

CITY OF BELLINGHAM, WASHINGTON

ORDINANCE NO. 1999-05-029

AN ORDINANCE of the City of Bellingham, Washington, relating to contracting indebtedness; providing for the issuance of \$3,420,000 par value of Limited Tax General Obligation Bonds, 1999, of the City for general City purposes to provide funds with which to pay the cost of purchasing and remodeling the Calvary Temple and adjacent parking lot to house City offices and replacing the Fairhaven fire station; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund and a construction fund; providing for bond insurance; and approving the sale and providing for the delivery of the bonds to Dain Rauscher Incorporated of Seattle, Washington.

Passed May 17, 1999

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# **CITY OF BELLINGHAM, WASHINGTON**

## **TABLE OF CONTENTS**

<b>Section 1. Debt Capacity</b>	<b>1</b>
<b>Section 2. Authorization of Bonds</b>	<b>2</b>
<b>Section 3. Description of Bonds</b>	<b>2</b>
<b>Section 4. Registration and Transfer of Bonds</b>	<b>3</b>
<b>Section 5. Payment of Bonds</b>	<b>5</b>
<b>Section 6. Redemption Provisions and Open Market Purchase of Bonds</b>	<b>5</b>
<b>Section 7. Notice of Redemption</b>	<b>6</b>
<b>Section 8. Failure To Redeem Bonds</b>	<b>7</b>
<b>Section 9. Pledge of Taxes</b>	<b>7</b>
<b>Section 10. Form and Execution of Bonds</b>	<b>7</b>
<b>Section 11. Bond Registrar</b>	<b>8</b>
<b>Section 12. Preservation of Tax Exemption for Interest on Bonds</b>	<b>9</b>
<b>Section 13. Refunding or Defeasance of the Bonds</b>	<b>10</b>
<b>Section 14. Bond Fund and Deposit of Bond Proceeds</b>	<b>11</b>
<b>Section 15. Approval of Bond Purchase Contract</b>	<b>11</b>
<b>Section 16. Preliminary Official Statement Deemed Final</b>	<b>12</b>
<b>Section 17. Undertaking to Provide Continuing Disclosure</b>	<b>12</b>
<b>Section 18. Bond Insurance</b>	<b>15</b>
<b>Section 19. Parties Interested Herein</b>	<b>16</b>
<b>Section 20. Cover Page and Table of Contents</b>	<b>17</b>
<b>Section 21. Severability</b>	<b>17</b>
<b>Section 22. Ratification of Prior Acts</b>	<b>17</b>
<b>Section 23. Effective Date</b>	<b>18</b>

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WHEREAS, the City of Bellingham, Washington (the "City"), is in need of purchasing the Calvary Temple and parking lot and remodeling the building to house City offices, the estimated cost of which is \$2,860,000, and replacing the Fairhaven fire station, the estimated cost of which is \$500,000, and the City does not have available sufficient funds to pay those costs; and

WHEREAS, Financial Security Assurance, Inc., of New York, New York (the "Bond Insurer"), has made a commitment to issue an insurance policy (the "Municipal Bond Insurance Policy") insuring the payment when due of the principal of and interest on the bonds as provided therein, and the City Council deems that the purchase of the Municipal Bond Insurance Policy is in the best interest of the City;

NOW, THEREFORE, THE CITY OF BELLINGHAM DOES ORDAIN:

Section 1. 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 1998 is \$3,898,007,165, and the City has outstanding general indebtedness evidenced by limited tax general obligation bonds,

notes, leases and/or conditional sales contracts in the principal amount of \$9,408,555 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 unlimited tax general obligation bonds in the principal amount of \$3,075,000 incurred within the limit of up to 2-1/2% of the value of the taxable property within the City for capital purposes only issued pursuant to a vote of the qualified voters of the City. The amount of indebtedness for which bonds are authorized herein to be issued is \$3,420,000.

