

CLEARANCES	Initial	Date	Date Received in Council Office:	Agenda Date	Assigned To:
Originator-Executive	SVZ	7/2	7/3/91	7/9	Finance X and X Council
Division Head-				7/23/91	Finance/Council
Department Head-					
Prosecutor Review-					
Purchasing/Budget Dir.-					
Executive-					

**SUBJECT:**

Ordinance authorizing sale of bonds for courthouse addition

**ATTACHMENTS:**

the ordinance

Public Hearing Needed? Yes/\_\_\_/No/X/

**SUMMARY STATEMENT:**

This is the ordinance that will authorize the sale of bonds for the courthouse addition.

**ORIGINATOR'S RECOMMENDED ACTION:**

pass

**COMMITTEE ACTION (including dates):**

**COUNCIL ACTION (including dates):**

Related File Numbers: \_\_\_\_\_ Ordinance or Resolution Number: ORD 91-645

1  
2  
3  
4 WHATCOM COUNTY, WASHINGTON  
5 LIMITED TAX GENERAL OBLIGATION BONDS, 1991

6 \$10,750,000  
7

8  
9 ORDINANCE NO. 91-045

10 AN ORDINANCE OF WHATCOM COUNTY, WASHINGTON, PRO-  
11 VIDING FOR THE ISSUANCE AND SALE OF LIMITED TAX  
12 GENERAL OBLIGATION BONDS OF THE COUNTY IN THE  
13 PRINCIPAL SUM OF \$10,750,000, FOR THE PURPOSE OF  
14 PAYING PART OF THE COSTS OF THE COUNTY COURTHOUSE  
15 AND ADMINISTRATION BUILDING; PROVIDING THE DATE,  
16 FORM, TERMS AND MATURITIES OF SAID BONDS;  
17 CREATING A BOND FUND; PROVIDING FOR THE  
18 DISPOSITION OF THE PROCEEDS OF SALE OF SUCH  
19 BONDS; PROVIDING FOR THE ANNUAL LEVY OF TAXES TO  
20 PAY THE PRINCIPAL OF AND INTEREST ON SAID BONDS;  
21 AND PROVIDING FOR THE SALE THEREOF TO SEATTLE-  
22 NORTHWEST SECURITIES CORPORATION.

23  
24 PASSED: July 23, 1991  
25

26 Prepared by:

PRESTON THORGRIMSON SHIDLER GATES & ELLIS

Seattle, Washington

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\* This Table of Contents and the Cover Page are not a part of this ordinance and are included only for the convenience of the reader.

1 INTRODUCED BY: Consent  
2 PROPOSED BY: Executive  
3 DATE INTRODUCED: 7-9-91

4  
5 ORDINANCE NO. 91-045

6 AN ORDINANCE OF WHATCOM COUNTY, WASHINGTON, PROVIDING  
7 FOR THE ISSUANCE AND SALE OF LIMITED TAX GENERAL  
8 OBLIGATION BONDS OF THE COUNTY IN THE PRINCIPAL  
9 SUM OF \$10,750,000, FOR THE PURPOSE OF PAYING PART  
10 OF THE COSTS OF THE COUNTY COURTHOUSE AND  
11 ADMINISTRATION BUILDING; PROVIDING THE DATE, FORM,  
12 TERMS AND MATURITIES OF SAID BONDS; CREATING A  
13 BOND FUND; PROVIDING FOR THE DISPOSITION OF THE  
14 PROCEEDS OF SALE OF SUCH BONDS; PROVIDING FOR THE  
15 ANNUAL LEVY OF TAXES TO PAY THE PRINCIPAL OF AND  
16 INTEREST ON SAID BONDS; AND PROVIDING FOR THE SALE  
17 THEREOF TO SEATTLE-NORTHWEST SECURITIES  
18 CORPORATION.

19 WHEREAS, Whatcom County, Washington (the "County") has  
20 heretofore determined a need for an expansion and renovation of  
21 the County Courthouse and has reviewed and approved a preliminary  
22 design for said project; and

23 WHEREAS, in order to pay part of the costs of said project,  
24 the County will need to issue and sell its general obligation  
25 bonds; and

26 WHEREAS, the County, with the assistance of its financial  
adviser, Yeasting & Hughes Associates, has selected Seattle-  
Northwest Securities Corporation as the underwriter for the bonds  
to be issued; and

WHEREAS, the County's financial advisor and underwriter have  
advised the County that the marketing of the bonds has been  
successfully completed;

1 NOW, THEREFORE, THE WHATCOM COUNTY COUNCIL DOES ORDAIN, as  
2 follows:

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

5 "Bond Fund" means the "Whatcom County, Limited Tax General  
6 Obligation Bond Redemption Fund, 1991" created by Section 8 of  
7 this ordinance.

8 "Bond Register" means the books or records maintained by the  
9 Bond Registrar, pursuant to Section 149(a) of the Code,  
10 containing the name and mailing address of the owner of each Bond  
11 or nominee of such owner and the principal amount and number of  
12 Bonds held by each owner or nominee.

13 "Bond Registrar" means the fiscal agency of the State of  
14 Washington in either Seattle, Washington, or New York, New York,  
15 for the purposes of registering and authenticating the Bonds,  
16 maintaining the Bond Register, effecting transfer of ownership of  
17 the Bonds and paying interest on and principal of the Bonds.

18 "Bonds" means the \$10,750,000 principal amount of the  
19 Whatcom County, Washington, Limited Tax General Obligation Bonds,  
20 1991, issued pursuant to this ordinance for the purpose of paying  
21 costs authorized by Section 3 hereof.

