

CITY OF KIRKLAND, WASHINGTON

ORDINANCE NO. 2255

AN ORDINANCE providing for the issuance of \$550,000.00 par value of "General Obligation Refunding Bonds, 1974," for the purpose of providing a part of the funds to pay and redeem \$260,000.00 par value of its outstanding "General Obligation Bonds, 1970," dated August 1, 1970, and \$335,000.00 par value of its outstanding "General Obligation Bonds, 1971," dated July 1, 1971; fixing the date, form, denomination, maturities, interest rates, terms and covenants of such refunding bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of such refunding bonds and for the use and application of the moneys to be derived from such investment; providing for the redemption of the outstanding bonds to be refunded; and confirming the sale of such refunding bonds to Seattle-Northwest Securities Corporation of Seattle, Washington.

WHEREAS, the City of Kirkland, Washington (hereinafter called the "City"), now has outstanding \$260,000.00 principal amount of its "General Obligation Bonds, 1970" (hereinafter called the "1970 Bonds"), issued under date of August 1, 1970, which 1970 Bonds mature serially on August 1 in each of the years 1974 to 1982, inclusive, and bear interest at various rates from 6% to 7.25% per annum, and the City also has outstanding \$335,000.00 principal amount of its "General Obligation Bonds, 1971" (hereinafter called the "1971 Bonds"), issued under date of July 1, 1971, which 1971 Bonds mature serially on July 1 in each of the years 1974 to 1986, inclusive, and bear interest at various rates from 5.25% to 6.375% per annum (which 1970 Bonds and 1971 Bonds are sometimes hereinafter called collectively the "Outstanding Bonds"); and

WHEREAS, under the provisions of Ordinance No. 2111, passed and approved June 15, 1970, authorizing the issuance of the 1970 Bonds and in such bonds, such bonds were issued without the right or option of the City to call the same for redemption prior to their respective maturity dates and under the provisions of Ordinance No. 2152, passed and approved April 19, 1971, authorizing the issuance of the 1971 Bonds and in such bonds, the City reserved the right to redeem any or all of such 1971 Bonds at par plus accrued interest on any semiannual interest payment date on or after July 1, 1981; and

WHEREAS, after due consideration it appears to the City Council that the Outstanding Bonds may be refunded by the issuance and sale of the general obligation refunding bonds of the City authorized herein (hereinafter called the "Refunding Bonds") so that a substantial saving to the City and its taxpayers will be effected by the difference between the principal and interest cost over the life of the Refunding Bonds and the principal and interest cost over the life of such Outstanding Bonds by the issuance of the Refunding Bonds, the payment of the 1970 Bonds until their respective maturity dates, the payment of the 1971 Bonds until July 1, 1981, and the redemption of the remaining 1971 Bonds on July 1, 1981, being the first date on which such 1971 Bonds may be called for redemption; and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the City and its taxpayers, it is hereby found necessary and advisable that certain "Acquired Obligations" (hereinafter identified) bearing interest and maturing at such time or times as necessary to pay the principal of and interest on the Outstanding Bonds as the same shall become due and to redeem the 1971 Bonds on July 1, 1981, be purchased out of the proceeds of the sale of the Refunding Bonds and other moneys of the City available therefor; and

THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, DO ORDAIN, as follows:

Section 1. For the purpose of providing the moneys required, together with \$40,000.00 of cash presently on deposit in the bond redemption funds of the City for the Outstanding Bonds available therefor, to pay the principal of and interest on (a) the 1970 Bonds coming due to and including August 1, 1982, and (b) the 1971 Bonds coming due to and including July 1, 1981, and to redeem and retire on July 1, 1981, all of the 1971 Bonds maturing after July 1, 1981, the City shall issue the Refunding Bonds in the aggregate principal amount of \$550,000.00.

