

CITY OF BELLEVUE, WASHINGTON
LIMITED TAX GENERAL OBLIGATION REFUNDING BONDS

ORDINANCE NO. 6543

AN ORDINANCE of the City of Bellevue, Washington, providing for the issuance and sale of one or more series of limited tax general obligation refunding bonds of the City in the aggregate principal amount of not to exceed \$65,000,000 to defease or refund certain limited tax general obligation bonds of the City and the Bellevue Convention Center Authority, including paying costs of issuance; authorizing the plan of defeasance and refunding; pledging lodging taxes to pay and secure the payment of debt service on bonds issued for Meydenbauer Center purposes; approving substantially final forms of amendments to the lease purchase agreement and the design, development, construction, financing and operating agreement with the Bellevue Convention Center Authority; and delegating the authority to approve the method of sale for and final terms of the bonds and agreements.

Passed: November __, 2020

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* This Table of Contents is provided for reference only and does not constitute a part of the Ordinance for which it is provided.

ORDINANCE NO. 6543

AN ORDINANCE of the City of Bellevue, Washington, providing for the issuance and sale of one or more series of limited tax general obligation refunding bonds of the City in the aggregate principal amount of not to exceed \$65,000,000 to defease or refund certain limited tax general obligation bonds of the City and the Bellevue Convention Center Authority, including paying costs of issuance of each series of bonds; authorizing the plan of defeasance and refunding; pledging lodging taxes to pay and secure the payment of debt service on the bonds issued for Meydenbauer Center purposes; approving substantially final forms of amendments to the lease purchase agreement and the design, development, construction, financing and operating agreement with the Bellevue Convention Center Authority; and delegating the authority to approve the method of sale for and final terms of the bonds and agreements.

WHEREAS, pursuant to the First Amended Sublease by and between the City and the Bellevue Convention Center Authority (the “Authority”), dated August 1, 1991, as amended and supplemented, the City leases to the Authority the site of Meydenbauer Center and the expansion parcel; and

WHEREAS, pursuant to the First Amended Lease Purchase Agreement by and between the City and the Authority, dated August 1, 1991, as amended and supplemented (the “Lease Purchase Agreement”), the City leases back the property and improvements; and

WHEREAS, pursuant to the First Amended Design, Development, Construction, Financing and Operating Agreement, dated as of August 1, 1991, as amended and supplemented (the “Operating Agreement”), the Authority constructed, maintains and operates Meydenbauer Center; and

WHEREAS, the Authority previously issued its Special Obligation Revenue and Refunding Bonds, Series 1994 (the “1994 Bonds”) to (a) refund the Authority’s Special Obligation Revenue Bonds, Series 1991A; (b) refund a portion of the Authority’s Special Obligation Revenue

Bonds, Series 1991B; and (c) retire short-term debt of the Authority and reimburse the Authority for previous capital expenditures; and

WHEREAS, the City has outstanding its Limited Tax Levy General Obligation Bonds, 1995 (the “1995 Bonds”), issued on December 27, 1995, pursuant to Ordinance No. 4851 adopted by the City Council on December 11, 1995 (the “1995 Bond Ordinance”) to finance a portion of the cost of constructing Meydenbauer Center; and

WHEREAS, the City has outstanding a portion of the Limited Tax General Obligation Refunding Bonds, 2010 (the “2010 Refunding Bonds”), issued on September 28, 2010, to refinance costs of acquiring the Meydenbauer Center site and the expansion parcel pursuant to Ordinance No. 5954 passed by the City Council on July 19, 2010 and Resolution No. 8137 adopted by the City Council on September 14, 2010 (together, the “2010 Refunding Bond Ordinance”) by refunding the City’s Limited Tax General Obligation Refunding Bonds, Series 2002; and

WHEREAS, the City has outstanding its Limited Tax General Obligation Bonds, 2010 (the “2010 Bonds”), issued on October 14, 2010, pursuant to Ordinance No. 5955 passed by the City Council on July 19, 2010 and Resolution No. 8143 adopted by the City Council on September 30, 2010 (together, the “2010 Bond Ordinance”) to finance a portion of the City’s Capital Improvement Plan including the Northeast Fourth Street extension and the 120th Avenue Northeast improvements; and