22 "Bond Year" means the period beginning on the date of issue  
23 of the Bonds and ending on July 31, 1992, and each subsequent  
24 one-year period; provided, however, that the definition of the  
25 term "Bond Year" for purposes of the calculations required in  
26

1 Section 6 hereof may be changed upon receipt of the written  
2 opinion of bond counsel to the County.

3 "Code" means the Internal Revenue Code of 1986, as amended,  
4 together with all applicable regulations thereunder.

5 "Computation Date" means the Installment Computation Date or  
6 the Final Computation Date.

7 "County" means Whatcom County, Washington, a political  
8 subdivision duly organized and existing under and by virtue of  
9 the Constitution and laws of the State of Washington.

10 "Council" means the general legislative body of the County  
11 as the same shall be duly and regularly constituted from time to  
12 time.

13 "Final Computation Date" means the date that the last Bond  
14 is discharged. A Bond is discharged on the date when all amounts  
15 due under the terms of the Bond are actually and unconditionally  
16 due if cash is available at the place of payment and no interest  
17 accrues with respect to the Bond after such date.

18 "Government Obligations" means those obligations now or  
19 hereafter defined as such in chapter 39.53 RCW; provided that  
20 such obligations are indirect obligations or guaranteed by the  
21 United States Government or an agency or instrumentality thereof.

22 "Installment Computation Date" means the last day of the  
23 fifth Bond Year and of each succeeding fifth Bond Year.

24 "Nonpurpose Payments" means, in general, any payment with  
25 respect to an investment allocated to the Bonds. The following  
26 types of payments are specifically included:

1           (a) Direct Payments. The amount of gross proceeds of  
2 the Bonds directly used to purchase the investment. Direct pay-  
3 ments do not include brokerage commissions, administrative  
4 expenses or similar expenses.

5           (b) Constructive Payments. The fair market value (as  
6 of the date of allocation to the Bonds) of any investment that  
7 was not directly purchased with gross proceeds of the Bonds, but  
8 which is allocated to the Bonds.

9           (c) Payments of Rebatable Arbitrage. Any payment of  
10 Rebatable Arbitrage if such payment is made no later than the due  
11 date for such payment.

12           "Nonpurpose Receipts" means, in general, any receipt with  
13 respect to an investment allocated to the Bonds. The following  
14 types of receipts are specifically included:

15           (a) Actual Receipts. Any amount actually or construc-  
16 tively received with respect to an investment. Actual receipts  
17 may not be reduced by selling commissions, administrative  
18 expenses or similar expenses.

19           (b) Disposition Receipts. An amount determined by  
20 treating an investment that ceases to be allocated to the Bonds  
21 (other than by reason of a sale or retirement) as if sold for  
22 fair market value on the date that the investment ceases to be  
23 allocated to the Bonds.

24           (c) Installment Date Receipts. The fair market value  
25 (or, for fixed rate investments, present value) of all invest-  
26

1 ments allocated to the Bonds at the close of business on any  
2 Computation Date.

3 (d) Imputed Receipts. Any receipts that are required  
4 to be imputed and taken into account pursuant to Section 1.148-5T  
5 of the Temporary Income Tax Regulations or any successor  
6 Temporary or Final Income Tax Regulations.

7 "Project" means the renovated and expanded County Courthouse  
8 complex as authorized and approved in Section 2 hereof.

9 "Project Fund" means the "Whatcom County, County  
10 Administration Building Project Fund" of the County authorized to  
11 be created by Section 16 of this ordinance.

12 "Rebatable Arbitrage" means the amount determined pursuant  
13 to Section 10 of this ordinance.

14 "Rebate Computation Certificate" means the certificate  
15 executed by the County setting forth the methodology for computa-  
16 tion of Rebatable Arbitrage.

17 "Treasurer" means the Treasurer of Whatcom County.

18 Words importing the singular number include the plural  
19 number and vice versa.

20 Section 2. Findings and Authorization of Project. By  
21 Resolution No. 91-019, adopted on April 2, the County Council  
22 determined that the existing Courthouse and juvenile detention  
23 facilities are inadequate to the needs of the County, including  
24 the needs of the court system. The County has retained the firm  
25 of KMD Architects and Planners to prepare preliminary designs and  
26 specifications for the expansion and remodeling of the Courthouse

1 and County Administration facilities (the "Project"). The total  
2 estimated costs of the Project is \$15,815,000. Said costs shall  
3 be paid in part with available funds of the County and in part  
4 with the proceeds of the bonds hereinafter authorized.

5 Section 3. Authorization of Bonds. The County hereby  
6 authorizes the issuance and sale of limited tax general  
7 obligation bonds in the aggregate principal amount of \$10,750,000  
8 (the "Bonds") to provide the funds necessary to pay part of the  
9 costs of the Project and all costs incidental thereto and to the  
10 issuance of the Bonds. The Bonds shall be general obligations of  
11 the County; shall be designated "Whatcom County, Washington,  
12 Limited Tax General Obligation Bonds, 1991"; shall be dated as of  
13 August 1, 1991; shall be issued in fully registered form in the  
14 denomination of \$5,000 or any integral multiple thereof;  
15 provided, that no Bond shall represent more than one maturity,  
16 shall be numbered separately and in the manner and with any  
17 additional designation as the Bond Registrar deems necessary for  
18 purposes of identification; shall bear interest from their date,  
19 until the Bonds have been paid or their payment duly provided  
20 for, at the following rates, payable on February 1, 1992, and  
21 semiannually thereafter on the first day of each August and  
22 February; and shall mature on August 1 of each year as follows:

23  
24  
25  
26

	Maturity Year(s) <u>(August 1)</u>	Principal Amounts	Interest Rates
1			
2			
3	1992	\$ 175,000	5.00%
	1993	200,000	5.25
4	1994	225,000	5.50
	1995	275,000	5.70
5	1996	300,000	5.90
	1997	350,000	6.10
6	1998	375,000	6.20
	1999	425,000	6.30
7	2000	475,000	6.40
	2001	500,000	7.50
8	2002	550,000	6.60
	2003	575,000	6.70
9	2004	625,000	6.80
	2005	650,000	6.90
10	2006	700,000	7.00
	2007	750,000	7.00
11	2008	800,000	7.00
12	2011	2,800,000	7.00

13                   Section 4. Bonds Issued in Registered Form. The County  
14 hereby specifies and adopts the system of registration for the  
15 Bonds approved by the State Finance Committee, and the fiscal  
16 agencies of the State of Washington in the cities of Seattle,  
17 Washington, and New York, New York, shall act as authenticating  
18 trustee, transfer agent, paying agent and registrar for the Bonds  
19 (collectively, the "Bond Registrar"). Both principal of and  
20 interest on the Bonds shall be payable in lawful money of the  
21 United States of America. Interest on the Bonds shall be paid by  
22 check or draft of the Bond Registrar mailed (on the date such  
23 interest is due) to the registered owners or nominees at the  
24 addresses appearing on the Bond Register as of the 15th day of  
25 the month prior to the interest payment date. Principal of the  
26 Bonds shall be payable upon presentation and surrender of the

1 Bonds to the Bond Registrar by the registered owners or nominees  
2 at the principal offices of either of the fiscal agencies of the  
3 State of Washington in the cities of Seattle, Washington, or New  
4 York, New York.

5 Section 5. Transfer and Exchange of Bonds. The Bonds may  
6 be transferred only on the Bond Register maintained by the Bond  
7 Registrar for that purpose upon the surrender thereof by the  
8 registered owner or nominee or his duly authorized agent and only  
9 if endorsed in the manner provided thereon, and thereupon a new  
10 fully registered Bond of like principal amount, maturity and  
11 interest rate shall be issued to the transferee in exchange  
12 therefor. Such transfer shall be without cost to the registered  
13 owner or transferee. The County and Bond Registrar may deem the  
14 person in whose name each Bond is registered to be the absolute  
15 owner thereof for the purpose of receiving payment of the  
16 principal of and interest on such Bonds and for any and all other  
17 purposes whatsoever.

18 Upon surrender thereof to the Bond Registrar, the Bonds are  
19 interchangeable for Bonds in any authorized denomination of an  
20 equal aggregate principal amount and of the same interest rates  
21 and maturities.

22 The Bond Registrar shall not be required to issue, register,  
23 transfer or exchange any of the Bonds during a period beginning  
24 at the opening of business on the 15th day of the month next  
25 preceding any interest payment date and ending at the close of  
26 business on the interest payment date, or, in the case of any

1 proposed redemption of the Bonds, after the mailing of notice of  
2 the call of such Bonds for redemption.

3 Section 6. Redemption Prior to Maturity and Purchase of  
4 Bonds.

5 A. Optional Redemption. The Bonds maturing on or prior to  
6 August 1, 2001 are not callable for redemption prior to their  
7 scheduled maturity. The Bonds maturing on and after August 1,  
8 2002 are subject to redemption at the option of the County, on  
9 and after August 1, 2001, in whole at any time, or in part on any  
10 interest payment date (maturities to be selected by the County  
11 and by lot within a maturity in such manner as the Bond Registrar  
12 in his discretion shall determine) at a price of 100% of the  
13 principal amount thereof plus accrued interest thereon to the  
14 redemption date.

15 B. Selection of Bonds For Redemption. If the County  
16 redeems at any one time fewer than all of the Bonds having the  
17 same maturity date, the particular Bonds or portions of Bonds of  
18 such maturity to be redeemed shall be selected by lot in  
19 increments of \$5,000. In the case of a Bond of a denomination  
20 greater than \$5,000, the County shall treat each Bond as  
21 representing such number of separate Bonds each of the  
22 denomination of \$5,000 as is obtained by dividing the actual  
23 principal amount of such Bond by \$5,000. In the event that only  
24 a portion of the principal sum of a Bond is redeemed, upon sur-  
25 render of the Bond at the principal office of the Bond Registrar  
26 there shall be issued to the registered owner, without charge

1 therefor, for the then unredeemed balance of the principal sum  
 2 thereof, at the option of the owner, a Bond or Bonds of like  
 3 maturity and interest rate in any of the denominations herein  
 4 authorized.

5 C. Mandatory Redemption. If not redeemed under the  
 6 optional redemption provision set forth above, the Bonds maturing  
 7 in 2011 shall be called for redemption by lot (in such manner as  
 8 the Bond Registrar shall determine) at par plus accrued interest  
 9 on December 1 in years and amounts as follows:

<u>Year</u>	<u>Amounts</u>
2009	\$ 875,000
2010	925,000
2011*	1,000,000

13 \* Final Maturity

14 D. Purchase of Bonds. The County reserves the right to  
 15 use any legally available money at any time to purchase any of  
 16 the Bonds in the open market for retirement at a price deemed  
 17 reasonable by the County.

18 Section 7. Notice of Redemption. Unless waived by the  
 19 owner of any Bond, official notice of any such intended  
 20 redemption shall be given not fewer than 30 nor more than 60 days  
 21 prior to the date fixed for redemption, by first class mail,  
 22 postage prepaid, to the registered owner of any Bond to be  
 23 redeemed at the address appearing on the Bond Register. The  
 24 requirements of this section shall be deemed to be complied with  
 25 when notice is mailed as herein provided, regardless of whether  
 26 it is actually received by the owner of any Bond. Notice shall

1 also be mailed within the same time period, postage prepaid, to  
2 Seattle-Northwest Securities Corporation at its office in  
3 Seattle, Washington, or to its business successor, if any, but  
4 mailing of the notice shall not be a condition precedent to the  
5 call of any Bonds for redemption.

