

CITY OF KIRKLAND, WASHINGTON

ORDINANCE NO. 2735

AN ORDINANCE providing for the issuance of \$1,500,000 principal amount of "Limited Tax General Obligation Refunding Bonds, 1983," of the City of Kirkland, Washington, for the purpose of providing a part of the funds to pay and redeem its outstanding "Limited Tax General Obligation Bonds, 1981," dated November 1, 1981; fixing the date, form, denomination, maturities, interest rates, terms and covenants of such refunding bonds; providing for the purchase of certain obligations out of the proceeds of the sale of such refunding bonds and other money available to the City, and for the use and application of the money to be derived from such investments to pay, redeem and retire the outstanding bonds to be refunded; and providing for the sale of such refunding bonds to Seattle-Northwest Securities Corporation of Seattle, Washington.

WHEREAS, the City of Kirkland, Washington (the "City"), now has outstanding \$2,000,000 principal amount of its "Limited Tax General Obligation Bonds, 1981" (the "1981 Bonds"), issued under date of November 1, 1981; and

WHEREAS, the 1981 Bonds numbered 1 to 200, inclusive, mature on November 1, 1983, and bear interest at the rate of 10.125% per annum, and the 1981 Bonds numbered 201 to 400, inclusive, mature on November 1, 1984, and bear interest at the rate of 9.60% per annum; and

WHEREAS, under the provisions of Ordinance No. 2630 passed September 21, 1981, authorizing the issuance of the 1981 Bonds and in such bonds, the City reserved the right to redeem any or all of the 1981 Bonds at par plus accrued interest on any semi-annual interest payment date on or after November 1, 1983; and

WHEREAS, after due consideration it appears to the City Council that all of the 1981 Bonds may be refunded and finally called for redemption on November 1, 1983, by the issuance and sale of the bonds authorized herein (the "Refunding Bonds") for the purpose of paying part of the cost of paying and discharging the 1981 Bonds and in order to modify the debt service requirements of the 1981 Bonds which the City Council believes to be in the best interests of the City and in the public interest; and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the City and its taxpayers, it is found necessary and advisable that certain "Acquired Obligations" (hereinafter identified) bearing interest and maturing at such times as necessary to pay the principal of and interest on the 1981 Bonds maturing on November 1, 1983, and to redeem the remaining outstanding 1981 Bonds on November 1, 1983, be purchased out of the proceeds of the sale of the Refunding Bonds and other money of the City available therefor; NOW, THEREFORE,

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

Section 1. For the purpose of providing a part of the money required to pay the principal of and interest on the 1981 Bonds coming due on November 1, 1983, and to redeem and retire on November 1, 1983, the outstanding 1981 Bonds maturing on November 1, 1984, the City shall issue the Refunding Bonds in the aggregate principal amount of \$1,500,000.

The Refunding Bonds shall be dated May 1, 1983; shall be in the denomination of \$5,000 each; and shall bear interest at the rates set forth below, payable on May 1, 1984, and semiannually thereafter on each succeeding November 1, and May 1, as evidenced by coupons to be attached to the Refunding Bonds representing interest to maturity. If any Refunding Bond is not redeemed upon proper presentment at its maturity or call date thereof, the City shall be obligated to pay interest at the coupon rate for each such Refunding Bond from and after the maturity or call date until such Refunding Bond, both principal and interest, shall have been paid in full or until sufficient money for such payment in full is on deposit in the "Limited Tax General Obligation Refunding Bond Fund, 1983" (the "Refunding Bond Fund"), hereinafter created, and such Refunding Bond has been duly called for payment by the City Director of Administration and Finance's publishing notice of such call once at least ten days prior to the call date in the official newspaper of the City or, if there is no official newspaper, then in a newspaper of general circulation in the City. Both principal of and interest on the Refunding Bonds are to be paid in lawful money of the United States of America, which at the time of payment shall be legal tender for the payment of public and private debts, at the office of the City Director of Administration and Finance or, at the option of the holder, at either fiscal agency of the State of Washington in Seattle, Washington, or New York,

