

CLEARANCES	Date	Date Received in Council Office	Agenda Date	Assigned To
Orig. Dept.: Administrative Servi	11/24/98		11/24/98	Full Council
Division Head:				
Dept. Head:				
Prosecutor:				
Budget:				
Executive:				

**SUBJECT:**

Ordinance authorizing issuance of bonds to repay interfund loan and Civic Center

**ATTACHMENTS**

**SUMMARY STATEMENT:**

Related County Contract #:	Should the Clerk schedule a hearing? (Y/N Y Requested Date:
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Authorize issuance of general obligation bonds for repayment of the interfund loan and improvements for the Civic Center Building in the amount of \$3,335,000.

**RECOMMENDED MOTION (for final action):**

**COUNCIL ACTION TAKEN:**

1998 - 417 11/24/98: Introduced  
12/8/98: Adopted 5-2, Brown, Brenner Opposed - Ord. #98-084

DIST: BRAD BENNETT  
FRANCINE KINCAID  
KRISTIN: FINANCE

**Related File Numbers:**

**Ordinance or Resolution Number (this item only):**

**ORD. #98-084**

ORDINANCE NO. 98-084

AUTHORIZING THE ISSUANCE OF LIMITED TAX GENERAL OBLIGATION BONDS  
IN THE AMOUNT OF \$3,360,000

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\* This table of contents is not a part of this ordinance; it is included for convenience of the reader only.

1 INTRODUCTION BY: CONSENT  
2 PROPOSED BY: FINANCE  
3 DATE INTRODUCED: 11/24/98  
4

5 ORDINANCE NO. 98-084  
6

7 AN ORDINANCE OF THE COUNTY COUNCIL OF WHATCOM  
8 COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE  
9 AND SALE OF GENERAL OBLIGATION BONDS OF THE  
10 COUNTY IN THE AGGREGATE PRINCIPAL AMOUNT OF  
11 \$3,360,000 FOR THE PURPOSE OF REIMBURSING THE  
12 COSTS OF THE ACQUISITION OF A BUILDING,  
13 RENOVATIONS AND PARKING IMPROVEMENTS;  
14 PROVIDING AND AUTHORIZING THE PURCHASE OF  
15 CERTAIN OBLIGATIONS WITH THE PROCEEDS OF THE  
16 SALE OF A PORTION OF SUCH BONDS AND FOR THE USE  
17 AND APPLICATION OF THE MONEYS TO BE DERIVED  
18 FROM SUCH INVESTMENTS; PROVIDING THE DATE,  
19 FORM, TERMS AND MATURITIES OF THE BONDS TO BE  
20 ISSUED AND FOR LIMITED TAX LEVIES TO PAY THE  
21 PRINCIPAL THEREOF AND INTEREST THEREON;  
22 AUTHORIZING A PRELIMINARY OFFICIAL STATEMENT  
23 AND APPROVING THE SALE OF SUCH BONDS.  
24

25 WHEREAS, the County Council (the "Council") of Whatcom County, Washington (the  
26 "County") has determined that it is in the best interest of the County to reimburse the costs of the  
27 acquisition of a building, planned renovations and parking improvements (the "Project"); and

28 WHEREAS, the County is authorized by RCW Chs. 36.67 and 39.46 to incur  
29 indebtedness and issue bonds for county purposes; and

30 WHEREAS, it appears to the Council that it is in the best interest of the County that the  
31 written offer of Seattle-Northwest Securities Corporation, Seattle, Washington, to underwrite the  
32 Bonds be accepted;

33 NOW, THEREFORE, THE WHATCOM COUNTY COUNCIL DOES ORDAIN, as  
34 follows:

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

3        “Bond Fund” means the special fund of the County designated as the “1998 General  
4 Obligation Bond Redemption Fund” and maintained in the office of the Treasurer.

5        “Bond Insurance Policy” means the policy of bond insurance issued with respect to the  
6 Bonds by the Insurer.

7        “Bond Register” means the registration books for the Bonds, maintained by the Bond  
8 Registrar, for the purpose of complying with the requirements of Section 149 of the Internal  
9 Revenue Code of 1986, as amended, and listing, *inter alia*, the names and addresses of all  
10 registered owners of Bonds.

11        “Bond Registrar” means the fiscal agency of the State of Washington in either Seattle,  
12 Washington, or New York, New York, for the purposes of registering and authenticating the  
13 Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying  
14 interest on and principal of the Bonds or such other entity as may hereafter be appointed by the  
15 Treasurer to perform the duties of the Bond Registrar.

16        “Bonds” means the \$3,360,000 of Whatcom County, Washington, Limited Tax General  
17 Obligation Bonds, 1998, issued pursuant to this ordinance.

18        “Code” means the federal Internal Revenue Code of 1986, as amended from time to time,  
19 and the applicable regulations thereunder.

20        “Commission” means the Securities and Exchange Commission.

21        “Council” means the duly constituted County Council of Whatcom County as the general  
22 legislative authority of the County.

1           “County” means Whatcom County, Washington, a political subdivision, duly organized  
2 and existing under and by virtue of its Charter and the laws of the State of Washington.

3           “DTC” means The Depository Trust Company, New York, New York, a limited purpose  
4 trust company organized under the laws of the State of New York, as depository for the Bonds  
5 pursuant to Section 3 hereof.

6           “Government Obligations” means those obligations now or hereafter defined as such in  
7 chapter 39.53 RCW.

8           “Insurer” means MBIA Insurance Corporation, a stock insurance company incorporated  
9 under the laws of the State of New York.

10          “Letter of Representation” means a blanket issuer letter of representations from the  
11 County to DTC.

12          “MSRB” means the Municipal Securities Rulemaking Board or any successor to its  
13 functions.

14          “Net Proceeds,” when used with reference to the Bonds, means the principal amount of  
15 the Bonds, plus accrued interest and original issue premium, if any, and less original issue  
16 discount.

17          “NRMSIR” means a nationally recognized municipal securities information repository.

18          “Private Person” means any natural person engaged in a trade or business or any trust,  
19 estate, partnership, association, company or corporation.