6 All official notices of redemption shall be dated and shall  
7 state:

8 (a) the redemption date;

9 (b) the redemption price;

10 (c) if fewer than all outstanding Bonds are to be  
11 redeemed the identification (and, in the case of partial redemp-  
12 tion, the respective principal amounts) of the Bonds to be  
13 redeemed;

14 (d) that on the redemption date the redemption price  
15 will become due and payable upon each such Bond or portion  
16 thereof called for redemption, and that interest thereon shall  
17 cease to accrue from and after said date; and

18 (e) the place where such Bonds are to be surrendered  
19 for payment of the redemption price, which place of payment shall  
20 be the principal office of the Bond Registrar.

21 On or prior to any redemption date, the County shall deposit  
22 with the Bond Registrar an amount of money sufficient to pay the  
23 redemption price of all the Bonds or portions of Bonds which are  
24 to be redeemed on that date.

25 Official notice of redemption having been given as afore-  
26 said, the Bonds or portions of Bonds so to be redeemed shall, on

1 the redemption date, become due and payable at the redemption  
2 price therein specified, and from and after such date (unless the  
3 County shall default in the payment of the redemption price) such  
4 Bonds or portions of Bonds shall cease to bear interest. Upon  
5 surrender of such Bonds for redemption in accordance with said  
6 notice, such Bonds shall be paid by the Bond Registrar at the  
7 redemption price. Installments of interest due on or prior to  
8 the redemption date shall be payable as herein provided for pay-  
9 ment of interest. Upon surrender for any partial redemption of  
10 any Bond, there shall be prepared for the registered owner a new  
11 Bond or Bonds of the same maturity in the amount of the unpaid  
12 principal. All Bonds which have been redeemed shall be cancelled  
13 and destroyed by the Bond Registrar and shall not be reissued.

14 In addition to the foregoing notice, further notice shall be  
15 given by the Bond Registrar as set out below, but no defect in  
16 said further notice nor failure to give all or any portion of  
17 such further notice shall in any manner defeat the effectiveness  
18 of a call for redemption if notice thereof is given as above  
19 prescribed.

20 (1) Each further notice of redemption given hereunder  
21 shall contain the information required above for an official  
22 notice of redemption plus: (i) the CUSIP numbers of all Bonds  
23 being redeemed; (ii) the date of issue of the Bonds as originally  
24 issued; (iii) the rate of interest borne by each Bond being  
25 redeemed; (iv) the maturity date of each Bond being redeemed; and  
26

1 (v) any other descriptive information needed to identify  
2 accurately the Bonds being redeemed.

3 (2) Each further notice of redemption shall be sent at  
4 least 35 days before the redemption date by registered or  
5 certified mail or overnight delivery service to all registered  
6 securities depositories then in the business of holding substan-  
7 tial amounts of obligations of types comprising the Bonds (such  
8 depositories now being The Depository Trust Company of New York,  
9 New York, Midwest Securities Trust Company of Chicago, Illinois,  
10 and Philadelphia Depository Trust Company of Philadelphia,  
11 Pennsylvania).

12 (3) Upon the payment of the redemption price of Bonds  
13 being redeemed, each check or other transfer of funds issued for  
14 such purpose shall bear the CUSIP number identifying, by issue or  
15 maturity, the Bonds being redeemed with the proceeds of such  
16 check or other transfer.

17 Section 8. Creation of Bond Fund and Provision for Tax  
18 Levy Payments. A special fund of the County known as the  
19 "Whatcom County Limited Tax General Obligation Bond Redemption  
20 Fund, 1991" (the "Bond Fund") is hereby authorized and directed  
21 to be created in the office of the Treasurer. The Bond Fund  
22 shall be drawn upon for the sole purpose of paying the principal  
23 of and interest on the Bonds.

24 The County hereby further irrevocably covenants and agrees  
25 for as long as any of the Bonds are outstanding and unpaid, that  
26 each year it will include in its budget and levy an ad valorem

1 tax upon all the property within the County subject to taxation  
2 in an amount which will be sufficient, together with all other  
3 moneys of the County which may legally be used and which the  
4 County may apply for such purposes to pay the principal of and  
5 interest on the Bonds as the same shall become due. All of such  
6 taxes and any of such other moneys so collected shall be paid  
7 into the Bond Fund. None of the moneys in the Bond Fund shall be  
8 used for any other purpose than the payment of the principal of  
9 and interest on the Bonds. Moneys in the Bond Fund not needed to  
10 pay the interest or principal next coming due may temporarily be  
11 deposited in such institutions or invested in such obligations as  
12 may be lawful for the investment of County moneys. Any interests  
13 or profit from the investment of such moneys shall be deposited  
14 in the Bond Fund.

15 The County hereby irrevocably pledges that the annual tax  
16 provided for herein to be levied for the payment of such prin-  
17 cipal and interest shall be within and as a part of the tax  
18 millage levy permitted to counties without a vote of the people,  
19 and that a sufficient portion of each annual levy to be levied  
20 and collected by the County prior to the full payment of the  
21 principal of and interest on the Bonds, together with other  
22 legally available funds, will be and is hereby irrevocably set  
23 aside, pledged and appropriated for the payment of the principal  
24 of and interest on the Bonds as aforesaid.

25 The full faith, credit and resources of the County are  
26 hereby irrevocably pledged for the annual levy and collection of

1 said taxes and for the prompt payment of the principal of and  
2 interest on the Bonds as the same shall become due.