#### Section 2. Authorization of Bonds

. The City shall borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing that indebtedness in the amount of \$3,420,000 for general City purposes to provide the funds to pay the cost of purchasing the Calvary Temple and parking lot and remodeling the building to house City offices and replacing the Fairhaven fire station (collectively, the "Projects") and to pay the costs of issuance and sale of the bonds (the "costs of issuance"). The general indebtedness to be incurred shall be 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.

#### Section 3. Description of Bonds

. The bonds shall be called Limited Tax General Obligation Bonds, 1999, of the City (the "Bonds"); shall be in the aggregate principal amount of \$3,420,000; shall be dated May 15, 1999; shall be in the denomination of \$5,000 or any integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Bond Registrar (collectively, the fiscal agencies of the State of Washington) deems necessary for

purposes of identification; shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) payable semiannually on each February 1 and August 1, commencing February 1, 2000, to the maturity or earlier redemption of the Bonds; and shall mature on August 1 in years and amounts and bear interest at the rates per annum as follows:

<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
2001	\$ 60,000	4.25%
2002	105,000	4.25
2003	160,000	4.25
2004	260,000	4.25
2005	425,000	4.25
2006	450,000	4.25
2007	460,000	4.30
2008	475,000	4.75
2009	500,000	4.50
2010	525,000	4.60

The life of the capital facilities to be acquired with the proceeds of the Bonds exceeds the term of the Bonds.

#### Section 4. Registration and Transfer of Bonds

. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar (the "Bond Register"). The Bond Register shall contain the name and mailing address of the owner of each Bond and the principal amount and number of each of the Bonds held by each owner.

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

Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

The Bonds initially shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company, New York, New York ("DTC"). The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of a Blanket Issuer Letter of Representations dated April 26, 1999, between the City and DTC (the "Letter of Representations"). Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to registered owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC).

For so long as any Bonds are held in fully immobilized form, DTC or its successor depository shall be deemed to be the registered owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominee and shall not mean the owners of any beneficial interests in the Bonds. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the City or such substitute depository's successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its

successor) from its functions as depository, or a determination by the City that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the City may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the City determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in fully immobilized form.

#### Section 5. Payment of Bonds

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners at either of the principal offices of the Bond Registrar at the option of the owners. Notwithstanding the foregoing, as long as the Bonds are registered in the name of DTC or its nominee, payment of principal of and interest on the Bonds shall be made in the manner set forth in the Letter of Representations (as it may be changed).

#### Section 6. Redemption Provisions and Open Market Purchase of Bonds

Bonds maturing in the years 2001 through 2009, inclusive, shall be issued without the right or option of the City to redeem those Bonds prior to their stated maturity dates. The City reserves

the right and option to redeem the Bonds maturing on August 1, 2010, prior to their stated maturity date at any time on or after August 1, 2009, as a whole or in part (randomly in such manner as the Bond Registrar shall determine), at par plus accrued interest to the date fixed for redemption.

Portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple thereof, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond at either of the principal offices of the Bond Registrar, there shall be issued to the registered owner, without charge therefor, a new Bond (or Bonds, at the option of the registered owner) of the same maturity and interest rate in any of the denominations authorized by this ordinance in the aggregate principal amount remaining unredeemed.

The City reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price plus accrued interest to the date of purchase.

All Bonds purchased or redeemed under this section shall be canceled.

Notwithstanding the foregoing, for so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, selection of Bonds for redemption shall be in accordance with the Letter of Representations (as it may be changed).

#### Section 7. Notice of Redemption

The City shall cause notice of any intended redemption of Bonds to be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this



sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., and Standard & Poor's at their offices in New York, New York, or their successors, to Dain Rauscher Incorporated at its principal office in Seattle, Washington, or its successor, to the Bond Insurer at its principal office in New York, New York, and to such other persons, including registered securities depositories, and with such additional information as the City Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds. Notwithstanding the foregoing, for so long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, notice of redemption shall be given in accordance with the Letter of Representations (as it may be changed).

