CITY OF SAMMAMISH, WASHINGTON

ORDINANCE NO. 099-36

AN ORDINANCE of the City of Sammamish, Washington, relating to contracting indebtedness; authorizing the issuance of Limited Tax General Obligation Bonds; authorizing the issuance of a Limited Tax General Obligation Bond Anticipation Note, 1999, in the aggregate principal amount of not to exceed $1,400,000, for general city purposes to provide funds with which to acquire property; fixing the date, form, maturity, interest rate, terms and covenants of the notes; establishing a note redemption fund; and approving the sale and providing for the delivery of the note to Bank of America, N.A., doing business as Seafirst Bank, Seattle, Washington.

WHEREAS, The City of Sammamish, Washington, is in need of acquiring real property, the estimated cost of which is $1,400,000, and the City does not have available sufficient funds to pay the cost; and

WHEREAS, the City Council has determined it to be in the best interest of the City to borrow money by the issuance of bonds, and pending the issuance of those bonds or the availability of other sources of repayment, issue short-term obligations in accordance with the provisions of chapter 39.50 RCW for the purpose of providing the funds with which to pay the costs of the Project; and

WHEREAS, Bank of America, N.A., doing business as Seafirst Bank, has offered to purchase the City's Limited Tax General Obligation Bond Anticipation Note, 1999 (the "Note") under the terms and conditions set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SAMMAMISH, WASHINGTON, DOES ORDAIN AS FOLLOWS:
Section 1. Definitions. As used in this ordinance, the following words shall have the following meanings:


“City” means the City of Sammamish, Washington.

“City Treasurer” means the City Treasurer of the City or the successor thereof.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Note” means the Limited Tax General Obligation Bond Anticipation Note, 1999, authorized to be issued by this ordinance.

“Note Register” means the registration books of the Note Registrar on which is recorded the name and address of the owner of the Note.

“Note Registrar” means the City Treasurer of the City.

“Offer” means the offer, made by the Bank to purchase the Note under the terms of its proposal letter dated September 16, 1999.

“Prime Rate” means the rate of interest publicly announced from time to time by Bank as its Prime Rate. The Prime Rate is set by Bank based on various factors, including Bank’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans. Bank may price loans to its customers at, above, or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in Bank’s Prime Rate.

“Project” means the acquisition of real property.

Section 2. Debt Capacity. The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes for the calendar year 1999 is approximately $3,795,000,000, and the City has outstanding general indebtedness evidenced by limited tax general obligation notes in the principal amount of $1,000,000 incurred within the limit of up to 1-1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein, and has no outstanding general indebtedness evidenced by unlimited tax general obligation bonds incurred within the limit of up
to 2-1/2% of the value of the taxable property within the City for capital purposes only. The amount of indebtedness for which bonds are authorized herein to be issued is $1,400,000.

Section 3. Authorization of Bonds. For the purpose of providing the funds to pay the cost of the Project, the City shall issue limited tax general obligation bonds in the amount not to exceed $1,400,000. Such bonds shall be issued in one or more series at such time as the City shall deem advisable; shall be in such denominations and form, shall be dated, shall bear such interest rate or rates, shall be payable at such time and times, shall have such option of payment prior to maturity; shall provide for additional funds and accounts and shall contain and be subject to such provisions and covenants as hereafter shall be provided by ordinance.

Section 4. Authorization and Description of Note. For the purpose of providing part of the funds with which to pay the costs of the Project pending receipt of the proceeds of the issuance and sale of the bonds authorized herein or other money of the city legally available therefore, and pay costs of issuing the Note, the City shall issue and sell its Limited Tax General Obligation Bond Anticipation Note, 1999, in the aggregate principal amount of $1,400,000.

The Note shall be dated as of its date of delivery to the Bank; shall be issued only in registered form; shall be numbered R-1 with any additional designation as the Note Registrar deems necessary for purpose of identification; shall bear interest at a variable rate of 57% (calculated on an actual 365/day basis) of the Prime Rate, changing on the day of any Prime Rate change, payable semiannually on each June 1 and December 1, commencing June 1, 2000, to the maturity or earlier redemption of the Note; and shall mature on October 1, 2001.