3 Section 9. Defeasance. In the event that money and/or  
4 "Government Obligations," as such Obligations are now or may  
5 hereafter be defined in Ch. 39.53 RCW (provided that such obliga-  
6 tions are direct obligations of or guaranteed by the United  
7 States Government or an agency or instrumentality thereof),  
8 maturing at such time or times and bearing interest to be earned  
9 thereon in amounts sufficient to redeem and retire the Bonds in  
10 accordance with their terms, are set aside in a special account  
11 to effect such redemption or retirement and such money and the  
12 principal of and interest on such obligations are irrevocably set  
13 aside and pledged for such purpose, then no further payments need  
14 be made into the Bond Fund for the payment of the principal of  
15 and interest on the Bonds so provided for and such Bonds shall  
16 cease to be entitled to any lien, benefit or security of this  
17 ordinance except the right to receive the funds so set aside and  
18 pledged, and such Bonds shall be deemed not to be outstanding  
19 hereunder.

20 Section 10. Tax Covenants.

21 A. Covenants Regarding Arbitrage and Private Activity  
22 Bonds. The County hereby covenants that it will not make any use  
23 of the proceeds of sale of the Bonds or any other funds of the  
24 County which may be deemed to be proceeds of such Bonds pursuant  
25 to Section 148 of the Code which will cause the Bonds to be  
26 "arbitrage bonds" within the meaning of said section. The County

1 will comply with the requirements of Section 148 of the Code (or  
2 any successor provision thereof applicable to the Bonds) and the  
3 applicable Regulations thereunder throughout the term of the  
4 Bonds.

5 The County further covenants that it will not take any  
6 action or permit any action to be taken that would cause the  
7 Bonds to constitute "private activity bonds" under Section 141 of  
8 the Code.

9 B. Bonds Not "Qualified Tax-Exempt Obligations." The  
10 Bonds shall not be "qualified tax-exempt obligations" for  
11 purchase by financial institutions pursuant to Section 265(b) of  
12 the Code.

13 C. Arbitrage Rebate.

14 (1) General Rule. The County will pay to the United  
15 States of America in accordance with the provisions of this sec-  
16 tion (i) at least 90% of the Rebatable Arbitrage with respect to  
17 the Bonds as of each Installment Computation Date, (ii) 100% of  
18 the Rebatable Arbitrage with respect to the Bonds as of the Final  
19 Computation Date and (iii) any income attributable to such  
20 Rebatable Arbitrage.

21 (2) Computation of Rebatable Arbitrage. The Rebatable  
22 Arbitrage with respect to the Bonds computed in accordance with  
23 the Rebate Computation Certificate and, as of each Computation  
24 Date, will be the excess of:

25 (i) The future value of all Nonpurpose Receipts  
26 with respect to the Bonds; over

1 (ii) The future value of all Nonpurpose Payments  
2 with respect to the Bonds.

3 The future value will be computed as of each Computation Date.

4 (3) Payment Procedure.

5 (i) The payment of Rebatable Arbitrage due as of  
6 each Installment Computation Date will be paid no later than  
7 the date that is 60 days after the Installment Computation  
8 Date.

9 (ii) The payment of Rebatable Arbitrage due as of  
10 the Final Computation Date will be paid no later than the  
11 latest of (a) the date that is 60 days after the Final Com-  
12 putation Date, (b) the date that is eight months after the  
13 date of issuance of the Bonds, or (c) the date 60 days after  
14 the earlier of the date that the County no longer expects to  
15 spend gross proceeds of the Bonds within six months of the  
16 date of issuance of the Bonds or 12 months after the date of  
17 issuance of the Bonds.

18 (iii) Each payment of Rebatable Arbitrage will be  
19 made to the Internal Revenue Service Center, Philadelphia.  
20 Pennsylvania 19225 and will be accompanied by IRS Form  
21 8038-T.

22 (4) Other Methodology. Notwithstanding this  
23 Section 7(C), payments of Rebatable Arbitrage will be made in  
24 accordance with instructions provided by Preston Thorgrimson  
25 Shidler Gates & Ellis if necessary to maintain the federal income  
26 tax exemption for interest payments made on the Bonds.

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Section 11. Lost or Destroyed Bonds. In case the Bonds, or any of them, shall be lost, stolen or destroyed, the Bond Registrar may execute and deliver a new Bond or Bonds of like amount, date, and tenor to the registered owner thereof upon the owner's paying the expenses and charges of the County and the Bond Registrar in connection therewith and upon his filing with the County and the Bond Registrar evidence satisfactory to said County and Bond Registrar that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the County and Bond Registrar with indemnity satisfactory to the County and Bond Registrar.

Section 12. Form of the Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. \_\_\_\_\_ \$ \_\_\_\_\_

STATE OF WASHINGTON

WHATCOM COUNTY

LIMITED TAX GENERAL OBLIGATION BOND, 1991

INTEREST RATE: \_\_\_\_\_ MATURITY DATE: \_\_\_\_\_

SEE REVERSE SIDE FOR CERTAIN DEFINITIONS

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

Whatcom County, Washington, a municipal corporation organized and existing under and by virtue of the laws and Constitution of the State of Washington (the "County"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount specified above, unless redeemed prior thereto as provided

1 herein, together with interest on such Principal Amount from the  
2 date hereof or the most recent date to which interest has been  
3 paid or duly provided for at the Interest Rate set forth above  
4 payable on February 1, 1992, and semiannually thereafter on each  
5 August 1 and February 1 until payment of the principal sum has  
6 been made or duly provided for. Both principal of and interest  
7 on this bond are payable in lawful money of the United States of  
8 America. Interest on this bond is payable by check or draft of  
9 the Bond Registrar mailed (on the date such interest is due) to  
10 the Registered Owner hereof at the address appearing on the  
11 records maintained by the Bond Registrar as of the 15th day of  
12 the month prior to the interest payment date. Principal shall be  
13 paid to the registered owner hereof upon presentation and sur-  
14 render of this bond at the principal offices of either of the  
15 fiscal agencies of the State of Washington in Seattle, Washington  
16 or New York, New York (collectively, the "Bond Registrar").

