

ORIGINAL

CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 2169

AN ORDINANCE providing that the sanitary sewerage system of the City shall become a part of the waterworks utility of the City; providing for the payment and retirement of a portion of the outstanding water revenue bonds and sewer revenue bonds heretofore issued by the five special purpose districts, the assets of which have been acquired and the obligations of which have been assumed by the City; providing for the issuance and sale of \$6,010,000.00 par value of "Water and Sewer Revenue Refunding Bonds, 1975," for the purpose of obtaining a part of the funds with which to refund, or otherwise pay and retire in the manner hereinafter set forth, all of the remaining outstanding water revenue bonds and sewer revenue bonds heretofore issued by such special purpose districts; fixing the date, form, denomination, maturities, interest rates, terms and covenants of such refunding bonds; creating a refunding fund to provide for the advance refunding operation; creating a special bond redemption fund to provide for the payment of the refunding bonds; creating a special fund in which utility revenues shall be deposited as received; creating a special utility maintenance, repair and improvement fund; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of such refunding bonds, other moneys of the City legally available therefor, and moneys now on hand in the bond redemption funds of the bonds being refunded, or otherwise paid and retired, and for the use and application of the moneys to be derived from such investment; authorizing the execution of an agreement with Seattle-First National Bank of Seattle, Washington, as Refunding Trustee; providing for the payment and redemption of the outstanding bonds to be paid and retired; and providing for the sale and delivery of the refunding bonds to Kidder, Peabody & Co., Incorporated, of New York, New York.

WHEREAS, the City Council of the City by Ordinance No. 1567 duly adopted on September 14, 1970, as amended by Ordinance No. 1572 duly adopted on September 28, 1970, provided for the submission to the qualified voters of the City for their ratification or rejection at a special election held therein on November 3, 1970, of a proposition authorizing the City to acquire, add to, maintain and operate waterworks, within or without the City limits, to be accomplished by the acquisition

of the facilities, and adoption of plans of existing systems, subject to the feasibility of acquiring existing operating systems; and

WHEREAS, at such special election the qualified voters of the City voted in favor of that proposition; and

WHEREAS, as provided by an agreement dated November 14, 1967, the City, effective November 1, 1973, being the Title Transfer Date as defined in such agreement, acquired title to all the real and personal property of Bellevue Sewer District, King County, Washington, except bond redemption funds held by the King County Comptroller, and assumed and agreed to pay in accordance with their terms all obligations of that District, including but not limited to paying and securing the payment of the principal of and interest on all such District's then outstanding sewer revenue bonds, of which bonds from the following issues heretofore issued pursuant to the respectively indicated resolutions of the Board of Sewer Commissioners of Bellevue Sewer District, King County, Washington, remain outstanding:

"Revenue and Refunding Bonds," issued under date of June 1, 1965, pursuant to Resolution No. 985, adopted May 11, 1965, and

"Sewer Revenue Bonds," issued under date of November 1, 1970, pursuant to Resolution No. 70-44, adopted September 11, 1970;

and

WHEREAS, as provided by an agreement dated July 15, 1970, the City, effective January 25, 1973, being the Title Transfer Date as defined in such agreement, acquired title to all the real and personal property of Lake Hills Sewer District, King County, Washington, except bond redemption funds held by the King County Comptroller, and assumed and agreed to pay in accordance with their terms all obligations of that District, including but not limited to paying and securing the payment

of the principal of and interest on all such District's then outstanding sewer revenue bonds, of which bonds from the following issues heretofore issued pursuant to the respectively indicated resolutions of the Board of Sewer Commissioners of Lake Hills Sewer District, King County, Washington, remain outstanding:

"Sewer Revenue Bonds, 1957, Series B," issued under date of April 1, 1959, pursuant to Resolution No. 131 adopted February 26, 1959,

"Sewer Revenue Bonds, 1957, Series C," issued under date of March 1, 1960, pursuant to Resolution No. 210, adopted April 14, 1960,

"Sewer Revenue Bonds, 1961," issued under date of May 1, 1961, pursuant to Resolution No. 290, adopted May 26, 1961,

"Sewer Revenue Refunding and Improvement Bonds, 1963," issued under date of May 1, 1963, pursuant to Resolution No. 504, adopted May 23, 1963,

"Sewer Revenue Bonds, 1963, Issue No. 2," issued under date of September 1, 1963, pursuant to Resolution No. 546, adopted September 26, 1973,

"Sewer Revenue Bonds, 1964," issued under date of August 1, 1964, pursuant to Resolution No. 627, adopted September 10, 1964,

"Sewer Revenue Bonds, 1966," issued under date of February 1, 1966, pursuant to Resolution No. 812, adopted February 24, 1966, and

"Sewer Revenue Bonds, 1972," issued under date of December 1, 1972, pursuant to Resolution No. 72-72, adopted November 30, 1972;

and

WHEREAS, as provided by an agreement dated October 27, 1970, the City, effective October 1, 1972, being the Title Transfer Date as defined in such agreement, acquired title to all the real and personal property of Water District No. 97, King County, Washington, except bond redemption funds held by the King County Comptroller, and assumed and agreed to pay in accordance with their terms all obligations of that District, including but not limited to paying and securing the payment of the principal of and interest on all such District's then

outstanding water revenue bonds, of which bonds from the following issues heretofore issued pursuant to the respectively indicated resolutions of the Board of Water Commissioners of Water District No. 97, King County, Washington, remain outstanding:

"Water Revenue Bonds, 1956, Series B," issued under date of March 1, 1958, pursuant to Resolution No. 75, adopted February 27, 1958,

"Water Revenue Bonds, 1956, Series C," issued under date of January 1, 1959, pursuant to Resolution No. 120, adopted December 11, 1958,

"Water Revenue Bonds, 1956, Series D," issued under date of January 1, 1960, pursuant to Resolution No. 194, adopted December 10, 1959,

"Water Revenue Bonds, 1956, Series E," issued under date of December 1, 1960, pursuant to Resolution No. 293, adopted December 20, 1960,

"Water Revenue Bonds, 1956, Series F," issued under date of July 1, 1961, pursuant to Resolution No. 363, adopted July 18, 1961,

"Water Revenue Bonds, 1962," issued under date of March 1, 1962, pursuant to Resolution No. 429, adopted March 20, 1962,

"Water Revenue Bonds, 1962, Issue No. 2," issued under date of June 1, 1962, pursuant to Resolution No. 472, adopted June 19, 1962,

"Water Revenue Bonds, 1963," issued under date of April 1, 1963, pursuant to Resolution No. 585, adopted April 16, 1963,

"Water Revenue Bonds, 1964," issued under date of April 1, 1964, pursuant to Resolution No. 720, adopted April 21, 1964,

"Water Revenue Bonds, 1967," issued under date of February 1, 1967, pursuant to Resolution No. 1018, adopted January 16, 1967, and

"Refunding Water Revenue Bonds, 1971," issued under date of July 1, 1971, pursuant to Resolution No. 1592, adopted July 1, 1971;

and

WHEREAS, as provided by an agreement dated November 7, 1972, and as declared by the Superior Court of the State of Washington for King County in an order entered November 14, 1973, in Cause No. 771341, the City, effective May 31, 1973,

being the Title Transfer Date as defined in such agreement, acquired title to all the real and personal property of Water District No. 99, King County, Washington, except bond redemption funds held by the King County Comptroller and such real and personal property of that District as was transferred to the City of Redmond, Washington, and assumed and agreed to pay in accordance with their terms all obligations of that District, including but not limited to paying and securing the payment of the principal of and interest on all such District's then outstanding water revenue bonds, of which bonds from the following issues heretofore issued pursuant to the respectively indicated resolutions of the Board of Water Commissioners of Water District No. 99, King County, Washington, remain outstanding:

"Water Revenue Bonds, Series A," issued under date of January 1, 1961, pursuant to Resolution No. 24, adopted January 3, 1961,

"Water Revenue Bonds, Series B," issued under date of October 1, 1961, pursuant to Resolution No. 41, adopted September 14, 1961,

"Water Revenue Bonds, Series C," issued under date of February 1, 1964, pursuant to Resolution No. 75, adopted January 2, 1964,

"Water Revenue Bonds, Series D," issued under date of May 1, 1964, pursuant to Resolution No. 83, adopted May 7, 1964, and

"Water Revenue Bonds, Series E," issued under date of October 1, 1967, pursuant to Resolution No. 119, adopted September 21, 1967;

and

WHEREAS, as provided by an agreement dated February 26, 1973, the City, effective December 1, 1974, being the Title Transfer Date as defined in such agreement, acquired title to all the real and personal property of Water District No. 68, King County, Washington, except bond redemption funds held by the King County Comptroller, and assumed and agreed to pay in accordance with their terms all obligations of that District, including but not limited to paying and securing the payment

of the principal of and interest on all such District's then outstanding water revenue bonds, of which bonds from the following issues heretofore issued pursuant to the respectively indicated resolutions of the Board of Water Commissioners of Water District No. 68, King County, Washington, remain outstanding:

"Water Revenue Bonds, 1964," issued under date of July 1, 1964, pursuant to Resolution No. 1226, adopted June 1, 1964,

"Water Revenue Bonds, 1968," issued under date of April 1, 1968, pursuant to Resolution No. 1580, adopted May 6, 1968,

"Water Revenue Bonds, 1969," issued under date of June 1, 1969, pursuant to Resolution No. 1715, adopted May 19, 1969,

"Water Revenue Bonds, 1971," issued under date of March 1, 1971, pursuant to Resolution No. 1948, adopted March 15, 1971, and

"Water Revenue Bonds, 1971, Series B," issued under date of September 1, 1971, pursuant to Resolution No. 2013, adopted September 20, 1971;

and

WHEREAS, after due consideration it appears to the City Council that all of the outstanding water revenue bonds and sewer revenue bonds heretofore issued by the five special purpose districts, the assets of which have been acquired and the obligations of which have been assumed by the City, may be refunded or otherwise paid and retired in the manner hereinafter set forth from moneys presently on hand in the various bond redemption funds for such bonds and by the issuance and sale of refunding bonds so that a substantial saving will be effected by the difference between the principal and interest cost over the life of the refunding bonds and the principal and interest cost over the life of such outstanding special purpose district revenue bonds being refunded or otherwise paid and retired; and