The City Treasurer is authorized on behalf of the City, at any time that the Note is outstanding to convert the Note, or any portion thereof, to a fixed interest rate, provided the expiration of any fixed rate is no later than the final maturity date of the Note. Any amount
converted to a fixed interest rate shall bear interest at a fixed rate of interest determined by Bank in its sole discretion and quoted to the City, and accepted by the City prior to any expiration time to which such quote is made subject. Any such fixed rate of interest shall accrue on the basis of 30 days over a 360-day year. If any principal bearing interest at a fixed rate is repaid prior to the expiration of such fixed rate, such prepayment shall be subject to a prepayment fee determined in accordance with Exhibit I attached to this ordinance.

The City Council finds that the fixing of the above interest rates and rate indices is in the best interest of the City.

Section 5. Creation of Note Fund; Payment of the Note. The Note Fund is created in the office of the City Treasurer as a special fund to be known as the Limited Tax General Obligation Bond Anticipation Note Fund, 1999. Both principal and interest on the Note shall be payable in lawful money of the United States of America solely out of the Note Fund from the proceeds of bonds or of other short-term obligations to be deposited in such fund or from other money legally available and to be used therefor, and the city irrevocably pledges to redeem the Note on its maturity or prepayment date from the proceeds of such bonds, additional short-term obligations or other money of the City available for that purpose. The final installment of principal, plus any accrued interest, on the Note at maturity or prior repayment is payable at the office of the City Treasurer, who is appointed Note Registrar for the Note, in Sammamish, Washington, upon presentation and surrender of the Note.

Section 6. Pledge to Redeem the Note. The City irrevocably pledges to pay and redeem the Note from the proceeds of a sufficient amount of bonds or additional short-term obligations, or from other money of the City legally available for such purpose.
Section 7. Prepayment and Redemption Provisions. The City reserves the right and option to prepay and redeem at any time prior to the stated maturity date any or all of the principal amount of the Note outstanding at par plus accrued interest to the date of prepayment and redemption. Written notice to the Bank of any intended prepayment or redemption of the Note shall not be required. Interest on the Note or the prepaid portion thereof shall cease to accrue on the date of such prepayment. Amounts converted to fixed interest rates may be subject to a prepayment penalty calculated in accordance with the terms of the Offer.

Section 8. Pledge of Taxes. For as long as any the Note is outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefore, to pay when due the principal of and interest on the Note, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 9. Form and Execution. The Note shall be printed, lithographed, typed or multicopied on good bond paper in a form consistent with the provisions of this ordinance, shall be signed by the Mayor and City Clerk, which signatures may be manual or in facsimile, and shall have the seal of the City or a facsimile reproduction thereof impressed or printed thereon.

The Note shall bear thereon a Certificate of Authentication substantially in the following form, manually signed by the Note Registrar, and only if so executed shall the Note be valid or obligatory for any purpose or entitled to the benefits of this ordinance:
CERTIFICATE OF AUTHENTICATION

This Note is the fully registered City of Sammamish, Washington, Limited Tax General Obligation Bond Anticipation Note, 1999, described in the Note Ordinance.

CITY OF SAMMAMISH, WASHINGTON

City Treasurer, Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 10. Registration and Transfer of Note; Note Registrar. The Note shall be issued to the Bank only in registered form as to both principal and interest and recorded on the books or records maintained by the Note Registrar (the “Note Register”). The Note Register shall contain the name and mailing address of the owner of the Note. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note to any successor to the business and assets of the Bank. When the Note has been paid in full, both principal and interest, the Note shall be surrendered by the Bank to the Note Registrar, who shall cancel the Note.

The Note Registrar shall keep, or cause to be kept, at her office, sufficient books for the registration of the Note. The Note Registrar shall serve as the City's authenticating trustee, transfer agent, registrar and paying agent for the Note and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the Note in accordance with the
provisions of the Note and this ordinance, to serve as the City's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this ordinance and Ordinance No. 099-38. No assignment or transfer of the Note shall be effective until the name of the new owner and the new owner's mailing address, together with such other information deemed appropriate by the Note Registrar, shall be recorded on the Note Register.