The Refunding Bonds shall be dated April 1, 1974; shall be in the denomination of \$5,000.00 each; and shall bear interest at the rates hereinafter set forth, payable on July 1, 1974, and semiannually thereafter on each succeeding January 1 and July 1, interest to maturity being evidenced by coupons to be attached to the Refunding Bonds with full obligation on the part of the City to pay interest at the bond rate from and after the bond maturity dates until the Refunding Bonds with interest are paid in full, or funds sufficient to pay such Refunding Bonds with interest in full are on deposit in the bond redemption fund hereinafter referred to, and the Refunding Bonds have been called for redemption. The Refunding Bonds shall be numbered, shall bear interest and shall mature on July 1 of each year as follows:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Interest Rates</u>	<u>Years</u>
1 to 8	\$40,000	6.50%	1975
9 to 17	45,000	6.50%	1976
18 to 26	45,000	6.50%	1977
27 to 37	55,000	6.20%	1978
38 to 48	55,000	4.75%	1979
49 to 60	60,000	4.80%	1980
61 to 72	60,000	4.90%	1981
73 to 85	65,000	5.00%	1982
86 to 91	30,000	5.00%	1983
92 to 97	30,000	5.10%	1984
98 to 103	30,000	5.10%	1985
104 to 110	35,000	5.20%	1986

Both principal of and interest on the Refunding Bonds shall be payable in lawful money of the United States of America at the office of the Director of Administration and Finance of the City, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, or New York, New York, solely out of the "General Obligation Refunding Bond Fund, 1974" (herein called the "Bond Fund"), hereinafter created in the office of the Director of Administration and Finance of the City.

Section 2. The City hereby reserves the right to redeem the Refunding Bonds as a whole, or in part in inverse numerical order, on July 1, 1981, or on any semiannual interest payment date thereafter, at par plus accrued interest to the date of such redemption.

Notice of any call for redemption of any of the Refunding Bonds prior to their stated maturity dates shall be published at least once in the official newspaper of the City not less than thirty nor more than forty-five days prior to the call date. Notice of said intended redemption shall also be mailed to Seattle-Northwest Securities Corporation at its main office in Seattle, Washington, or to the successor in business of said corporation, if any, at its main office. Interest on any Refunding Bond or Bonds so called for redemption shall cease on such redemption date unless the same are not redeemed upon presentation made pursuant to such call.

In addition to such publication and mailing the City shall also mail notice of such intended redemption to Standard & Poor's Corporation and Moody's Investors Service, Inc., New York, New York, or to their successors, if any. The mailing of such notice shall not, however, be a condition precedent to the call of any of the Refunding Bonds for redemption, and failure to give such notice shall not affect the right of the City to redeem the Refunding Bonds called for redemption in the manner set forth in the preceding paragraph.

Section 3. The Refunding Bonds shall be designated "General Obligation Refunding Bonds, 1974," and shall be in substantially the following form:

No. _____

\$5,000.00

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF KIRKLAND

GENERAL OBLIGATION REFUNDING BOND, 1974

_____ §

KNOW ALL MEN BY THESE PRESENTS: That the City of Kirkland, Washington (hereinafter called the "City"), is justly indebted to and for value received hereby promises to pay to the bearer on the FIRST DAY OF JULY, 19___, the sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of _____ % per annum, payable on July 1, 1974, and semiannually thereafter on each succeeding January 1 and July 1, interest to maturity being evidenced by and payable upon the presentation and surrender of the attached interest coupons as they severally become due up to the bond maturity date and with full obligation on the part of the City to pay interest at the same rate from and after the bond maturity date until this bond with interest is paid in full or funds are available in the "General Obligation Refunding Bond Fund, 1974" (hereinafter called the "Bond Fund"), for payment in full and the bond has been duly called for redemption. Both principal of and interest on this bond are payable in lawful money of the United States of America at the office of the Director of Administration and Finance of the City, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, or New York, New York.

The City reserves the right to redeem the bonds of this issue as a whole, or in part in inverse numerical order, on July 1, 1981, or on any semiannual interest payment date thereafter, at par plus accrued interest to the date of such redemption.