WHEREAS, the City Council hereby finds that in addition to effecting a substantial saving of principal and interest cost such payment and refunding plan will eliminate in due course the necessity of observing certain burdensome covenants made in connection with the issuance of the bonds being refunded or otherwise paid and retired, facilitate the combining of the sewer systems and water systems acquired by the City from the five special districts into a combined utility system to be operated under and governed by the provisions of Chapter 35.92 RCW, which the Council wishes to accomplish pursuant to RCW 35.67.331, and make possible the future efficient financing of additions to and betterments and extensions of such combined utility system by the issuance of the City's water and sewer revenue bonds having a lien for their payment upon the revenues of that combined utility system, subject only to such liens and charges as hereinafter provided; and

WHEREAS, in order to carry out the refunding plan and achieve the benefits thereof in the way that will be most advantageous to the City and its taxpayers, it is hereby found necessary and advisable that certain obligations hereinafter identified bearing interest and maturing at such time or times as necessary to pay the principal of and interest on the special purpose district revenue bonds being refunded or otherwise paid and retired as the same shall become due, and to redeem those bonds in the manner hereinafter set forth, be purchased out of the proceeds of the sale of the refunding bonds herein authorized, other moneys of the City legally available therefor, and moneys now on hand in the bond redemption funds of the bonds being refunded or otherwise paid and retired; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON,
DOES ORDAIN AS FOLLOWS:

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

- a. "City" shall mean the City of Bellevue, Washington, a duly organized noncharter code city.
- b. "Refunding Bonds" shall mean the "Water and Sewer Revenue Refunding Bonds, 1975," authorized to be issued by this ordinance.
- c. "Bond Fund" shall mean the "Water and Sewer Revenue Bond Redemption Fund, 1975," created by this ordinance for the payment of the Refunding Bonds and any Parity Bonds.
- d. "Refunding Fund, 1975" shall mean the special fund of the City created by this ordinance to provide for the refunding of a portion of the Outstanding Bonds in accordance with Section 17.
- e. "Outstanding Bonds" shall mean the water revenue bonds and sewer revenue bonds heretofore issued by the five special purpose districts whose assets have been acquired by the City which has agreed to pay such bonds as are now outstanding in the indicated principal amounts from the following thirty-one bond issues of the respective districts totaling \$7,824,000.00 par value, together with interest thereon and redemption premium, if any:

Bellevue Sewer District, King County, Washington

\$330,000.00 par value of "Revenue and Refunding Bonds," issued under date of June 1, 1965, pursuant to Resolution No. 985, adopted May 11, 1965;

\$165,000.00 par value of "Sewer Revenue Bonds," issued under date of November 1, 1970, pursuant to Resolution No. 70-44, adopted September 11, 1970;

Lake Hills Sewer District, King County, Washington

\$314,000.00 par value of "Sewer Revenue Bonds, 1957, Series B," issued under date of April 1, 1959, pursuant to Resolution No. 131 adopted February 26, 1959;

\$39,000.00 par value of "Sewer Revenue Bonds, 1957, Series C," issued under date of March 1, 1960, pursuant to Resolution No. 210, adopted April 14, 1960;

\$295,000.00 par value of "Sewer Revenue Bonds, 1961," issued under date of May 1, 1961, pursuant to Resolution No. 290, adopted May 26, 1961;

\$360,000.00 par value of "Sewer Revenue Refunding and Improvement Bonds, 1963," issued under date of May 1, 1963, pursuant to Resolution No. 504, adopted May 23, 1963;

\$380,000.00 par value of "Sewer Revenue Bonds, 1963, Issue No. 2," issued under date of September 1, 1963, pursuant to Resolution No. 546, adopted September 26, 1973;

\$500,000.00 par value of "Sewer Revenue Bonds, 1964," issued under date of August 1, 1964, pursuant to Resolution No. 627, adopted September 10, 1964;

\$505,000.00 par value of "Sewer Revenue Bonds, 1966," issued under date of February 1, 1966, pursuant to Resolution No. 812, adopted February 24, 1966;

\$270,000.00 par value of "Sewer Revenue Bonds, 1972," issued under date of December 1, 1972, pursuant to Resolution No. 72-72, adopted November 30, 1972;

Water District No. 97, King County, Washington

\$30,000.00 par value of "Water Revenue Bonds, 1956, Series B," issued under date of March 1, 1958, pursuant to Resolution No. 75, adopted February 27, 1958;

\$67,000.00 par value of "Water Revenue Bonds, 1956, Series C," issued under date of January 1, 1959, pursuant to Resolution No. 120, adopted December 11, 1958;

\$77,000.00 par value of "Water Revenue Bonds, 1956, Series D," issued under date of January 1, 1960, pursuant to Resolution No. 194, adopted December 10, 1959;

\$41,000.00 par value of "Water Revenue Bonds, 1956, Series E," issued under date of December 1, 1960, pursuant to Resolution No. 293, adopted December 20, 1960;

\$154,000.00 par value of "Water Revenue Bonds, 1956, Series F," issued under date of July 1, 1961, pursuant to Resolution No. 363, adopted July 18, 1961;

\$213,000.00 par value of "Water Revenue Bonds, 1962," issued under date of March 1, 1962, pursuant to Resolution No. 429, adopted March 20, 1962;

\$240,000.00 par value of "Water Revenue Bonds, 1962, Issue No. 2," issued under date of June 1, 1962, pursuant to Resolution No. 472, adopted June 19, 1962;

\$440,000.00 par value of "Water Revenue Bonds, 1963," issued under date of April 1, 1963, pursuant to Resolution No. 585, adopted April 16, 1963;

\$165,000.00 par value of "Water Revenue Bonds, 1964," issued under date of April 1, 1964, pursuant to Resolution No. 720, adopted April 21, 1964;

\$68,000.00 par value of "Water Revenue Bonds, 1967," issued under date of February 1, 1967, pursuant to Resolution No. 1018, adopted January 16, 1967;

\$515,000.00 par value of "Refunding Water Revenue Bonds, 1971," issued under date of July 1, 1971, pursuant to Resolution No. 1592, adopted July 1, 1971;

Water District No. 99, King County, Washington

\$5,000.00 par value of "Water Revenue Bonds, Series A," issued under date of January 1, 1961, pursuant to Resolution No. 24, adopted January 3, 1961;

\$145,000.00 par value of "Water Revenue Bonds, Series B," issued under date of October 1, 1961, pursuant to Resolution No. 41, adopted September 14, 1961;

\$100,000.00 par value of "Water Revenue Bonds, Series C," issued under date of February 1, 1964, pursuant to Resolution No. 75, adopted January 2, 1964;

\$40,000.00 par value of "Water Revenue Bonds, Series D," issued under date of May 1, 1964, pursuant to Resolution No. 83, adopted May 7, 1964;

\$78,000.00 par value of "Water Revenue Bonds, Series E," issued under date of October 1, 1967, pursuant to Resolution No. 119, adopted September 21, 1967;

Water District No. 68, King County, Washington

\$88,000.00 par value of "Water Revenue Bonds, 1964," issued under date of July 1, 1964, pursuant to Resolution No. 1226, adopted June 1, 1964;

\$800,000.00 par value of "Water Revenue Bonds, 1968," issued under date of April 1, 1968, pursuant to Resolution No. 1580, adopted May 6, 1968;

\$800,000.00 par value of "Water Revenue Bonds, 1969," issued under date of June 1, 1969, pursuant to Resolution No. 1715, adopted May 19, 1969;

\$200,000.00 par value of "Water Revenue Bonds, 1971," issued under date of March 1, 1971, pursuant to Resolution No. 1948, adopted March 15, 1971;

\$400,000.00 par value of "Water Revenue Bonds, 1971, Series B," issued under date of September 1, 1971, pursuant to Resolution No. 2013, adopted September 20, 1971.

f. "Utility Local Improvement District Assessments" shall mean all utility local improvement district assessments and installments thereof, plus interest and penalties thereon, heretofore levied and pledged by the boards of commissioners of the respective special purpose districts to be paid into the bond redemption funds of the Outstanding Bonds, and hereafter collected, together with all assessments in and payments received in any utility local improvement district hereafter created by the City Council to secure the payment of any Parity Bonds and the Refunding Bonds and pledged to be paid into the Bond Fund.

g. "Revenue of the Waterworks Utility of the City" shall mean all the earnings and revenue received by the Waterworks Utility of the City from any source whatsoever, except Utility Local Improvement District Assessments, general ad valorem taxes, grants from the state or federal governments, proceeds from the sale of City property and bond proceeds.

h. "Operating and Maintenance Expense" shall mean all reasonable expenses incurred by the City in causing the

Waterworks Utility of the City to be operated and maintained in good repair, working order and condition, including payments of premiums for insurance on such waterworks utility, payments to be made to the Municipality of Metropolitan Seattle, a municipal corporation, for sewage treatment and disposal, and any State-imposed taxes but excluding any City-imposed utility taxes or payments in lieu of taxes payable from Revenue of the Waterworks Utility of the City.

i. "Parity Bonds" shall mean any and all water and sewer revenue bonds of the City issued after the date of the issuance of the Refunding Bonds pursuant to the provisions of Section 13 of this ordinance, the payment of the principal of and interest on which constitutes a lien and charge upon the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments on a parity with the lien and charge upon such Revenue and Assessments for the Refunding Bonds.

j. "Term Bonds" shall mean any Parity Bonds maturing in any year, the principal of which is greater than 1.25 times the average annual principal amount of bonds maturing in the three years immediately preceding the year in which the Term Bonds mature.

k. "Waterworks Utility of the City" shall mean the combined municipal water system and sanitary sewerage system of the City, as combined by this ordinance, together with all additions thereto and betterments and extensions thereof hereafter made.