The Note shall state on its face that the principal of and interest on the Note shall be paid only to the owner thereof registered as such on the Note Register as of the record date set forth therein and to no other person or entity, and that the Note may not be assigned except on the Note Register.

Section 11. Designation of Note as "Qualified Tax-Exempt Obligations". The City finds and declares that (a) it is a duly organized and existing governmental unit of the State of Washington and has general taxing power; (b) the Note is not a "private activity bond" within the meaning of Section 141 of the United States Internal Revenue Code of 1986, as amended (the "Code"); (c) at least 95% of the net proceeds of the Note will be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) issued by the City and all entities subordinate to the City (including any entity which the City controls, which derives its authority to issue tax-exempt obligations from the City or which issues tax-exempt obligations on behalf of the City) during the calendar year in which the Note is issued is not reasonably expected to exceed $5,000,000; and (e) the amount of tax-exempt obligations, including the Note, designated by the City as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Note is
issued does not exceed $10,000,000. The City therefore certifies that the Note is eligible for the
arbitrage rebate exception under Section 148(f)(4)(D) of the Code and designates the Note as
"qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code.

Section 12. Sale and Delivery of the Note. The Bank has submitted an offer to purchase
the Note under the terms and conditions of its Offer, which Offer is on file with the City
Treasurer. The City Council finds that it is in the City's best interest that such Offer be accepted
and accepts the same.

The Note will be prepared at City expense and will be delivered to the Bank in accordance
with the Offer, with the approving legal opinion of Foster Pepper & Shefelman PLLC, municipal
bond counsel of Seattle, Washington, regarding the Note. Bond counsel shall not be required to
review and shall express no opinion concerning the completeness or accuracy of any official
statement, offering circular or other sales or disclosure material issued or used in connection with
the Note, and bond counsel's opinion shall so state. The proper City officials are authorized and
directed to do everything necessary for the prompt delivery of the Note to the Bank and for the
proper application and use of the Note proceeds thereon.

Section 13. Representation Concerning the Year 2000. On the basis of a
comprehensive review and assessment of the City's systems and equipment and inquiry made of
the City's material suppliers, vendors and customers, the City reasonably believes that the "Year
2000 problem" (that is, the inability of computers, as well as embedded microchips in non-
computing devices, to perform properly date-sensitive functions with respect to certain dates
prior to and after December 31, 1999), including costs of remediation, will not result in a
material adverse change in the operations, business, properties, condition (financial or otherwise)
or prospects of the City. The City has developed feasible contingency plans adequately to ensure
uninterrupted and unimpaired business operation in the event of failure of its own or a third party’s systems or equipment due to the Year 2000 problem, including those of vendors, customers, and suppliers, as well as a general failure of or interruption in its communications and delivery infrastructure.

Section 14. Effective Date. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Sammamish, signed by the Mayor and attested to by the City Clerk in authentication of such passage this 25th day of September, 1999.

ATTEST:

Ruth Muller, Interim City Clerk

APPROVED AS TO FORM:

Foster Pepper & Shefelman PLLC
Bond Counsel to the City
EXHIBIT A
PREPAYMENT FEES

If the principal balance of this note is prepaid in whole or in part, whether by voluntary prepayment, operation of law, acceleration or otherwise, a prepayment fee, in addition to any interest earned, will be immediately payable to the holder of this note.

The amount of this prepayment fee depends on the following:

(1) The amount by which interest reference rates as defined below have changed between the time the loan is prepaid and either a) the time the loan was made for fixed rate loans or b) the time the interest rate has changed (refinanced) for variable rate loans.

(2) A prepayment fee factor (see “Prepayment Fee Factor Schedule” on reverse).

(3) The amount of principal prepaid.

If the proceeds from a CD or time deposit pledged to secure the loan are used to prepay the loan resulting in payment of an early withdrawal penalty for the CD, a prepayment fee will not also be charged under the loan.

