

ORDINANCE NO. 3359

AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,665,000, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY; PROVIDING AND AUTHORIZING THE PURCHASE OF CERTAIN OBLIGATIONS WITH THE PROCEEDS OF THE SALE OF SUCH BONDS AND FOR THE USE AND APPLICATION OF THE MONEYS TO BE DERIVED FROM SUCH INVESTMENTS; PROVIDING FOR THE REDEMPTION OF THE OUTSTANDING BONDS TO BE REFUNDED; PROVIDING THE DATE, FORM, TERMS AND MATURITIES OF THE BONDS TO BE ISSUED AND FOR LIMITED TAX LEVIES TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT; AND APPROVING THE SALE OF SUCH BONDS.

WHEREAS, City of Kirkland, Washington (the "City"), now has outstanding its limited tax general obligation bonds in the aggregate principal amount of \$3,310,000 issued pursuant to Ordinance No. 3171 (the "1989 Bond Ordinance") under date of June 15, 1989, in the original aggregate principal amount of \$3,500,000 (the "1989 Bonds") which remain outstanding as follows:

<u>Maturity Years</u> <u>(July 1)</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
1993	\$ 100,000	8.00%
1994	110,000	8.00
1995	120,000	8.00
1996	130,000	8.00
1997	140,000	8.00
1998	150,000	8.00
1999	160,000	6.90
2000	170,000	6.95
2001	185,000	6.95
2002	200,000	7.00
2003	215,000	7.00
2009	1,630,000	7.15

; and

WHEREAS, the 1989 Bond Ordinance authorizes the redemption of the 1989 Bonds in advance of their scheduled final maturities; and

WHEREAS, after due consideration it appears to this City Council that the outstanding 1989 Bonds maturing on and after July 1, 2000 (the "Refunded Bonds") may be defeased and refunded by the issuance and sale of the general obligation refunding bonds of the City authorized herein (the "Bonds") so that a substantial savings to the City and its taxpayers will be effected by the issuance of the Bonds, and the payment and redemption of the Refunded Bonds; 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) be purchased out of the proceeds of sale of the Bonds; and

WHEREAS, it appears to the City Council that it is in the best interest of the City that the written offer of Piper Jaffray Incorporated be accepted;

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

Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings:

"Acquired Obligations" means the Government Obligations acquired by the City under the terms of this ordinance and the Escrow Agreement to effect the defeasance and refunding of the Refunded Bonds.

"Advance Refunding Account" means the account by that name established within the Bond Fund pursuant to Section 10 of this ordinance.

"Arbitrage Certificate" means the certificate of that name executed and delivered by the City at the time of issuance and delivery of the Bonds.

"Bond Fund" means the LTGO Bond Fund, 1993, established pursuant to Section 12 of this ordinance.

"Bond Register" means the registration books for the Bonds, maintained by the Bond Registrar, for the purpose of complying with the requirements of Section 149 of the Code and listing, inter alia, the names and addresses of all Registered Owners of Bonds.

"Bond Registrar" means the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

"Bonds" means the \$2,665,000 of City of Kirkland, Washington, Limited Tax General Obligation Refunding Bonds, 1993, issued pursuant to this ordinance.

"City" means City of Kirkland, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

"City Council" means the duly constituted City Council as the general legislative authority of the City.

"Code" means the federal Internal Revenue Code of 1986, as amended from time to time, and the applicable regulations thereunder.

"Director of Administration and Finance" means the chief financial officer of the City.

"Escrow Agent" means Seattle-First National Bank, Seattle, Washington.

"Escrow Agreement" means the Escrow Agreement to be dated as of the date of closing and delivery of the Bonds substantially in the form attached hereto as Exhibit A.

"Government Obligations" means those obligations now or hereafter defined as such in chapter 39.53 RCW.

"1989 Bond Ordinance" means Ordinance No. 3171 of the City Council, passed and approved on May 23, 1989.

"1989 Bonds" means the Limited Tax General Obligation Bonds, 1989, of the City issued under date of June 15, 1989, and presently outstanding in the aggregate principal amount of \$3,310,000.

"1989 Bond Fund" means the special fund of the City designated as the "Limited Tax General Obligation Bond Fund, 1989" established pursuant to the 1989 Bond Ordinance and maintained in the office of the Director of Administration and Finance for the purpose of paying debt service on the 1989 Bonds.

"Refunded Bonds" means the 1989 Bonds that mature on and after July 1, 2000.

"Refunding Plan" means the plan for the refunding of the Refunded Bonds set forth in Section 2 of this ordinance.

Section 2. Refunding Plan. The City hereby determines that substantial savings will be realized by the refunding of the Refunded Bonds. To accomplish the refunding as set forth in Sections 10 and 11

hereof, the City shall enter into an escrow agreement (the "Escrow Agreement") with the Escrow Agent and shall issue the Bonds.