17 Reference is hereby made to additional provisions of this  
18 bond set forth on the reverse side hereof and such additional  
19 provisions shall for all purposes have the same effect as if set  
20 forth in this space. Reference also is made to the Bond  
21 Ordinance (defined on the reverse side hereof) as more fully  
22 describing the covenants with and the rights of registered owners  
23 of the bonds or registered assigns and the meanings of  
24 capitalized terms appearing on the bonds which are defined in  
25 such Bond Ordinance.

26 This bond shall not be valid or become obligatory for any  
purpose or be entitled to any security or benefit under the Bond  
Ordinance until the Certificate of Authentication hereon shall  
have been manually signed by or on behalf of the Bond Registrar  
or by its duly designated agent.

The County hereby irrevocably covenants and agrees with the  
owner of this bond that it will include in its annual budget and  
levy taxes annually within and as a part of the tax levy per-  
mitted to counties without a vote of the electorate, amounts  
sufficient, together with all other moneys legally available  
therefor, to pay the principal of and interest on this bond as  
the same shall become due. The full faith, credit and resources  
of the County are hereby irrevocably pledged for the annual levy  
and collection of such taxes and the prompt payment of such  
principal and interest.

It is hereby certified and declared that this bond is issued  
pursuant to and in strict compliance with the Constitution and  
laws of the State of Washington, the Charter and Code of the  
County and its duly passed ordinances, that all acts, conditions  
and things required to be done precedent to and in the issuance  
of this bond and the bonds of this issue have happened, been done  
and performed and that this bond and the bonds of this issue do

1 not exceed any Constitutional, Charter, Code or statutory  
2 limitations.

3 IN WITNESS WHEREOF, Whatcom County, Washington, has caused  
4 this bond to be signed on behalf of the County with the facsimile  
5 signature of its County Executive, to be attested by the  
6 facsimile signature of the Clerk of its County Council, and the  
7 official seal of the County to be impressed or a facsimile  
8 thereof to be imprinted hereon, as of this first day of August,  
9 1991.

WHATCOM COUNTY, WASHINGTON

By \_\_\_\_\_  
County Executive

10 ATTEST:

11 \_\_\_\_\_  
12 Clerk of the County Council

13 [SEAL]  
14

15 CERTIFICATE OF AUTHENTICATION

16 Date of Authentication: \_\_\_\_\_

17 This bond is one of the bonds described in the within-  
18 referenced Bond Ordinance of Whatcom County, Washington, and is  
19 one of the Limited Tax General Obligation Bonds, 1991, dated  
20 August 1, 1991, of such County.

WASHINGTON STATE FISCAL AGENCY,  
As Bond Registrar

21 By \_\_\_\_\_  
22 Authorized Signer

23 ADDITIONAL BOND PROVISIONS

24 This bond is one of an issue of limited tax general obliga-  
25 tion bonds of the County of like date and tenor, except as to  
26 number, interest rate and date of maturity, in the aggregate  
principal amount of \$10,750,000, issued pursuant to Ordinance  
No. \_\_\_\_, passed by the County Council on July \_\_, 1991 (the

1 "Bond Ordinance"), to provide funds to pay part of the costs of  
 2 renovating and expanding the County Courthouse and Administration  
 facilities.

3 The bonds maturing on or prior to August 1, 2001, are not  
 4 subject to redemption prior to their scheduled maturity. The  
 5 bonds of this issue maturing on or after August 1, 2002, are  
 6 subject to redemption at the option of the County on and after  
 7 August 1, 2001, in whole on any date or in part on any interest  
 payment date, with maturities to be selected by the County and by  
 lot within a maturity, in such manner as the Bond Registrar shall  
 determine, at a price of 100% of the principal amount thereof  
 plus accrued interest to the date of redemption.

8 If the County redeems at any one time fewer than all of the  
 9 bonds having the same maturity date, the particular bonds or  
 10 portions of bonds of such maturity to be redeemed shall be  
 11 selected by lot in increments of \$5,000. In the case of a bond  
 12 of a denomination greater than \$5,000, the County shall treat  
 13 each such bond as representing such number of separate bonds each  
 14 of the denomination of \$5,000 as is obtained by dividing the  
 actual principal amount of such bond by \$5,000. In the event  
 that only a portion of the principal sum of a bond is redeemed,  
 upon surrender of the bond at the principal office of the Bond  
 Registrar, there shall be issued to the registered owner, a bond  
 or bonds of like maturity and interest rate in any of the  
 denominations authorized in the Bond Ordinance.

15 The bonds of this issue which mature on August 1, 2011, if  
 16 not previously redeemed pursuant to the optional call provisions  
 17 set forth above, are subject to mandatory redemption by lot, at  
 par, in the following sinking fund installments, plus accrued  
 interest, on August 1 of the following years:

<u>Year</u>	<u>Amounts</u>
18 2009	\$ 875,000
19 2010	925,000
20 2011*	1,000,000

21 \* Final Maturity

22 Notice of any such intended redemption shall be given not  
 23 less than 30 nor more than 60 days prior to the date fixed for  
 24 redemption by first class mail, postage prepaid, to the regis-  
 25 tered owner of any bond to be redeemed at the address appearing  
 26 on the Bond Register. The requirements of the Bond Ordinance  
 shall be deemed to be complied with when notice is mailed as  
 herein provided, regardless of whether or not it is actually  
 received by the owner of any bond.