Notice of any call for redemption of any of the bonds of this issue prior to their stated maturity dates shall be published at least once in the official newspaper of the City not less than thirty nor more than forty-five days prior to the call date. Notice of said intended redemption shall also be mailed to Seattle-Northwest Securities Corporation at its main office in Seattle,

Washington, or to the successor in business of said corporation, if any, at its main office. In addition, notice of such intended redemption shall also be mailed to Standard & Poor's Corporation and Moody's Investors Service, Inc., New York, New York, or to their successors, if any, but the mailing of such notice to such corporations shall not be a condition precedent to the call of any of the bonds of this issue for redemption. Interest on any bonds so called for redemption shall cease on the date fixed for such redemption upon payment of the redemption price into the Bond Fund.

This bond is one of an issue of 110 bonds of like amount, date and tenor, except as to number, interest rate and date of maturity, in the aggregate principal amount of \$550,000.00, issued by the City pursuant to the provisions of Chapter 138, Laws of 1965, 1st Ex. Ses., of the Legislature of the State of Washington, as amended, known as the "Refunding Bond Act" (RCW Chapter 39.53), for the purpose of refunding its outstanding "General Obligation Bonds, 1970," dated August 1, 1970, and its outstanding "General Obligation Bonds, 1971," dated July 1, 1971, originally issued by the City for general municipal purposes pursuant to Ordinances Nos. 2111 and 2152, respectively, all as provided in Ordinance No. 2255, and is issued in full compliance with the ordinances of the City and the Constitution and laws of the State of Washington.

The City hereby irrevocably pledges itself to levy taxes annually within the constitutional and statutory tax limitations provided by law upon all property in the City subject to taxation in amounts sufficient to pay the principal of and interest on the bonds of this issue 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 the prompt payment of such principal and interest.

It is hereby certified that all acts, conditions and things required to be done precedent to and in the issuance of this bond have been done, have happened and have been performed as required by law, and that the total indebtedness of the City, including this bond issue, does not exceed any constitutional or statutory limitations.

IN WITNESS WHEREOF, the City of Kirkland, Washington, has caused this bond to be signed by the facsimile signature of its Mayor and attested by the manual signature of its Director of Administration and Finance,

ex officio City Clerk, and its corporate seal to be hereto affixed and the interest coupons attached to be signed with the facsimile signatures of those officials this 1st day of April, 1974.

CITY OF KIRKLAND, WASHINGTON

By (facsimile signature)
Mayor

ATTEST:

Director of Administration
and Finance, ex officio
City Clerk

The form of the interest coupons shall be substantially as follows:

Coupon No. ___ (\$ _____
on Coupon
No. 1)
\$ _____

On the FIRST DAY OF (JANUARY) (JULY), 19 __, the CITY OF KIRKLAND, WASHINGTON, upon presentation and surrender of this coupon, will pay to the bearer at the office of the Director of Administration and Finance of the City, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the Cities of Seattle, Washington, or New York, New York, the sum shown hereon in lawful money of the United States of America, said sum being the interest due that date on its "General Obligation Refunding Bond, 1974," dated April 1, 1974, and numbered _____.

CITY OF KIRKLAND, WASHINGTON

By (facsimile signature)
Mayor

ATTEST:

(facsimile signature)
Director of Administration
and Finance, ex officio
City Clerk

Section 4. The Refunding Bonds shall be printed or lithographed on good bond paper and shall be signed by the facsimile signature of the Mayor and attested by the manual signature of the Director of Administration and Finance, ex officio City Clerk, of the

City, under the seal of the City, and the interest coupons shall bear the facsimile signatures of such officials.

Section 5. The Bond Fund is hereby created and established in the office of the Director of Administration and Finance of the City for the payment of the principal of and interest on the Refunding Bonds. All taxes collected for and allocated to the payment of the principal of and interest on the Refunding Bonds shall be deposited in the Bond Fund.

Section 6. The City hereby irrevocably pledges itself to levy taxes annually within the constitutional and statutory tax limitations provided by law upon all property in the City subject to taxation in amounts sufficient to pay the principal of and interest on the Refunding Bonds 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 the prompt payment of such principal and interest.