New York. The Bonds shall bear interest and mature on May 1 of each year in accordance with the following schedule:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Interest Rates</u>	<u>Maturity Years</u>
1 to 6	\$ 30,000	9.75%	1985
7 to 13	35,000	9.75	1986
14 to 21	40,000	9.75	1987
22 to 29	40,000	9.75	1988
30 to 38	45,000	9.50	1989
39 to 48	50,000	9.50	1990
49 to 59	55,000	9.50	1991
60 to 71	60,000	9.50	1992
72 to 84	65,000	8.30	1993
85 to 98	70,000	8.50	1994
99 to 114	80,000	8.75	1995
115 to 130	80,000	9.00	1996
131 to 149	95,000	9.10	1997
150 to 169	100,000	9.30	1998
170 to 190	105,000	9.40	1999
191 to 214	120,000	9.50	2000
215 to 240	130,000	9.50	2001
241 to 269	145,000	9.60	2002
270 to 300	155,000	9.60	2003

Section 2. The City reserves the right to redeem any or all of the Refunding Bonds outstanding in whole, or in part in inverse numerical order, at par plus accrued interest to the date of redemption on May 1, 1993, or on any semiannual interest payment date thereafter.

Notice of such intended redemption shall be published in the official newspaper of the City or, if there is no official newspaper, then in a newspaper of general circulation in the City, at least once not less than 30 nor more than 45 days prior to the call date, and a copy of such notice shall be mailed within the same period by registered or certified mail to the main office of Seattle-Northwest Securities Corporation in

Seattle, Washington, or its successor. In addition, such redemption notice shall be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation at their offices in New York, New York, but the mailing of such notice to such New York firms shall not be a condition precedent to the redemption of such Refunding Bonds. Interest on any Refunding Bonds so called for redemption shall cease on such call date upon payment of the redemption price into the Bond Fund.

The City further reserves the right to purchase any or all of the Refunding Bonds in the open market at any time at a price not in excess of par plus accrued interest to date of purchase.

Section 3. The Refunding Bonds shall be printed or lithographed on good bond paper in a form consistent with this ordinance and shall be signed by the facsimile signature of the Mayor, attested by the manual signature of the City Director of Administration and Finance, ex officio City Clerk, and shall have a facsimile reproduction of the City seal printed thereon, and the coupons shall bear the facsimile signatures of the Mayor and the City Director of Administration and Finance, ex officio City Clerk.

Section 4. There is created in the office of the City Director of Administration and Finance a special fund to be known as the "Limited Tax General Obligation Refunding Bond Fund, 1983" (the "Bond Fund"), and both principal of and interest on the Refunding Bonds shall be payable out of such fund. The accrued interest received from the sale of the

Refunding Bonds shall be deposited in the Bond Fund and all taxes collected for and allocated to the payment of the principal of and interest on the Refunding Bonds shall be deposited into such fund.

Section 5. The City irrevocably pledges to levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors therein upon all property in the City subject to taxation in an amount sufficient, together with other money of the City legally available and to be used therefor, 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 pledged irrevocably for the payment of the principal and interest on the Refunding Bonds.

Section 6. The proceeds of the sale of the Refunding Bonds, exclusive of the accrued interest thereon which shall be paid into the Bond Fund, shall be paid into the "1983 Refunding Fund" which is created and established in the office of the City Director of Administration and Finance and shall be used immediately upon the receipt thereof, together with the sum of \$ 521,932.74 (which sum may be increased or decreased as required when the exact purchase price of the Acquired Obligations is ascertained) to discharge to the extent practicable the obligations of the City under Ordinance No. 2630 (passed and approved on September 21, 1981, authorizing the issuance of the 1981 Bonds) by providing for the payment of the principal of and

interest on the 1981 Bonds as hereinafter set forth. The City shall discharge fully such obligations by the deposit of a beginning cash balance of \$ -0- with Seattle-First National Bank, Seattle, Washington (the "Refunding Trustee"), and by the purchase of and deposit with the Refunding Trustee of the Acquired Obligations set forth on Schedule A of Exhibit A, attached hereto and by this reference made a part hereof, and bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with the beginning cash balance, for the payment of the principal of and interest on the 1981 Bonds which will become due and payable on November 1, 1983, and the redemption price payable on November 1, 1983, for the 1981 Bonds maturing on November 1, 1984.