As provided in Section 10 of this ordinance, a portion of the proceeds of the Bonds shall be deposited in the Advance Refunding Account (hereinafter authorized to be created) and shall be used to purchase certain Acquired Obligations specified in the Escrow Agreement. The Acquired Obligations held in the Advance Refunding Account shall be sufficient to:

(a) pay the interest on the Refunded Bonds coming due on and prior to July 1, 1999; and

(b) pay the redemption price on July 1, 1999 (100% of the principal amount) of the Refunded Bonds.

Section 3. Authorization of Bonds. For the purpose of undertaking the Refunding Plan and thereby effecting a substantial savings to the City and its taxpayers, the City shall issue its limited tax general obligation refunding bonds in the aggregate principal amount of \$2,665,000 (the "Bonds").

The Bonds shall be designated as the "City of Kirkland, Washington, Limited Tax General Obligation Refunding Bonds, 1993," shall be dated as of March 1, 1993, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each, or any integral multiple thereof, provided that no Bond shall represent more than one maturity, shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification, and shall bear interest from their date payable on the first days of each January 1 and July 1, commencing on July 1, 1993 at the following per annum interest rates and shall mature on July 1 of the following years in the following principal amounts:

<u>Maturity Years</u> <u>(July 1)</u>	<u>Principal Amount</u>	<u>Interest Rates</u>
1997	\$ 20,000	4.45%
1998	25,000	4.60
1999	30,000	4.70
2000	200,000	4.75
2001	215,000	4.95
2002	225,000	5.10
2003	240,000	5.25
2004	245,000	5.40
2005	265,000	5.50
2006	275,000	5.55
2007	290,000	5.65



2008	310,000	5.70
2009	325,000	5.75

Section 4. Registration and Exchange. The Bonds shall be in registered form as to both principal and interest. The Bond Registrar shall maintain the Bond Register. Such Bond Register shall contain the name and mailing address of the owner of each Bond or nominee of such owner and the principal amount and number of Bonds held by each owner or nominee.

Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Such exchange or transfer shall be without cost to the owner or transferee.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed (on the date such interest is due) to the registered owners or assigns at the addresses appearing on the Bond Register as of the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners at the principal offices of either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington, or New York, New York, at the option of such owners.

Section 5. Optional Redemption and Purchase of Bonds.

(a) Optional Redemption. The Bonds maturing on or after July 1, 2004, are subject to redemption at the option of the City on and after July 1, 2003, in whole on any date, or in part on any interest payment date (with maturities to be selected by the City and by lot within a maturity in such manner as the Bond Registrar shall determine), at a price of par plus accrued interest to the date of redemption.

If Bonds are called for optional redemption, portions of the principal amount of such Bonds, in installments of \$5,000 or any integral multiple of \$5,000, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of such Bond at the principal office of the Bond Registrar there shall be issued to the registered owner, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Bond or Bonds, at the option of the registered owner, of like maturity and interest rate in any denomination authorized by this ordinance.

(b) Purchase of Bonds. The City also reserves the right to purchase any of the Bonds at any time at a price deemed reasonable by the City.

Section 6. Notice of Redemption.

(a) Official Notice. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

- (i) the redemption date,
- (ii) the redemption price,
- (iii) if fewer than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,
- (iv) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and
- (v) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

(b) Effect of Notice: Bonds Due. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there

shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

(c) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption may be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being The Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and shall be sent to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Moody's Investors Service and Standard & Poor's Corporation at their respective offices in New York, New York) and to Piper Jaffray Incorporated, Seattle, Washington or to its business successor, if any, and to such persons and with such additional information as the Treasurer shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(3) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

The foregoing notice provisions of this Section 6, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 7. Form of Bonds. The Bonds shall be in substantially the following form:

[FORM OF FACE OF BOND]

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF WASHINGTON

CITY OF KIRKLAND

LIMITED TAX GENERAL OBLIGATION REFUNDING BOND  
1993

INTEREST RATE:      MATURITY DATE:      CUSIP NO.:

SEE REVERSE SIDE FOR  
CERTAIN ADDITIONAL PROVISIONS

Registered Owner:

Principal Amount:

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, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from March 1, 1993, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on the first days of each January and July, commencing on July 1, 1993. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by mailing a check or draft (on the date such interest is due) to the Registered Owner or assigns at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date. Principal shall be paid to the Registered Owner or assigns upon presentation and surrender of this bond at the principal office of the fiscal agencies of the State of Washington in either Seattle, Washington or New York, New York (collectively the "Bond Registrar").

Reference is hereby made to additional provisions of this bond set forth on the reverse side hereof and such additional provisions shall for all purposes have the same effect as if set forth in this space.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under Ordinance No. 3359 of the City (the "Bond Ordinance") until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Kirkland, Washington has caused this bond to be executed by the facsimile signatures of its Mayor and attested by the Clerk of the City as of this first day of March, 1993.

CITY OF KIRKLAND, WASHINGTON

By \_\_\_\_\_ /s/ facsimile \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
/s/ facsimile  
Clerk of the City

[FORM OF REVERSE SIDE OF BOND]

ADDITIONAL PROVISIONS

This bond is one of an authorized issue of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity in the aggregate principal amount of \$2,665,000, and is issued for refunding certain outstanding general obligation bonds of the City.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and ordinances duly adopted by the City Council.