20          “Private Person Use” means the use of property in a trade or business by a Private Person  
21 if such use is other than as a member of the general public. Private Person Use includes  
22 ownership of the property by the Private Person as well as other arrangements that transfer to the  
23 Private Person the actual or beneficial use of the property (such as a lease, management or

1 incentive payment contract or other special arrangement) in such a manner as to set the Private  
2 Person apart from the general public. Use of property as a member of the general public includes  
3 attendance by the Private Person at municipal meetings or business rental of property to the  
4 Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the  
5 rental paid by any Private Person who desires to rent the property. Use of property by nonprofit  
6 community groups or community recreational groups is not treated as Private Person Use if such  
7 use is incidental to the governmental uses of property, the property is made available for such use  
8 by all such community groups on an equal basis and such community groups are charged only a  
9 *de minimis* fee to cover custodial expenses.

10        “Project” means the reimbursement of the costs of acquisition of an office building and  
11 planned renovations and parking improvements to such building.

12        “Project Fund” means the Civic Center Building Improvement Fund established by the  
13 Treasurer pursuant to Section 7 hereof.

14        “Registered Owner” means the person in whose name a Bond is registered on the Bond  
15 Register. For so long as the Bonds are held in book-entry only form, DTC shall be deemed to be  
16 the sole Registered Owner.

17        “Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of  
18 1934, as the same may be amended from time to time.

19        “SID” means a state information depository for the State of Washington.

20        “Treasurer” means the Treasurer of the County.

21        “Underwriter” means Seattle-Northwest Securities Corporation, Seattle, Washington.

22        Section 2. Authorization of Bonds. The County shall issue and sell the Bonds in the  
23 principal amount of \$3,360,000 for the purpose of reimbursing the costs of the acquisition of a

1 building, the costs of planned renovations and parking improvements and paying the costs of  
 2 issuing the Bonds. The Bonds shall be designated as the "Whatcom County, Washington,  
 3 Limited Tax General Obligation Bonds, 1998" (the "Bonds"), shall be dated as of December 1,  
 4 1998, shall be fully registered as to both principal and interest, shall be in the denomination of  
 5 \$5,000 each or any integral multiple thereof, provided further that no Bond shall represent more  
 6 than one maturity, shall be numbered separately in such manner and with any additional  
 7 designation as the Bond Registrar deems necessary for purposes of identification and control, and  
 8 shall bear interest payable on June 1, 1999, and semiannually thereafter on the first days of  
 9 December and June. The Bonds shall bear interest at the following rates and mature on  
 10 December 1 of the following years in the following principal amounts:

Maturity (December 1)	Principal Amounts	Interest Rates
1999	\$ 110,000	3.75%
2000	120,000	3.75
2001	125,000	3.75
2002	125,000	3.75
2003	130,000	3.75
2004	135,000	3.75
2005	140,000	3.85
2006	145,000	4.00
2007	155,000	4.00
2008	160,000	4.10
2009	165,000	4.10
2010	170,000	4.20
2011	180,000	4.25
2012	185,000	4.30
2013	200,000	4.35
2014	200,000	4.40
2015	215,000	4.50
2018	700,000	4.70

1           Section 3.    Registration, Exchange and Payments.

2                   (a)    *Registrar/Bond Register.* The County hereby requests that the Treasurer  
3 adopt the system of registration approved by the Washington State Finance Committee, which  
4 utilizes the fiscal agencies of the State of Washington in Seattle, Washington, and New York,  
5 New York, as registrar, authenticating agent, paying agent and transfer agent (collectively, the  
6 “Bond Registrar”). The Bond Registrar shall keep, or cause to be kept, at its principal corporate  
7 trust office, sufficient records for the registration and transfer of the Bonds (the “Bond  
8 Register”), which shall be open to inspection by the County. The Bond Registrar is authorized,  
9 on behalf of the County, to authenticate and deliver Bonds transferred or exchanged in  
10 accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond  
11 Registrar’s powers and duties under this ordinance. The Bond Registrar shall be responsible for  
12 its representations contained in the Certificate of Authentication on the Bonds.

13                   (b)    *Registered Ownership.* The County and the Bond Registrar may deem and  
14 treat the Registered Owner of each Bond as the absolute owner for all purposes, and neither the  
15 County nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any  
16 such Bond shall be made only as described in Section 3(h) hereof, but such registration may be  
17 transferred as herein provided. All such payments made as described in Section 3(h) shall be  
18 valid and shall satisfy the liability of the County upon such Bond to the extent of the amount or  
19 amounts so paid.

20                   (c)    *DTC Acceptance/Letter of Representations.* The Bonds shall initially be  
21 held in fully immobilized form by DTC acting as depository. To induce DTC to accept the  
22 Bonds as eligible for deposit at DTC, the County has heretofore executed and delivered to DTC a  
23 Blanket Issuer Letter of Representations (the “Letter of Representations”).

1           Neither the County nor the Bond Registrar will have any responsibility or obligation to  
2 DTC participants or the persons for whom they act as nominees with respect to the Bonds for the  
3 accuracy of any records maintained by DTC or any DTC participant, the payment by DTC or any  
4 DTC participant of any amount in respect of the principal of or interest on Bonds, any notice that  
5 is permitted or required to be given to Registered Owners under this ordinance (except such  
6 notices as shall be required to be given by the County to the Bond Registrar or to DTC), the  
7 selection by DTC or any DTC participant of any person to receive payment in the event of a  
8 partial redemption of the Bonds, or any consent given or other action taken by DTC as the  
9 Registered Owner. For so long as any Bonds are held in fully immobilized form hereunder, DTC  
10 or its successor depository shall be deemed to be the Registered Owner for all purposes, and all  
11 references in this ordinance to the Registered Owners shall mean DTC or its nominee and shall  
12 not mean the owners of any beneficial interest in any Bonds.

13                   (d)     *Use of Depository.*

14                   (i)     The Bonds shall be registered initially in the name of CEDE &  
15 Co., as nominee of DTC, with a single Bond for each maturity in a denomination equal to the  
16 total principal amount of such maturity. Registered ownership of such immobilized Bonds, or  
17 any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its  
18 nominee, provided that any such successor shall be qualified under any applicable laws to  
19 provide the service proposed to be provided by it; (B) to any substitute depository appointed by  
20 the County pursuant to subsection (ii) below or such substitute depository's successor; or (C) to  
21 any person as provided in subsection (iv) below.

