

2214  
5-12-75

## CITY OF BELLEVUE, WASHINGTON

ORDINANCE NO. 2214

AN ORDINANCE providing for the issuance of \$1,960,000.00 par value of "Water and Sewer Revenue Bonds, 1975," of the City to obtain a part of the funds with which to pay the costs of carrying out the system or plan of additions to and betterments and extensions of the waterworks utility of the City, including the sanitary sewerage system as a part thereof, as specified and adopted by Ordinance No. 2207 duly passed on April 28, 1975; fixing the date, form, denomination, maturities, terms and covenants of such bonds; and providing for the calling of bids for the sale thereof.

WHEREAS, the City Council of the City by Ordinance No. 1567 duly passed on September 14, 1970, as amended by Ordinance No. 1572 duly passed 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, by various agreements between the City and Bellevue Sewer District, Lake Hills Sewer District, Water District No. 68, Water District No. 97 and Water District No. 99, all of King County, Washington, the City acquired title to all the real and personal

property of each of such districts, except bond redemption funds held by the King County Comptroller, and assumed and agreed to pay in accordance with their terms all obligations of each district, including, but not limited to, paying and securing the payment of the principal of and interest on all outstanding revenue bonds of each of such districts; and

WHEREAS, pursuant to Ordinance No. 2169 duly passed on January 20, 1975, as amended by Ordinance No. 2181 duly passed on January 27, 1975, the City provided that the sanitary sewerage system of the City shall become a part of the waterworks utility of the City, provided for the payment and retirement of a portion of the outstanding water revenue bonds and sewer revenue bonds heretofore issued by said five special purpose districts, and provided 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 therein set forth, all of the remaining outstanding water revenue bonds and sewer revenue bonds heretofore issued by such special purpose districts, which "Water and Sewer Revenue Refunding Bonds, 1975," were issued under date of January 1, 1975, of which \$5,550,000.00 par value thereof are presently outstanding, which bonds constitute a prior lien and charge upon the Revenue of the Waterworks Utility of the City and all Utility Local Improvement District Assessments (as the same are defined in Ordinance No. 2169) superior to any other liens and charges whatsoever, subject only to Operating and Maintenance Expense (as the same is defined in Ordinance No. 2169) and to the payment and retirement of the Outstanding Bonds (as the same are defined in Ordinance No. 2169); and

WHEREAS, by Section 13 of Ordinance No. 2169 the City reserved the right for 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 thereafter adopted to issue additional and/or refunding revenue bonds therefor (therein defined as "Parity Bonds") and to make payments into the "Water and Sewer Revenue Bond Redemption Fund, 1975," created by said Ordinance No. 2169, 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 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 Ordinance No. 2169 to be made into the "Water and Sewer Revenue Bond Redemption Fund, 1975," 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.

"(d) 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."

and

WHEREAS, by Ordinance No. 2207 duly passed on April 28, 1975, the City specified and adopted a system or plan of additions to and betterments and extensions of the waterworks utility of the City, including the sanitary sewerage system as a part thereof, and authorized the issuance and sale of water and sewer revenue bonds in the principal sum of approximately \$1,925,000.00 par value to obtain a part of the funds with which to pay the cost of such system or plan; and

WHEREAS, the City Council has now determined that such improvements should now be carried out and that it is necessary to

issue and sell water and sewer revenue bonds in the principal sum of \$1,960,000.00 par value to obtain a part of the funds with which to pay the cost thereof; and

WHEREAS, the City Council hereby finds and declares that at the time of the issuance of the additional water and sewer revenue bonds there will not be a deficiency in the "Water and Sewer Revenue Bond Redemption Fund, 1975," including the "Reserve Account" therein; that no utility local improvement district has been or will be created in connection with the issuance of such additional water and sewer revenue bonds; that no Term Bonds (as such Term Bonds are defined in Ordinance No. 2169) will be included in the additional water and sewer revenue bonds to be issued; that provision is hereinafter made for the payment of the principal of and interest on the additional water and sewer revenue bonds out of the "Water and Sewer Revenue Bond Redemption Fund, 1975"; and that provision is hereinafter made for the accumulation of the additional amount in the "Reserve Account"; and that Ronald R. Heinke of Harstad Associates, Inc., an independent licensed professional engineer experienced in the design, construction and operation of municipal utilities, will certify, after the interest rates on the proposed additional bonds have been determined, that the Revenue of the Waterworks Utility of the City, after deducting Operating and Maintenance Expenses, together with Utility Local Improvement District Assessments hereafter collected, will be sufficient to meet the Coverage Requirement [as defined in and established by Section 10(b) of Ordinance No. 2169]; 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. "Bonds" shall mean the "Water and Sewer Revenue Bonds, 1975," authorized to be issued by Ordinance No. 2207, and by this ordinance.