Such Acquired Obligations shall be deposited irrevocably with the Refunding Trustee. The City reserves the right to substitute other direct United States obligations for any of the Acquired Obligations in the event that it may do so pursuant to Section 103(c)(2) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations thereunder, as long as such substitution shall not impair the timely payment of or interest on the 1981 Bonds.

Section 7. The City calls for redemption on November 1, 1983, all of the outstanding 1981 Bonds maturing on November 1, 1984, 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 City Director of Administration and Finance, ex officio City Clerk, and Refunding Trustee are authorized and directed to give notice of the redemption of the 1981 Bonds in accordance with the provisions of Ordinance No. 2630 pertaining to the 1981 Bonds.

The Refunding Trustee is authorized and directed to pay the principal of and interest on the 1981 Bonds 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. 2630, 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 setting up the escrow to accomplish the payment, refunding and retiring of the 1981 Bonds as herein provided, including, but not limited to, an allocable portion (50%) of bond counsel's fees chargeable to such escrow, and an escrow computation fee to Seattle-Northwest Securities Corporation, shall be paid out of the proceeds of the Refunding Bonds and allocated to the Acquired Obligations for purposes of calculating their yield. Costs relating to bond printing, rating service fees, and an allocable portion (50%) of bond counsel's

fees chargeable to the legal proceedings and furnishing an approving legal opinion covering the Refunding Bonds also shall be paid out of the proceeds of the Refunding Bonds.

The proper officers and agents of the City are directed to obtain from the Refunding Trustee a refunding trust agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the redemption and retirement of the 1981 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, the Mayor and City Director of Administration and Finance, ex officio City Clerk, of the City are authorized and directed to execute and deliver to the Refunding Trustee a refunding trust agreement substantially in the form attached hereto, marked Exhibit A and by this reference made a part hereof.

Section 8. In the event that money 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 money, 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 money and the principal of and interest on such Government Obligations are set aside irrevocably 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 money so set aside and pledged, and the Refunding Bonds and such coupons shall be deemed not to be outstanding hereunder.

Section 9. The City covenants that it will make no use of the proceeds of the Refunding Bonds or of its other money at any time during the term of the Refunding Bonds which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations promulgated thereunder.

Section 10. The City Council finds and determines that the issuance and sale of the Refunding Bonds at this time will provide for paying part of the cost of paying and discharging the 1981 Bonds in order to modify the debt service requirements that otherwise would have to be met for the 1981 Bonds scheduled to mature in 1983 and 1984, which paying and discharging the City Council further finds and declares to be in the best interests of the City and in the public interest.

The City Council further finds and determines that the money and Acquired Obligations to be deposited with the Refunding Trustee for the 1981 Bonds in accordance with Section 7 of

this ordinance will discharge and satisfy the obligations of the City under Ordinance No. 2630 and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to such 1981 Bonds and that the 1981 Bonds shall no longer be deemed to be outstanding under Ordinance No. 2630 immediately upon the deposit of such money and Acquired Obligations with the Refunding Trustee.


Section 11. Seattle-Northwest Securities Corporation of Seattle, Washington, previously submitted an offer to purchase the Refunding Bonds, which has been duly accepted by the City Council, and now has offered to purchase on behalf of the City the Acquired Obligations at the prices specified in Schedule A of Exhibit A, which written offers are on file with the City Director of Administration and Finance, ex officio City Clerk. The City Council, deeming it to be in the best interest of the City and its taxpayers that such offer be accepted, accepts the same and ratifies and confirms acceptance of the proposal to purchase the Refunding Bonds.

The Refunding Bonds will be printed at City expense and will be delivered to the purchaser in accordance with its purchase offer with the approving legal opinion of Messrs. Roberts & Shefelman of Seattle, Washington, relative to the issuance of the Refunding Bonds, printed on each bond. Bond counsel shall not be required to review or express any opinion

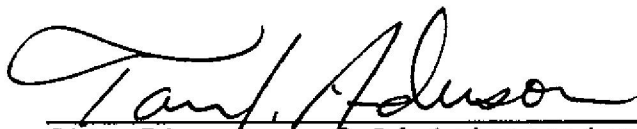
concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Refunding Bonds.

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

PASSED by the City Council of the City of Kirkland, Washington, at a regular open public meeting thereof this 18th day of April, 1983, and signed in authentication of its passage this 18th day of April, 1983.