Section 2. The City is operating its own municipal water system, including the facilities heretofore acquired from Water Districts Nos. 68, 97 and 99, King County, Washington, and its own sanitary sewerage system, including the facilities heretofore acquired from Bellevue Sewer District and Lake Hills Sewer District, King County, Washington. It is in the best

interests of the City that such systems be combined and pursuant to RCW 35.67.331 such systems are hereby combined into a Waterworks Utility of the City. Pursuant to the provisions of RCW 35.67.340 such combined Waterworks Utility of the City shall be governed by the statutes relating to the establishment and maintenance of a city or town water system.

Section 3. The King County Comptroller, ex officio treasurer for all of the issuers of the Outstanding Bonds, is hereby authorized and directed to purchase from Seattle-First National Bank, Bank Investment Division, Seattle, Washington, at the following prices the following United States Treasury Obligations from moneys on deposit in the following bond redemption funds for such Outstanding Bonds:

Obligations and Bond Funds

\$10,000.00 of U. S. Treasury Bills due February 27, 1975, at a price of \$9,961.11, from the "Bellevue Sewer District Revenue Bond Fund."

\$160,000.00 of U. S. Treasury Bills due March 31, 1975, at a price of \$158,400.00 from the "Bellevue Sewer District Revenue Bond Fund."

\$40,000.00 of U. S. Treasury Bills due May 1, 1975, at a price of \$39,393.34, from the "Bellevue Sewer District Revenue Bond Fund."

\$20,000.00 of U. S. Treasury Bills due July 1, 1975, at a price of \$19,493.33, from the "Bellevue Sewer District Revenue Bond Fund."

\$20,000.00 of U. S. Treasury Bills due August 26, 1975, at a price of \$19,277.78, from the "Bellevue Sewer District Revenue Bond Fund."

\$10,000.00 of U. S. Treasury Bills due September 23, 1975, at a price of \$9,570.61, from the "Bellevue Sewer District Revenue Bond Fund."

\$70,000.00 of U. S. Treasury Bills due October 21, 1975, at a price of \$66,868.67, of which \$15,161.11 shall be drawn from the "Bellevue Sewer District Revenue Bond Fund" and \$51,707.56 shall be drawn from the Lake Hills Sewer District, "1961 Revenue Bond Redemption Fund, Series C."

\$40,000.00 of U. S. Treasury Bills due November 18, 1975, at a price of \$37,988.44, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$30,000.00 of U. S. Treasury Notes, bearing 7.000% annual interest, due December 31, 1975, at a price of \$30,238.70, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

Obligations and Bond Funds

\$40,000.00 of U. S. Treasury Notes, bearing 8.000% annual interest, due March 31, 1976, at a price of \$41,569.61, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$100,000.00 of U. S. Treasury Notes, bearing 6.250% annual interest, due November 15, 1976, at a price of \$100,812.15, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$20,000.00 of U. S. Treasury Notes, bearing 8.000% annual interest, due February 15, 1977, at a price of \$21,105.43, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$10,000.00 of U. S. Treasury Notes, bearing 6.875% annual interest, due May 15, 1977, at a price of \$10,119.34, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$90,000.00 of U. S. Treasury Notes, bearing 7.750% annual interest, due August 15, 1977, at a price of \$94,477.99, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$30,000.00 of U. S. Treasury Notes, bearing 6.250% annual interest, due February 15, 1978, at a price of \$30,105.98, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$20,000.00 of U. S. Treasury Notes, bearing 8.750% annual interest, due August 15, 1978, at a price of \$21,786.41, from the Lake Hills Sewer District "1961 Revenue Bond Redemption Fund, Series C."

\$100,000.00 of U. S. Treasury Notes, bearing 6.000% annual interest, due November 15, 1978, at a price of \$97,322.17, of which \$45,496.15 shall be drawn from the Lake Hills Sewer District "1961 Sewer Revenue Bond Redemption Fund, Series C," and \$51,826.02 shall be drawn from the Water District No. 68 "Water Revenue Bond Fund, 1955."

\$10,000.00 of U. S. Treasury Notes, bearing 7.875% annual interest, due May 15, 1979, at a price of \$10,365.33, from the Water District No. 68 "Water Revenue Bond Fund, 1955."

\$20,000.00 of U. S. Treasury Notes, bearing 6.250% annual interest, due August 15, 1979, at a price of \$19,908.15, from the Water District No. 68 "Water Revenue Bond Fund, 1955."

\$70,000.00 of U. S. Treasury Notes, bearing 7.000% annual interest, due November 15, 1979, at a price of \$70,284.98, from the Water District No. 68 "Water Revenue Bond Fund, 1955."

\$10,000.00 of U. S. Treasury Bonds, bearing 4.000% annual interest, due February 15, 1980, at a price of \$8,895.11, of which \$4,659.20 shall be drawn from the Water District No. 68 "Water Revenue Bond Fund, 1955" and \$4,235.91 shall be drawn from the Water District No. 97 "Water Revenue Bond Fund."

Obligations and Bond Funds

\$80,000.00 of U. S. Treasury Notes, bearing 9.000% annual interest, due August 15, 1980, at a price of \$89,236.96, from the Water District No. 97 "Water Revenue Bond Fund."

\$170,000.00 of U. S. Treasury Notes, bearing 7.000% annual interest, due February 15, 1981, at a price of \$173,307.61, of which \$149,231.01 shall be drawn from the Water District No. 97 "Water Revenue Bond Fund" and \$24,067.60 shall be drawn from the Water District No. 99 "Water Revenue Bond Fund."

\$30,000.00 of U. S. Treasury Bonds, bearing 6.375% annual interest, due February 15, 1982, at a price of \$29,748.10, from the Water District No. 99 "Water Revenue Bond Fund."

\$230,000.00 of U. S. Treasury Bonds, bearing 6.125% annual interest, due November 15, 1986, at a price of \$217,432.60, from the Water District No. 99 "Water Revenue Bond Fund."

The King County Comptroller is further authorized and directed to transfer and deliver, at the time of the delivery of the Refunding Bonds to the initial purchaser thereof, such United States Treasury obligations to the Seattle-First National Bank of Seattle, Washington, as Refunding Trustee, as hereinafter set forth, together with cash from the Lake Hills Sewer District "1961 Bond Redemption Fund, Series C," in the sum of \$41,838.21. At the time such United States Treasury obligations are purchased by the King County Comptroller pursuant to the authorization and direction hereof, they shall be deemed for all purposes to be transferred and delivered to and held in trust for the holders of the Outstanding Bonds by such Refunding Trustee. The amount of the proceeds to be received upon the retirement of such United States Treasury obligations, together with the scheduled payments of interest thereon, shall at least be equal to the amounts required for the payment of the principal of and interest on the following Outstanding Bonds at their respective maturity dates:

<u>Bond Issues</u>	<u>Bond Nos.</u>	<u>Par Value</u>	<u>Maturity Dates</u>
<u>Bellevue Sewer District,</u> <u>King County, Washington</u>			
"Revenue and Refunding Bonds," 1965	371 - 385	\$75,000	December 1, 1975
	386 - 400	75,000	December 1, 1976
	401 - 410	50,000	December 1, 1977
	411 - 420	50,000	December 1, 1978
	421 - 430	50,000	December 1, 1979
	431 - 440	50,000	December 1, 1980
"Sewer Revenue Bonds," 1970	13 - 15	15,000	January 1, 1976
<u>Lake Hills Sewer District,</u> <u>King County, Washington</u>			
"Sewer Revenue Bonds, 1957, Series B"	107 - 116	10,000	April 1, 1975
	117 - 127	11,000	April 1, 1976
	128 - 138	11,000	April 1, 1977
	139 - 150	12,000	April 1, 1978
	151 - 162	12,000	April 1, 1979
	163 - 175	13,000	April 1, 1980
	176 - 188	13,000	April 1, 1981
	189 - 202	14,000	April 1, 1982
	301 - 550	218,000	April 1, 1989
	(except bonds numbered 302, 306, 309, 315, 322, 334, 346, 376, 379, 398, 400, 406, 410, 413, 423, 424, 443, 445, 455, 467, 476, 491, 492, 496, 512, 516, 518, 522, 527, 535, 544 and 550 which previously have been retired)		
"Sewer Revenue Bonds, 1957, Series C"	62 - 68	7,000	March 1, 1975
	69 - 75	7,000	March 1, 1976
	76 - 82	7,000	March 1, 1977
	83 - 90	8,000	March 1, 1978
	91 - 98	8,000	March 1, 1979
	99 - 100	2,000	March 1, 1980
"Sewer Revenue Bonds, 1961"	56 - 61	6,000	May 1, 1975
"Sewer Revenue Refunding and Improvement Bonds, 1963"	96 - 110	15,000	May 1, 1975
"Sewer Revenue Bonds, 1963, Issue No. 2"	31 - 34	20,000	September 1, 1975
"Sewer Revenue Bonds, 1966"	50 - 56	35,000	February 1, 1975
"Sewer Revenue Bonds, 1972"	12 - 17	30,000	December 1, 1975