The bonds of this issue maturing on and prior to July 1, 2003 are not subject to redemption in advance of their scheduled maturities.

The bonds of this issue maturing on or after July 1, 2004 are subject to redemption at the option of the City on and after July 1, 2003, in whole on any date, or in part on any interest payment date (with maturities to be selected by the City and by lot within a maturity in such manner as the Bond Registrar shall determine), at a price of par plus accrued interest to the date of redemption.

Notice of any such intended redemption as provided above shall be given no fewer than 30 nor more than 60 days prior to said redemption date by first class mail, postage prepaid, to the Registered Owner of any bond to be redeemed at the address appearing on the Bond Register. The requirements of the Bond Ordinance shall be deemed to be complied with when notice is mailed as therein provided, regardless of whether or not it is actually received by the owner of any bond. Interest on any bond so called for redemption shall cease on such redemption date unless the same is not paid in full upon presentation made pursuant to such call.

Portions of the principal sum of this bond in installments of \$5,000 or any integral multiple thereof may also be redeemed in accordance with the provisions set forth above, and if less than all of the principal sum hereof is to be redeemed, upon the surrender of this bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum hereof, at the option of the owner, a bond or bonds of like maturity and interest rate in any of the denominations authorized by the Bond Ordinance. Bonds are interchangeable for bonds of any authorized denomination of equal aggregate principal amount and of the same interest rate and maturity upon presentation and surrender to the Bond Registrar.

The bonds of this issue are not "private activity bonds" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The bonds of this issue are qualified tax-exempt obligations under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The City hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the City within and as a part of the tax levy permitted to cities without a vote of the electors in amounts sufficient, with other monies legally available therefor, 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. The pledge of tax levies may be discharged prior to maturity of the bonds by making provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations.

UNIF GIFTS (TRANSFERS)

MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

under Uniform Gifts (Transfers) to  
Minors Act

\_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the list above.

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

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the City of Kirkland, Washington, Limited Tax General Obligation Refunding Bonds, 1993, of the City, dated March 1, 1993.

WASHINGTON STATE FISCAL AGENCY as Bond Registrar

By \_\_\_\_\_  
Authorized Signer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer Identification Number]

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ of \_\_\_\_\_, or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: \_\_\_\_\_, \_\_\_\_.

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

\_\_\_\_\_

Section 8. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the City Clerk, and the seal of the City shall be impressed or a facsimile thereof imprinted thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so



authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

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In case either of the officers who shall have executed the Bonds shall cease to be officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds 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. Any Bond may also be signed and attested on behalf of the City by such persons who are at the actual date of delivery of such Bond the proper officers of the City although at the original date of such Bond any such person shall not have been such officer of the City.

Section 9. Bond Registrar. The City hereby adopts the system of registration specified and approved by the Washington State Finance Committee. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the City. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 10. Advance Refunding Account.

(a) Creation of Advance Refunding Account. An Advance Refunding Account is hereby authorized to be created within the 1989 Bond Fund to be drawn upon for the sole purpose of paying the principal of and interest on the Refunded Bonds.

(b) Application of Bond Proceeds. The net proceeds of sale of the Bonds (exclusive of accrued interest thereon, which shall be paid into the Bond Fund (hereinafter authorized to be created) and used to pay a portion of the interest on the Bonds on July 1, 1993) shall be credited to the Advance Refunding Account.

(c) Defeasance of Refunded Bonds. Money in the Advance Refunding Account, together with funds deposited by the City, if necessary, shall be used immediately upon receipt thereof to defease

the Refunded Bonds and discharge the other obligations of the City relating thereto under the 1989 Bond Ordinance by providing for the payment of the principal of and interest thereon as hereinafter set forth in this section.

(d) Acquired Obligations. The Director of Administration and Finance is hereby authorized to transfer to the Advance Refunding Account the proceeds of the Bonds deposited in such Account, that are required to purchase certain Government Obligations (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

(1) interest on the Refunded Bonds coming due on and prior to July 1, 1999; and

(2) the redemption price on July 1, 1999 (100% of the principal amount) of the Refunded Bonds.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

(e) Appointment of Escrow Agent. The City hereby appoints the corporate trust department of Seattle-First National Bank, Seattle, Washington as the Escrow Agent for the Refunded Bonds (the "Escrow Agent"). The City will take such actions as are found necessary to ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent shall be paid when due. The Director of Administration and Finance is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined. Such Escrow Agreement shall be substantially in the form of Exhibit A attached to this ordinance and by this reference hereby made a part of this ordinance.

