

ORDINANCE NO. 3406

AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$9,100,000, FOR THE PURPOSES OF FINANCING A PORTION OF THE COST OF AN EXPANSION TO CITY HALL AND FINANCING A PORTION OF THE COSTS OF THE CONSTRUCTION OF A PARKING FACILITY; 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, the City is authorized to issue general obligation bonds for public purposes without a vote of the electors within its statutory limits of indebtedness; and

WHEREAS, the indebtedness represented by the Bonds herein authorized, together with all other non-voted indebtedness of the City, will be within the statutory limitation of debt permitted to the City; 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 Inc. to purchase said bonds be accepted;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Kirkland as follows:

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

"Bond Fund" means the 1994 LTGO Public Facilities Bond Fund, established pursuant to Section 11 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 \$9,100,000 of City of Kirkland, Washington, Limited Tax General Obligation Bonds, 1994, issued pursuant to this ordinance.

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

"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.

"Computation Date" means the date selected by the City to make arbitrage rebate computations.

"Computation Period" means the period between Computation Dates.

"Construction Fund" means the 1994 LTGO Public Facilities Construction Fund authorized to be created by Section 12 of this ordinance.

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

"Discharge" occurs on the date that all amounts due under the terms of the Bonds are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bonds after such date.

"Government Obligations" has the meaning given such term in RCW Chapter 39.53, as now existing or hereafter amended.

"Payments" means:

(a) Amounts actually or constructively paid to acquire an investment.

(b) In the case of an investment that is first allocated to the Bonds or becomes subject to a rebate requirement on a date after it is actually acquired, the

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value of the investment at the beginning of the Computation Period.

(c) In the case of an investment that was allocated to the Bonds at the end of the preceding Computation Period, the value of that investment at the beginning of the Computation Period.

(d) On the last day of each Bond Year during which there are amounts allocated to the Bonds and subject to the rebate requirements, and on the final maturity date of the Bonds, a computation credit of \$1,000.

(e) Any Yield Reduction Payments.

"Rebatable Arbitrage" means the amount required to be paid pursuant to Section 148(f) of the Code.

"Receipts" means:

(a) Amounts actually or constructively received with respect to an investment such as earnings and return of principal.

(b) In the case of an investment that ceases to be allocated to the Bonds before its disposition or redemption date, the value of that investment on the date it ceases to be allocated to the Bonds.

(c) In the case of an investment that is held at the end of any Computation Period, the value of that investment at the end of the Computation Period.

"Yield Reduction Payments" mean payments made to the United States in the manner permitted by Internal Revenue Service regulations that reduce the yield on investments.

Section 2. Authorization of City Hall Project. The City Council has heretofore approved the undertaking of an expansion and renovation of the City's public administration building (the "City Hall Project"). For the purpose of providing funds to pay a portion of the cost of the City Hall Project, the City shall issue and sell a series of limited tax general obligation bonds in the aggregate principal amount of \$4,200,000 (the "Series A Bonds"). The Series A Bonds shall mature on December 1 of the following years in the following principal amounts:

| <u>Maturity Years</u> <u>(December 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|
| 1996 | \$135,000 |
| 1997 | 145,000 |
| 1998 | 150,000 |
| 1999 | 160,000 |
| 2000 | 165,000 |
| 2001 | 175,000 |
| 2002 | 185,000 |
| 2003 | 195,000 |
| 2004 | 200,000 |
| 2005 | 210,000 |
| 2006 | 225,000 |
| 2007 | 235,000 |
| 2008 | 245,000 |
| 2009 | 260,000 |
| 2010 | 270,000 |
| 2011 | 285,000 |
| 2012 | 305,000 |
| 2013 | 320,000 |
| 2014 | 335,000 |

Section 3. Authorization of Regional Library Project. The City Council has heretofore approved the City's participation with the King County Library District in the construction of a new major regional library adjacent to the central business district through the construction by the City of a 450 vehicle capacity parking facility under the library (the "Regional Library Project"). For the purpose of providing funds to pay a portion of the cost of the construction of the Regional Library Project, the City shall issue and sell a series of limited tax general obligation bonds in the aggregate principal amount of \$4,900,000 (the "Series B Bonds"). The Series B Bonds shall mature on December 1 of the following years in the following principal amounts:

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| <u>Maturity Years</u> <u>(December 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|
| 1996 | \$160,000 |
| 1997 | 165,000 |
| 1998 | 175,000 |
| 1999 | 185,000 |
| 2000 | 195,000 |
| 2001 | 205,000 |
| 2002 | 215,000 |
| 2003 | 225,000 |
| 2004 | 235,000 |
| 2005 | 245,000 |
| 2006 | 260,000 |
| 2007 | 275,000 |
| 2008 | 285,000 |
| 2009 | 300,000 |
| 2010 | 320,000 |
| 2011 | 335,000 |
| 2012 | 355,000 |
| 2013 | 370,000 |
| 2014 | 395,000 |

Section 4. Sale of Bonds as a Combined Series.

For purposes of public offering and sale, the Series A Bonds and the Series B Bonds shall be combined and sold as a single series to be designated as the "City of Kirkland, Washington, Limited Tax General Obligation Bonds, 1994" (the "Bonds"). The Bonds shall be dated as of February 28, 1994, 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 December and June, commencing on December 1, 1994 at the following per annum interest rates and shall mature on December 1 of the following years in the following aggregate principal amounts:

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| <u>Maturity Years</u> <u>(December 1)</u> | <u>Principal Amount</u> | <u>Interest Rates</u> |
|--|-------------------------|-----------------------|
| 1996 | \$ 295,000 | 5.125% |
| 1997 | 310,000 | 5.125 |
| 1998 | 325,000 | 5.125 |
| 1999 | 345,000 | 5.125 |
| 2000 | 360,000 | 5.125 |
| 2001 | 380,000 | 5.200 |
| 2002 | 400,000 | 5.200 |
| 2003 | 420,000 | 4.650 |
| 2004 | 435,000 | 4.750 |
| 2005 | 455,000 | 5.000 |
| 2006 | 485,000 | 5.150 |
| 2007 | 510,000 | 5.300 |
| 2008 | 530,000 | 5.400 |
| 2009 | 560,000 | 5.500 |
| 2010 | 590,000 | 5.550 |
| 2011 | 620,000 | 5.600 |
| 2013 | 1,350,000 | 5.700 |
| 2014 | 730,000 | 5.700 |

Section 5. 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.

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Section 6. Redemption/Purchase of Bonds.

(a) Optional Redemption. The Bonds maturing on and prior to December 1, 2004 shall not be subject to redemption prior to their scheduled maturity. The Bonds maturing on and after December 1, 2005 shall be subject to redemption at the option of the City on and after December 1, 2004, in whole on any date or in part on any interest payment date (and if in part, 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.

(b) Mandatory Redemption. Unless previously redeemed pursuant to the foregoing optional redemption provisions, the Bonds maturing on December 1, 2013 are subject to mandatory redemption by lot at a price of par, in the following principal amounts at par plus accrued interest at the date of redemption, on December 1 in the following years:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2012 | \$660,000 |
| 2013* | 690,000 |

*Final Maturity

(c) Selection of Bonds for Redemption. If Bonds are called for 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.

(d) Purchase of Bonds for Retirement. The City further reserves the right to use at any time any legally available funds to purchase any of the Bonds for retirement.

Section 7. 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 canceled 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.

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

(ii) 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 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 Inc., Seattle, Washington, or to its business successor, if any, and to such persons and with such additional information as the Director of Administration and Finance shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(iii) 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.

(d) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, 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 8. Form of Bonds. The Bonds shall be in substantially the following form:

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UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF KIRKLAND

LIMITED TAX GENERAL OBLIGATION BOND, 1994

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

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 February 28, 1994, 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 December and June, commencing on December 1, 1994. 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").

This bond is one of an authorized combined series 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 \$9,100,000, and is issued for the purposes of financing a portion of the cost of an expansion to City Hall and a portion of the City's share of the costs of construction of a parking facility under a new regional library in the City.

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.

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This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under Ordinance No. 3406 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. 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, including the Bond Ordinance.

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 manual or facsimile signature of its Mayor and attested by the manual or facsimile of the Clerk or Director of Administration and Finance of the City, as of this twenty-eighth day of February, 1994.