<u>Bond Issues</u>	<u>Bond Nos.</u>	<u>Par Value</u>	<u>Maturity Dates</u>
<u>Water District No. 97, King County, Washington</u>			
"Water Revenue Bonds, 1956, Series B"	61 - 66	\$ 6,000	March 1, 1975
	67 - 72	6,000	March 1, 1976
	73 - 81	9,000	March 1, 1977
	82 - 90	9,000	March 1, 1978
"Water Revenue Bonds, 1956, Series C"	129 - 139	11,000	January 1, 1976
	140 - 151	12,000	January 1, 1977
	152 - 172	21,000	January 1, 1978
	173 - 195	23,000	January 1, 1979
"Water Revenue Bonds, 1956, Series D"	89 - 97	9,000	January 1, 1976
	98 - 106	9,000	January 1, 1977
	107 - 115	9,000	January 1, 1978
	116 - 125	10,000	January 1, 1979
	126 - 165	40,000	January 1, 1980
"Water Revenue Bonds, 1956, Series E"	60 - 65	6,000	December 1, 1975
	66 - 71	6,000	December 1, 1976
	72 - 78	7,000	December 1, 1977
	79 - 85	7,000	December 1, 1978
	86 - 92	7,000	December 1, 1979
	93 - 100	8,000	December 1, 1980
"Water Revenue Bonds, 1956, Series F"	177 - 195	19,000	July 1, 1975
"Water Revenue Bonds, 1962"	68 - 75	8,000	March 1, 1975
"Water Revenue Bonds, 1963"	176 - 200	25,000	April 1, 1975
"Water Revenue Bonds, 1964"	31 - 40	10,000	April 1, 1975
<u>Water District No. 99, King County, Washington</u>			
"Water Revenue Bonds, Series A"	107 - 111	5,000	January 1, 1976
"Water Revenue Bonds, Series B"	121 - 130	10,000	October 1, 1975
	131 - 140	10,000	October 1, 1976
	141 - 265	125,000	October 1, 1980
"Water Revenue Bonds, Series C"	1 - 20	20,000	October 1, 1977
	21 - 40	20,000	October 1, 1978
	41 - 60	20,000	October 1, 1979
	61 - 80	20,000	October 1, 1980
	81 - 100	20,000	October 1, 1981
"Water Revenue Bonds, Series D"	25 - 28	20,000	May 1, 1975
	29 - 32	20,000	May 1, 1976

<u>Bond Issues</u>	<u>Bond Nos.</u>	<u>Par Value</u>	<u>Maturity Dates</u>
<u>Water District No. 68,</u> <u>King County, Washington</u>			
"Water Revenue Bonds, 1964"	63 - 70	\$ 8,000	July 1, 1975
	71 - 78	8,000	July 1, 1976
	79 - 86	8,000	July 1, 1977
	87 - 94	8,000	July 1, 1978
	95 - 103	9,000	July 1, 1979
	104 - 112	9,000	July 1, 1980
	113 - 121	9,000	July 1, 1981
	122 - 130	9,000	July 1, 1982
	131 - 140	10,000	July 1, 1983
	141 - 150	10,000	July 1, 1984
	"Water Revenue Bonds, 1968"	1 - 19	95,000

Section 4. For the purpose of providing a part of the moneys required to pay the principal of and interest on those portions of the Outstanding Bonds, provision for the payment of which has not been made in accordance with Section 3 of this ordinance, and to effect a saving which after due consideration it is hereby found will be effected by the refunding, the City shall issue the Refunding Bonds in the aggregate principal amount of \$6,010,000.00.

The Refunding Bonds shall be dated January 1, 1975; shall be in denominations of \$5,000.00 each; shall bear interest at the rates hereinafter set forth, payable on March 1, 1975, and semiannually thereafter on September 1, 1975, and on the first days of March and September of each succeeding year, interest to maturity being evidenced by coupons to be attached to the Refunding Bonds with full obligation on the part of the City to pay interest at the bond rate from and after the bond maturity dates until the Refunding Bonds with interest are paid in full or funds sufficient to pay such Refunding Bonds with interest in full are on deposit in the Bond Fund hereinafter referred to and the Refunding Bonds have been duly called for redemption. The Refunding Bonds shall be numbered, shall bear interest and shall mature on March 1 of each year as follows:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Interest Rates</u>	<u>Years</u>
1 to 92	\$460,000	5.00%	1975
93 to 158	330,000	8.00%	1976
159 to 226	340,000	8.00%	1977
227 to 294	340,000	8.00%	1978
295 to 365	355,000	8.00%	1979
366 to 439	370,000	8.00%	1980
440 to 515	380,000	8.00%	1981
516 to 579	320,000	8.00%	1982
580 to 645	330,000	8.00%	1983
646 to 715	350,000	7.50%	1984
716 to 788	365,000	6.50%	1985
789 to 862	370,000	6.60%	1986
863 to 941	395,000	6.75%	1987
942 to 1023	410,000	6.90%	1988
1024 to 1110	435,000	7.00%	1989
1111 to 1202	460,000	7.10%	1990

Both principal of and interest on the Refunding Bonds shall be payable in lawful money of the United States of America at the office of the Director of Finance of the City, or, at the option of the holder, at either fiscal agency of the State of Washington in the Cities of Seattle, Washington, or New York, New York, solely out of the Bond Fund, and shall be a valid claim of the holder thereof only as against such Bond Fund and the amount of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments pledged to such fund, and shall not be a general obligation of the City.

Section 5. The Refunding Bonds shall be subject to prior redemption, at the option of the City, as a whole on any date, or in part on any interest payment date, in inverse numerical order, on and after March 1, 1982, at the following prices (expressed as a percentage of par value of the Refunding Bonds to be redeemed) opposite such date as set forth below, plus accrued interest to the date of redemption:

<u>Date (both dates inclusive)</u>	<u>Redemption Price (expressed as a percentage of par value)</u>
March 1, 1982 to February 28, 1983	103 %
March 1, 1983 to February 29, 1984	102-1/2%
March 1, 1984 to February 28, 1985	102 %
March 1, 1985 to February 28, 1986	101-1/2%
March 1, 1986 to February 28, 1987	101 %
March 1, 1987 to February 29, 1988	100-1/2%
March 1, 1988 and thereafter	100 % (par)

Notice of any call for redemption of the Refunding Bonds prior to their stated maturity dates shall be published once in the official newspaper of the City, and once in a financial newspaper printed in the English language and published at least weekly in the Borough of Manhattan, City and State of New York, not less than thirty nor more than forty-five days prior to the date of redemption. Notice of such intended redemption shall also be mailed to Kidder, Peabody & Co., Incorporated, at its main office in New York, New York, or to the successor in business of said corporation, if any, at its main office. In addition, such redemption notice shall be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation at their offices in New York, New York, or to their successors, if any. The mailing of such notice to such corporations shall not be a condition precedent to the redemption of such Refunding Bonds. Interest on any Refunding Bonds so called for redemption shall cease on the date fixed for such redemption upon payment of the redemption price into the Bond Fund.

The City reserves the right to purchase any or all of the Refunding Bonds in the open market at any time at a price not in excess of the call price applicable at the time of purchase or in the event of such purchase before March 1, 1982, at a price not in excess of 103% of the par value thereof.

Section 6. There is hereby created and established in the office of the Director of Finance of the City a special fund to be held in trust and to be known and designated as the "Water and Sewer Revenue Bond Redemption Fund, 1975" (herein defined as the "Bond Fund"). The Bond Fund is hereby divided into two accounts, namely, a "Principal and Interest Account" and a "Reserve Account."

So long as Refunding Bonds are outstanding and unpaid, the Director of Finance of the City shall set aside and pay into

the "Principal and Interest Account" in such fund out of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments a fixed amount, without regard to any fixed proportion, namely, monthly, on or before the 20th day of each month beginning with the month of March, 1975, such amount, which together with the "Accrued Interest" received, as hereinafter defined, is equal to 1/6th of the next ensuing six months' requirements for interest and 1/12th of the next ensuing twelve months' requirements for principal on the Refunding Bonds and continuing thereafter until the Refunding Bonds, both principal and interest, are paid in full.

Section 7. The King County Comptroller, as ex officio treasurer for the issuers of the Outstanding Bonds, is hereby authorized and directed to pay over to the Director of Finance of the City, forthwith upon the transfer and delivery of the cash and United States Treasury obligations to the Refunding Trustee as provided in Section 3 hereof and the transfer of accrued interest as provided in Section 17 hereof, all remaining balances in the bond redemption funds for the Outstanding Bonds including both cash and investments to be transferred in kind accompanied by an accounting therefor.

The Director of Finance of the City, immediately upon receiving such payment of cash and investments transferred in kind from the King County Comptroller, shall deposit the same into the Bond Fund for the credit of the Principal and Interest Account to be expended first for payment of the principal of and interest on the Refunding Bonds due March 1, 1975, which shall be paid with transferred cash to the extent that it is available and in the event there is not sufficient transferred cash, the Director of Finance of the City is authorized and directed to liquidate, not later than February 20, 1975, such investments as in his discretion he may select to provide the

money needed, in addition to available transferred cash, to pay the principal and interest due March 1, 1975.

Promptly thereafter any remaining cash from such transfers made by the King County Comptroller, together with all the remaining investments from such transfers, shall be transferred by the Director of Finance of the City from the "Principal and Interest Account" to the "Reserve Account" of the Bond Fund. Since the cash, if any, and investments so deposited in the "Reserve Account" of the Bond Fund will not equal a total amount not less than the average annual debt service requirements for the Refunding Bonds, the City shall, on or before the 1st day of each month, beginning with the month of September, 1975, set aside and pay into the "Reserve Account" in the Bond Fund out of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments, in forty-eight (48) substantially equal monthly payments, such additional amounts as will, together with the amounts to be transferred as aforesaid, be sufficient to accumulate by no later than September 1, 1979, in the "Reserve Account" in the Bond Fund for the Refunding Bonds a total amount not less than the average annual debt service requirements for the Refunding Bonds.

The "Reserve Account" in the Bond Fund may be accumulated from any other moneys which the City may have available for such purpose in addition to using such Revenue and Assessments therefor.

The City further agrees that when said required amount has been paid into the "Reserve Account" in the Bond Fund, it will at all times, except for withdrawals therefrom as authorized herein, maintain that amount therein until there is a sufficient amount in the Bond Fund, including the "Reserve Account" therein, to pay the principal of and interest on all outstanding Refunding Bonds to the final maturity thereof at

which time the moneys in the Bond Fund, including the "Reserve Account" therein, may be used to pay such principal and interest.

In the event there shall be a deficiency in the Bond Fund to meet maturing installments of either principal or interest, as the case may be, on the Refunding Bonds, such deficiency shall be made up from the "Reserve Account" by the withdrawal of cash therefrom for that purpose. Any deficiency created in the "Reserve Account" by reason of any such withdrawal shall then be made up from the moneys from the Revenue of the Waterworks Utility of the City and/or Utility Local Improvement Assessments first available after making necessary provisions for the required payments into the Bond Fund.