c. "1975 Refunding Bonds" shall mean the "Water and Sewer Revenue Refunding Bonds, 1975," issued pursuant to Ordinance No. 2169, as amended by Ordinance No. 2181.

d. "Bond Fund" shall mean the "Water and Sewer Revenue Bond Redemption Fund, 1975," created by Ordinance No. 2169, as amended by Ordinance No. 2181, for the payment of the 1975 Refunding Bonds and any Parity Bonds, including the Bonds.

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 and which the City has agreed to pay, which bonds are more particularly described in Ordinance No. 2169, and provision for the payment, retirement and refunding of which has been made by Ordinance No. 2169, as amended by Ordinance No. 2181.

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, the 1975 Refunding Bonds and the 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 1975 Refunding Bonds and the Bonds pursuant to the provisions of Section 13 of Ordinance No. 2169, as amended by Ordinance No. 2181, 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 1975 Refunding Bonds and the Bonds.



j. "Term Bonds" shall mean any bonds maturing in any year, the principal of which is greater than 1.25 times the average annual principal amount of all outstanding Parity 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, together with all additions thereto and betterments and extensions thereof hereafter made.

Section 2. For the purpose of providing a part of the moneys required to pay the costs of carrying out the system or plan of additions to and betterments and extensions of the Waterworks Utility of the City specified and adopted by Ordinance No. 2207 and hereby ordered to be carried out, the City shall issue its "Water and Sewer Revenue Bonds, 1975" (herein defined as the "Bonds"). The Bonds shall be in denominations of \$5,000.00 each; shall be numbered from 1 to 392, inclusive; shall be dated July 1, 1975; and shall bear interest payable semiannually on January 1 and July 1 of each year, interest to maturity to be evidenced by coupons to be attached to the Bonds with full obligation on the part of the City to pay interest at the same rate or rates from and after the bond maturity dates until the Bonds with interest are paid in full or funds sufficient to pay such Bonds with interest in full are on deposit in the Bond Fund hereinafter referred to and the Bonds have been duly called for redemption. The Bonds shall be numbered and shall mature on July 1 of each year as follows:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Maturities</u>
1 to 5	\$ 25,000	July 1, 1976
6 to 10	25,000	July 1, 1977
11 to 15	25,000	July 1, 1978
16 to 20	25,000	July 1, 1979
21 to 25	25,000	July 1, 1980
26 to 31	30,000	July 1, 1981
32 to 38	35,000	July 1, 1982
39 to 46	40,000	July 1, 1983
47 to 54	40,000	July 1, 1984
55 to 63	45,000	July 1, 1985
64 to 74	55,000	July 1, 1986
75 to 84	50,000	July 1, 1987
85 to 95	55,000	July 1, 1988
96 to 107	60,000	July 1, 1989
108 to 121	70,000	July 1, 1990
122 to 222	505,000	July 1, 1991
223 to 312	450,000	July 1, 1992
313 to 392	400,000	July 1, 1993

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America 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 3. The City reserves the right to redeem the Bonds as a whole, or in part in inverse numerical order, from moneys derived from any source at the following percentages of par if redeemed at the following times, plus accrued interest to date of redemption in each case:

<u>Call Date</u>	<u>Call Price</u>
July 1, 1990, and January 1, 1991	102%
July 1, 1991, and January 1, 1992	101%
July 1, 1992, or any semiannual interest payment date thereafter	100% (Par)

Notice of such intended redemption shall be given by publication thereof in the official newspaper of the City at least once not less than 30 nor more than 45 days prior to the call date. Written notice shall also be given to the principal underwriter who purchases the Bonds within the same period. In addition, such redemption notice shall also be sent to Moody's Investors Service, Inc. and Standard & Poor's Corporation, at their offices in New York, New York, but the mailing of such notice to such corporations shall not be a condition precedent to the redemption of such Bonds.