22                   (ii)    Upon the resignation of DTC or its successor (or any substitute  
23 depository or its successor) from its functions as depository or a determination by the County to

1 | discontinue the system of book entry transfers through DTC or its successor (or any substitute  
2 | depository or its successor), the County may appoint a substitute depository. Any such substitute  
3 | depository shall be qualified under any applicable laws to provide the services proposed to be  
4 | provided by it.

5 |           (iii)     In the case of any transfer pursuant to clause (A) or (B) of  
6 | subsection (i) above, the Bond Registrar shall, upon receipt of all outstanding Bonds, together  
7 | with a written request on behalf of the County, issue a single new Bond for each maturity then  
8 | outstanding, registered in the name of such successor or substitute depository, or its nominee, all  
9 | as specified in such written request of the County.

10 |           (iv)     In the event that (A) DTC or its successor (or substitute depository  
11 | or its successor) resigns from its functions as depository, and no substitute depository can be  
12 | obtained, or (B) the County determines that it is in the best interest of the beneficial owners of  
13 | the Bonds that the Bonds be provided in certificated form, the ownership of such Bonds may  
14 | then be transferred to any person or entity as herein provided, and shall no longer be held in fully  
15 | immobilized form. The County shall deliver a written request to the Bond Registrar, together  
16 | with a supply of definitive Bonds in certificated form, to issue Bonds in any authorized  
17 | denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds, together with a  
18 | written request on behalf of the County to the Bond Registrar, new Bonds shall be issued in the  
19 | appropriate denominations and registered in the names of such persons as are provided in such  
20 | written request.

21 |           (e)     *Transfer or Exchange of Registered Ownership; Change in*  
22 | *Denominations.* The registered ownership of any Bond may be transferred or exchanged, but no  
23 | transfer of any Bond shall be valid unless it is surrendered to the Bond Registrar with the

1 assignment form appearing on such Bond duly executed by the Registered Owner or such  
2 Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon  
3 such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and  
4 deliver, without charge to the Registered Owner or transferee, a new Bond (or Bonds at the  
5 option of the new Registered Owner) of the same date, maturity and interest rate and for the same  
6 aggregate principal amount in any authorized denomination, naming as Registered Owner the  
7 person or persons listed as the assignee on the assignment form appearing on the surrendered  
8 Bond, in exchange for such surrendered and canceled Bond. Any Bond may be surrendered to  
9 the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of  
10 Bonds of the same date, maturity and interest rate, in any authorized denomination. The Bond  
11 Registrar shall not be obligated to transfer or exchange any Bond during a period beginning at  
12 the opening of business on the 15th day of the month next preceding any interest payment date  
13 and ending at the close of business on such interest payment date, or, in the case of any proposed  
14 redemption of the Bonds, after the mailing of notice of the call of such Bonds for redemption.

15 (f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become  
16 the Registered Owner of any Bond with the same rights it would have if it were not the Bond  
17 Registrar, and to the extent permitted by law, may act as depository for and permit any of its  
18 officers or directors to act as member of, or in any other capacity with respect to, any committee  
19 formed to protect the rights of the Registered Owners of the Bonds.

20 (g) *Registration Covenant.* The County covenants that, until all Bonds have  
21 been surrendered and canceled, it will maintain a system for recording the ownership of each  
22 Bond that complies with the provisions of Section 149 of the Code.

1           (h) *Place and Medium of Payment.* Both principal of and interest on the  
2 Bonds shall be payable in lawful money of the United States of America. For so long as all  
3 Bonds are in fully immobilized form, payments of principal and interest shall be made as  
4 provided in accordance with the operational arrangements of DTC referred to in the Letter of  
5 Representations. Interest on the Bonds shall be calculated based on a 360-day year of 12 30-day  
6 months. In the event that the Bonds are no longer in fully immobilized form, interest on the  
7 Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such  
8 Registered Owners appearing on the Bond Register on the 15th day of the month preceding the  
9 interest payment date, and principal of the Bonds shall be payable upon presentation and  
10 surrender of such Bonds by the Registered Owners at the principal office of the Bond Registrar;  
11 provided, however, that if so requested in writing by the Registered Owner of at least \$1,000,000  
12 principal amount of Bonds, interest will be paid by wire transfer on the date due to an account  
13 with a bank located within the United States.

14           Section 4.    Redemption and Purchase of Bonds.

15           (a) *Optional Redemption* The Bonds maturing on and prior to December 1,  
16 2008 are not subject to optional redemption in advance of their scheduled maturity. The Bonds  
17 maturing on and after December 1, 2009 are subject to redemption at the option of the County on  
18 and after December 1, 2008 on any date in whole or in part (and if in part, with maturities to be  
19 selected by the County) at a price of par plus accrued interest to the date of redemption.

20           (b) *Mandatory Redemption* The Bonds maturing in the year 2018 are subject  
21 to mandatory redemption on December 1 of the following years at a price of par plus accrued  
22 interest to the date of redemption:

Redemption Years	Redemption Amount
2016	\$ 220,000
2017	235,000
2018*	245,000

1 \*Final Maturity.

2 (c) *Purchase of Bonds for Retirement* The County reserves the right to  
3 purchase any of the Bonds offered to the County at any price deemed reasonable to the County  
4 Treasurer.

5 (d) *Selection of Bonds for Redemption* As long as the Bonds are held in book-  
6 entry only form, the selection of Bonds to be redeemed shall be made in accordance with the  
7 operational arrangements in effect at DTC. If the Bonds are no longer held in uncertificated  
8 form, the selection of such Bonds to be redeemed shall be made as provided in this  
9 subsection (c). If the County redeems at any one time fewer than all of the Bonds having the  
10 same maturity date, the particular Bonds or portions of Bonds of such maturity to be redeemed  
11 shall be selected by lot (or in such other manner determined by the Bond Registrar) in increments  
12 of \$5,000. In the case of a Bond of a denomination greater than \$5,000, the County and Bond  
13 Registrar shall treat each Bond as representing such number of separate Bonds each of the  
14 denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by  
15 \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon  
16 surrender of the such Bond at the principal office of the Bond Registrar there shall be issued to  
17 the Registered Owner, without charge therefor, for the then unredeemed balance of the principal  
18 sum thereof, at the option of the Registered Owner, a Bond or Bonds of like maturity and interest  
19 rate in any of the denominations herein authorized.