All moneys in the "Reserve Account" may be kept in cash or deposited in institutions permitted by law in an amount in each institution not greater than the amount insured by any department or agency of the United States Government, or may be invested in United States Government obligations having a guaranteed market, or in United States Government obligations maturing not later than the last maturity of any outstanding bonds that are payable out of the Bond Fund. Interest earned on any such investments shall be deposited in and become a part of the Bond Fund.

If the City shall fail to set aside and pay into the Bond Fund the amounts which it has obligated itself by this section to set aside and pay therein, the holder of any Refunding Bond may bring suit against the City to compel it to do so.

Section 8. Provision is herein irrevocably made for the payment and retirement of all of the Outstanding Bonds. The Revenue of the Waterworks Utility of the City and all Utility Local Improvement District Assessments hereafter collected are hereby pledged to the payments to be made into the Bond Fund as aforesaid, and the Refunding Bonds shall constitute a lien and charge upon such Revenue and Utility Local Improvement District Assessments prior and superior to any other liens and charges whatsoever, subject only to Operating and Maintenance Expense and to the payment and retirement of the Outstanding Bonds.

Section 9. In the judgment of the City Council the Revenue of the Waterworks Utility of the City at the rates to be charged for water and sanitary sewage disposal service furnished on the entire utility, together with Utility Local Improvement District Assessments, will be more than sufficient to meet all Operating and Maintenance Expense thereof and to permit the setting aside into the Bond Fund out of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments hereafter collected of amounts sufficient to pay the interest on the Refunding Bonds as such interest becomes payable and to pay and redeem all of the Refunding Bonds at maturity. The City Council and corporate authorities of the City further hereby declare that in creating the Bond Fund and in fixing the amounts to be paid into the same as aforesaid they have exercised due regard for the Operating and Maintenance Expense of the Waterworks Utility of the City, and the City has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments than in the judgment of the City Council will be available over and above

such Operating and Maintenance Expense and debt service requirements of said Refunding Bonds, and that no portion of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments has previously been pledged for any indebtedness other than the Outstanding Bonds to be refunded or otherwise paid and retired as herein provided.

Section 10. The City further hereby covenants and agrees with the owner and holder of each of the Refunding Bonds as follows:

(a) That all assessments and installments thereof hereafter collected by the King County Comptroller, as ex officio treasurer for the issuers of the Outstanding Bonds, on all utility local improvement district assessment rolls securing such Outstanding Bonds shall be transferred to the Director of Finance of the City for deposit in the Bond Fund and all assessments and installments thereof hereafter collected by the Director of Finance of the City on the assessment roll in any utility local improvement district hereafter created to secure the payment of the principal of and interest on any Parity Bonds which may be hereafter issued shall be paid into the Bond Fund and may be used to pay the principal of and interest on the Refunding Bonds and/or such Parity Bonds, without said assessments or installments thereof or interest thereon being particularly allocated to the payment of the principal and interest on any particular issue of bonds payable out of the Bond Fund. It is hereby further provided, however, that nothing in this ordinance or in this section shall be construed to prohibit the City from issuing water and sewer revenue bonds junior in lien to such Refunding Bonds and/or Parity Bonds and pledging as security for their payment assessments levied in any utility local improvement district which may have been specifically created to pay part or all of the costs of improvements to the Waterworks Utility of the City for which such junior lien bonds were specifically issued.

(b) That it will establish, maintain and revise as necessary, and collect such rates and charges for water and sanitary sewage disposal service so long as any Refunding Bonds and/or Parity Bonds are outstanding as will, together with any Utility Local Improvement District Assessments hereafter collected, make available in each succeeding year for the payment of the principal of and interest on such bonds an amount equivalent to at least 1.25 times the average annual debt service requirements, both

principal and interest, of such bonds, after deducting Operating and Maintenance Expense from the Revenue of the Waterworks Utility of the City. This subparagraph shall hereinafter be called the "Coverage Requirement." In determining whether the "Coverage Requirement" is or will be satisfied by the City, there shall be deemed to be included within the principal amount of bonds maturing in any year the amounts required to be paid into the "Principal and Interest Account" of the Bond Fund in such year under any mandatory payment schedule required for the retirement of Term Bonds of any Parity Bonds.

(c) That it will at all times maintain and keep the Waterworks Utility of the City in good repair, working order and condition, and also will at all times operate such utility and the business in connection therewith in an efficient manner and at a reasonable cost.

(d) That it will not sell, lease, mortgage or in any manner encumber or dispose of all the property of the Waterworks Utility of the City unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all Refunding Bonds at any time outstanding, and that it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the property of said Waterworks Utility of the City that is used, useful and material to the operation thereof, unless provision is made for replacement thereof, or for payment into the Bond Fund of the total amount of revenue received which shall not be less than an amount which shall bear the same ratio to the amount of outstanding Refunding Bonds as the revenue available for debt service for such outstanding Refunding Bonds for the twelve months preceding such sale, lease, encumbrance or disposal from the portion of the utility sold, leased, encumbered or disposed of bears to the revenue available for debt service for such Refunding Bonds from the entire utility for the same period. Any such moneys so paid into the Bond Fund shall be used to retire such outstanding Refunding Bonds at the earliest possible date.

(e) That it will while any of the Refunding Bonds remains outstanding keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to its Waterworks Utility of the City, and it will furnish the original purchaser or purchasers of the Refunding Bonds or any subsequent holder or holders thereof, at the written request of such holder or holders, complete operating and income statement of said utility in reasonable detail covering any calendar year not more than ninety days after the close of such calendar year and it will grant any holder or holders of at

least twenty-five percent of the outstanding Refunding Bonds the right at all reasonable times to inspect the entire Waterworks Utility of the City and all records, accounts and data of the City relating thereto. Upon request of any holder of any of said Refunding Bonds, it will also furnish to such holder a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington.

(f) That it will not furnish water or sanitary sewage disposal service to any customer whatsoever free of charge and will promptly take legal action to enforce collection of all delinquent accounts and all delinquent Utility Local Improvement District Assessments.

(g) That it will carry the types of insurance on the properties of the Waterworks Utility of the City in the amounts normally carried by private water and sewer companies engaged in the operation of water and sewerage systems, and the cost of such insurance shall be considered a part of Operating and Maintenance Expense of said utility. If, as, and when, the United States of America or some agency thereof shall provide for war risk insurance, the City further agrees to take out and maintain such insurance on all or such portions of said Utility on which such war risk insurance may be written in an amount or amounts to cover adequately the value thereof.

(h) That it will pay all Operating and Maintenance Expense of the Waterworks Utility of the City and otherwise meet the obligations of the City as herein set forth.

(i) That it will make no use of the proceeds of the Refunding Bonds or other funds of the City at any time during the term of the Refunding Bonds which, if such use had been reasonably expected at the date that the Refunding Bonds are issued, would have caused such Refunding Bonds to be arbitrage bonds within the meaning of Section 103(d) of the United States Internal Revenue Code of 1954, and for this purpose it further covenants that none of the proceeds of the Refunding Bonds or the investment of such proceeds will be used to acquire obligations the adjusted yield on which will exceed the adjusted yield produced by the Refunding Bonds, both such adjusted yields being computed pursuant and subject to the requirements and exceptions of Sections 1.103-13 and 1.103-14 of the regulations proposed by the United States Treasury Department published in the Federal Register on May 3, 1973 (except for refunding bonds portion which is still covered by June 1, 1972, proposed regulations) as the same may be changed from time to time or any other applicable regulations hereafter adopted.

Section 11. The Refunding Bonds shall be designated "Water and Sewer Revenue Refunding Bonds, 1975," and shall be in substantially the following form:

No. _____

\$5,000.00

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF BELLEVUE

WATER AND SEWER REVENUE REFUNDING BOND, 1975

_____ %

KNOW ALL MEN BY THESE PRESENTS: That the City of Bellevue, Washington (hereinafter called the "City"), for value received hereby promises to pay to bearer on the FIRST DAY OF MARCH, 19___, the principal sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of _____ % per annum from the date hereof until the said principal sum is paid in full or until this bond, if callable, shall have been duly called for redemption and the redemption price, including interest to such call date, deposited in the "Water and Sewer Revenue Bond Redemption Fund, 1975," of the City (hereinafter called the "Bond Fund") created and established by Ordinance No. 2169 adopted by the City Council on January 20, 1975 (hereinafter called the "Bond Ordinance"). Interest is payable on March 1, 1975 and September 1, 1975, and semi-annually thereafter on March 1 and September 1 of each succeeding year. Interest due and payable on and prior to maturity is evidenced by and payable upon the presentation and surrender of the attached interest coupons as they severally become due, with full obligation on the part of the City to pay interest at the same rate, from and after the bond maturity date, until this bond with interest is paid in full or money is available in the Bond Fund for such payment in full and this bond has been duly called for redemption. Both principal of and interest on this bond are payable in lawful money of the United States of America at the office of the Director of Finance of the City or, at the option of the holder, at either fiscal agency of the State of Washington in the Cities of Seattle, Washington, or New York, New York, solely out of the Bond Fund, into which the City has bound itself irrevocably to pay certain fixed amounts from the revenues of the waterworks utility of the City, including the sewerage system as a part thereof, now belonging or which hereafter may belong to the City, including all additions, replacements, extensions and betterments, now or at any time hereafter made or constructed (hereinafter called the "Waterworks Utility of the City"), without regard to any fixed proportion, namely, amounts, together with payments actually received from any utility local improvement district assessments hereafter collected and pledged to be paid into the Bond Fund, sufficient to pay the principal of and interest on the bonds of this issue as they respectively become due and to create a reserve therefor, all at the times and in the manner

set forth in the Bond Ordinance. The bonds of this issue are not general obligations of the City.