Interest on any Bonds so called for redemption shall cease on the date fixed for such redemption, upon payment of the redemption price into the Bond Fund.

The City reserves the right to purchase any or all of the 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 July 1, 1990, at a price not in excess of 102% of the par value thereof.

Section 4. There was heretofore created and established in the office of the Director of Finance of the City by Ordinance No. 2169, as amended by Ordinance No. 2181, a special fund to be held in trust and known and designated as the "Water and Sewer Revenue Bond Redemption Fund, 1975" (herein defined as the "Bond Fund"). The Bond Fund has also been divided into two accounts, namely, a "Principal and Interest Account" and a "Reserve Account."

So long as Bonds are outstanding and unpaid, the Director of Finance of the City shall set aside and pay into the Bond Fund, in addition to the amounts covenanted to be paid therein for the

1975 Refunding Bonds, 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, on or before the 20th day of each month, namely:

(a) Into the "Principal and Interest Account," monthly, beginning with the month of July, 1975, 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 Bonds and continuing thereafter until the Bonds, both principal and interest, are paid in full; and

(b) Into the "Reserve Account" such amount as will increase the amount in such "Reserve Account" to an amount equal to the average principal and interest requirements on all Parity Bonds, including the 1975 Refunding Bonds and the Bonds, such amount to be accumulated in not less than 60 substantially equal monthly payments beginning with the month of July, 1975, until such total reserve requirement is fully accumulated by no later than July 1, 1980.

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 1975 Refunding Bonds and the 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 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 District 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 Bond may bring suit against the City to compel it to do so.

Section 5. Provision has heretofore by Ordinance No. 2169, as amended by Ordinance No. 2181, been 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 1975 Refunding Bonds and the 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 6. 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 1975 Refunding Bonds and the Bonds as such interest becomes payable and to pay and redeem all of the 1975 Refunding Bonds and the 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 1975 Refunding Bonds and the 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 provided by Ordinance No. 2169, as amended by Ordinance No. 2181.

Section 7. The City further hereby covenants and agrees with the owner and holder of each of the Bonds as follows:

(a) By Section 10(a) of Ordinance No. 2169, the City has covenanted and hereby renews its covenant 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 1975 Refunding Bonds, the Bonds and/or such Parity Bonds, without said assessments or installments thereof or interest thereon being particularly allocated to the payment of the principal of 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 1975 Refunding Bonds and the 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 1975 Refunding Bonds, the 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 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 Bonds as the revenue available for debt service for such outstanding 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 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 Bonds at the earliest possible date.

(e) That it will while any of the 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 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 25% of the outstanding 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 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 Bonds or other funds of the City at any time during the term of the Bonds which, if such use had been reasonably expected at the date that the Bonds are issued, would have caused such 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 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 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 of 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 8. The Bonds shall be designated "Water and Sewer Revenue 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 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 JULY, 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. Interest is payable semiannually on January 1 and July 1 of each 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 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 fund 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 outstanding "Water and Sewer Revenue Refunding Bonds, 1975," dated January 1, 1975, and 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 Ordinance No. 2169, as amended by Ordinance No. 2181, and in Ordinance No. \_\_\_\_\_. The bonds of this issue are not general obligations of the City.

This bond is one of a total issue of \$1,960,000.00 par value of bonds, each of like date, tenor, denomination and effect, except as to maturity, interest rate (if more than one interest rate is bid) 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 and Ordinances Nos. \_\_\_\_\_ and \_\_\_\_\_ for the purpose of providing a part of the funds with which to pay the cost of making certain additions to and betterments and extensions of the Waterworks Utility of the City, 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 Ordinance No. \_\_\_\_\_ as more fully describing the covenants with and rights of holders of bonds of this issue.

