided further, that so long as the City has been diligently pursuing the cure of such failure and

continues to pursue the cure of such failure, then the City shall have an additional 30 days to so cure.

Section 8. Refunding Plan; Application of Bond Proceeds.

(a) *Refunding.* The net proceeds of sale of the Bond in the dollar amount certified by the City to the Escrow Agent shall be delivered to the Escrow Agent for the purpose of defeasing the Refunded Bonds and paying costs of issuance.

Money received by the Escrow Agent from Bond proceeds and other money provided by the City, shall be used immediately by the Escrow Agent upon receipt thereof in accordance with the terms of the Escrow Agreement to defease the Refunded Bonds as authorized by Ordinance No. 3483 and Ordinance No. 3878. The City shall defease the Refunded Bonds and discharge such obligations by the use of money deposited with the Escrow Agent that will provide for the payment of each of the Refunded Bonds as follows:

(1) interest on the Refunded Bonds coming due on each date on which interest is due and payable, to and including the Call Date; and

(2) the redemption price of the Refunded Bonds (100% of the principal amount thereof) on the Call Date.

(b) *Appointment of Escrow Agent.* The Council hereby appoints U.S. Bank National Association, Seattle, Washington, to act as the escrow agent for the Refunded Bonds (the "Escrow Agent"). The Bond proceeds designated in the foregoing subsection together with a cash contribution from the City may be transferred to the Escrow Agent in order to implement the refunding plan, in an amount sufficient to defease the Refunded Bonds.

(c) *Call For Redemption of the Refunded Bonds.* The City hereby irrevocably sets aside sufficient funds from proceeds of the Bond together with a cash contribution of the City to make the payments described in subsection (a) above.

The City hereby irrevocably calls the Refunded Bonds for redemption on the Call Date in accordance with terms of Ordinance No. 3483 and Ordinance No. 3878 authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturities.

Said defeasance and call for redemption of the Refunded Bonds shall be effective and irrevocable after the final establishment of the escrow account and delivery of the Bond proceeds to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to provide for the giving of notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of Ordinance No. 3483 and Ordinance No. 3878. The Designated Representative of the City is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notices shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the bond registrar for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in this section of this ordinance. All such sums shall be paid from the moneys deposited with said Escrow Agent pursuant to this section of this ordinance, and the income therefrom and proceeds thereof. All moneys deposited with said bank and any income therefrom shall be credited to a refunding account and held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of this ordinance and with the laws of the State of Washington for the benefit of the City and owners of the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due.

(d) *Escrow Agreement and Costs of Issuance Agreement.* The Designated Representative is authorized and directed to execute and deliver to the Escrow Agent an Escrow Deposit Agreement and Costs of Issuance Agreement.

The City hereby irrevocably sets aside for and pledges to the payment of the Refunded Bonds the moneys to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance of the Refunded Bonds set forth herein and in the Escrow Agreement. When all of the Refunded Bonds shall have been redeemed and retired, the City may cause any remaining money to be transferred to the Bond Fund for the purposes set forth above.

Section 9. Tax Covenants.

(a) *Arbitrage Covenant.* The City hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the City which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code which will cause the Bond to be "arbitrage bonds" within the meaning of said section and said regulations. The City will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) and the applicable regulations thereunder throughout the term of the Bond.

(b) *Private Person Use Limitation for the Bond.* The City covenants that for as long as the Bond is outstanding, it will not permit:

(1) More than ten percent of the Net Proceeds of the Bond to be used for any Private Person Use; and

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

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bond are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bond in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use, then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the project financed or refinanced with Bond proceeds, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the projects to which the Private Person Use of such portion of such project relates. The City further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to comply with the requirements of the Code. The covenants of this section are specified solely to assure compliance with the Code.

(c) *Designation under Section 265(b) of the Code.* The City hereby designates the Bond as a "qualified tax-exempt obligation" for purchase by financial institutions pursuant to Section 265(b) of the Code. The City does not anticipate that it will issue more than \$10,000,000 in qualified tax-exempt obligations during the year 2013.

(d) *Compliance with Tax Certificate.* The City covenants to comply with all representations, covenants and assurances contained in the Tax Certificate, which Tax Certificate shall constitute a part of the contract between the City and the Registered Owner of the Bond.

Section 10. Bond Fund and Provision for Tax Levy Payments. A special fund of the City known as the "City of Kirkland Unlimited Tax General Obligation Bond Redemption Fund" (the "Bond Fund"), is maintained in the office of the Director of Finance and Administration of the City. The Bond Fund shall be drawn upon for the purpose of paying the principal of and interest on the Bond. Money in the Bond Fund not needed to pay the interest or principal next coming due may temporarily be deposited in legal investments for City funds.

The City hereby irrevocably covenants that, unless the principal of and interest on the Bond are paid from other sources, it will make annual levies of taxes without limitation as to rate or amount upon all of the property in the City subject to taxation for the payment of debt service on the Bond in amounts sufficient to pay such principal and interest as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and for the prompt payment of such principal and interest.