Section 7. The proceeds of the sale of the Refunding Bonds, exclusive of the accrued interest thereon which shall be paid into the Bond Fund, together with the sum of \$40,000.00 in cash in the bond redemption funds of the City for the Outstanding Bonds available therefor, shall be used immediately upon the receipt thereof to discharge the obligations of the City under Ordinance No. 2111, passed and approved June 15, 1970, authorizing the issuance of the 1970 Bonds by providing for the payment as hereinafter set forth in this section of the principal of and interest on the 1970 Bonds and to discharge the obligations of the City under Ordinance No. 2152, passed and approved April 19, 1971, authorizing the issuance of the 1971 Bonds by providing for the payment and redemption as hereinafter set forth in this section of the principal of and interest on the 1971 Bonds. To the extent practicable the City shall discharge such obligations by the purchase of Federal National Mortgage Association Debentures, Government National Mortgage Association Participation Certificates, Federal Land Bank Bonds and United States Treasury Bills ("Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide for the payment of (a) the principal of and interest on the 1970 Bonds which will become due and payable up to and including August 1, 1982, and (b) the principal of and interest on the 1971 Bonds which will become due and payable up to and including July 1, 1981, and the redemption price payable on July 1, 1981, for the principal of the 1971 Bonds maturing after July 1, 1981. Such Acquired Obligations and the prices to be paid for the same are more particularly described in the proposal of Seattle-Northwest Securities Corporation hereinafter referred to.

Such Acquired Obligations shall be irrevocably deposited with The National Bank of Commerce of Seattle, Seattle, Washington (hereinafter called the "Refunding Trustee"). Any amounts described in this section which are not provided for in full by the purchase and deposit of the Acquired Obligations described in this section shall be

provided for by the irrevocable deposit of a portion of the proceeds of sale of the Refunding Bonds or other moneys of the City with the aforesaid Refunding Trustee.

Section 8. The City hereby irrevocably calls for redemption on July 1, 1981, all of the outstanding 1971 Bonds maturing after July 1, 1981, at par plus accrued interest to such date of redemption. Such call for redemption shall be irrevocable after the delivery of the Refunding Bonds to the initial purchaser thereof.

The Director of Administration and Finance, ex officio City Clerk, and Refunding Trustee are hereby authorized and directed to give notice of the redemption of the 1971 Bonds in accordance with the provisions of Ordinance No. 2152, passed and approved April 19, 1971, pertaining to the 1971 Bonds.

The Refunding Trustee is hereby authorized and directed to pay the principal of and interest on the Outstanding Bonds when due from the Acquired Obligations and moneys deposited with the Refunding Trustee pursuant to the previous section of this ordinance. All Acquired Obligations and the moneys deposited with the Refunding Trustee and any income therefrom shall be held, invested and applied in accordance with the provisions of Ordinance No. 2111 pertaining to the 1970 Bonds, Ordinance No. 2152 pertaining to the 1971 Bonds, this ordinance and with the statutes of the State of Washington.

All necessary and proper fees, compensation and expenses of the Refunding Trustee for the Refunding Bonds and all other costs incidental to the refunding of the Outstanding Bonds, including, but not limited to, reasonable charges of bond counsel, rating services and bond printing, shall be paid when due by the initial purchaser of the Refunding Bonds. The proper officers and agents of the City are directed to obtain from the Refunding Trustee an agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the redemption and retirement of the Outstanding Bonds as provided herein and stating that such provisions for the payment of the fees, compensation and expenses of such Refunding Trustee are satisfactory to it.

In order to carry out the purposes of the preceding section of this ordinance and this section, the Mayor and Director of Administration and Finance, ex officio City Clerk, of the City are authorized and directed to execute and deliver to The National Bank of Commerce of Seattle, Seattle, Washington, a copy of such agreement when the provisions thereof have been fixed and determined. Such agreement, when finally executed, shall be marked "Exhibit A," shall be attached to this ordinance and by this reference thereto is hereby made a part of this ordinance.

Section 9. In the event that moneys and/or "Government Obligations," as such Obligations are defined in Ch. 39.53 RCW, as now or hereafter amended, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such moneys,

if necessary) sufficient to redeem and retire the Refunding Bonds in accordance with their terms, are set aside in the Bond Fund of the City to effect such redemption and retirement, and such moneys and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Refunding Bonds, and the Refunding Bonds and the coupons appurtenant thereto shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the moneys so set aside and pledged, and the Refunding Bonds and such coupons shall be deemed not to be outstanding hereunder.