1 Interest on any bond so called for redemption shall cease to  
2 accrue on the date fixed for redemption unless such bond or bonds  
so called are not redeemed upon presentation made pursuant to  
such call.

3 Portions of the principal sum of this bond in installments  
4 of \$5,000 or any integral multiple thereof may also be redeemed  
at the times set forth above, and if less than all of the prin-  
5 cipal sum hereof is to be redeemed, upon the surrender of this  
bond at the principal office of the Bond Registrar there shall be  
6 issued to the registered owner, without charge therefor, for the  
then unredeemed balance of the principal sum hereof, at the  
7 option of the owner, a bond or bonds of like maturity and inter-  
est rate in any of the denominations authorized by the Bond  
8 Ordinance.

9 The pledge of tax levies for payment of principal of and  
10 interest on the bonds may be discharged prior to maturity of the  
bonds by making provision for the payment thereof on the terms  
and conditions set forth in the Bond Ordinance.

11 The Bonds of this issue are not private activity bonds  
12 within the meaning of Section 141 of the Internal Revenue Code of  
1986, as amended (the "Code"). The bonds of this issue are not  
13 eligible for investment by financial institutions pursuant to  
Section 265(b) of the Code.

14 The bonds of this issue are issued in fully registered form  
15 in the denomination of \$5,000 each or any integral multiple  
thereof provided that no bond shall represent more than one  
16 maturity. Upon surrender to the Bond Registrar, bonds are inter-  
changeable for bonds in any authorized denomination of an equal  
17 aggregate principal amount and of the same interest rate and  
maturity. This bond is transferable only on the records main-  
18 tained by the Bond Registrar for that purpose upon the surrender  
of this bond by the registered owner hereof or his/her duly  
19 authorized agent and only if endorsed in the manner provided  
hereon, and thereupon a new fully registered bond of like prin-  
20 cipal amount, maturity and interest rate shall be issued to the  
transferee in exchange therefor. Such exchange or transfer shall  
21 be without cost to the registered owner or transferee. The  
County and Bond Registrar may deem the person in whose name this  
22 bond is registered to be the absolute owner hereof for the  
purpose of receiving payment of the principal of and interest on  
23 the bond and for any and all other purposes whatsoever.

24 The Bond Registrar is not required to issue, register,  
25 transfer or exchange any of the bonds during a period beginning  
at the opening of business on the 15th day of the month next  
preceding any interest payment date and ending at the close of  
26 business on the interest payment date, or, in the case of any

1 proposed redemption of the bonds, after the mailing of notice of  
2 the call of such bonds for redemption.

3 The following abbreviations, when used in the inscription on  
4 the face of the within bond, shall be construed as though they  
5 were written out in full according to applicable laws or regula-  
6 tions.

7 TEN COM - as tenants in common  
8 TEN ENT - as tenants by the entireties  
9 JT TEN - as joint tenants with right of survivorship and not as  
10 tenants in common  
11 UNIF GIFT (TRANSFER)  
12 MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
13 (Cust) (Minor)  
14 under Uniform Gifts (Transfer) to Minors Act \_\_\_\_\_  
15 (State)

16 Additional abbreviations may also be used although not  
17 listed above.

18 (Form of Assignment)

19 ASSIGNMENT

20 FOR VALUE RECEIVED, the undersigned hereby sells, assigns  
21 and transfers unto \_\_\_\_\_

22 \_\_\_\_\_ PLEASE INSERT SOCIAL SECURITY OR TAXPAYER  
23 IDENTIFICATION NUMBER OF TRANSFEREE  
24 / \_\_\_\_\_ /

25 (Please print or typewrite name and address, including zip code  
26 of transferee) \_\_\_\_\_

\_\_\_\_\_ the within bond and all  
rights thereunder and does hereby irrevocably constitute and  
appoint \_\_\_\_\_ of \_\_\_\_\_,  
or its successor, as Agent to transfer said bond on the books  
kept by the Bond Registrar for registration thereof, with full  
power of substitution in the premises.

DATED: \_\_\_\_\_, 19 \_\_\_\_.

SIGNATURE GUARANTEED:  
\_\_\_\_\_  
\_\_\_\_\_



1 continued to be such officers of the County. Any Bond may also  
2 be signed and attested on behalf of the County by such persons as  
3 at the actual date of execution of such Bond shall be the proper  
4 officers of the County although at the original date of such Bond  
5 any such person shall not have been such officer of the County.

6 Section 14. Bond Registrar. The County hereby specifies  
7 and adopts the system of registration for the Bonds approved by  
8 the Washington State Finance Committee. The Bond Registrar shall  
9 keep, or cause to be kept, at its principal corporate trust  
10 office, sufficient books or records for the registration and  
11 transfer of the Bonds which shall at all times be open to inspec-  
12 tion by the County. The Bond Registrar is authorized, on behalf  
13 of the County, to authenticate and deliver the Bonds transferred  
14 or exchanged in accordance with the provisions of such Bonds and  
15 this ordinance and to carry out all of the Bond Registrar's  
16 powers and duties under this ordinance.

17 The Bond Registrar shall be responsible for its representa-  
18 tions contained in the Certificate of Authentication on the  
19 Bonds. The Bond Registrar may become the owner of Bonds with the  
20 same rights it would have if it were not the Bond Registrar, and  
21 to the extent permitted by law, may act as depository for and  
22 permit any of its officers or directors to act as a member of, or  
23 in any other capacity with respect to, any committee formed to  
24 protect the rights of owners of the Bonds.

25 Section 15. Sale of Bonds. The sale of the Bonds to  
26 Seattle-Northwest Securities Corporation, Seattle, Washington, at

1 the price and pursuant to the terms and conditions set forth  
2 herein and in their offer dated as of the date of final passage  
3 of this ordinance, is hereby in all respects ratified and con-  
4 firmed.