1 (e) *Notice of Redemption*

2 (i) Official Notice. For so long as the Bonds are held in uncertificated  
3 form, notice of redemption shall be given in accordance with the operational arrangements of  
4 DTC as then in effect, and neither the County nor the Bond Registrar will provide any notice of  
5 redemption to any Beneficial Owners. Thereafter (if the Bonds are no long held in uncertificated  
6 form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by  
7 any owner of Bonds to be redeemed, official notice of any such redemption (which redemption  
8 shall be conditioned by the Bond Registrar on the receipt of sufficient funds for redemption)  
9 shall be given by the Bond Registrar on behalf of the County by mailing a copy of an official  
10 redemption notice by first class mail at least 30 days and not more than 60 days prior to the date  
11 fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the  
12 address shown on the Register or at such other address as is furnished in writing by such  
13 Registered Owner to the Bond Registrar.

14 All official notices of redemption shall be dated and shall state:

- 15 (A) the redemption date,  
16 (B) the redemption price,  
17 (C) if fewer than all outstanding Bonds are to be redeemed, the  
18 identification by series and maturity (and, in the case of partial redemption, the respective  
19 principal amounts) of the Bonds to be redeemed,  
20 (D) that on the redemption date the redemption price will  
21 become due and payable upon each such Bond or portion thereof called for redemption, and that  
22 interest thereon shall cease to accrue from and after said date, and

1 (E) the place where such Bonds are to be surrendered for  
2 payment of the redemption price, which place of payment shall be the principal office of the  
3 Bond Registrar.

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

7 (ii) Effect of Notice; Bonds Due. Official notice of redemption having  
8 been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the  
9 redemption date, become due and payable at the redemption price therein specified, and from and  
10 after such date (unless the County shall default in the payment of the redemption price) such  
11 Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for  
12 redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the  
13 redemption price. Installments of interest due on or prior to the redemption date shall be payable  
14 as herein provided for payment of interest. Upon surrender for any partial redemption of any  
15 Bond, there shall be prepared for the Registered Owner a new Bond or Bonds of the same  
16 maturity and series in the amount of the unpaid principal. All Bonds which have been redeemed  
17 shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

18 (iii) Additional Notice. In addition to the foregoing notice, further  
19 notice shall be given by the County as set out below, but no defect in said further notice nor any  
20 failure to give all or any portion of such further notice shall in any manner defeat the  
21 effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further  
22 notice of redemption given hereunder shall contain the information required above for an official  
23 notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of

1 issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being  
2 redeemed; (D) the maturity date of each Bond being redeemed; and (E) any other descriptive  
3 information needed to identify accurately the Bonds being redeemed. Each further notice of  
4 redemption may be sent at least 35 days before the redemption date to the Insurer, each  
5 NRMSIR, the SID, if any, and to the Underwriter or to its business successor, if any, and to such  
6 persons (including securities repositories who customarily at the time receive notices of  
7 redemption in accordance with rules promulgated by the Commission) and with such additional  
8 information as the County shall deem appropriate, but such mailings shall not be a condition  
9 precedent to the redemption of such Bonds.

10 (iv) Amendment of Notice Provisions. The foregoing notice provisions  
11 of this Section 4, including but not limited to the information to be included in redemption  
12 notices and the persons designated to receive notices, may be amended by additions, deletions  
13 and changes in order to maintain compliance with duly promulgated regulations and  
14 recommendations regarding notices of redemption of municipal securities.

15 Section 5. Form of Bonds. The Bonds shall be in substantially the following form:

16 STATEMENT OF INSURANCE  
17

18 MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following  
19 provisions, such policy being on file at the principal office of the Fiscal Agency of the State of  
20 Washington in Seattle, Washington, or New York, New York.  
21

22 The Insurer, in consideration of the payment of the premium and subject to the terms of  
23 the policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter  
24 defined, of the following described obligations, the full and complete payment required to be  
25 made by or on behalf of Whatcom County, Washington (the "Issuer") to the Fiscal Agency of the  
26 State of Washington, or its successor (the "Paying Agent"), of an amount equal to (i) the  
27 principal of (either at the stated maturity or by any advancement of maturity pursuant to a  
28 mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below)  
29 as such payments shall become due but shall not be so paid (except that in the event of any  
30 acceleration of the due date of such principal by reason of mandatory or optional redemption or  
31 acceleration resulting from default or otherwise, other than any advancement of maturity

1 pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in  
2 such amounts and at such times as such payments of principal would have been due had there not  
3 been any such acceleration); and (ii) the reimbursement of any such payment which is  
4 subsequently recovered from any owner pursuant to a final judgment by a court of competent  
5 jurisdiction that such payment constitutes an avoidable preference to such owner within the  
6 meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the  
7 preceding sentence shall be referred to herein collectively as the "Insured Amounts."  
8 "Obligations" shall mean:

9  
10 \$3,360,000

11 Whatcom County, Washington  
12 Limited Tax General Obligation Bonds, 1998  
13

14 Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in  
15 writing by registered or certified mail, or upon receipt of written notice by registered or certified  
16 mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an  
17 Insured Amount for which is then due, that such required payment has not been made, the Insurer  
18 on the due date of such payment or within one business day after receipt of notice of such  
19 nonpayment, whichever is later, will make a deposit of funds, in an account with State Street  
20 Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the  
21 payment of any such Insured Amounts which are then due. Upon presentment and surrender of  
22 such Obligations or presentment of such other proof of ownership of the Obligations, together  
23 with any appropriate instruments of assignment to evidence the assignment of the Insured  
24 Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect  
25 the appointment of the Insurer as agent for such owners of the Obligations in any legal  
26 proceeding related to payment of Insured Amounts on the Obligations, such instruments being in  
27 a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust  
28 Company, N.A. shall disburse to such owners or the Paying Agent payment of the Insured  
29 Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of  
30 such Insured Amounts and legally available therefor. This policy does not insure against loss of  
31 any prepayment premium which may at any time be payable with respect to any Obligation.  
32

33 As used herein, the term "owner" shall mean the registered owner of any Obligation as  
34 indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer  
35 for such purpose. The term owner shall not include the Issuer or any party whose agreement  
36 with the Issuer constitutes the underlying security for the Obligations.  
37

38 Any service of process on the Insurer may be made to the Insurer at its offices located at  
39 113 King Street, Armonk, New York 10504 and such service of process shall be valid and  
40 binding.  
41

42 This policy is non-cancelable for any reason. The premium on this policy is not  
43 refundable for any reason including the payment prior to maturity of the Obligations.  
44

45 MBIA Insurance Corporation  
46

1  
2 UNITED STATES OF AMERICA

3 NO. \_\_\_\_\_

\$ \_\_\_\_\_

4 STATE OF WASHINGTON  
5 WHATCOM COUNTY  
6 LIMITED TAX GENERAL OBLIGATION BOND, 1998  
7

8 INTEREST RATE: MATURITY DATE: CUSIP NO.:

9  
10 Registered Owner: CEDE & Co.