This bond is one of a total issue of \$6,010,000.00 par value of bonds, each of like date, tenor, denomination and effect, except as to maturity, interest rate and option of redemption, all payable from the Bond Fund and all issued by the City under and in pursuance of the laws of the State of Washington, particularly Chapter 138, Laws of 1965, 1st Ex. Sess., as amended RCW, known as the "Refunding Bond Act" (Chapter 39.53 RCW), for the purpose of providing a part of the funds with which to refund or otherwise pay and retire a portion of the outstanding water revenue bonds and sewer revenue bonds (hereinafter called the "Outstanding Bonds") heretofore issued by the five special purpose districts, the assets of which have been acquired and the obligations of which have been assumed by the City, all as provided in the Bond Ordinance, and is issued in full compliance with the ordinances of the City and the Constitution and laws of the State of Washington. Reference is made to the Bond Ordinance as more fully describing the covenants with and rights of holders of bonds of this issue.

The bonds of this issue are subject to prior redemption, at the option of the City, as a whole on any date, or in part on any interest payment date, in inverse numerical order, on and after March 1, 1982, at the following prices (expressed as a percentage of par value of the bonds of this issue to be redeemed) opposite such date as set forth below, plus accrued interest to the date of redemption:

<u>Date</u> <u>(both dates inclusive)</u>	<u>Redemption Price</u> <u>(expressed as a</u> <u>percentage of</u> <u>par value)</u>
March 1, 1982 to February 28, 1983	103 %
March 1, 1983 to February 29, 1984	102-1/2%
March 1, 1984 to February 28, 1985	102 %
March 1, 1985 to February 28, 1986	101-1/2%
March 1, 1986 to February 28, 1987	101 %
March 1, 1987 to February 29, 1988	100-1/2%
March 1, 1988 and thereafter	100 % (par)

Notice of any call for redemption of the bonds of this issue prior to their stated maturity dates shall be published at least once in the official newspaper of the City and at least once in a financial newspaper printed in the English language and published at least weekly in the Borough of Manhattan, City and State of New York, not less than thirty nor more than forty-five days prior to the date of redemption. Notice of such call for redemption shall also be mailed to Kidder, Peabody & Co., Incorporated, at its main office in New York, New York, or to the successor in business of said corporation, if any, at its main office. In addition, such redemption notice shall be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their respective offices in New York, New York, or to their successors, if any, but the mailing of such notice to such corporations shall

The interest coupons attached to the Refunding Bonds shall be in substantially the following form:

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

On the FIRST DAY OF (MARCH) (SEPTEMBER), 19____, the CITY OF BELLEVUE, WASHINGTON, upon the presentation and surrender of this coupon, will pay to bearer at the office of the Director of Finance of the City of Bellevue, Washington, or, at the option of the holder, at either fiscal agency of the State of Washington in the Cities of Seattle, Washington, or New York, New York, the sum shown hereon in lawful money of the United States of America solely from the special fund of the City known as the "Water and Sewer Revenue Bond Redemption Fund, 1975," said sum being the interest then due on its "Water and Sewer Revenue Refunding Bond, 1975," dated January 1, 1975, and numbered _____.

CITY OF BELLEVUE, WASHINGTON
By _____ (facsimile signature)
Mayor

ATTEST:

(facsimile signature)
City Clerk

Section 12. The Refunding Bonds shall be printed on good bond paper with steel engraved borders, shall be signed by the facsimile signature of the Mayor and attested by the manual signature of the City Clerk, and the coupons shall bear the facsimile signatures of the Mayor and the City Clerk. The seal of the City shall be either impressed on each Refunding Bond or reproduced on the lower border thereof, and if so reproduced, such seal is hereby adopted as the seal of the City for such bonds being issued.

Section 13. The City hereby further covenants with the owner and holder of each of the Refunding Bonds for as long as any of the same is outstanding that it will not create any special fund or funds for the payment of the principal of and interest on any other revenue bonds which will have any priority over or which will rank on a parity with the payments

required by this ordinance to be made out of the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments pledged to be paid into the Bond Fund, except that it reserves the right for

First, the purpose of acquiring, constructing and installing additions, betterments and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements of or repairs or capital improvements to the Waterworks Utility of the City pursuant to a plan or plans of additions and betterments thereto hereafter adopted, or

Second, the purpose of refunding by exchange or purchasing and retiring or advance refunding by call and payment at or prior to their maturity any part or all of the outstanding water and sewer revenue bonds of the City

to issue additional and/or refunding revenue bonds therefor (herein called "Parity Bonds" as hereinbefore defined) and to make payments into the Bond Fund from the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments sufficient to pay the principal of and interest on such Parity Bonds and to maintain a reserve therefor as hereinafter required which such payments may rank equally with the payments out of such Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments required by this ordinance to be made into the Bond Fund and "Reserve Account" created therein if the following conditions and requirements are met and complied with at the time of the issuance of such Parity Bonds:

(a) That at the time of issuance of such Parity Bonds, there shall not be a deficiency in the Bond Fund, including the "Reserve Account" therein.

(b) That the ordinance providing for the issuance of such Parity Bonds shall provide that all assessments and interest thereon which may be levied in any utility local improvement district hereafter created for the purpose of paying in whole or in part the principal of and interest on such Parity Bonds shall be paid directly into the Bond Fund.

(c) That in the event there shall be included in such Parity Bonds any Term Bonds, the ordinance providing for the issuance of such Parity Bonds shall provide for a schedule of mandatory payments to be made into the "Principal and Interest Account" of the Bond Fund in substantially equal principal amounts, the sum of which shall be sufficient to pay the Term Bonds at maturity, the first such payment to be made not later than three years from the date of issuance of such Parity Bonds and to be payable consecutively during such number of years as shall be not less than one-half the number of years from the year in which the Term Bonds are dated to the year in which the Term Bonds mature.

(d) That the ordinance authorizing any Parity Bonds shall provide for the payment of the principal of and interest thereon out of the Bond Fund and shall further provide that the "Reserve Account" be increased, in not less than substantially equal monthly payments, within a period of five years after the date of issuance of such Parity Bonds to an amount equal to the average annual principal and interest requirements on all Parity Bonds, including the Refunding Bonds; provided, however, that in the event such Parity Bonds are issued for the purpose of refunding outstanding Refunding Bonds and/or Parity Bonds, the amount of such reserve allocated to such bonds being so refunded shall be retained as a reserve for such refunding Parity Bonds or used to retire outstanding bonds pursuant to the refunding plan, in which event such reserve amount shall be replaced in the same manner and within the same time as required for additional Parity Bonds. In computing such "average annual principal and interest requirements," there shall be included the amounts required to be paid into the "Principal and Interest Account" of the Bond Fund in such year under any mandatory payment schedule required for the retirement of Term Bonds of any Parity Bonds.

(e) That at the time of the issuance of such Parity Bonds, the City shall have on file a certificate from an independent licensed professional engineer experienced in the design, construction and operation of municipal utilities, showing that in his professional opinion, the Revenue of the Waterworks Utility of the City, after deducting Operating and Maintenance Expense, together with Utility Local Improvement District Assessments hereafter collected, which will be available in each succeeding year for the payment of the principal of and interest on all outstanding bonds payable out of such Revenue and Assessments and payable out of the Bond Fund and Parity Bonds to be issued, will be equal to the Coverage Requirement established by Section 10(b).

In determining whether the City is able to comply with the terms of the parity conditions, the following adjustments may be made to the historical net operating revenue for any twelve consecutive months out of the immediately preceding 24-month period.

(a) Any rate change that has taken place or been approved may be reflected.

(b) Revenue may be added from customers actually added to the utility subsequent to the twelve-month period.

(c) Revenue may be added from customers to be served by the improvements being constructed out of the proceeds of the bonds to be issued.

(d) A full year's revenue may be included from any customer being served, but who has not been receiving service for the full period of operation used as a basis for the certificate.

(e) Actual or reasonably anticipated changes in the Operating and Maintenance Expense subsequent to such twelve-month period shall be added or deducted, as is applicable.

Nothing contained in this section shall prevent the City from issuing revenue bonds or warrants, the payment of the principal of and interest on which is a charge upon the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments junior and inferior to the payments required to be made out of such Revenue into the Bond Fund.

Section 14. In the event the City shall issue advance refunding bonds pursuant to the laws of the State of Washington to pay the principal of and interest on the Refunding Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding Refunding Bonds and to pay the costs of refunding, and shall have irrevocably set aside for and pledged to such payment and refunding, moneys and/or "Government Obligations," as hereinafter defined, sufficient in amount, together with known earned income from the investment thereof, to make such payments and to accomplish the refunding as scheduled, and shall irrevocably make provisions for redemption of such Refunding Bonds, then in that case all right and interest of the owners or holders of the Refunding Bonds to be so retired or refunded and the

appurtenant coupons in the covenants of this ordinance and in the Revenue of the Waterworks Utility of the City, Utility Local Improvement District Assessments, funds and accounts obligated to the payment of such Refunding Bonds, except the right to receive the funds so set aside and pledged, shall thereupon cease and become void and the City may then apply any moneys in any fund or account established for the payment or redemption of such Refunding Bonds or coupons to any lawful purposes as it shall determine.

In the event that the refunding plan provides that the Refunding Bonds be secured by cash and/or "Government Obligations" pending the prior redemption of those Refunding Bonds being refunded and if such refunding plan also provides that certain cash and/or "Government Obligations" are irrevocably pledged for the prior redemption of those Refunding Bonds included in the refunding plan, then only the debt service on the Refunding Bonds and the refunding bonds payable from the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments shall be included in the computation of coverage for issuance of Parity Bonds and the annual computation of coverage for determining compliance with the Coverage Requirement. For the purposes of this section, "Government Obligations" shall mean any of the following:

(a) Direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations; (b) bonds, debentures, notes, participation certificates, or other obligations issued by the banks for cooperatives, the federal intermediate credit bank, the federal home loan bank system, the export-import bank of the United States, federal land banks, or the federal national

mortgage association; and (c) public housing bonds and project notes fully secured by contracts with the United States.

Section 15. There is hereby created and established in the office of the Director of Finance of the City a special fund which shall be designated the "Waterworks Utility Revenue Fund." The Revenue of the Waterworks Utility of the City shall be deposited as received in the "Waterworks Utility Revenue Fund" and shall be used, paid out and distributed in the following order of priority:

(a) To meet Operating and Maintenance Expense.