#### Section 8. Failure To Redeem Bonds

. If any Bond is not redeemed when properly presented at its maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the bond redemption fund hereinafter created and the Bond has been called for payment by giving notice of that call to the registered owner of that unpaid Bond.

#### Section 9. Pledge of Taxes

. For as long as any of the Bonds are 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 therefor, to pay when due the principal of and interest on the Bonds, 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 10. Form and Execution of Bonds**

The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this ordinance and state law and shall be signed by the Mayor and Finance Director, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the fully registered City of Bellingham, Washington, Limited Tax General Obligation Bonds, 1999, described in the Bond Ordinance.

**WASHINGTON STATE FISCAL AGENCY**  
Bond Registrar

By  
Authorized Signer

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

benefits of this ordinance.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the City authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

#### Section 11. Bond Registrar

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

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

rights of Bond owners.

**Section 12. Preservation of Tax Exemption for Interest on Bonds**

. The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”), is applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes. The City certifies that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

**Section 13. Refunding or Defeasance of the Bonds**

. The City may issue refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the “defeased Bonds”) and to pay the costs of the refunding or defeasance. If money and/or direct

obligations of the United States of America maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The City shall include in the refunding or defeasance plan such provisions as the City deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the owners of the defeased Bonds and to such other persons as the City shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds shall be deemed no longer outstanding, and the City may apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

Notwithstanding anything in this section to the contrary, if the principal of and/or interest due on the Bonds is paid by the Bond Insurer pursuant to the Municipal Bond Insurance Policy, the Bonds shall be treated as remaining outstanding for all purposes, not defeased or otherwise satisfied and shall not be considered paid by the City, and the covenants, agreements and other obligations of the City to the registered owners of the Bonds shall continue to exist and shall run to the benefit of the Bond Insurer, and the Bond Insurer shall be subrogated to the rights of those registered owners.

#### **Section 14. Bond Fund and Deposit of Bond Proceeds**

. There is created and established in the office of the Finance Director of the City a special fund designated as the Limited Tax General Obligation Bond Fund, 1999 (the "Bond Fund"), for the purpose of paying principal of and interest on the Bonds. Accrued interest on the Bonds, if any, received from the sale and delivery of the Bonds shall be paid into the Bond Fund. All taxes collected for and allocated to the payment of the principal of and interest on the Bonds shall be deposited in the Bond Fund.

There also is created and established in the office of the Finance Director a special fund designated as the City Hall Annex Construction Fund and there has previously been created and established in the office of the Finance Director a special fund designated as the Fire Construction Fund (collectively, the "Construction Funds"). The principal proceeds received from the sale and delivery of the Bonds shall be paid, as determined by the Finance Director, into the Construction Funds and used to pay the costs of the Projects and costs of issuance of the Bonds as specified in Section 2 of this ordinance. Until needed to pay those costs, the City may invest principal proceeds temporarily in any legal investment, and the investment earnings may be retained in the Construction Funds and be spent for the purposes of those funds except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Construction Funds and used for those tax or rebate purposes.

#### **Section 15. Approval of Bond Purchase Contract**

. Dain Rauscher Incorporated of Seattle, Washington, has presented a purchase contract (the "Bond Purchase Contract") to the City offering to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which written Bond Purchase Contract is on

file with the Finance Director and is incorporated herein by this reference. The City Council finds that entering into the Bond Purchase Contract is in the City's best interest and therefore accepts the offer contained therein and authorizes its execution by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the Bond Purchase Contract, with the approving legal opinion of Foster Pepper & Shefelman PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds.

The proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the purchaser, including without limitation the execution of the final official statement, and for the proper application and use of the proceeds of the sale thereof.

Section 16. Preliminary Official Statement Deemed Final

The City Council has been provided with copies of a preliminary official statement dated May 3, 1999 (the "Preliminary Official Statement"), prepared in connection with the sale of the Bonds. For the sole purpose of the Bond purchaser's compliance with Securities and Exchange Commission Rule 15c2-12(b)(1), the City "deems final" that Preliminary Official Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, maturity dates, options of redemption, delivery dates, ratings and other terms of the Bonds dependent on such matters.