11  
12 Principal Amount:

13  
14 WHATCOM COUNTY, WASHINGTON (the "County"), hereby acknowledges itself to  
15 owe and for value received promises to pay to the Registered Owner identified above, or  
16 registered assigns, on the Maturity Date identified above, the Principal Amount indicated above  
17 and to pay interest thereon from December 1, 1998, or the most recent date to which interest has  
18 been paid or duly provided for until payment of this bond at the Interest Rate set forth above,  
19 payable on the first days of each June and December, commencing on June 1, 1999. Both  
20 principal of and interest on this bond are payable in lawful money of the United States of  
21 America. Both principal of and interest on this Bond shall be paid as provided in the operational  
22 arrangements referred to in the Blanket Issuer Letter of Representations (the "Letter of  
23 Representations") between the State and The Depository Trust Company ("DTC"). The  
24 principal hereunder shall be paid to the Registered Owner or assigns upon presentation and  
25 surrender of this bond at the principal office of the fiscal agencies of the State of Washington in  
26 either Seattle, Washington or New York, New York (collectively the "Bond Registrar").  
27

28 This bond is one of an authorized issue of bonds of like date and tenor, except as to  
29 number, amount, rate of interest and date of maturity in the aggregate principal amount of  
30 \$3,360,000, and is issued to finance the capital costs of the County.  
31

32 The bonds of this issue are issued under and in accordance with the provisions of the  
33 Constitution and applicable statutes of the State of Washington and ordinances duly adopted by  
34 the County Council, including Ordinance No. \_\_\_\_\_ of the County Council (the "Bond  
35 Ordinance").  
36

37 The bonds of this issue maturing on and prior to December 1, 2008 are not callable for  
38 redemption prior to their scheduled maturities. The bonds of this issue maturing on and after  
39 December 1, 2009 are callable for redemption prior to their scheduled maturity at the option of  
40 the County on and after December 1, 2008 on any date at a price of par plus accrued interest to  
41 the date of redemption.  
42

43 Unless redeemed in accordance with the foregoing optional redemption provisions, the  
44 bonds of this issue maturing in the year 2018 are subject to mandatory redemption on

1 December 1 of the following years at a price of par plus accrued interest to the date of  
2 redemption:  
3

Redemption Years	Redemption Amount
2016	\$ 220,000
2017	235,000
2018*	245,000

4 \*Final Maturity.

5 The bonds of this issue are not "private activity bonds" as such term is defined in the  
6 Internal Revenue Code of 1986, as amended (the "Code"). The bonds of this issue are qualified  
7 tax-exempt obligations under Section 265(b) of the Code for banks, thrift institutions and other  
8 financial institutions.  
9

10 The County hereby irrevocably covenants that it will levy taxes annually upon all the  
11 taxable property in the County within and as a part of the tax levy permitted to the County  
12 without a vote of the electors in amounts sufficient, with other monies legally available therefor,  
13 to pay the principal of and interest on the bonds of this issue as the same shall become due. The  
14 full faith, credit and resources of the County are hereby irrevocably pledged for the annual levy  
15 and collection of such taxes and the prompt payment of such principal and interest. The pledge  
16 of tax levies may be discharged prior to maturity of the bonds of this issue by making provision  
17 for the payment thereof on the terms and conditions set forth in the Bond Ordinance.  
18

19 This bond shall not be valid or become obligatory for any purpose or be entitled to any  
20 security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall  
21 have been manually signed by the Bond Registrar.  
22

23 It is hereby certified that all acts, conditions and things required by the Constitution and  
24 statutes of the State of Washington to exist, to have happened, been done and performed  
25 precedent to and in the issuance of this bond have happened, been done and performed and that  
26 the issuance of this bond and the bonds of this issue does not violate any constitutional, statutory  
27 or other limitation upon the amount of bonded indebtedness that the County may incur.  
28

29 IN WITNESS WHEREOF, Whatcom County, Washington has caused this bond to be  
30 executed by the facsimile signatures of the Chair and Clerk of its County Council as of this 1st  
31 day of December, 1998.  
32

33 WHATCOM COUNTY, WASHINGTON

34  
35  
36 By \_\_\_\_\_ /s/ facsimile \_\_\_\_\_  
37 Chair, County Council



1           Only Bonds that bear a Certificate of Authentication in the form set forth in Section 5,  
2 manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled  
3 to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence  
4 that the Bonds so authenticated have been duly executed, authenticated and delivered and are  
5 entitled to the benefits of this ordinance.

6           Section 7. Disposition of Bond Proceeds. The accrued interest received with respect  
7 to the Bonds shall be deposited into the Bond Fund and used to pay interest on the Bonds coming  
8 due on June 1, 1999. The Treasurer has heretofore established a special fund of the County  
9 designated as the "Civic Center Building Improvement Fund" (the "Project Fund"). The balance  
10 of the proceeds of sale of the Bonds shall be deposited in the Project Fund and shall be expended  
11 solely to pay the cost of issuing and selling the Bonds and, together with other available moneys  
12 of the County, shall be used to reimburse the County for previously incurred costs and to  
13 complete the Project. Money in the Project Fund shall be invested by the Treasurer, pending  
14 disbursement, in any legal investment for County funds.

15           Section 8. Pledge of Taxes and Credit. The Treasurer is hereby authorized to  
16 establish a special fund of the County to be designated as the 1998 General Obligation Bond  
17 Redemption Fund (the "Bond Fund"). On or before each date on which a payment of principal  
18 of and interest on the Bonds is due and payable, the Treasurer shall deposit the amount necessary  
19 to make such principal and/or interest payment into the Bond Fund and shall remit the same to  
20 the Bond Registrar for the purpose of making such payment. The County hereby irrevocably  
21 covenants that, unless the principal of and interest on the Bonds are paid from other sources, it  
22 will make annual levies of taxes within and as a part of the tax levy permitted to the County  
23 without a vote of its electors upon all of the property in the County subject to taxation in amounts

1 sufficient to pay such principal and interest as the same shall become due. The full faith, credit  
2 and resources of the County are hereby irrevocably pledged for the annual levy and collection of  
3 such taxes and for the prompt payment of such principal and interest.