(b) To meet the required payments into the Bond Fund for all bonds payable out of the Bond Fund from the Revenue of the Waterworks Utility of the City and Utility Local Improvement District Assessments, including the amounts required to be paid into the "Principal and Interest Account" of the Bond Fund in such year under any mandatory payment schedule required for the retirement of Term Bonds of any Parity Bonds and payments necessary to make up any deficiency in the Reserve Account of the Bond Fund created by authorized withdrawals therefrom.

(c) To meet the debt service requirements for any water and sewer revenue bonds hereafter issued for the payment of which the lien and charge upon the Revenue of the Waterworks Utility of the City will be junior to the prior lien and charge thereon for payments to be made into the Bond Fund.

(d) To redeem and retire any water and sewer revenue bonds of the City then outstanding or to purchase any or all of those bonds in the open market at a price not in excess of the price at which those bonds would be redeemed at the next call date, and to make necessary additions, betterments, repairs, extensions and replacements of the Waterworks Utility of the City and other purposes proper to its maintenance and operation, including the payment of any City-imposed utility taxes or payments in lieu of taxes payable from Revenue of the Waterworks Utility of the City.

The City may transfer from any funds or accounts of the City legally available therefor, except bond redemption funds, any moneys therein to meet the required payments to be made into the Bond Fund.

Section 16. There is hereby created and established in the office of the Director of Finance of the City a special fund which shall be designated the "Waterworks Utility Maintenance, Repair and Improvement Fund," and which fund is hereby divided into two accounts, namely the "Sewer System Account" and the "Water System Account."

The Director of Finance of the City is hereby authorized and directed to deposit in the "Sewer System Account" in such fund all the remaining moneys and investments in his possession heretofore transferred to the City from the Maintenance Funds and the Construction Funds of Bellevue Sewer District and Lake Hills Sewer District, both of King County, Washington, which together with other available moneys of the City will total at least \$400,000.00, which sum shall be applied solely to the maintenance, operation, repair, replacement or improvement of the sanitary sewerage facilities now or hereafter owned by the City.

The Director of Finance of the City is hereby authorized and directed to deposit in the "Water System Account" in such fund all the remaining moneys and investments in his possession heretofore transferred to the City from the Maintenance Funds and the Construction Funds of Water Districts Nos. 68, 97 and 99, King County, Washington, which together with other available moneys of the City will total at least \$1,000,000.00, which sum shall be applied solely to the maintenance, operation, repair, replacement or improvement of the water supply and distribution facilities now or hereafter owned by the City.

Section 17. There is hereby created and established in the office of the Director of Finance of the City a special fund to be held in trust herein defined as the "Refunding Fund, 1975."

The proceeds received from the sale of the Refunding Bonds, exclusive of the interest accrued thereon from the date of the Refunding Bonds to the date of delivery thereof to the purchasers and receipt of payment therefor (hereinafter called the "Accrued Interest"), shall be deposited in the Refunding Fund, 1975. The Accrued Interest shall be deposited into the Bond Fund for credit to the "Principal and Interest Account." The King County Comptroller, as ex officio treasurer for the issuers of the Outstanding Bonds, is hereby authorized and directed to immediately transfer from the following respective bond redemption funds for the Outstanding Bonds to the Director of Finance of the City for deposit in the Refunding Fund, 1975, the following amounts representing Accrued Interest on such Outstanding Bonds from the respective next preceding interest payment dates of such bonds to the date of issuance of the Refunding Funds:

<u>Bond Funds</u>	<u>Amounts</u>
"Bellevue Sewer District Revenue Bond Fund"	\$ 746.75
Lake Hills Sewer District, "Sewer Revenue Bond Fund"	-0-
Lake Hills Sewer District, "1961 Sewer Revenue Bond Redemption Fund"	3,393.74
Lake Hills Sewer District, "1961 Revenue Bond Redemption Fund, Series C"	49,306.69
Water District No. 68, "Water Revenue Bond Fund, 1955"	20,643.16
Water District No. 68, "Revenue Bond Redemption Fund"	16,348.28
Water District No. 97, "Water Revenue Bond Fund"	498.37
Water District No. 99, "Water Revenue Bond Fund"	1,354.22

The Director of Finance of the City is hereby authorized and directed to purchase with the moneys in the Refunding Fund,

1975, from Seattle-First National Bank, Bank Investment Division, Seattle, Washington, direct obligations of the United States Government (herein called "Acquired Obligations") in the amounts, of the type, bearing interest, maturing and at the prices as follows:

<u>Amount</u>	<u>Type of Security and Interest Rate</u>	<u>Maturities</u>	<u>Price</u>
\$ 10,000	U. S. Treasury Bills	November 18, 1975	\$ 9,497.11
70,000	U. S. Treasury Notes, bearing 8.000% annual interest	March 31, 1976	72,746.82
30,000	U. S. Treasury Notes, bearing 8.750% annual interest	June 30, 1976	30,954.81
250,000	U. S. Treasury Notes, bearing 8.250% annual interest	September 30, 1976	261,794.72
210,000	U. S. Treasury Notes, bearing 6.250% annual interest	November 15, 1976	211,705.52
110,000	U. S. Treasury Notes, bearing 8.000% annual interest	February 15, 1977	116,079.89
20,000	U. S. Treasury Notes, bearing 9.000% annual interest	May 15, 1977	21,227.90
510,000	U. S. Treasury Notes, bearing 7.750% annual interest	August 15, 1977	535,375.27
190,000	U. S. Treasury Notes, bearing 6.250% annual interest	February 15, 1978	190,671.20
630,000	U. S. Treasury Notes, bearing 8.750% annual interest	August 15, 1978	686,272.01
640,000	U. S. Treasury Notes, bearing 6.000% annual interest	November 15, 1978	622,861.88
610,000	U. S. Treasury Notes, bearing 6.625% annual interest	November 15, 1979	605,140.64
90,000	U. S. Treasury Bonds, bearing 4.000% annual interest	February 15, 1980	80,055.98

<u>Amount</u>	<u>Type of Security and Interest Rate</u>	<u>Maturities</u>	<u>Price</u>
\$ 40,000	U. S. Treasury Notes, bearing 6.875% annual interest	May 15, 1980	\$ 39,902.35
100,000	U. S. Treasury Notes, bearing 9.000% annual interest	August 15, 1980	111,546.20
120,000	U. S. Treasury Bonds, bearing 3.500% annual interest	November 15, 1980	102,431.77
520,000	U. S. Treasury Notes, bearing 7.000% annual interest	February 15, 1981	530,117.39
60,000	U. S. Treasury Notes, bearing 7.750% annual interest	November 15, 1981	62,026.24
580,000	U. S. Treasury Bonds, bearing 6.375% annual interest	February 15, 1982	575,129.89
470,000	U. S. Treasury Bonds, bearing 6.375% annual interest	August 15, 1984	466,053.53
960,000	U. S. Treasury Bonds, bearing 3.250% annual interest	May 15, 1985	745,750.28

Any direct United States Government obligation may be substituted at time of closing for any of the Acquired Obligations not available at time of closing, provided such substituted obligation shall provide the identical yield for the substituted security.

Such Acquired Obligations will bear interest and mature as to principal and interest in such amounts and at such times so as to discharge the obligations of the issuing Districts and the City under the respective bond resolutions pertaining to the Outstanding Bonds to be refunded as herein provided and to provide for:

(a) The payment of the principal of and interest on Bellevue Sewer District, King County, Washington, "Sewer Revenue Bonds," 1970, numbered 13 to 30, inclusive, as they respectively mature on January 1 in each of the years 1977 to 1980, inclusive, and the call and redemption of the bonds of that issue numbered 31 to 45, inclusive, on July 1, 1981;

(b) The payment of the principal of and interest on Lake Hills Sewer District, King County, Washington, "Sewer Revenue Bonds, 1961," numbered 62 to 67, inclusive, as they mature on May 1, 1976, and the call and redemption of the bonds of that issue numbered 68 to 350, inclusive, on November 1, 1976;

(c) The payment of the principal and interest on Lake Hills Sewer District, King County, Washington, "Sewer Revenue Refunding and Improvement Bonds, 1963," numbered 111 to 140, inclusive, as they respectively mature on May 1 in the years 1976 and 1977, and the call and redemption of the bonds of that issue numbered 141 to 455, inclusive, on November 1, 1978;

(d) The payment of the principal and interest on Lake Hills Sewer District, King County, Washington, "Sewer Revenue Bonds, 1963, Issue No. 2," numbered 35 to 46, inclusive, as they respectively mature on September 1 in each of the years 1976 to 1978, inclusive, and the call and redemption of the bonds of that issue numbered 47 to 106, inclusive, on March 1, 1979;

(e) The call and redemption of Lake Hills Sewer District, King County, Washington, "Sewer Revenue Bonds, 1964," numbered 1 to 100, inclusive, on February 1, 1980;

(f) The payment of the principal of and interest on Lake Hills Sewer District, King County, Washington, "Sewer Revenue Bonds, 1966," numbered 57 to 100, inclusive, as they respectively mature on February 1 in each of the years 1976 to 1981, inclusive, and the call and redemption of the bonds of that issue numbered 101 to 150, inclusive, on August 1, 1981;

(g) The payment of the principal of and interest on Lake Hills Sewer District, King County, Washington, "Sewer Revenue Bonds, 1972," numbered 18 to 65, inclusive, as they respectively mature on December 1 in each of the years 1976 to 1983, inclusive;

(h) The payment of the principal of and interest on Water District No. 97, King County, Washington, "Water Revenue Bonds, 1956, Series F," numbered 196 to 215, inclusive, as they mature on July 1, 1976, and the call and redemption of the bonds of that issue numbered 216 to 330, inclusive, on January 1, 1977;

(i) The payment of the principal of and interest on Water District No. 97, King County, Washington, "Water Revenue Bonds, 1962" numbered 76 to 92, inclusive, as they respectively mature on March 1 in the years 1976 and 1977, and the call and redemption of the bonds of that issue numbered 93 to 280, inclusive, on September 1, 1977.