Section 11. Redemption of Refunded Bonds. The City hereby irrevocably calls the Refunded Bonds for redemption on July 1, 1999 in accordance with the provisions of Section 6 of the 1989 Bond Ordinance.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the final establishment of the Advance Refunding Account and delivery of the Acquired Obligations 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 the 1989 Bond Ordinance. Said notice shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption of the Refunded Bonds by first class mail, postage prepaid, to the registered owner of each Refunded Bond at the address appearing on the Bond Register at the time the Escrow Agent prepares the notice. Additional notice also shall be mailed within the same time period to Moody's Investors Service and to Standard & Poor's Corporation at their respective offices in New York City and to Boettcher & Company, Inc., at its principal office in Denver, Colorado. The Director of Administration and Finance is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of mailing of such notice shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or agencies of the State of Washington, sums sufficient to pay, when due, the payments specified in subparagraphs (d)(1) and (d)(2) of Section 10 of this ordinance. All such sums shall be paid from the moneys and Acquired Obligations deposited with said Escrow Agent pursuant to the previous section of this ordinance, and the income therefrom and proceeds thereof.

Section 12. Pledge of Full Faith and Credit. The Director of Administration and Finance is hereby authorized and directed to create a fund to be used for the payment of debt service on the Bonds, to be designated as the "LTGO Bond Fund, 1993" (the "Bond Fund"). The City hereby irrevocably covenants that, unless the principal of and interest on the Bonds are paid from other sources, it will make annual levies of taxes within and as a part of the tax levy permitted to cities without a vote of the electors upon all of the property in the City subject to taxation 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 13. Defeasance. In the event that money and/or Government Obligations 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 part or all of the Bonds authorized hereunder in accordance with their terms, are set aside in a special account of the City to effect such redemption and retirement, and such moneys and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the bond redemption fund of the City for the payment of the principal of and interest on the Bonds so provided for, and such Bonds 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 such Bonds shall be deemed not to be outstanding hereunder.

Section 14. Covenants Regarding Arbitrage and Private Activity Bonds. . The City hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the City which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code which will cause the Bonds 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 Bonds) and the applicable Regulations thereunder throughout the term of the Bonds.

The City further covenants that it will not take any action or permit any action to be taken that would cause the Bonds to constitute "private activity bonds" under Section 141 of the Code.

Section 15. Sale of Bonds. The Bonds shall be sold by negotiated sale to Piper Jaffray Incorporated, of Seattle, Washington, under the terms and conditions thereof as provided in its purchase offer and in this ordinance.

The Mayor, the Clerk and the Director of Administration and Finance are hereby authorized to review and approve on behalf of the City the preliminary and final Official Statements relative to the Bonds with such additions and changes as may be deemed necessary or advisable to them. The Preliminary Official Statement dated February 10, 1993 is hereby deemed final for purposes of Section 15c2-12 of the Securities and Exchange Commission. The proper City officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to said underwriter, including the execution and delivery of closing certificates and for the proper application and use of the proceeds of sale thereof.

Section 16. Secondary Market Disclosure. The City appreciates the support of the investment community for its financing efforts relating to prior outstanding bonds, the Bonds and any bonds that it may issue in the future. The City, therefore, agrees that it will provide annual audited financial statements and other pertinent credit information relevant to the securities of the City (which may be contained in official statements), including the City's Comprehensive Annual Financial Report, upon request, and will provide copies to one or more information providers in the state and local government securities market. Periodic credit information also will be provided to rating agencies as necessary for maintaining outstanding ratings on the bonds of the City. The official statements of the City will reflect this commitment.

Section 17. Authorization of Temporary Bonds. Until the definitive Bonds are prepared, the City may, if deemed necessary by the Director of Administration and Finance, utilize a temporary Bond which shall be typewritten, and which shall be delivered to the purchaser or purchasers of the Bonds in lieu of definitive Bonds, but subject to the

same provisions, limitations and conditions as the definitive Bonds. The temporary Bond shall be dated March 1, 1993, shall be in the denomination of \$2,615,000, shall be substantially of the tenor of such Bonds, but with such omissions, insertions and variations as may be appropriate to temporary bonds, and shall be signed by the Mayor and attested by the City Clerk.

Upon surrender to the City of a temporary Bond, the City, without charge to the holder, shall execute and deliver to the holder of such temporary Bond, in exchange therefor, definitive Bonds, same maturities, interest rates, redemption provisions and aggregate principal amount as the temporary Bond of such series, if any, surrendered. Until so exchanged, a temporary Bond shall be in all respects entitled to the same benefit and security as definitive Bonds executed and issued pursuant to this ordinance.

Section 18. 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 Bonds.

Section 19. Effective Date. This ordinance shall be in full force and effect five days from and after its passage by the Kirkland City Council and publication, as required by law.

PASSED by majority vote of the Kirkland City Council in regular, open meeting this 16th day of February, 1993.

SIGNED in authentication thereof this 16th day of February, 1993.




\_\_\_\_\_  
Mayor

Attest:

  
\_\_\_\_\_  
City Clerk

Approved as to Form:

  
\_\_\_\_\_  
City Attorney

## SUMMARY OF BOND ORDINANCE NO. 3359

Notice is hereby given that the City Council of the City of Kirkland, Washington, approved Ordinance No. 3359 (the "Ordinance") at regular meeting held on February 16, 1993.