Section 10. The City hereby covenants that it will not make any use of the proceeds of the sale of the Refunding Bonds or any other funds of the City which may be deemed to be proceeds of such Refunding Bonds pursuant to Section 103(d)(2) of the Internal Revenue Code and the applicable Regulations thereunder which, if such use had been reasonably expected on the date of delivery of the Refunding Bonds to the initial purchaser thereof, would have caused the Refunding Bonds to be "arbitrage bonds" within the meaning of said section and said Regulations. The City will comply with the requirements of subsection (d) of Section 103 of the Internal Revenue Code and the applicable Regulations thereunder throughout the term of the Refunding Bonds.

The City Council hereby finds and determines that the issuance and sale of the Refunding Bonds at this time will effect a saving to the City and its taxpayers. In making such finding and determination the City Council has given consideration to the interest to the fixed maturities of the Refunding Bonds and the Outstanding Bonds being refunded, the costs of issuance of the Refunding Bonds and the known earned income from the investment of the proceeds of sale of the Refunding Bonds pending the payment and redemption of the Outstanding Bonds.

The City Council hereby further finds and determines that the moneys and Acquired Obligations to be deposited with the Refunding Trustee for the Outstanding Bonds in accordance with Section 7 of this ordinance will discharge and satisfy the obligations of the City under Ordinance No. 2111 authorizing the issuance of the 1970 Bonds and under Ordinance No. 2152 authorizing the issuance of the 1971 Bonds and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to said Outstanding Bonds and that said Outstanding Bonds shall no longer be deemed to be outstanding under said Ordinances Nos. 2111 and 2152 immediately upon the deposit of such moneys and Acquired Obligations with the Refunding Trustee.

Section 11. The action of the City Council of the City heretofore taken on March 18, 1974, accepting the written offer of Seattle-Northwest Securities Corporation, Seattle, Washington, to

purchase the Refunding Bonds and to sell to the City the Acquired Obligations under the terms and conditions thereof as provided in said offer and in this ordinance is hereby in all respects ratified and confirmed, and such written offer on file with the Director of Administration and Finance, ex officio City Clerk, of the City is by this reference incorporated herein and made a part hereof.

The proper City officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Refunding Bonds to said purchaser and for the proper application and use of the proceeds of the sale thereof.


Section 12. 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 in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Refunding Bonds.

PASSED by the City Council of the City of City of Kirkland, Washington, at a regular open public meeting thereof and APPROVED by the Mayor of the City of Kirkland, Washington, this 15th day of April, 1974.



Mayor

ATTEST:



Director of Administration and
Finance, ex officio City Clerk

FORM APPROVED:



City Attorney

A G R E E M E N T

THIS AGREEMENT made and entered into as of the 15th day of April, 1974, by and between the CITY OF KIRKLAND, WASHINGTON, a municipal corporation of the State of Washington (the "City"), and THE NATIONAL BANK OF COMMERCE OF SEATTLE, Seattle, Washington (the "Refunding Trustee");

W I T N E S S E T H:

SECTION 1. Recitals. The City now has outstanding its "General Obligation Bonds, 1970," issued under date of August 1, 1970 (hereinafter sometimes called the "1970 Bonds"), in the aggregate principal amount of \$260,000.00 and its "General Obligation Bonds, 1971," issued under date of July 1, 1971 (hereinafter sometimes called the "1971 Bonds"), in the aggregate principal amount of \$335,000.00 (all of which bonds shall hereinafter sometimes be called the "Outstanding Bonds"). Under the terms of Ordinance No. 2111 pertaining to the 1970 Bonds, such bonds are not subject to redemption prior to their respective maturity dates. Under the terms of Ordinance No. 2152 pertaining to the 1971 Bonds, the City in the manner provided therein may provide for the refunding prior to maturity of such 1971 Bonds at par plus accrued interest on July 1, 1981, or any interest payment date thereafter. The City by Ordinance No. 2255, passed by the City Council and approved by the Mayor on April 15, 1974, has determined to refund all of such Outstanding Bonds, including the final redemption on July 1, 1981, of all of the 1971 Bonds maturing after July 1, 1981, out of the proceeds of the sale of its "General Obligation Refunding Bonds, 1974" (the "Refunding Bonds"), and other moneys of the City legally available therefor.