4       Section 9. Bonds Deemed to Be No Longer Outstanding. In the event that money  
5 and/or Government Obligations as now or hereafter amended, maturing at such time or times and  
6 bearing interest to be earned thereon in amounts (together with such money, if necessary)  
7 sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set  
8 aside in a special account of the County to effect such redemption and retirement, and such  
9 moneys and the principal of and interest on such obligations are irrevocably set aside and  
10 pledged for such purpose, then no further payments need be made into the Bond Fund for the  
11 payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease  
12 to be entitled to any lien, benefit or security of this ordinance except the right to receive the  
13 moneys so set aside and pledged, and such Bonds shall be deemed not to be outstanding  
14 hereunder.

15       Within 60 days of any defeasance of Bonds the Bond Registrar shall provide notice of  
16 defeasance of Bonds to registered owners and to each NRMSIR and SID, if any, in accordance  
17 with Section 11.

18       Section 10. Tax Covenants and Designation.

19       (a) *Arbitrage Covenant.* The County hereby covenants that it will not make  
20 any use of the proceeds of sale of the Bonds or any other funds of the County which may be  
21 deemed to be proceeds of such Bonds pursuant to Section 148 of the Code which will cause the  
22 Bonds to be “arbitrage bonds” within the meaning of said section and said Regulations. The  
23 County will comply with the requirements of Section 148 of the Code (or any successor

1 provision thereof applicable to the Bonds) and the applicable Regulations thereunder throughout  
2 the term of the Bonds.

3 (b) *Private Person Use Limitation for Bonds.* The County covenants that for  
4 as long as the Bonds are outstanding, it will not permit:

5 (i) More than 10% of the Net Proceeds of the Bonds to be used for  
6 any Private Person Use; and

7 (ii) More than 10% of the principal or interest payments on the Bonds  
8 in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be  
9 used for any Private Person Use or secured by payments in respect of property used or to be used  
10 for any Private Person Use, or (B) derived from payments (whether or not made to the County) in  
11 respect of property, or borrowed money, used or to be used for any Private Person Use.

12 The County further covenants that, if:

13 (iii) More than five percent of the Net Proceeds of the Bonds are to be  
14 used for any Private Person Use; and

15 (iv) More than five percent of the principal or interest payments on the  
16 Bonds in a Bond Year are (under the terms of this ordinance or any underlying arrangement)  
17 directly or indirectly: (A) secured by any interest in property used or to be used for any Private  
18 Person Use or secured by payments in respect of property used or to be used for any Private  
19 Person Use, or (B) derived from payments (whether or not made to the County) in respect of  
20 property, or borrowed money, used or to be used for any Private Person Use, then, (1) any  
21 Private Person Use of the projects described in subsection (iii) hereof or Private Person Use  
22 payments described in subsection (iv) hereof that is in excess of the five percent limitations  
23 described in such subsections (iii) or (iv) will be for a Private Person Use that is related to the

1 state or local governmental use of the Project financed or refinanced with Bond proceeds, and  
2 (2) any Private Person Use will not exceed the amount of Net Proceeds of the Bonds used for the  
3 state or local governmental use portion of the projects to which the Private Person Use of such  
4 portion of such Project relates. The County further covenants that it will comply with any  
5 limitations on the use of the projects by other than state and local governmental users that are  
6 necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the  
7 Bonds. The covenants of this section are specified solely to assure the continued exemption from  
8 regular income taxation of the interest on the Bonds.

9 (c) *Bonds Designated "Qualified Tax-Exempt Obligations."* The County  
10 hereby designates the Bonds as "qualified tax-exempt obligations" for purchase by financial  
11 institutions pursuant to Section 265 of the Code. The County does not anticipate that it will issue  
12 more than \$10,000,000 in "qualified tax-exempt obligations" during the year 1998.

13 Section 11. Undertaking to Provide Ongoing Disclosure.

14 (a) *Contract/Undertaking.* This section constitutes the County's written  
15 undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule.

16 (b) *Financial Statements/Operating Data.* The County agrees to provide or  
17 cause to be provided to each NRMSIR and to the SID, if any, in each case as designated by the  
18 Council in accordance with the Rule, the following annual financial information and operating  
19 data for the prior fiscal year (commencing July 31, 1999 for the fiscal year ending December 31,  
20 1998):

21 1. Annual financial statements showing ending fund balances  
22 prepared in accordance with regulations prescribed by the State Auditor pursuant to  
23 RCW 43.09.200 (or any successor statutes) from time to time and generally of the type included

1 in the official statement for the Bonds under the headings “Combining Statement of Revenues,  
2 Expenditures & Changes in Fund Balance – General Fund”;

- 3                   2.     The assessed valuation of taxable property in the County;
- 4                   3.     Property taxes due, property taxes collected and property taxes  
5 delinquent;
- 6                   4.     Property tax levy rates per \$1,000 of assessed valuation; and
- 7                   5.     Outstanding general obligation debt of the County.

8           Such annual information and operating data described above shall be so provided on or  
9 before the expiration of seven months after the end of the County’s fiscal year. The County may  
10 adjust such date if the County changes its fiscal year by providing written notice of the change of  
11 fiscal year and the new reporting date to each then existing NRMSIR and the SID, if any. In lieu  
12 of providing such annual financial information and operating data, the County may cross-  
13 reference to other documents provided to the NRMSIR’s, the SID or to the Council and, if such  
14 document is a final official statement within the meaning of the Rule, available from the MSRB.

15           If not provided as part of the annual financial information discussed above, the County  
16 shall provide the County’s audited annual financial statement prepared in accordance with  
17 regulations prescribed by the State Auditor pursuant to RCW 43.09.200 (or any successor  
18 statutes), when and if available, to each then existing NRMSIR and the SID, if any.