D. V. HURST, Mayor

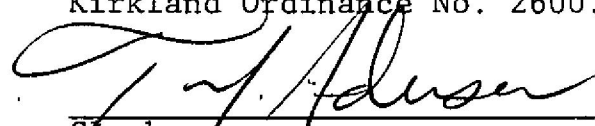
AUTHENTICATED:


City Director of Administration
and Finance, ex officio City Clerk

Approved as to form:


City Attorney

I hereby certify under penalty of perjury that the foregoing ordinance was posted on the 20th day of April, 1983, in accordance with the provisions of RCW 35.22.260 and City of Kirkland Ordinance No. 2600.


Clerk



Seattle Northwest
SECURITIES CORPORATION

SEAFIRST FIFTH AVENUE PLAZA
SUITE 3700
SEATTLE, WASHINGTON 98104
(206) 626-2882

March 24, 1983

Mr. Tom J. Anderson
Administration and Finance Director
City of Kirkland
210 Main Street
Kirkland, Washington 98033

Re: \$1,500,000 City of Kirkland, Washington
Limited Tax General Obligation Refunding Bonds, 1983

Dear Mr. Anderson:

For the above described legally issued \$5,000 denomination bonds to be dated May 1, 1983, we will pay \$100 for each \$100 par value of bonds, plus accrued interest to the date of delivery to us. The bonds will mature and bear interest as follows:

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>
5/1/85	\$30,000	9.75%	5/1/95	\$ 80,000	8.75%
5/1/86	35,000	9.75	5/1/96	80,000	9.00
5/1/87	40,000	9.75	5/1/97	95,000	9.10
5/1/88	40,000	9.75	5/1/98	100,000	9.30
5/1/89	45,000	9.50	5/1/99	105,000	9.40
5/1/90	50,000	9.50	5/1/00	120,000	9.50
5/1/91	55,000	9.50	5/1/01	130,000	9.50
5/1/92	60,000	9.50	5/1/02	145,000	9.60
5/1/93	65,000	8.30	5/1/03	155,000	9.60
5/1/94	70,000	8.50			

The net effective interest rate is 9.3485%.

The City will reserve the right to redeem bond in advance of scheduled maturity as a whole, or in part in inverse numerical order, on or after May 1, 1993 at par plus accrued interest.

Mr. Tom J. Anderson
City of Kirkland
March 24, 1983
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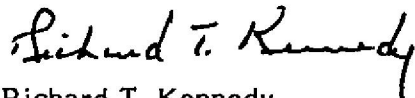
Our offer to purchase is contingent upon and the City will agree as follows:

- 1) That an ordinance be adopted at the April 4, 1983 regular Council meeting confirming the sale of the bonds under the terms and conditions contained herein.
- 2) That the bonds will be delivered to us within 45 days from the date of this agreement.
- 3) Receipt at the time of bond delivery of the unqualified approving legal opinion and non-litigation certificate in the usual form from Messrs. Roberts & Shefelman. Said opinion will be printed on the bonds.
- 4) That the bond issue will be rated A-1 by Moody's Investors Service.
- 5) That the City will direct the bond proceeds, together with other monies of the City, to provide for the payment and retirement of the "Limited Tax General Obligation Bonds, 1981".
- 6) That the City will pay the costs of Refunding Trustee, Bond Counsel, bond rating, bond printing and delivery of the bonds to Seattle-Northwest Securities Corporation.

If the City is unable to comply, or fails to comply, with any of the above conditions within 45 days of the date of this agreement, we reserve the right to cancel this agreement or, at our option, to extend the period.

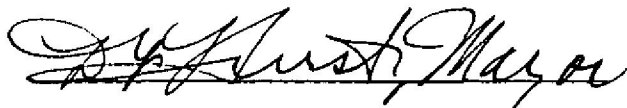
This offer is presented for acceptance or rejection on March 25, 1983.

Respectfully submitted,



Richard T. Kennedy
Vice President

ACCEPTED this 4th day of April, 1983



AGREEMENT

THIS AGREEMENT is made and entered into as of the 18th day of April, 1983, by and between the CITY OF KIRKLAND, WASHINGTON, a municipal corporation of the State of Washington (the "City"), and SEATTLE-FIRST NATIONAL BANK, Seattle, Washington (the "Refunding Trustee").