Section 17. Undertaking to Provide Continuing Disclosure

To meet the requirements of United States Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the "Rule"), as applicable to a participating underwriter for the Bonds, the City makes the following written undertaking (the "Undertaking") for the benefit of holders of the Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of

**Material Events.** The City undertakes to provide or cause to be provided, either directly or through a designated agent:

(i) To each nationally recognized municipal securities information repository designated by the SEC in accordance with the Rule (“NRMSIR”) and to a state information depository, if any, established in the State of Washington (the “SID”) annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section (“annual financial information”);

(ii) To each NRMSIR or the Municipal Securities Rulemaking Board (“MSRB”), and to the SID, timely notice of the occurrence of any of the following events with respect to the Bonds, if material: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (7) modifications to rights of holders of the Bonds; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds); (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds; and (11) rating changes; and

(iii) To each NRMSIR or to the MSRB, and to the SID, timely notice of a failure by the City to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) **Type of Annual Financial Information Undertaken to be Provided.**  
The annual financial information that the City undertakes to provide in subsection (a) of this section:

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles promulgated by the Government Accounting Standards Board (“GASB”), as such principles may be changed from time to time, which statements need not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (2) authorized, issued and outstanding balance of general obligation bonds; (3) assessed valuation for the fiscal year; and (4) regular property tax levy rate and regular property tax levy rate limit for the fiscal year;

(ii) Shall be provided to each NRMSIR and the SID, not later than the last day of the ninth month after the end of each fiscal year of the



City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 1998; and

(iii) May be provided in a single or multiple documents, and may be incorporated by reference to other documents that have been filed with each NRMSIR and the SID, or, if the document incorporated by reference is a "final official statement" with respect to other obligations of the City, that has been filed with the MSRB.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency, NRMSIR, the SID or the MSRB, under the circumstances and in the manner permitted by the Rule.

The City will give notice to each NRMSIR or the MSRB, and the SID, of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the City and any holder of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if those provisions of the Rule which require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to each NRMSIR or the MSRB and the SID.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director of the City (or such other officer of the City who may in the future perform the duties of that office) or his or her designee is authorized and directed in his or her discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the City in respect of the Bonds set forth in this section and in accordance with the Rule, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided;

(ii) Determining whether any event specified in subsection (a) has occurred, assessing its materiality with respect to the Bonds, and, if material, preparing and disseminating notice of its occurrence;

(iii) Determining whether any person other than the City is an “obligated person” within the meaning of the Rule with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of material events for that person in accordance with the Rule;

(iv) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out the Undertaking; and

(v) Effecting any necessary amendment of the Undertaking.

#### Section 18. Bond Insurance

The City is authorized to purchase from the Bond Insurer the Municipal Bond Insurance Policy insuring the prompt payment of the principal of and interest on the Bonds and agrees to the conditions for obtaining that policy, including the payment of the premium therefor. Any notice required to be given to the Bond Insurer shall be sent by certified or registered mail to Financial Security Assurance Inc., 350 Park Avenue, New York, New York 10022.

While the Municipal Bond Insurance Policy is in effect, the City or the Bond Registrar shall furnish to the Bond Insurer:

(a) As soon as practicable after the filing thereof, copies of any

financial statements, audits and annual reports of the City;

(b) copies of any notices given to the registered owners of the Bonds, including, without limitation, notices of any redemption of or defeasance of Bonds, and any certificate rendered pursuant to this ordinance relating to the security for the Bonds; and

(c) such additional information the Bond Insurer may reasonably request.

The Bond Registrar shall notify the Bond Insurer of any failure of the City to provide relevant notices and certificates.

The City will permit the Bond Insurer to discuss the affairs, finances and accounts of the City or any information the Bond Insurer may reasonably request regarding the security for the Bonds with appropriate officers of the City. The Bond Registrar and the City will permit the Bond Insurer to have access to and make copies of all books and records relating to the Bonds at any reasonable time.