19           (c)     *Material Events.* The County agrees to provide or cause to be provided, in  
20 a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the  
21 occurrence of any of the following events with respect to the Bonds, if material:

- 22                   •     Principal and interest payment delinquencies;
- 23                   •     Non-payment related defaults;

- 1 • Unscheduled draws on debt service reserves reflecting financial
- 2 difficulties;
- 3 • Unscheduled draws on credit enhancements reflecting financial
- 4 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
- 7 Bonds;
- 8 • Modifications to rights of owners;
- 9 • Optional, contingent or unscheduled Bond calls other than scheduled
- 10 sinking fund redemptions for which notice is given pursuant to
- 11 Exchange Act Release 34-23856;
- 12 • Defeasances;
- 13 • Release, substitution or sale of property securing the repayment of the
- 14 Bonds; and
- 15 • Rating changes.

16 Solely for purposes of disclosure, and not intending to modify this undertaking, the  
17 County advises that there is no property securing repayment of the Bonds, and there is no debt  
18 service reserve fund or account for the Bonds, as the County lacks legal authority for either  
19 measure. If further changes in the law permit such measures, and if the County subsequently  
20 chooses to establish such reserves or provide such property as security for the Bonds, the County  
21 will provide notice of such establishment or provision and undertake to provide notices of  
22 material events relating thereto, should such events occur.

1 (d) *Notification Upon Failure to Provide Financial Data.* The County agrees  
2 to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to  
3 the SID, if any, notice of its failure to provide the annual financial information described in  
4 subsection (b) above on or prior to the date set forth in subsection (b) above.

5 (e) *Termination/Modification.* The County's obligations to provide annual  
6 financial information and notices of material events shall terminate upon the defeasance, prior  
7 redemption or payment in full of all of the Bonds. This section, or any provision hereof, shall be  
8 null and void if the County (1) obtains an opinion of nationally recognized bond counsel to the  
9 effect that those portions of the Rule which require this section, or any such provision, are  
10 invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies  
11 each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this  
12 section. Notwithstanding any other provision of this ordinance, the County may amend this  
13 Section 11 and any provision of this Section 11 may be waived with an approving opinion of  
14 nationally recognized bond counsel.

15 In the event of any amendment of or waiver of a provision of this Section 11, the County  
16 shall describe such amendment in the next annual report, and shall include, as applicable, a  
17 narrative explanation of the reason for the amendment or waiver and its impact on the type (or in  
18 the case of a change of accounting principles, on the presentation) of financial information or  
19 operating data being presented by the County. In addition, if the amendment relates to the  
20 accounting principles to be followed in preparing financial statements, (I) notice of such change  
21 shall be given in the same manner as for a material event under Subsection (c), and (II) the  
22 annual report for the year in which the change is made should present a comparison (in narrative  
23 form and also, if practical, in quantitative form) between the financial statements as prepared on

1 the basis of the new accounting principles and those prepared on the basis of the former  
2 accounting principles.

3 (f) *Bond Owner's Remedies Under This Section.* A Bond owner's right to  
4 enforce the provisions of this section shall be limited to a right to obtain specific enforcement of  
5 the County's obligations hereunder, and any failure by the County to comply with the provisions  
6 of this undertaking shall not be an event of default with respect to the Bonds under this  
7 ordinance.

8 Section 12. Lost or Destroyed Bonds. If any Bonds are lost, stolen or destroyed, the  
9 Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, maturity and  
10 tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond  
11 Registrar and the County in connection with preparation and authentication of the replacement  
12 Bond or Bonds and upon his or her filing with the Bond Registrar and the County evidence  
13 satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or  
14 her ownership, and upon furnishing the County and the Bond Registrar with indemnity  
15 satisfactory to both.

16 Section 13. Sale of Bonds. The Bonds shall be sold by negotiated sale to  
17 Seattle-Northwest Securities Corporation, Seattle, Washington (the "Underwriter"), under the  
18 terms and conditions thereof as provided in its purchase offer and in this ordinance.

19 The County Executive is hereby authorized to review and approve on behalf of the  
20 County the preliminary and final Official Statements relative to the Bonds with such additions  
21 and changes as may be deemed necessary or advisable to him. The Preliminary Official  
22 Statement for the Bonds, is hereby deemed final for purposes of the Rule. The proper County  
23 officials are hereby authorized and directed to do everything necessary for the prompt execution

1 and delivery of the Bonds to said purchaser and for the proper application and use of the  
2 proceeds of sale thereof.

3 Section 14. Bond Insurance.

4 (a) *Acceptance of Insurance.* In accordance with the offer of  
5 Seattle-Northwest Securities Corporation to purchase the Bonds, the Council hereby approves the  
6 commitment of the Insurer to provide a bond insurance policy guaranteeing the payment when  
7 due of principal of and interest on the Bonds (the "Bond Insurance Policy"). The Council further  
8 authorizes and directs all proper officers, agents, attorneys and employees of the County to  
9 cooperate with the Insurer in preparing such additional agreements, certificates, and other  
10 documentation on behalf of the County as shall be necessary or advisable in providing for the  
11 Bond Insurance Policy.

12 (b) *Payments Under the Bond Insurance Policy.* In the event that, on the  
13 payment date of the Bonds, the County or the Bond Registrar determines that there will not be  
14 sufficient money available in the Bond Fund to pay all principal of and interest on the Bonds due  
15 on such payment date, the County or the Bond Registrar shall immediately notify the Insurer or  
16 its designee on the same day by telephone or telegraph, confirmed in writing by registered or  
17 certified mail, of the amount of the deficiency. If the deficiency is made up in whole or in part,  
18 the Bond Registrar shall so notify the Insurer or its designee.

19 In addition, if the Bond Registrar has notice that any Bondholder has been required to  
20 disgorge payments of principal or interest on the Bonds to a trustee in bankruptcy or creditors or  
21 others pursuant to a final judgment by a court of competent jurisdiction that such payment  
22 constitutes an avoidable preference to such Bondholder within the meaning of any applicable

1 | bankruptcy laws, then the Bond Registrar shall notify the Insurer or its designee of such fact by  
2 | telephone or telegraphic notice, confirmed in writing by registered or certified mail.