Definition of Reference Rate for Variable Rate Loans

The “Reference Rate” used to represent interest rate levels for variable rate loans shall be the index rate used to determine the rate on this loan having a maturity equivalent to the remaining period to interest rate change date (refinancing) of this loan rounded upward to nearest month. The “Initial Reference Rate” shall be the Reference Rate at time of loan origination and a new initial Reference Rate shall be assigned at each subsequent refinancing. The “Final Reference Rate” shall be the Reference Rate at time of prepayment.

Definition of Reference Rate for Fixed Rate Loans

The “Reference Rate” used to represent interest rate levels on fixed rate loans shall be the bond equivalent yield of the average U.S. Treasury note having a maturity equivalent to the remaining period to maturity of this loan rounded upward to the nearest month. The “Initial Reference Rate” shall be the Reference Rate at the time the loan was made. The “Final Reference Rate” shall be the Reference Rate at time of prepayment.

The Reference Rate shall be interpolated from the yields so displayed on Page 119 of the Dow Jones Telazine Service (or such other page or service as may replace that page or service for the purpose of displaying rates comparable to said U.S. Treasury note) on the day the loan was made (Initial Reference Rate) or the day of prepayment (Final Reference Rate).

An initial reference rate of ........................... % has been assigned to this loan to represent interest rate levels at origination.

Calculation of Prepayment Fee

If the Initial Reference Rate is less than or equal to the Final Reference Rate, there is no prepayment fee.

If the Initial Reference Rate is greater than the Final Reference Rate, the prepayment fee shall be equal to the difference between the Initial and Final Reference Rates (expressed as a decimal), multiplied by the appropriate factor from the Prepayment Fee Factor Schedule, multiplied by the principal amount of the loan being prepaid.

By: ____________________________
    ____________________________

By: ____________________________
    ____________________________

Date: __________________________

FORM 0725 REV 1099
Example of Prepayment Fee Calculation

**Variable Rate Loans:** A non-amortizing 5-month LIBOR based loan with principal of $250,000 is fully prepaid with 3 months remaining until next interest rate change date (repricing). An Initial Reference Rate of 7.0% was assigned to the loan at last repricing. The Final Reference Rate (as determined by the 3-month LIBOR index) is 6.5%. Rates therefore have dropped 0.5% since last repricing and a prepayment fee applies. A prepayment fee factor of 0.31 is determined from Table 3 below and the prepayment fee is computed as follows:

\[
\text{Prepayment Fee} = (0.07 - 0.065) \times (0.31) \times (525,000) = 3,875.50
\]

**Fixed Rate Loans:** An amortizing loan with remaining principal of $250,000 is fully prepaid with 24 months remaining until maturity. An Initial Reference Rate of 6.0% was assigned to the loan when the loan was made. The Final Reference Rate (as determined by the current 24-month U.S. Treasury rate on page 15 of Financials) is 7.5%. Rates therefore have dropped 1.5% since the loan was made and a prepayment fee applies. A prepayment fee factor of 1.3 is determined from Table 1 below and the prepayment fee is computed as follows:

\[
\text{Prepayment Fee} = (0.09 - 0.075) \times (1.3) \times (525,000) = 4,875.00
\]

### TABLE I. - FULLY AMORTIZING LOANS

Propotion of Remaining Principal Amount Being Repaid

<table>
<thead>
<tr>
<th>Months Remaining To Maturity/Repricing (1)</th>
<th>0</th>
<th>12</th>
<th>24</th>
<th>36</th>
<th>48</th>
<th>60</th>
<th>84</th>
<th>120</th>
<th>240</th>
<th>360</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 - 100%</td>
<td>0.21</td>
<td>0.13</td>
<td>0.09</td>
<td>0.07</td>
<td>0.06</td>
<td>0.05</td>
<td>0.04</td>
<td>0.03</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>60 - 89%</td>
<td>0.24</td>
<td>0.15</td>
<td>0.10</td>
<td>0.08</td>
<td>0.07</td>
<td>0.06</td>
<td>0.05</td>
<td>0.04</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>70 - 79%</td>
<td>0.28</td>
<td>0.20</td>
<td>0.14</td>
<td>0.11</td>
<td>0.09</td>
<td>0.08</td>
<td>0.07</td>
<td>0.06</td>
<td>0.05</td>
<td>0.04</td>
</tr>
<tr>
<td>80 - 10%</td>
<td>0.31</td>
<td>0.23</td>
<td>0.17</td>
<td>0.14</td>
<td>0.12</td>
<td>0.10</td>
<td>0.09</td>
<td>0.08</td>
<td>0.07</td>
<td>0.06</td>
</tr>
</tbody>
</table>