The City reserves the right to redeem the bonds as a whole, or in part in inverse numerical order, from moneys derived from any source at the following percentages of par if redeemed at the following times, plus accrued interest to date of redemption in each case:

<u>Call Date</u>	<u>Call Price</u>
July 1, 1990, and January 1, 1991	102%
July 1, 1991, and January 1, 1992	101%
July 1, 1992, or any semiannual interest payment date thereafter	100% (Par)

Notice of such intended redemption shall be given by publication thereof in the official newspaper of the City at least once not less than 30 nor more than 45 days prior to the call date. Written notice shall also be given to [the principal underwriter who purchases the bonds] within the same period. In addition, such redemption notice shall also be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their offices in New York, New York, but the mailing of such notice to such corporations shall not be a condition precedent to the redemption of such bonds. Interest on any bonds so called for redemption shall cease on the date fixed for such redemption, upon payment of the redemption price into the Bond Fund.

The revenues from the Waterworks Utility of the City, together with any utility local improvement district assessments hereafter collected to be paid into the Bond Fund, have been pledged to the payments to be made into the Bond Fund as aforesaid, and the outstanding "Water and Sewer Revenue Refunding Bonds, 1975," the bonds of this issue and any additional water and sewer revenue bonds hereafter issued on a parity of lien with such bonds pursuant to Section 13 of Ordinance No. 2169, as amended by Ordinance No. 2181, shall constitute a lien and charge upon such revenues and assessments prior and superior to any other liens and charges whatsoever, subject only to the payment of operating and maintenance expenses of the Waterworks Utility of the City and to the payment of the principal of and interest on the Outstanding Bonds (as the same are defined in Ordinance No. 2169, as amended by Ordinance No. 2181) and the retirement thereof in accordance with their terms, provisions therefor having been made by the City in Ordinance No. 2169, as amended by Ordinance No. 2181, authorizing and directing the transfer and delivery, in trust, to Seattle-First National Bank, Seattle, Washington, the refunding trustee, of cash and direct obligations of the United States of America in amounts sufficient to secure fully, unconditionally and absolutely the City's obligation to provide for payment of the principal and redemption premium, if any, of and interest on any Outstanding Bonds.

The City hereby covenants and agrees to and with the holder of this bond that it will keep and perform all of the covenants of this bond and of Ordinance No. \_\_\_\_\_ to be by it kept and performed.

It is hereby certified and declared that the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and the ordinances of the City, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and been performed as required by law.

IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this bond to be signed by the facsimile signature of its Mayor and attested by the manual signature of its City Clerk and its corporate seal to be affixed, impressed, imprinted or otherwise reproduced hereon and the interest coupons attached hereto to be signed with the facsimile signature of each of said officials this first day of July, 1975.

CITY OF BELLEVUE, WASHINGTON

By (facsimile signature)  
Mayor

ATTEST:

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

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

No. \_\_\_\_\_ Coupon No. \_\_\_\_\_  
\$ \_\_\_\_\_

On the FIRST DAY OF (JANUARY) (JULY), 19\_\_\_\_, the CITY OF BELLEVUE, WASHINGTON, upon the presentation and surrender of this coupon, will pay to bearer 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 Bond, 1975," dated July 1, 1975, and numbered \_\_\_\_\_.

CITY OF BELLEVUE, WASHINGTON

By (facsimile signature)  
Mayor

ATTEST:

(facsimile signature)  
City Clerk

Section 9. The Bonds shall be printed on lithographed forms; 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 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 10. The City hereby further covenants with the owner and holder of each of the 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 to issue Parity Bonds for the purposes and if the conditions and requirements for the issuance of such Parity Bonds as set forth in Section 13 of Ordinance No. 2169, as amended by Ordinance No. 2181, are met and

complied with at the time of the issuance of such Parity Bonds and such Section is by this reference incorporated herein and made a part hereof and made applicable to the Bonds.

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 11. 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 Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding 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 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 Bonds or coupons to any lawful purposes as it shall determine.