(j) The call and redemption of Water District No. 97, King County, Washington, "Water Revenue Bonds, 1962, Issue No. 2," numbered 1 to 48, inclusive, on December 1, 1977;

(k) The payment of the principal of and interest on Water District No. 97, King County, Washington, "Water Revenue Bonds, 1963," numbered 201 to 280, inclusive, as they respectively mature on April 1 in each of the years 1976 to 1978, inclusive, and the call and redemption of the bonds of that issue numbered 281 to 615, inclusive, on October 1, 1978;

(l) The payment of the principal of and interest on Water District No. 97, King County, Washington, "Water Revenue Bonds, 1964," numbered 41 to 50, inclusive, as they mature on April 1, 1976, and the call and redemption of the bonds of that issue numbered 51 to 195 on October 1, 1979.

(m) The call and redemption of Water District No. 97, King County, Washington, "Water Revenue Bonds, 1967," numbered 1 to 68, inclusive, on August 8, 1982;

(n) The payment of the principal of and interest on Water District No. 97, King County, Washington, "Water Revenue Bonds, 1971," numbered 1 to 16, inclusive, as they mature on July 1, 1985, and the call and redemption of the bonds of that issue numbered 17 to 103, inclusive, on January 1, 1986;

(o) The payment of the principal of and interest on Water District No. 99, King County, Washington, "Water Revenue Bonds, Series E," numbered 1 to 4, inclusive, as they mature on October 1, 1977, and the call and redemption of the bonds of that issue numbered 5 to 16, inclusive, on April 1, 1978;

(p) The payment of the principal of and interest on Water District No. 68, King County, Washington, "Water Revenue Bonds, 1968," numbered 20 to 133, inclusive, as they mature on April 1 in each of the years 1976 to 1980, inclusive, and the call and redemption of the bonds of that issue numbered 134 to 160, inclusive, on October 1, 1980;

(q) The payment of the principal of and interest on Water District No. 68, King County, Washington, "Water Revenue Bonds, 1969," numbered 1 to 70, inclusive, as they mature on June 1 in each of the years 1982 to 1984, inclusive, and the call and redemption of the bonds of that issue numbered 71 to 160, inclusive, on December 1, 1984;

(r) The call and redemption of Water District No. 68, King County, Washington, "Water Revenue Bonds, 1971," numbered 1 to 40, inclusive, on September 1, 1981; and

(s) The call and redemption of Water District No. 68, King County, Washington, "Water Revenue Bonds, 1971-B," numbered 1 to 80, inclusive, on March 1, 1986.

Such Acquired Obligations, and the sum of \$22,408.07 in cash from the proceeds of the sale of the Refunding Bonds and

deposited in the Refunding Fund, 1975, together with the obligations and cash referred to in Section 3 above, shall be irrevocably deposited with Seattle-First National Bank of Seattle, Washington (sometimes herein called the "Refunding Trustee") at the time of the delivery of the Refunding Bonds to the initial purchasers thereof.

Such Acquired Obligations and moneys to be deposited with the Refunding Trustee shall be held by the Refunding Trustee in trust and the investment income therefrom and maturing principal thereof shall be transmitted to the King County Comptroller, as ex officio treasurer for the issuers of the Outstanding Bonds, for the sole purpose of paying the interest on and principal of the portion of the Outstanding Bonds to be refunded as herein provided and as herein set forth, and all such Acquired Obligations are irrevocably dedicated to such purpose, and such Acquired Obligations or the earnings or the proceeds therefrom may be used for no other purpose nor may any of such investments be liquidated prior to maturity.

The obligations and moneys to be deposited with the Refunding Trustee as provided in Section 3 hereof shall be held by the Refunding Trustee in trust, and the investment income therefrom and maturing principal thereof shall be transmitted to said King County Comptroller for the sole purpose of paying the interest on and principal of the portion of the Outstanding Bonds as set forth in Section 3 hereof, and all of such obligations and moneys are irrevocably dedicated to such purpose, and such obligations and moneys or the earnings or the proceeds therefrom may be used for no other purpose, nor may any of such investments be liquidated prior to maturity.

Any moneys remaining in the Refunding Fund, 1975, after the acquisition and transfer to the Refunding Trustee of the Acquired Obligations and moneys as above set forth and any moneys remaining on deposit with the Refunding Trustee after the payment and retirement in full of all of the Outstanding Bonds to be paid and refunded as herein set forth

shall be transferred and paid into the "Principal and Interest Account" in the Bond Fund.

Section 18. The City, on behalf of the respective issuers of the Outstanding Bonds, hereby irrevocably calls for redemption at par plus accrued interest to the respective dates of redemption the following Outstanding Bonds of the indicated special-purpose districts on the following dates:

Bellevue Sewer District,
King County, Washington

Call Dates

"Sewer Revenue Bonds," 1970,
Nos. 31 to 45, inclusive

July 1, 1981

Lake Hills Sewer District,
King County, Washington

"Sewer Revenue Bonds, 1961,"
Nos. 68 to 350, inclusive

November 1, 1976

"Sewer Revenue Refunding and
Improvement Bonds, 1963,"
Nos. 141 to 455, inclusive

November 1, 1978

"Sewer Revenue Bonds, 1963,
Issue No. 2," Nos. 47 to
106, inclusive

March 1, 1979

"Sewer Revenue Bonds, 1964,"
Nos. 1 to 100, inclusive

February 1, 1980

"Sewer Revenue Bonds, 1966,"
Nos. 101 to 150, inclusive

August 1, 1981

Water District No. 97,
King County, Washington

"Water Revenue Bonds, 1956,
Series F," Nos. 216 to 330,
inclusive

January 1, 1977

"Water Revenue Bonds, 1962,"
Nos. 93 to 280, inclusive

September 1, 1977

"Water Revenue Bonds, 1962,
Issue No. 2," Nos. 1 to 48,
inclusive

December 1, 1977

"Water Revenue Bonds, 1963,"
Nos. 281 to 615, inclusive

October 1, 1978

"Water Revenue Bonds, 1964,"
Nos. 51 to 195, inclusive

October 1, 1979

"Water Revenue Bonds, 1967,"
Nos. 1 to 68, inclusive

August 8, 1982

"Water Revenue Bonds, 1971,"
Nos. 17 to 103, inclusive

January 1, 1986

Water District No. 99,
King County, Washington

Call Dates

"Water Revenue Bonds, Series E,"
Nos. 5 to 16, inclusive

April 1, 1978

Water District No. 68,
King County, Washington

"Water Revenue Bonds, 1968,"
Nos. 134 to 160, inclusive

October 1, 1980

"Water Revenue Bonds, 1969,"
Nos. 71 to 160, inclusive

December 1, 1984

"Water Revenue Bonds, 1971,"
Nos. 1 to 40, inclusive

September 1, 1981

"Water Revenue Bonds, 1971-B,"
Nos. 1 to 80, inclusive

March 1, 1986

Such calls for redemption shall be irrevocable after the delivery of the Refunding Bonds to the initial purchasers thereof.

The Refunding Trustee on behalf of the City and the King County Comptroller, ex officio treasurer for the five special-purpose districts that originally issued such Outstanding Bonds, is hereby authorized and directed to give notice of the redemption of those Outstanding Bonds referred to above in accordance with the provisions of the applicable bond resolutions pertaining to said bonds and in such bonds.

All necessary and proper fees, compensation and expenses of the Refunding Trustee for the Refunding Bonds and all other costs incidental to the payment, redemption and refunding of the Outstanding Bonds referred to above, including, but not limited to, reasonable charges of bond counsel, underwriter's counsel, rating services, and certified public accountants, and costs of printing of the Refunding Bonds and offering circular therefor, shall be paid when due by the initial purchasers of the Refunding Bonds. The proper officers and agents of the City are directed to obtain from the Refunding Trustee an agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption and refunding

of the Outstanding Bonds referred to above as provided herein and stating that such provisions for the payment of the fees, compensation and expenses of such Refunding Trustee are satisfactory to it.

In order to carry out the purposes of this ordinance, the City Manager and City Clerk of the City are hereby authorized and directed on behalf of the City, at or before the time of delivery of the Refunding Bonds to the initial purchaser thereof, to execute and deliver to Seattle-First National Bank of Seattle, Washington, as Refunding Trustee, an agreement substantially in the form marked "Exhibit A" attached hereto and by this reference incorporated herein, such bank being hereby appointed and designated the "Refunding Trustee" for the purposes of this ordinance.

Section 19. Kidder, Peabody & Co., Incorporated, of New York, New York, has submitted an offer to purchase the Refunding Bonds at the purchase price of \$6,010,000.00 plus accrued interest from the date of the Refunding Bonds to the date of delivery thereof and receipt of the purchase price therefor, and has agreed to pay when due, all of the fees, compensation, expenses and charges referred to in Section 18 hereof, subject to the provisions of the Purchase Contract, a copy of which is on file with the City Clerk. The City Council hereby determines that it is in the best interests of the City to accept such offer and hereby accepts the same and hereby authorizes and directs the City Manager and City Clerk on behalf of the City to execute such Purchase Contract. The Refunding Bonds shall, therefore, immediately upon their execution be delivered to the purchaser upon payment for the Refunding Bonds in accordance with such offer.


Section 20. This ordinance shall become effective five days after its passage, approval and publication as provided by law.

PASSED by the City Council at a regular open public meeting thereof this 20th day of January, 1975, and signed in authentication of its passage this 20 day of January, 1975.

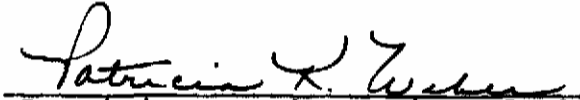
(SEAL)


Richard M. Foreman, Mayor

Approved as to form:


Lee Kraft, City Attorney

Attested and authenticated:


Patricia K. Weber, City Clerk

Published Jan. 23, 1975