The Bond Insurer shall have the right to direct an accounting at the City's expense, and the City's failure to comply with such direction within 30 days after receipt of written notice of the direction from the Bond Insurer shall be deemed a default hereunder unless compliance cannot occur within such period. In that event and only if an extension would not materially adversely affect the interest of any registered owner of the Bonds, that 30-day period will be extended so long as compliance is begun within that period and diligently pursued.

#### Section 19. Parties Interested Herein

To the extent that this ordinance confers upon or gives or grants to the Bond Insurer any right, remedy or claim under or by reason of this ordinance, the Bond Insurer expressly is recognized as being a third-party beneficiary hereunder and may enforce any such right, remedy or claim

conferred, given or granted hereunder. Nothing expressed or implied in this ordinance is intended or shall be construed to confer upon, or to give or grant to, any person or entity, other than the City, the Bond Insurer and the registered owners of the Bonds, any right, remedy or claim under or by reason of this ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City, the Bond Insurer and the registered owners of the Bonds.

Notwithstanding any other provision of this ordinance, the City shall notify the Bond Insurer immediately if at any time there are insufficient funds to make any payments of principal and/or interest as required and immediately upon the occurrence of any event of default hereunder.

Any provision of this ordinance expressly recognizing or granting rights in or to the Bond Insurer may not be amended in any manner which affects the rights of the Bond Insurer hereunder without the prior written consent of the Bond Insurer. Unless otherwise provided in this section, the Bond Insurer's consent shall be required, in addition to Bond owner consent, when required, for the following purposes: (i) execution and delivery of any supplemental ordinance, and (ii) initiation or approval of any other action which requires Bond owner consent. Anything in this ordinance to the contrary notwithstanding, upon the occurrence and continuance of an event of default, the Bond Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to the Bond owners for the benefit of the Bond owners under this ordinance.

Any reorganization or liquidation plan with respect to the City must be acceptable to the Bond Insurer. In the event of any reorganization or liquidation, the Bond Insurer shall have the

right to vote on behalf of all bondholders who hold FSA-insured bonds absent a default by the Bond Insurer under the applicable Municipal Bond Insurance Policy insuring such bonds.

Section 20. Cover Page and Table of Contents

. The cover page and table of contents of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.

Section 1. Severability

. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of any Bonds.

Section 2. Ratification of Prior Acts

. All acts taken pursuant to the authority of this ordinance but prior to its effective date are ratified and confirmed.

Section 21. Effective Date

. This ordinance shall be effective 15 days after its final passage.

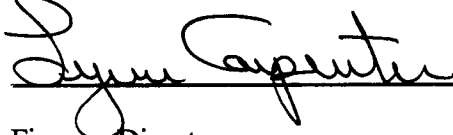
PASSED by the City Council of the City of Bellingham, Washington, at a regular meeting thereof held this 17th day of May, 1999.

By Gene Kmit  
Council President

APPROVED by me this 20<sup>th</sup> day of May, 1999.

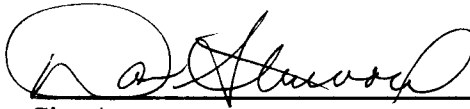
By Mark Asmuth  
Mayor

ATTEST:

  
\_\_\_\_\_

Finance Director

APPROVED AS TO FORM:

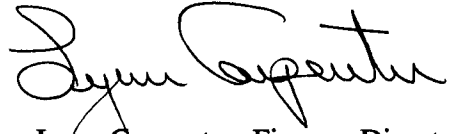
  
\_\_\_\_\_

City Attorney

PUBLISHED: May 20, 1999

I, LYNN CARPENTER, Finance Director of the City of Bellingham, Washington, certify that the attached copy of Ordinance No. 1999-05-029 is a true and correct copy of the original ordinance passed on the 17th day of May, 1999, as such ordinance appears on the Minute Book of the City.

DATED this \_\_\_\_\_ day of May, 1999.

  
Lynn Carpenter, Finance Director