In the event that the refunding plan provides that the Bonds be secured by cash and/or "Government Obligations" pending the prior redemption of those 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 Bonds included in the refunding plan, then only the debt service on the 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 12. There has heretofore been created and established in the office of the Director of Finance of the City a



special fund designated as 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 13. The Clerk of the City is hereby directed to publish in the official newspaper of the City and in the Daily Journal of Commerce of Seattle a Notice of Bond Sale of said Bonds calling for bids for the purchase thereof at the City Hall, Bellevue, Washington, said notice to be published once in each newspaper not later than June 5, 1975.

Bidders are invited to submit a bid specifying the lowest rate or rates of interest at which said bidders will purchase the Bonds at a price of not less than 98% of par. Interest coupon rates bid shall be in multiples of  $1/8$  or  $1/20$  of 1%, or both. The spread between the highest and lowest interest rate bid shall not exceed  $2-1/2\%$ . The same single interest rate must be used for each maturity. Only one coupon will be attached to each bond for each installment of interest thereon, and bids providing for additional or supplemental coupons will be rejected. Each bid shall show the total amount of interest to be paid over the life of the Bonds from the date of issue less the premium, if any, or plus the discount, if any, and the effective rate of interest over the life of the Bonds. The bid resulting in the lowest net interest cost to the City shall be considered the best bid.

All bids shall be sealed and shall be accompanied by a deposit of at least \$39,200.00, either in cash or by certified or cashier's check made payable to the order of the Director of Finance of the City. Such deposit or certified or cashier's check shall be promptly returned to the bidder if its bid is not accepted. If the successful bidder shall fail or neglect to complete the purchase of the Bonds in accordance with its bid within forty (40) days after the

acceptance thereof, the amount of its deposit or certified cashier's check shall be forfeited to the City as and for the liquidated damages.

The City reserves the right to reject any or all bids submitted and to waive any informality in the bidding. If all bids be rejected, the Bonds may be readvertised for sale by the City in the manner herein provided or the City may proceed to sell the Bonds at private sale.

The Bonds will be furnished by the City and will be sold with the opinion of Roberts, Shefelman, Lawrence, Gay & Moch, bond counsel of Seattle, Washington, approving the legality of the same, all at the expense of the City, which opinion will be printed on each Bond. A no-litigation certificate in the usual form will also be included in the closing papers.

The Bonds will be delivered to the successful purchaser in Bellevue, Washington, or Seattle, Washington, at the expense of the City, or such other place as the purchaser and the City shall mutually agree upon at the purchaser's expense.

The bids shall be received by the City Clerk of the City of Bellevue at the City Hall, Bellevue, Washington, until 8:00 o'clock p.m. (PDT) on the 16th day of June, 1975, at which time all bids will be publicly opened by the said Clerk and considered at the meeting of the City Council then to be held in the City Hall.

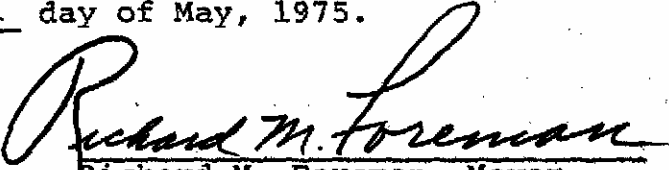
Further information concerning the Bond issue and other details pertaining to the Waterworks Utility of the City may be received upon request made to the City Clerk, or from Seattle-First National Bank, Bank Investment Division, Northern Life Building, Seattle, Washington.

Section 14. The principal proceeds received from the issuance and sale of the Bonds shall be deposited in the "1975 Utility Construction Fund" created and established in the office of the Director of Finance of the City by Ordinance No. 2207 and used for the purpose specified in Section 6&7 of such Ordinance. The accrued interest received, if any, shall be deposited in the Principal and Interest Account in the Bond Fund. Pending the expenditure of such proceeds from the "1975 Utility Construction Fund" such proceeds may be invested in any legal investment and the investment income therefrom may be retained in such Fund and used for the purposes of such Fund.

Section 15. 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 12th day of May, 1975, and signed in authentication of its passage this 12 day of May, 1975.


(SEAL)

  
Richard M. Foreman, Mayor

Approved as to form:

  
Lee Kraft, City Attorney

Attested and authenticated:

  
Patricia K. Weber, City Clerk

Published May 17, 1975