Section 1. Recitals. The City now has outstanding \$2,000,000 principal amount of its "Limited Tax General Obligation Bonds, 1981," issued under date of November 1, 1981 (the "Outstanding Bonds"), \$1,000,000 principal amount of which Outstanding Bonds mature on November 1, 1983, and \$1,000,000 principal amount on November 1, 1984. Outstanding Bonds maturing November 1, 1984, are subject to redemption on November 1, 1983. Pursuant to Ordinance No. 2735 (the "Bond Ordinance"), the City has determined to pay, redeem and retire, both principal and interest, Outstanding Bonds maturing on November 1, 1983, when they mature on November 1, 1983, and on the same date to call, pay, redeem and retire, both principal and interest, the Outstanding Bonds maturing on November 1, 1984, out of the proceeds of the sale of its \$1,500,000 principal amount of "Limited Tax General Obligation Refunding Bonds, 1983" (the "Refunding Bonds"), and other money of the City available therefor.

Section 2. Provisions for Refunding. To accomplish the refunding of the Outstanding Bonds as aforesaid, the City,

simultaneously with the delivery of the Refunding Bonds issued pursuant to the Bond Ordinance, agrees to deposit irrevocably with the Refunding Trustee in trust for the security and benefit of the holders and owners of the Outstanding Bonds a U.S. Treasury Note in the par amount of \$1,950,000 bearing interest at the rate of 15.5% per annum and maturing on October 31, 1983, hereinafter referred to as the "Acquired Obligation." Such Acquired Obligation, with the investment income therefrom, will be sufficient to provide for the payment of the principal of and interest on the Outstanding Bonds on November 1, 1983.

The City reserves the right to substitute other United States obligations for the Acquired Obligation in the event that it may do so pursuant to Section 103(c)(2) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder, as long as such substitution shall not impair the timely payment of the principal of and interest on the Outstanding Bonds or the defeasance thereof.

The City by the Bond Ordinance has irrevocably called for redemption on November 1, 1983, all of the Outstanding Bonds maturing on November 1, 1984. Such call for redemption shall be irrevocable upon the delivery of the Refunding Bonds. The Refunding Trustee through the City Director of Administration and Finance shall provide for publication and mailing of the proper notices of such redemption in accordance with the applicable provisions of Ordinance No. 2630 pertaining to such Outstanding Bonds.

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

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 the amount of principal to be paid on November 1, 1983, on the Outstanding Bonds.

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

Money shall be transferred by the Refunding Trustee to the City Director of Administration and Finance or to either fiscal agency of the State of Washington in Seattle, Washington, or New York, New York (the "Fiscal Agent"), on behalf of such Director of Administration and Finance in amounts sufficient to pay the principal of and interest on the Outstanding Bonds on November 1, 1983.

Section 4. Nonreinvestment of Funds; Custody and Safekeeping of Acquired Obligations. All money deposited with the Refunding Trustee or received by the Refunding Trustee as maturing principal or interest on the Acquired Obligation 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 Acquired Obligation and any money deposited with the Refunding Trustee pursuant to Section 2 hereof in the hands of the Refunding Trustee shall be paid to the City Director of Administration and Finance or Fiscal Agent for the credit of the "Limited Tax General Obligation Bond Fund, 1981" (the "Bond Fund"), of the District, as and when collected for use and application as other money deposited in the Bond Fund.

On November 10, 1983, the Refunding Trustee shall render a statement as of November 1, 1983, to the City Director of Administration and Finance, which statement shall set forth the Acquired Obligation which has matured and the amounts received by the Refunding Trustee by reason of such maturity, the investment income received from such Acquired Obligation, the amounts paid to such City Director of Administration and Finance or Fiscal Agent for credit to the Bond Fund and the dates of such payment for the payment of the principal of and interest on the Outstanding Bonds, and any other transactions of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

The Acquired Obligation, money 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.

SEATTLE FIRST NATIONAL BANK

CITY OF KIRKLAND, WASHINGTON

By

J. Stapp
Trust Officer

By

D. V. Hurst
D. V. HURST, Mayor

By

Tom J. Anderson
Tom J. Anderson, Director
of Administration and
Finance

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