3 |         The Bond Registrar is hereby irrevocably designated, appointed, directed and authorized  
4 | to act as attorney-in-fact for Bondholders as follows:

5 |                 (1)     If and to the extent there is a deficiency in amounts required to pay  
6 | interest on the Bonds, the Bond Registrar shall (a) execute and deliver to State Street Bank and  
7 | Trust Company, N.A., or its successors under the Bond Insurance Policy (the “Insurance Paying  
8 | Agent”), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer  
9 | as agent for such Bondholders in any legal proceeding related to the payment of such interest and  
10 | an assignment to the Insurer of the claims for interest to which such deficiency relates and which  
11 | are paid by the Insurer, (b) receive as designee of the respective Bondholders (and not as Bond  
12 | Registrar) in accordance with the tenor of the Bond Insurance Policy payment from the Insurance  
13 | Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to  
14 | such respective Bondholders; and

15 |                 (2)     If and to the extent of a deficiency in amounts required to pay  
16 | principal of any Bonds, the Bond Registrar shall (a) execute and deliver to the Insurance Paying  
17 | Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as  
18 | agent for such Bondholder in any legal proceeding relating to the payment of such principal and  
19 | an assignment to the Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so  
20 | much of the principal amount thereof as has not previously been paid or for which moneys are  
21 | not held by the Bond Registrar and available for such payment (but such assignment shall be  
22 | delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee  
23 | of the respective Bondholders (and not as Bond Registrar) in accordance with the tenor of the

1 Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the  
2 same to such Bondholders.

3 Payments with respect to claims for interest on and principal of Bonds disbursed by the  
4 Bond Registrar from proceeds of the Bond Insurance Policy shall not be considered to discharge  
5 the obligation of the County with respect to such interest, and the Insurer shall become the owner  
6 of such unpaid interest and claims for the interest in accordance with the tenor of the assignment  
7 made to it under the provisions of this subsection or otherwise.

8 Irrespective of whether any such assignment is executed and delivered, the County and  
9 the Bond Registrar:

10 (1) Recognize that to the extent the Insurer makes payments directly or  
11 indirectly (as by paying through the Bond Registrar), on account of principal of or interest on the  
12 Bonds, the Insurer will be subrogated to the rights of such Bondholders to receive the amount of  
13 such principal and interest for the County, with interest thereon as provided and solely from the  
14 sources stated in this ordinance and the Bonds; and

15 (2) Will accordingly pay to the Insurer the amount of such principal  
16 and interest (including principal and interest recovered under subparagraph (ii) of the first  
17 paragraph of the Bond Insurance Policy), with interest thereon as provided in this ordinance and  
18 the Bonds, but only from the sources and in the manner provided herein for the payment of  
19 principal of and interest on the Bonds to holders, and will otherwise treat the Insurer as the owner  
20 of such rights to the amount of such principal and interest.

21 (c) *Rights of Insurer.* In connection with the issuance of additional general  
22 obligation bonds, the County shall deliver to the Insurer a copy of the disclosure document, if  
23 any, circulated with respect to such additional bonds.

1 Copies of any amendments made to the documents executed in connection with the  
2 issuance of the Bonds which are consented to by the Insurer shall be sent to Standard & Poor's  
3 Ratings Services, a Division of The McGraw Hill Companies, Inc.

4 The Insurer shall receive notice of the resignation or removal of the Bond Registrar and  
5 the appointment of a successor, other than the designated state fiscal agent.

6 The Insurer shall receive copies of all notices required to be delivered to Bondholders  
7 and, on an annual basis (or as soon as available from the office of the State Auditor) copies of the  
8 County's audited financial statements, and annual budget.

9 Any notice that is required to be given to a holder of Bonds or to the Bond Registrar  
10 pursuant to this ordinance shall also be provided to the Insurer. All notices required to be given  
11 to the Insurer under this ordinance shall be in writing and shall be sent by registered or certified  
12 mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504  
13 Attention: Surveillance.

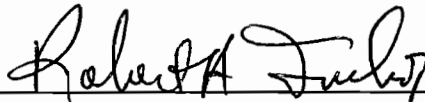
14 The provisions of this section shall be in effect only so long as the Bond Insurance Policy  
15 is in full force and effect.

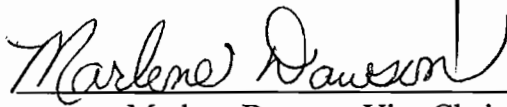
16 Section 15. Severability. If any one or more of the covenants or agreements provided  
17 in this ordinance to be performed on the part of the County shall be declared by any court of  
18 competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or  
19 agreements, shall be null and void and shall be deemed separable from the remaining covenants  
20 and agreements of this ordinance and shall in no way affect the validity of the other provisions of  
21 this ordinance or of the Bonds.

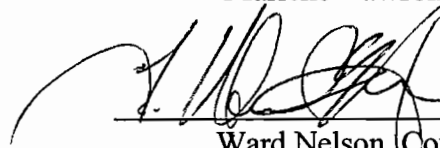
1        Section 16. Effective Date. This ordinance shall become effective immediately upon  
2 its adoption.


3        ADOPTED this 8<sup>th</sup> day of December, 1998.

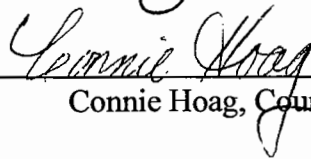
COUNTY COUNCIL OF  
WHATCOM COUNTY, WASHINGTON

  
\_\_\_\_\_  
Robert A. Imhof, Chair

  
\_\_\_\_\_  
Marlene Dawson, Vice Chair

  
\_\_\_\_\_  
Ward Nelson, Councilmember


  
\_\_\_\_\_  
Kathy Sutter, Councilmember

  
\_\_\_\_\_  
Connie Hoag, Councilmember

DECLINED TO SIGN  
\_\_\_\_\_  
Tom Brown, Councilmember

DECLINED TO SIGN  
\_\_\_\_\_  
Barbara Brenner, Councilmember

ATTEST:

  
\_\_\_\_\_  
Dana Brown-Davis  
Clerk of the County Council

APPROVED         DENIED   
  
\_\_\_\_\_  
Pete Kremen  
County Executive

Dated as of: 11 DECEMBER, 1998

CERTIFICATE

I, the undersigned, Clerk of the County Council of Whatcom County, Washington, (the "County") and keeper of the records of the County Council ("Council"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. 98-084 of the Council (herein called the "Ordinance"), duly adopted at a regular meeting thereof held on the 8<sup>th</sup> day of December, 1998.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such regular meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the adoption of the Ordinance; that all other requirements and proceedings incident to the proper adoption of the Ordinance have been duly fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 8<sup>th</sup> day of December, 1998.



Clerk, County Council