The Ordinance is entitled as follows:

### ORDINANCE NO. 3359

AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION REFUNDING BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,665,000, FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING GENERAL OBLIGATION BONDS OF THE CITY; PROVIDING AND AUTHORIZING THE PURCHASE OF CERTAIN OBLIGATIONS WITH THE PROCEEDS OF THE SALE OF SUCH BONDS AND FOR THE USE AND APPLICATION OF THE MONEYS TO BE DERIVED FROM SUCH INVESTMENTS; PROVIDING FOR THE REDEMPTION OF THE OUTSTANDING BONDS TO BE REFUNDED; PROVIDING THE DATE, FORM, TERMS AND MATURITIES OF THE BONDS TO BE ISSUED AND FOR LIMITED TAX LEVIES TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT; AND APPROVING THE SALE OF SUCH BONDS.

The following is a section-by-section summary of the Ordinance:

Section 1. Definitions. This section sets forth the definitions of capitalized terms used in the Ordinance.

Section 2. Refunding Plan. This section sets forth the purpose for the issuance of the Bonds which is to advance refund the callable maturities of the City's outstanding Unlimited Tax General Obligation Bonds, 1989.

Section 3. Authorization of Bonds. This section authorizes the issuance of the Bonds for advance refunding purposes. The interest rates and principal maturities also are established in this section.

Section 4. Registration and Exchange. This sections sets forth the applicable registration and exchange requirements for the Bonds.

Section 5. Optional Redemption and Purchase of Bonds. This section sets forth the optional redemption provisions for the Bonds (10-year par call) and right of the City to purchase the Bonds at any time.

Section 6. Notice of Redemption. This section sets forth the applicable requirements for giving notice of redemption on the Bonds.

Section 7. Form of Bonds. This section outlines the form of the printed Bonds to be delivered to the underwriter.

Section 8. Execution of Bonds. This section sets forth the officers of the City empowered to execute the Bonds.

Section 9. Bond Registrar. This section authorizes the Washington state fiscal agency to act as registrar for the Bonds and explains the powers and duties of the Bond Registrar.

Section 10. Advance Refunding Account. This section authorizes the creation of the Advance Refunding Account which will be used to hold the Bond proceeds that will be used to defease the refunded bonds.

Section 11. Redemption of Refunded Bonds. This section calls the refunded 1989 bonds for redemption and sets forth the applicable requirements for the giving of the notice of such redemption.

Section 12. Pledge of Taxes and Credit. This section authorizes the City to create a Bond Fund to be used for the payment of debt service on the Bonds. The City covenants that, unless the debt services is paid from other sources, it will annual levies of taxes, within and as a part of the tax levy permitted to cities without a vote of the electors, in order to meet such debt service requirements.

Section 13. Defeasance. This section authorizes the City to redeem the Bonds in accordance with their terms.

Section 14. Covenants Regarding Arbitrage and Private Activity Bonds. This section sets forth that the City will not use any proceeds of the Bonds for investments that would cause the Bonds to become "arbitrage bonds" and that it will not take any action that would cause the Bonds to become private activity bonds.

Section 15. Sale of Bonds. This section states that the Bonds will be sold to Piper Jaffray Incorporated as Underwriter for the Bonds in accordance with the terms of its purchase offer and that the proper City officials approve on behalf of the City the Preliminary Official Statement and the Final Official Statement.


Section 16. Secondary Market Disclosure. This section states that the City agrees to provide annual audited financial statements and other pertinent credit information relevant to the Bonds upon request.

Section 17. Authorization of Temporary Bonds. This section authorizes the use of temporary bonds in lieu of definitive bonds, but such bonds are subject to the same provisions of said definitive bonds. The City after closing will exchange the temporary bonds held by bondowners for definitive bonds.

Section 18. Severability. This section makes the sections of the Ordinance severable.

Section 19. Effective Date. This section gives the effective date of the Ordinance five days from and after its publication.

The full text of the above Ordinance will be mailed upon request to the Clerk of the City of Kirkland, 123 Fifth Avenue, Kirkland, Washington.

  
City Clerk



**EXHIBIT A****ESCROW DEPOSIT AGREEMENT  
CITY OF KIRKLAND, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION REFUNDING  
BONDS, 1993**

**THIS ESCROW AGREEMENT**, dated as of March 1, 1993 (herein, together with any amendments or supplements hereto, called the "Agreement") is entered into by and between the **City of Kirkland, Washington** (herein called the "City") and **Seattle-First National Bank, Seattle, Washington**, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent"). The notice addresses of the City and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

**WITNESSETH:**

**WHEREAS**, the City heretofore has issued and there presently remain outstanding the obligations described in Exhibit B attached hereto (the "Refunded Bonds"); and

**WHEREAS**, Pursuant to Ordinance No. 3359, passed by the City Council of the City on February 16, 1993 (the "Authorizing Action"), the City has determined to issue its Limited Tax General Obligation Refunding Bonds, 1993 (the "Refunding Bonds") for the purpose of providing funds to pay the costs of refunding the Refunded Bonds; and