CITY OF KIRKLAND,
WASHINGTON

By /s/ manual or facsimile
Mayor

ATTEST:

 /s/ manual or facsimile
Clerk/Director of Administration and Finance of the City

[FORM OF REVERSE SIDE OF BOND]

ADDITIONAL PROVISIONS

The bonds of this issue maturing on and prior to December 1, 2004 are not subject to redemption prior to their scheduled maturities. The City has reserved the right to redeem any or all of the outstanding bonds of this issue on and after December 1, 2004, 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 increments of \$5,000, with the

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manner of selection to be as chosen by the Bond Registrar), at a price of par plus accrued interest to the date of redemption.

The bonds of this issue maturity on December 1, 2013, if not previously redeemed pursuant to the option redemption provisions set forth above, are subject to mandatory redemption by lot at a price of par, to the date of redemption, on December 1 in the following years in the following principal amounts:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------|
| 2012 | \$660,000 |
| 2013* | 690,000 |

*Final Maturity

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 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 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.

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 have been designated as 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 the City 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

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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 Limited Tax General Obligation Bonds, 1994, of the City, dated February 28, 1994.

WASHINGTON STATE FISCAL
AGENCY as Bond Registrar

By _____
Authorized Signer

(form of assignment)

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER
IDENTIFICATION NUMBER

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OF TRANSFEREE

[Empty rectangular box]

(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 9. 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 or Director of Administration and Finance, 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.

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

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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 10. 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 11. Pledge. 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 "1994 LTGO Public Facilities Bond Fund" (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 the City without a vote of its 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 12. Application of Bond Proceeds. The Director of Administration and Finance is hereby authorized and directed to create a fund to be designated as the 1994 LTGO Public Facilities Construction Fund (the "Construction Fund"). From the moneys derived from the sale of the Bonds:

From the moneys derived from the sale of the Bonds:

(a) the accrued interest to the date of delivery shall be deposited in the Bond Fund and shall be used to pay the interest on the Bonds coming due on December 1, 1994;

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(b) the sum of \$4,200,000 of said proceeds (less a proportionate share of underwriting expense) shall be deposited in the Construction Fund and shall be expended solely to pay the cost of issuing and selling the Bonds and costs of the City Hall Project; and

(c) the sum of \$4,900,000 of said proceeds (less a proportionate share of underwriting expense) shall be deposited in the Construction Fund and shall be expended solely to pay the cost of issuing and selling the Bonds and costs of the Regional Library Project.

Proceeds of the Bonds may be invested by the Director of Administration and Finance in any legal investment for funds of cities in the State of Washington.

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 Designation.

(a) Bonds Not Arbitrage 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.

(b) Arbitrage Rebate.

(i) General Rule. The City will pay to the United States of America in accordance with the provisions of this section (A) rebate installment payments which, when added to the future value as of the Computation Date of all previous rebate payments made with respect to the Bonds, equal at least 90% of the Rebate Amount with respect to the Bonds, and (B) a final rebate installment payment in an amount which, when added to the future value of all previous rebate payments made with respect to the Bonds, equals 100% of the Rebate Amount.

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(ii) Computation of Rebate Amount. As of any Computation Date, the Rebate Amount for the Bonds is the excess of the future value, as of such date, of all Receipts over the future value, as of such date, of all Payments.

(iii) Payment Procedure.

(A) The first rebate installment payment will be made for a Computation Date that is no later than five years after the issue date of the Bonds. Subsequent rebate installment payments will be made for a Computation Date that is not later than five years after the previous Computation Date for which rebate installment payment was made. Each rebate installment payment will be paid no later than 60 days after the Computation Date to which the payment relates.

(B) A final rebate payment will be paid within 60 days of the date the Bonds are Discharged or such other period as is permitted by Internal Revenue Service regulations.

(C) Each payment of Rebatable Arbitrage will be made to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19225 and will be accompanied by IRS Form 8038-T.

(c) Private Activity. 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.

(d) Bank Eligibility. The Bonds are hereby designated as "qualified tax-exempt obligations" for purchase by financial institutions pursuant to Section 265(b) of the Code. The City anticipates that it will not issue more than \$10,000,000 in "qualified tax-exempt obligations" during the year 1994.