SECTION 2. Provisions for Refunding the Outstanding Bonds. To accomplish the refunding of the Outstanding Bonds, including the payment of the principal of and interest on the 1970 Bonds until their respective maturity dates and on the 1971 Bonds until July 1, 1981, the call date for such bonds, and the final redemption of such 1971 Bonds on such call date, the City, simultaneously with the delivery of the Refunding Bonds issued pursuant to said Ordinance No. 2255, does hereby agree to irrevocably deposit with the Refunding Trustee in trust for the security and benefit of the holders and owners of the Outstanding Bonds and the Refunding Bonds the sum of \$1,068.75 in cash and certain Federal National Mortgage Association Debentures, Government National Mortgage Association Participation Certificates, Federal Land Bank Bonds and United States Treasury Bills with amounts, interest rates and maturities as more particularly set forth in "Exhibit A" attached to this Agreement and by this reference incorporated herein, which securities are hereinafter referred to as "Obligations," and such cash and Obligations, with the investment income therefrom, will be

sufficient to provide for the payment of (1) the principal of and interest on the 1970 Bonds on their respective maturity dates up to and including August 1, 1982, and (2) the principal of and interest on the 1971 Bonds until July 1, 1981, the call date for the 1971 Bonds, and the redemption price payable on July 1, 1981, upon the redemption of the 1971 Bonds for bonds maturing after July 1, 1981.

On or before the delivery of the Refunding Bonds the City agrees that it will cause to be delivered to the Refunding Trustee a statement setting forth the amount of interest and principal to be paid on each semiannual interest payment date on the 1970 Bonds up to and including August 1, 1982, and the amount of interest and principal to be paid on each semiannual interest payment date on the 1971 Bonds up through July 1, 1981, and the amount of principal required on July 1, 1981, to pay and redeem all then outstanding 1971 Bonds maturing after July 1, 1981.

The City by said Ordinance No. 2255 has irrevocably called for redemption or prepayment on July 1, 1981, all of the 1971 Bonds maturing after July 1, 1981. Such call for redemption or prepayment shall be irrevocable upon the delivery of the Refunding Bonds. The Refunding Trustee through the Director of Administration and Finance, ex officio City Clerk, of the City shall provide for publication and mailing of the proper notices of such redemption or prepayment in accordance with the applicable provisions of Ordinance No. 2152, passed by the City Council and approved by the Mayor on April 15, 1974, pertaining to the 1971 Bonds.

Provision for the giving of such notices of redemption or prepayment has irrevocably been made by the City.

SECTION 3. Disbursements by the Refunding Trustee. The Refunding Trustee shall present for payment on the due date thereof the Obligations so deposited and shall apply the proceeds derived therefrom in accordance with the provisions of this section.

Moneys shall be transferred by the Refunding Trustee to either fiscal agency of the State of Washington in the Cities of Seattle, Washington, or New York, New York (hereinafter called the "Fiscal Agency"), on behalf of the Director of Administration and Finance of the City in amounts sufficient to pay the interest on and principal of the 1970 Bonds on or before the respective maturity dates of such bonds up to and including August 1, 1982, and in amounts sufficient to pay the interest on and principal of the 1971 Bonds becoming due and payable on or before July 1, 1981, and in amounts sufficient to pay on July 1, 1981, the redemption price with respect to the 1971 Bonds maturing after July 1, 1981.

SECTION 4. Nonreinvestment of Funds; Custody and Safekeeping of Obligations. All moneys deposited with the Refunding Trustee or received by the Refunding Trustee as maturing principal

or interest on Obligations prior to the time required to make the payments hereinbefore set forth shall be held by the Refunding Trustee and shall not be reinvested.