5 The Chairman of the County Council and the County Executive,  
6 Clerk of the Council, County Treasurer and Director of Public  
7 Works each is hereby authorized to review and approve on behalf  
8 of the County the preliminary and final Official Statements  
9 relative to the Bonds with such additions and changes as may be  
10 deemed necessary or advisable to each of them. The proper County  
11 officials are hereby authorized and directed to do everything  
12 necessary for the prompt execution and delivery of the Bonds to  
13 said purchaser and for the proper application and use of the  
14 proceeds of sale thereof.

15 Section 16. Application of Proceeds of Bonds. There is  
16 hereby authorized to be created in the office of the Treasurer a  
17 special fund of the County to be known as the "County  
18 Courthouse/Administration Building Fund" (the "Project Fund").  
19 At the time of delivery of the Bonds, the proceeds of the Bonds,  
20 with the exception of accrued interest to the date of delivery  
21 which shall be deposited in the Bond Fund, shall be paid into the  
22 Project Fund to be used for the purpose of paying the costs of  
23 the Project authorized in Section 2 hereof, including costs  
24 necessary and incidental thereto and the costs of issuance of the  
25 Bonds, or for the purpose of reimbursing any fund or funds of the  
26 County for advances, if any, made to pay such costs. Other money

1 of the County may be deposited in the Project Fund for the  
2 purpose of paying costs of the Project; however, the County  
3 Treasurer shall maintain separate records of investments and  
4 expenditures of Bond proceeds in order to comply with the  
5 requirements of Section 10 of this ordinance. The Council will  
6 amend its current annual budget, if necessary, to include an  
7 appropriation for expenditure of funds for the Project. Money on  
8 hand in the Project Fund shall be invested as provided by  
9 direction of the County Treasurer in legal investments for County  
10 funds.

11 Upon completion of the Project, any remaining money in the  
12 Project Fund shall be transferred to the Bond Fund, and the  
13 Project Fund shall be closed.

14 Section 17. Authorization of Temporary Bond. Until the  
15 definitive Bonds are prepared, the County may, if deemed neces-  
16 sary by the County Executive, utilize a temporary Bond which  
17 shall be typewritten, and which shall be delivered to the pur-  
18 chaser or purchasers of the Bonds in lieu of definitive Bonds,  
19 but subject to the same provisions, limitations and conditions as  
20 the definitive Bonds. The temporary Bond shall be dated  
21 August 1, 1991, shall be in the denomination of \$10,750,000,  
22 shall be substantially of the tenor of such definitive Bonds, but  
23 with such omissions, insertions and variations as may be approp-  
24 riate to temporary bonds, and shall be signed by the County  
25 Executive and the Clerk of the Council.

1           Upon surrender to the County of the temporary Bond, the  
2 County, without charge to the holder, shall execute and deliver  
3 to the holder of the temporary Bond, in exchange therefor,  
4 definitive Bonds of the same maturities, interest rates, redemp-  
5 tion provisions and aggregate principal amount as the temporary  
6 Bond, if any, surrendered. Until so exchanged, the temporary  
7 Bond shall be in all respects entitled to the same benefit and  
8 security as definitive Bonds executed and issued pursuant to this  
9 ordinance.

10           Section 18. Severability. If any one or more of the  
11 covenants or agreements provided in this ordinance to be per-  
12 formed on the part of the County shall be declared by any court  
13 of competent jurisdiction to be contrary to law, then such cove-  
14 nant or covenants, agreement or agreements, shall be null and  
15 void and shall be deemed separable from the remaining covenants  
16 and agreements of this ordinance and shall in no way affect the  
17 validity of the other provisions of this ordinance or of the  
18 Bonds.

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Section 19. Effective Date. This ordinance shall be effective after its passage and publication as required by law.

APPROVED this 23rd day of July, 1991.

WHATCOM COUNTY COUNCIL  
WHATCOM COUNTY, WASHINGTON

ATTEST:

*Daniel M. Warner*  
Chairman Daniel M. Warner

*Ramona Reeves*  
Ramona Reeves  
Clerk of the Council

(  ) Approved ( ) Vetoed

APPROVED AS TO FORM:

*Shirley Van Zanten*  
Shirley Van Zanten  
County Executive

\_\_\_\_\_  
Deputy Prosecuting Attorney

Date 7-23-91

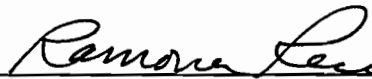
## CLERK'S CERTIFICATE

1  
2 I, the undersigned, duly chosen, qualified and acting Clerk  
3 of the County Council of Whatcom County, Washington, and keeper  
4 of the records of the County Council (herein called the  
5 "Council"), DO HEREBY CERTIFY:

6 1. That the attached ordinance numbered 091-045 (herein  
7 called the "Ordinance") is a true and correct copy of an  
8 ordinance of the County, as finally passed at a meeting of the  
9 Council held on the 23rd day of July, 1991, and duly recorded in  
10 my office.

11 2. That said meeting was duly convened and held in all  
12 respects in accordance with law, and to the extent required by  
13 law, due and proper notice of such meeting was given; that a  
14 legal quorum was present throughout the meeting and a legally  
15 sufficient number of members of the Council voted in the proper  
16 manner for the passage of the Ordinance; that all other require-  
17 ments and proceedings incident to the proper passage of the  
18 Ordinance have been duly fulfilled, carried out and otherwise  
19 observed, and that I am authorized to execute this certificate.

20 IN WITNESS WHEREOF, I have hereunto set my hand and affixed  
21 the official seal of the County this 26th day of July, 1991.

22  
23   
24 Clerk of the County Council,  
25 Whatcom County, Washington

26 [SEAL]