Section 11. Sale of Bond. The City hereby ratifies and confirms its acceptance of the Bond Purchase Offer dated September 24, 2013 to purchase the Bond on the terms specified therein and in this ordinance. The City shall pay the Purchaser's legal review fees of \$5,000 to

the Purchaser, which shall be payable upon the closing and delivery of the Bond. The proper City officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bond to the Purchaser and for the proper application and use of the proceeds of sale thereof. In furtherance of the foregoing, the Designated Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including the fees and expenses specified in the Bond Purchase Offer, including fees and expenses of the Financial Advisor and other retained services, including Bond Counsel and Escrow Agent, and other expenses customarily incurred in connection with issuance and sale of bonds. The disbursement of Bond proceeds to pay certain costs of issuance shall be made by the Escrow Agent under the terms set forth in the Cost of Issuance Agreement.

Section 12. Undertaking to Provide Ongoing Disclosure. The City is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more.

The City shall provide to Registered Owner, the following:

(a) So long as not otherwise available publicly, annual audited financial statements when available from the Washington State Auditor;

(b) So long as not otherwise available publicly, its biennial budget for the succeeding two fiscal years, within 10 days of the end of the first quarter of the first year of the new biennial period; and

(c) Such other information relating to the ability of the City, to satisfy its obligations under the Bond, as may be reasonably requested by the Registered Owner from time to time.

Section 13. Lost, Stolen or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the City evidence satisfactory to the City that the Bond was actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and/or the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

Section 14. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 15. Effective Date. This ordinance shall be in force and effect five days from and after its passage by the Kirkland City Council and publication, pursuant to Kirkland Municipal Code 1.08.017.

Passed by a majority vote of the Kirkland City Council in regular, open meeting this 15th day of October, 2013 and approved by the City Council as required by law.

Signed in authentication thereof this 15th day of October, 2013.


MAYOR

ATTEST:


City Clerk

Approved as to Form:


Cynthia M. Weed, Bond Counsel
K&L Gates LLP

CERTIFICATE

I, the undersigned, City Clerk of the City of Kirkland, Washington (the "City") and keeper of the records of the City Council (the "City Council"), DO HEREBY CERTIFY:

1. That the attached Ordinance is a true and correct copy of Ordinance No. 4420 of the City Council (the "Ordinance"), duly passed at a regular meeting thereof held on the 15th day of October, 2013.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of October, 2013.



City Clerk

CITY OF KIRKLAND

Summary of Ordinance No. 4420 passed October 15, 2013

AN ORDINANCE OF THE CITY OF KIRKLAND RELATING TO THE ISSUANCE AND SALE OF AN UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF \$4,670,000 TO REFUND CERTAIN OUTSTANDING UNLIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY, AND PAY FOR COSTS OF ISSUANCE OF THE BOND; PROVIDING THE FORM AND TERMS OF THE BOND; AND APPROVING THE SALE OF SUCH BOND.

Section 1 (Definitions) defines certain capitalized terms used in the Ordinance.

Section 2 (Authorization of Bond) authorizes the City's Unlimited Tax General Obligation Refunding Bond, 2013" in the amount of \$4,670,000 (the "Bond") to provide funds to refund certain outstanding unlimited tax general obligation bonds of the City and pay costs of issuance.

Section 3 (Description of Bond) describes the bond, designation, principal and interest payment dates and amounts, and interest rate.

Section 4 (Registration, Exchange and Payments) adopts a system of registration and exchange for the Bond and describes the arrangements for paying principal of and interest on the Bond.

Section 5 (Prepayment) provides information regarding prepayment of the Bond.

Section 6 (Form of Bond) describes the form of the Bond.

Section 7 (Execution of Bond; Default Remedies) authorizes procedures for execution and authentication of the Bond.

Section 8 (Refunding Plan; Application of Bond Proceeds) authorizes the application of the Bond proceeds and provides for the Refunded Bonds and procedures for refunding the Refunded Bonds.

Section 9 (Tax Covenants) covenants that the City will not cause interest on the Bond to become taxable.

Section 10 (Bond Fund and Provision for Tax Levy Payments) provides for the Bond Fund for the payment of debt service on the Bond and provides for tax levies as required to pay such debt service.

Section 11 (Sale of Bond) authorizes the sale of the Bond pursuant to the bond purchase offer.

Section 12 (Undertaking to Provide Ongoing Disclosure) provides an undertaking for disclosure as required by the Securities and Exchange Commission.

Section 13 (Lost, Stolen or Destroyed Bond) makes provision in case the Bond is lost, stolen or destroyed.

Section 14 (Severability) provides that other covenants and agreements in the ordinance are not affected if one is made invalid.

Section 15 (Effective Date) provides that the ordinance shall become effective five days after adoption and publication.

The full text of Ordinance No. 4420 will be mailed without cost to any party requesting it from:

Ms. Kathi Anderson
City Clerk
City of Kirkland
123 Fifth Avenue
Kirkland, WA 98033-6189
Phone: 425-587-3197
Fax: 425-587-3198