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

The Director of Administration and Finance is 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. The Preliminary Official Statement dated February 16, 1994 is hereby deemed final for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The proper City officials are hereby authorized and directed to do everything

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necessary for the prompt execution and delivery of the Bonds to the Underwriter, including the execution and delivery of closing certificates and for the proper application and use of the proceeds of sale thereof.

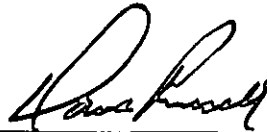
Section 16. Secondary Market Disclosure. The City appreciates the support of the investment community for its financing efforts relating to its financial obligations. The City, therefore, agrees that it will provide annual audited financial statements and other pertinent credit information relevant to 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. The Official Statement of the City with respect to the Bonds will reflect this commitment.

Section 17. 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 18. Effective Date. This ordinance shall become effective five days from and after its passage by the Kirkland City Council and publication, as required by law.

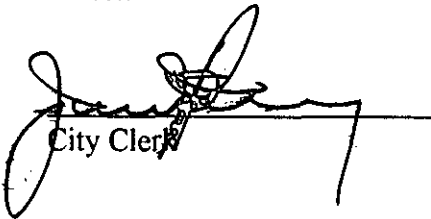
PASSED by majority vote of the Kirkland City Council in regular, open meeting this 1st day of March, 1994.

SIGNED in authentication thereof this 1st day of March, 1994.




Mayor

Attest:


City Clerk

Approved as to Form:


City Attorney

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SUMMARY OF ORDINANCE NO. 3406

AN ORDINANCE OF THE CITY COUNCIL OF CITY OF KIRKLAND, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL OBLIGATION BONDS OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$9,100,000, FOR THE PURPOSE OF FINANCING A PORTION OF AN EXPANSION TO CITY HALL AND FINANCING A PORTION OF THE COSTS OF THE CONSTRUCTION OF A PARKING FACILITY; PROVIDING THE DATE, FORM, TERMS AND MATURITIES OF THE BONDS TO BE ISSUED AND FOR UNLIMITED TAX LEVIES TO PAY THE PRINCIPAL THEREOF AND INTEREST THEREON; AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT; AND APPROVING SALE OF SUCH BONDS.

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

Section 2. Authorization of City Hall Project. For the purpose of providing funds to pay a portion of the cost of the City Hall Project, the City shall issue and sell a series of limited tax general obligation bonds in the aggregate principal amount of \$4,200,000 (the "Series A Bonds"). The Series A Bonds shall mature on December 1 of the following years in the following principal amounts:

| <u>Maturity Years (December 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|
| 1996 | \$135,000 |
| 1997 | 145,000 |
| 1998 | 150,000 |
| 1999 | 160,000 |
| 2000 | 165,000 |
| 2001 | 175,000 |
| 2002 | 185,000 |
| 2003 | 195,000 |
| 2004 | 200,000 |
| 2005 | 210,000 |
| 2006 | 225,000 |
| 2007 | 235,000 |
| 2008 | 245,000 |
| 2009 | 260,000 |
| 2010 | 270,000 |
| 2011 | 285,000 |
| 2012 | 305,000 |
| 2013 | 320,000 |
| 2014 | 335,000 |

Section 3. Authorization of Regional Library Project. For the purpose of providing funds to pay a portion of the cost of the construction of the Regional Library Project, the City shall issue and sell a series of limited tax general obligation bonds in the aggregate principal amount of \$4,900,000 (the "Series B Bonds"). The Series B Bonds shall mature on December 1 of the following years in the following principal amounts:

| <u>Maturity Years (December 1)</u> | <u>Principal Amount</u> |
|--|-------------------------|
| 1996 | \$160,000 |
| 1997 | 165,000 |
| 1998 | 175,000 |
| 1999 | 185,000 |
| 2000 | 195,000 |
| 2001 | 205,000 |
| 2002 | 215,000 |
| 2003 | 225,000 |
| 2004 | 235,000 |
| 2005 | 245,000 |
| 2006 | 260,000 |
| 2007 | 275,000 |
| 2008 | 285,000 |
| 2009 | 300,000 |
| 2010 | 320,000 |
| 2011 | 335,000 |
| 2012 | 355,000 |
| 2013 | 370,000 |
| 2014 | 395,000 |