**WHEREAS**, pursuant to the Authorizing Action, the Refunded Bonds have been designated for redemption prior to their scheduled maturity dates and, after provision is made for such redemption, the Refunded Bonds will come due in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C attached hereto and made a part hereof; and

**WHEREAS**, the Escrow Agent has reviewed the Authorizing Action and this Agreement, and is willing to serve as Escrow Agent hereunder; and

**WHEREAS**, Causey, Demgen & Moore, Denver, Colorado, Certified Public Accountants, have prepared a verification report which is dated March 1, 1993 (the "Verification Report") relating to the source and use of funds available to accomplish the refunding of the Refunded Bonds, the investment of such funds and the adequacy of such funds and investments to provide for the payment of the debt service due on the Refunded Bonds; and

**WHEREAS**, the City's Authorizing Action authorizes the City to issue the Refunding Bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any place of payment (paying agent) for any of the Refunded Bonds, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the discharge and final payment of the Refunded Bonds; and

**WHEREAS**, the City desires that, concurrently with the delivery of the Refunding Bonds to the purchasers thereof, certain proceeds of the Refunding Bonds, together with certain other available funds of the City, shall be applied to purchase certain direct obligations of the United States of America hereinafter defined as the "Escrowed Securities" for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

**WHEREAS**, when Escrowed Securities have been deposited with the Escrow Agent for the payment of all principal and interest of the Refunded Bonds when due, then the Refunded Bonds shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose;

**NOW, THEREFORE**, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Bonds, the City and the Escrow Agent mutually undertake, promise and agree for themselves and their respective representatives and successors, as follows:

## **Article 1. Definitions**

### **Section 1.1. Definitions.**

Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Escrow Fund" means the fund created by this Agreement to be established, held and administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Escrowed Securities" means the noncallable Government Obligations described in Exhibit D attached to this Agreement, or cash or other noncallable obligations substituted therefor pursuant to Section 4.3 of this Agreement.

"Government Obligations" means direct, noncallable (a) United States Treasury Obligations, (b) United States Treasury Obligations - State and Local Government Series, (c) non-prepayable obligations which are unconditionally guaranteed as to full and timely payment of principal and interest by the United States of America or (d) REFCORP debt obligations unconditionally guaranteed by the United States.

"Paying Agent" means the fiscal agency of the State of Washington, as the paying agent for the Refunded Bonds.

### **Section 1.2. Other Definitions.**

The terms "Agreement," "City," "Escrow Agent," "Authorizing Action," "Verification Report," "Refunded Bonds," and "Refunding Bonds" when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

### **Section 1.3. Interpretations.**

The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Bonds in accordance with applicable law.

## **Article 2. Deposit of Funds and Escrowed Securities**

### **Section 2.1. Deposits in the Escrow Fund.**

Concurrently with the sale and delivery of the Refunding Bonds the City shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, funds sufficient for the purchase of the Escrowed Securities described in Exhibit D attached hereto, and the Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the City in writing. An additional portion of the proceeds of the Refunding Bonds shall be delivered to the Escrow Agent for the purpose of paying costs of issuance of the Refunding Bonds, as described in the closing instructions for the Refunding Bonds.

## **Article 3. Creation and Operation of Escrow Fund**

### **Section 3.1. Escrow Fund.**

The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the Advance Refunding Account (the "Escrow Fund"). The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the funds and the Escrowed Securities described in Exhibit "D" attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.2 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Bonds, any balance then remaining in the Escrow Fund shall be transferred to the City, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

### **Section 3.1. Payment of Principal and Interest.**

The Escrow Agent is hereby irrevocably instructed to transfer to the Paying Agent from the cash balances from time to time on deposit in the Escrow Fund, the amounts required to pay the principal of the Refunded Bonds at their respective or redemption maturity dates and interest thereon to such maturity or redemption dates together with any redemption premium in the amounts and at the times shown in Exhibit C attached hereto.

### **Section 3.2. Sufficiency of Escrow Fund.**

The City represents that, based upon the information provided in the Verification Report, the successive receipts of the principal of and interest on the Escrowed Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Bonds as such interest comes due and the redemption price of the Refunded Bonds upon the redemption of the Refunded Bonds, all as more fully set forth in Exhibit E attached hereto. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by the Paying Agent to make the payments set forth in Section 3.2. hereof, the City shall timely deposit in the Escrow Fund, from any funds that are lawfully available therefor, additional funds in the amounts

required to make such payments. Notice of any such insufficiency shall be given promptly as hereinafter provided, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund or the City's failure to make additional deposits thereto.

### **Section 3.3. Trust Fund.**

The Escrow Agent shall hold at all times the Escrow Fund, the Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Bonds; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Bonds shall be entitled to the same preferred claim and first lien upon the Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Bonds. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent shall have no right to title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the City or, except to the extent expressly herein provided, by the Paying Agent.