All income derived from the Obligations and any moneys deposited with the Refunding Trustee pursuant to Section 2 hereof in the hands of the Refunding Trustee (which moneys are not required to make the payments hereinbefore required to be made) shall be paid to the Fiscal Agency on behalf of the Director of Administration and Finance of the City for the credit of the "General Obligation Refunding Bond Fund, 1974," of the City (hereinafter called the "Bond Fund") as and when realized and collected for use and application as other moneys deposited in said Bond Fund.

For as long as any of the Outstanding Bonds are outstanding, on or before the 10th day of each month, commencing with the month of June, 1974, the Refunding Trustee shall render a statement as of the last day of the preceding month to the Director of Administration and Finance of the City, which statement shall set forth the Obligations which have matured and the amounts received by the Refunding Trustee by reason of such maturity, the amounts paid to the Fiscal Agency on behalf of such Director of Administration and Finance for credit to the Bond Fund, the amount of cash delivered to the Fiscal Agency on behalf of the Director of Administration and Finance of the City, and the dates of such delivery, for the payment of the interest on and principal of the Outstanding Bonds as the same shall become due and/or payable, and the final payment of the redemption price on July 1, 1981, for the 1971 Bonds maturing after July 1, 1981, and any other transactions of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

All Obligations, moneys and investment income deposited with or received by the Refunding Trustee pursuant to this Agreement shall be subject to the trust created by this Agreement and the Refunding Trustee shall be liable for the preservation and safekeeping thereof.

SECTION 5. Duties and Obligations of Refunding Trustee.

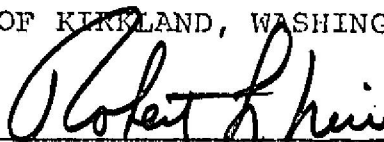
The duties and obligations of the Refunding Trustee shall be as prescribed by the provisions of this Agreement, and the Refunding Trustee shall not be liable except for the performance of its duties and obligations as specifically set forth herein and to act in good faith in the performance thereof and no implied duties or obligations shall be incurred by such Refunding Trustee other than those specified herein.

The Refunding Trustee may consult with counsel of its choice and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

Provisions for the fees, compensation and expenses of the Refunding Trustee satisfactory to it have been made.

CITY OF KIRKLAND, WASHINGTON

By



Mayor

ATTEST:



Director of Administration and Finance, ex officio City Clerk

THE NATIONAL BANK OF COMMERCE OF SEATTLE

By

Trust Officer

CITY OF KIRKLAND
Investments to be Deposited with Refunding Agent

<u>Amount</u>	<u>Type*</u>	<u>Coupon</u>	<u>Due</u>
\$ 30,000	FNMAD	6.650%	6-10-82
5,000	GMAPC	5.200%	1-19-82
215,000	GMAPC	5.375%	6-23-81
35,000	FLB	7.500%	7-21-80
25,000	GMAPC	5.400%	6-23-80
30,000	FLB	7.150%	7-23-79
25,000	GMAPC	5.400%	6-23-79
35,000	FLB	6.400%	7-20-78
20,000	FNMAD	7.150%	6-12-78
30,000	FLB	7.500%	7-20-77
10,000	FNMAD	6.500%	6-10-77
35,000	FLB	7.050%	7-20-76
10,000	FNMAD	6.700%	6-10-76
35,000	FLB	5.700%	7-21-75
20,000	FNMAD	5.250%	6-10-75
20,000	FLB	5.850%	7-22-74
20,000	BILLS	0.000%	6-27-74

The total cost of the above investments and cash of \$1,068.75 to the District is \$602,001.57.

- * GMAPC - Government National Mortgage Association Participation Certificate
- FLB - Federal Land Bank Debentures
- FNMAD - Federal National Mortgage Association Debentures
- BILLS - United States Treasury Bills

Any government obligation qualified under RCW 39.53.010, as amended, may be substituted at time of closing for any of the above securities not available at time of closing, provided such substituted obligation shall provide the identical yield specified for the substituted security.

Ordinance No. 2255