Section 4. Sale of Bonds as a Combined Series. For purposes of public offering and sale, the Series A Bonds and the Series B Bonds shall be combined and sold as a single series to be designated as the "City of Kirkland, Washington, Limited Tax General Obligation Bonds, 1994" (the "Bonds"). The Bonds mature on December 1 of the following years and bear interest at the following rates:

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| <u>Maturity Years</u> <u>(December 1)</u> | <u>Principal Amount</u> | <u>Interest Rates</u> |
|--|-------------------------|-----------------------|
| 1996 | \$ 295,000 | 5.125% |
| 1997 | 310,000 | 5.125 |
| 1998 | 325,000 | 5.125 |
| 1999 | 345,000 | 5.125 |
| 2000 | 360,000 | 5.125 |
| 2001 | 380,000 | 5.200 |
| 2002 | 400,000 | 5.200 |
| 2003 | 420,000 | 4.650 |
| 2004 | 435,000 | 4.750 |
| 2005 | 455,000 | 5.000 |
| 2006 | 485,000 | 5.150 |
| 2007 | 510,000 | 5.300 |
| 2008 | 530,000 | 5.400 |
| 2009 | 560,000 | 5.500 |
| 2010 | 590,000 | 5.550 |
| 2011 | 620,000 | 5.600 |
| 2013 | 1,350,000 | 5.700 |
| 2014 | 730,000 | 5.700 |

Section 5. Registration and Exchange. Section 5 sets forth the system of registration for the Bonds required under federal tax laws.

Section 6. Redemption and Purchase of Bonds. The Bonds maturing on and after December 1, 2005 will be subject to redemption at the option of the City on and after December 1, 2004, in whole on any date or in part on any interest payment date at a price of par plus accrued interest to the date of redemption. \$660,000 principal amount of the Bonds maturing on December 1, 2013 are subject to mandatory redemption by lot at a price of par on December 1, 2012. In addition, the City reserves the right to purchase any of the Bonds at any time at a price deemed reasonable by the City.

Section 7. Notice of Redemption. Section 7 sets forth the provisions for the giving of the notice of redemption.

Section 8. Form of Bonds. Section 8 sets forth the form of Bonds to be printed and delivered to purchasers.

Section 9. 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 or the Director of Administration and Finance, and the seal of the City shall be impressed or a facsimile thereof imprinted thereon.

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Section 10. Bond Registrar. The City adopts the system of registration specified and approved by the Washington State Finance Committee.

Section 11. Pledge. Section 11 authorizes a special fund to be created for the payment of debt Service on the Bonds. The City 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 the City without a vote of its 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.

Section 12. Application of Bond Proceeds. Section 12 authorizes the creation of a special fund to hold the proceeds of the Bonds to be disbursed to pay and reimburse for the payment of the costs of financing the projects..

Section 13. Defeasance. Section 13 authorizes the defeasance of the Bonds prior to their scheduled maturity.

Section 14. Covenants Regarding Arbitrage and Private Activity Bonds Designation. In Section 14, the City makes certain covenants necessary to maintain the tax-exempt status of interest on the Bonds.

Section 15. Sale of Bonds. The Bonds will be sold to Piper Jaffray Inc., of Seattle, Washington.

Section 16. Secondary Market Disclosure. In Section 16, the city agrees to provide financial information about itself to investors in the Bonds.

Section 17. Severability. Section 17 authorizes severability of the various sections of the Ordinance.

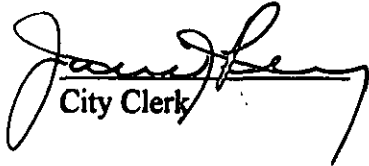
Section 18. Effective Date. The Ordinance shall become effective five days from and after its passage by the Kirkland City Council and publication, as required by law.

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PASSED by majority vote of the Kirkland City Council in regular,
open meeting this 1st day of March, 1994.

SIGNED in authentication thereof this 1st day of March,
1994.

Attest:


City Clerk

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