## **Article 4. Limitation on Investments**

### **Section 4.1. Investments.**

Except for the initial investment in the Escrowed Securities, and except as provided in Section 4.2 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of the Escrowed Securities, or to sell, transfer, or otherwise dispose of the Escrowed Securities.

### **Section 4.2. Substitution of Securities.**

At the written request of the City, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall utilize cash balances in the Escrow Fund, or sell, transfer, otherwise dispose of or request the redemption of the Escrowed Securities and apply the proceeds therefrom to purchase Refunded Bonds or Government Obligations which do not permit the redemption thereof at the option of the obligor. Any such transaction may be effected by the Escrow Agent

only if (a) the Escrow Agent shall have received a written opinion from a firm of certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount sufficient to provide for the full and timely payment of the Refunded Bonds as set forth in Exhibit C attached hereto; and (b) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel to the effect that such transaction will not cause any of the Refunding Bonds or Refunded Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

## **Article 5. Application of Cash Balances**

### **Section 5.1. In General.**

Except as provided in Section 3.2 and 4.2 hereof, no withdrawals, transfers, or reinvestment shall be made of cash balances in the Escrow Fund. Cash balances shall be held by the Escrow Agent in U.S. currency as cash balances as shown on the books and records of the Escrow Agent and shall not be reinvested by the Escrow Agent.

## **Article 6. Redemption of Refunded Bonds.**

### **Section 6.1. Call for Redemption.**

The City hereby irrevocably calls the Refunded Bonds for redemption on July 1, 1999, as shown in the Verification Report and on Appendix "A" attached hereto.

### **Section 6.2. Notice of Redemption.**

The Escrow Agent agrees to give notice of the redemption of the Refunded Bonds pursuant to the terms of the Refunded Bonds and in substantially the form attached hereto as Appendix A attached hereto. The Escrow Agent hereby certifies that provision satisfactory and acceptable to the Escrow Agent has been made for the giving of notice of redemption of the Refunded Bonds.

## **Article 7. Records and Reports.**

### **Section 7.1. Records.**

The Escrow Agent will keep books of record and account in which complete and accurate entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection during business hours and after reasonable notice.

## **Section 7.2. Reports.**

While this Agreement remains in effect, the Escrow Agent semiannually (as of each June 30 and December 31) shall prepare and send to the City a written report summarizing all transactions relating to the Escrow Fund during the preceding six-month period, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Bonds or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

## **Article 8. Concerning the Escrow Agent**

### **Section 8.1. Representations.**

The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

### **Section 8.2. Limitation on Liability.**

The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Bonds shall be limited to the proceeds of the Escrowed Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, the Escrow Agent shall have no liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the City promptly of any such occurrence.

The recitals herein, the Authorizing Action and the proceedings authorizing the Refunded Bonds shall be taken as the statements of the City and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent.

The Escrow Agent is not a party to the Authorizing Action or the proceedings authorizing the Refunded Bonds and is not responsible for nor bound by any of the provisions thereof (except to the extent that the Escrow Agent may be a place of payment and paying agent and/or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the City thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the City with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the City or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the City at any time.

### **Section 8.3. Compensation.**

The City shall pay to the Escrow Agent fees for performing the services hereunder and for the expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement pursuant to the terms of the Fee Schedule attached hereto as Appendix B. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses as Escrow Agent or in any other capacity.



#### Section 8.4. Successor Escrow Agents.

If at any time the Escrow Agent or its legal successor or successors should become unable, through operation or law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the City, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the City within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Bonds then outstanding by an instrument or instruments in writing filed with the City, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

Any successor Escrow Agent shall be a corporation organized and doing business under the laws of the United States or the State of Washington, authorized under such laws to exercise corporate trust powers, having its principal office and place of business in the State of Washington, having a combined capital and surplus of at least \$100,000,000 and subject to the supervision or examination by federal or state authority.

Any successor Escrow Agent shall execute, acknowledge and deliver to the City and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

The obligations assumed by the Escrow Agent pursuant to this Agreement may be transferred by the Escrow Agent to a successor Escrow Agent if (a) the requirements of this Section 8.3 are satisfied; (b) the successor Escrow Agent has assumed all the obligations of the Escrow Agent under this Agreement; and (c) all of the Escrowed Securities and money held by the Escrow Agent pursuant to this Agreement have been duly transferred to such successor Escrow Agent.

## **Article 9. Miscellaneous**

### **Section 9.1. Notice.**

Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the City or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten days prior notice thereof.

### **Section 9.2. Termination of Responsibilities.**

Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the City, the owners of the Refunded Bonds or to any other person or persons in connection with this Agreement.

### **Section 9.3. Binding Agreement.**

This Agreement shall be binding upon the City and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Bonds, the City, the Escrow Agent and their respective successors and legal representatives.

### **Section 9.4. Severability.**

In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

### **Section 9.5. Washington Law Governs.**

This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Washington.