### TABLE II. - PARTIALLY AMORTIZING (BALLOON) LOANS

Propotion of Remaining Principal Amount Being Repaid

<table>
<thead>
<tr>
<th>Months Remaining To Maturity/Repricing (1)</th>
<th>0</th>
<th>12</th>
<th>24</th>
<th>36</th>
<th>48</th>
<th>60</th>
<th>84</th>
<th>120</th>
<th>240</th>
<th>360</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 - 100%</td>
<td>0.26</td>
<td>0.14</td>
<td>0.1</td>
<td>0.08</td>
<td>0.06</td>
<td>0.05</td>
<td>0.04</td>
<td>0.03</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>60 - 89%</td>
<td>0.30</td>
<td>0.20</td>
<td>0.16</td>
<td>0.12</td>
<td>0.10</td>
<td>0.09</td>
<td>0.08</td>
<td>0.07</td>
<td>0.06</td>
<td>0.05</td>
</tr>
<tr>
<td>70 - 79%</td>
<td>0.34</td>
<td>0.25</td>
<td>0.21</td>
<td>0.18</td>
<td>0.16</td>
<td>0.14</td>
<td>0.13</td>
<td>0.12</td>
<td>0.11</td>
<td>0.1</td>
</tr>
<tr>
<td>80 - 10%</td>
<td>0.37</td>
<td>0.30</td>
<td>0.26</td>
<td>0.23</td>
<td>0.21</td>
<td>0.19</td>
<td>0.18</td>
<td>0.17</td>
<td>0.16</td>
<td>0.15</td>
</tr>
</tbody>
</table>

### TABLE III. - NON-AMORTIZING (INTEREST ONLY) LOANS

Propotion of Remaining Principal Amount Being Repaid

<table>
<thead>
<tr>
<th>Months Remaining To Maturity/Repricing (1)</th>
<th>0</th>
<th>12</th>
<th>24</th>
<th>36</th>
<th>48</th>
<th>60</th>
<th>84</th>
<th>120</th>
<th>240</th>
<th>360</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 - 100%</td>
<td>0.31</td>
<td>0.21</td>
<td>0.12</td>
<td>0.1</td>
<td>0.08</td>
<td>0.06</td>
<td>0.05</td>
<td>0.04</td>
<td>0.03</td>
<td>0.02</td>
</tr>
<tr>
<td>60 - 89%</td>
<td>0.36</td>
<td>0.27</td>
<td>0.18</td>
<td>0.16</td>
<td>0.14</td>
<td>0.12</td>
<td>0.11</td>
<td>0.1</td>
<td>0.09</td>
<td>0.08</td>
</tr>
<tr>
<td>70 - 79%</td>
<td>0.41</td>
<td>0.32</td>
<td>0.24</td>
<td>0.22</td>
<td>0.21</td>
<td>0.19</td>
<td>0.18</td>
<td>0.17</td>
<td>0.16</td>
<td>0.15</td>
</tr>
<tr>
<td>80 - 10%</td>
<td>0.46</td>
<td>0.37</td>
<td>0.29</td>
<td>0.27</td>
<td>0.26</td>
<td>0.24</td>
<td>0.23</td>
<td>0.22</td>
<td>0.21</td>
<td>0.2</td>
</tr>
</tbody>
</table>

(1) For the remaining period in maturity/repricing between any two scheduled/repricing shown in the above schedule, interpolate between the corresponding factors in the closest months.

The holder of this note is not required to actually reinvest the prepaid principal in any U.S. Government Treasury Obligations, or otherwise provide its actual loss, as a condition to receiving a prepayment fee as calculated above.