**Section 9.6. Time of the Essence.**

Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

**Section 9.7 Notice to Rating Agency.**

In the event that this agreement or any provision thereof is severed, amended or revoked, the City shall provide written notice of such severance, amendment or revocation to Moody's Investors Service at 99 Church Street, New York, New York, 10007, Attention: Public Finance Rating Desk/ Refunded Bonds and to Standard & Poor's Corporation at 25 Broad Street, New York, New York 100-4, Attention: Public Finance Rating Desk/Refunded Bonds.

**Section 9.8 Amendments.**

This Agreement shall not be amended except to cure any ambiguity or formal defect or omission in this Agreement. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto. No such amendment shall adversely affect the rights of the holders of the Refunded Bonds. No such amendment shall be made without first receiving written confirmation from the rating agencies, (if any) which have rated the Refunded Bonds that such administrative changes will not result in a withdrawal or reduction of its rating then assigned to the Refunded Bonds. If this Agreement is amended, prior written notice and copies of the proposed changes shall be given to the rating agencies which have rated the Refunded Bonds.

**EXECUTED** as of the date first written above.

**CITY OF KIRKLAND,  
WASHINGTON**

\_\_\_\_\_  
Director of Administration and Finance

**[ESCROW AGENT]**

\_\_\_\_\_  
Authorized Officer

Exhibit A	Addresses of the City and the Escrow Agent
Exhibit B	Description of the Refunded Bonds
Exhibit C	Schedule of Debt Service on Refunded Bonds
Exhibit D	Description of Beginning Cash Deposit (if any) and Escrowed Securities
Exhibit E	Escrow Fund Cash Flow
Appendix A	Forms of Notices of Redemption
Appendix B	Fee Schedule

**EXHIBIT A**  
**Addresses of the City and Escrow Agent**

**City:**

City of Kirkland  
123 Fifth Avenue  
Kirkland, WA 98033-6189  
Attention: Director of Administration and Finance

**Escrow Agent:**

Attention: Corporate Trust Department

**EXHIBIT B**  
**Description of the Refunded Bonds**

City of Kirkland, Washington

Limited Tax General Obligation Bonds, 1989

Maturity Years (July 1)	<u>Principal Amount</u>	<u>Interest Rates</u>
2000	170,000	6.95
2001	185,000	6.95
2002	200,000	7.00
2003	215,000	7.00
2009	1,630,000	7.15

**EXHIBIT C**  
**Schedule of Debt Service on Refunded Bonds**

City of Kirkland, Washington  
Limited Tax General Obligation Bonds, 1989

<u>Payment Date</u>	<u>Interest Payment</u>	<u>Principal Payment</u>
7/1/93	\$85,133.75	
1/1/94	85,133.75	
7/1/94	85,133.75	
1/1/95	85,133.75	
7/1/95	85,133.75	
1/1/96	85,133.75	
7/1/96	85,133.75	
1/1/97	85,133.75	
7/1/97	85,133.75	
1/1/98	85,133.75	
7/1/98	85,133.75	
1/1/99	85,133.75	
7/1/99	85,133.75	\$2,400,000

**EXHIBIT D  
Escrow Deposit**

**I. Cash**

**II. State and Local Government Series Obligations**

Principal Amount	Interest Rate	Maturity Date
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**III. Other Obligations**

Description	Principal Amount	Interest Rate	Maturity Date
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**EXHIBIT E**  
**Escrow Fund Cash Flow**

APPENDIX A  
Notice of Redemption

**CITY OF KIRKLAND, WASHINGTON  
LIMITED TAX GENERAL OBLIGATION BONDS, 1989**

NOTICE IS HEREBY GIVEN that the City of Kirkland, Washington has called for redemption on July 1, 1999, all of its then outstanding Limited Tax General Obligation Bonds, 1989 (the "Bonds").

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to July 1, 1999. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of:

The Bank of New York  
Fiscal Agency Department  
Ground Floor  
101 Barclay Street  
7 East  
New York, NY 10286

-or-

First Interstate Bank of  
Washington, N.A.  
Corporate Trust  
Department  
14th Floor - M/S 257  
999 Third Avenue  
Seattle, WA 98104

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on December 1, 1999.

The following Bonds are being redeemed:

<b>Bond Number</b>	<b>Principal Amount</b>	<b>Date of Maturity</b>	<b>Cusip Number</b>
	\$170,000	7/1/00	
	185,000	7/1/01	
	200,000	7/1/02	
	215,000	7/1/03	
	225,000	7/1/04	
	245,000	7/1/05	
	260,000	7/1/06	
	280,000	7/1/07	
	300,000	7/1/08	
	320,000	7/1/09	

**By Order of the City**

**The Bank of New York, as Paying Agent**

Dated: \_\_\_\_\_

Under the Interest and Dividend Tax Compliance Act of 1983, payor may be required to withhold 31% of the redemption price from any Bondowner who fails to provide to payor and certify under penalties of perjury, a correct taxpayer identifying number (employer identification number or social security number, as appropriate) or an exemption certificate on or before the date the Bonds are presented for payment. Bondowners who wish to avoid the application of these provisions should submit a completed Form W-9 when presenting their Bonds.

**APPENDIX B**  
**Fee Schedule**