WHEREAS, the City has outstanding its Limited Tax General Obligation and Refunding Bonds, 2015 (the “2015 Bonds”), issued on April 28, 2015, pursuant to Ordinance Nos. 6173, 6207, 6208 and 6218, to finance, among other projects, improvements to Meydenbauer Center; and

WHEREAS the 1994 Bonds are not subject to redemption but may be defeased to maturity;
and

WHEREAS, the 2010 Refunding Bond Ordinance and 2010 Bond Ordinance provide that the City may call the 2010 Refunding Bonds and 2010 Bonds maturing on or after December 1, 2021, for redemption on or after December 1, 2020, in whole or in part at any time, at a price of par plus accrued interest, if any, to the date of redemption; and

WHEREAS, debt service on the 1994 Bonds, 1995 Bonds, 2010 Refunding Bonds and 2015 Bonds issued to pay costs of acquiring property for, constructing and improving Meydenbauer Center (collectively the “Convention Center Bonds”) is paid, pursuant to the Lease Purchase Agreement and Operating Agreement, from lodging taxes imposed by the City pursuant to RCW 67.28.180 (“2% Revenues”) and RCW 67.28.181 (“3% Revenues”), and predecessor statutes under Chap. 67.40 RCW; and

WHEREAS, the City is authorized to levy the 2% tax under RCW 67.28.180 because the City levied the tax and, prior to June 26, 1975, authorized and issued bonds pursuant to the provisions of RCW 67.28.150 through 67.28.160, and may levy the tax so long as the tax revenues are pledged for payment of principal and interest on bonds issued at any time pursuant to the provisions of RCW 67.28.150 through 67.28.160, including the Convention Center Bonds and bonds authorized under this ordinance to defease and refund certain Convention Center Bonds;
and

WHEREAS, the City is authorized to levy the 3% tax under RCW 67.28.181 because the City’s tax is grandfathered at the rate actually imposed by the City on January 31, 1999; and

WHEREAS, pursuant to RCW 39.36.020 and RCW 39.46.110, the City is authorized to issue nonvoted limited tax general obligation bonds for City purposes payable from tax revenues

of the City and such other money lawfully available and pledged or provided by the City Council for that purpose, and the City Council may pledge the full faith, credit and resources of the City for the payment of such general obligation bonds; and

WHEREAS, pursuant RCW 67.28.150, the City may issue general obligation bonds for costs of tourism-related facilities including Meydenbauer Center, and the City may provide that such bonds also be made payable from lodging taxes provided for in Chap. 67.28 RCW and may pledge such lodging taxes to the repayment of the bonds; and

WHEREAS, as a result of the global pandemic caused by the novel coronavirus (“COVID-19”), 2% Revenues and 3% Revenues have decreased significantly; and

WHEREAS, the City has determined to prepay the lease payments applied to pay debt service on the 1994 Bonds in order to defease the 1994 Bonds and refund the 2010 Refunding Bonds to restructure the debt service on the Convention Center Bonds to match the revised forecast of 2% Revenues and 3% Revenues; and

WHEREAS, after due consideration it appears to the City Council that all or a portion of the 2010 Bonds may be defeased and refunded by the proceeds of limited tax general obligation refunding bonds at a savings to the City and its taxpayers; and

WHEREAS, the City Council deems it in the best interest of the City to issue one or more series of limited tax general obligation refunding bonds in the aggregate principal amount of not to exceed \$65,000,000 (the “Bonds”) to redeem and defease the 1994 Bonds, the 2010 Bonds and the 2010 Refunding Bonds and to pay costs of issuing each series of Bonds; and

WHEREAS, the City desires to amend the Lease Purchase Agreement and the Operating Agreement to provide for the prepayment of rent and defeasance of the 1994 Bonds and the

refunding of the 2010 Refunding Bonds and for the pledge of 2% Revenues and 3% Revenues to the series of Bonds issued to accomplish such defeasance and refunding plan; and

WHEREAS, the City Council wishes to delegate authority to the City Manager and/or the Director of Finance & Asset Management of the City (each, a “Designated Representative”), for a limited time, to select the bonds to be refunded and the method of bond sale that is in the best interests of the City (if any), to approve the interest rates, maturity dates, tax status, redemption terms and principal maturities for the Bonds within the parameters set by this ordinance, and to execute and deliver the amendments to the Lease Purchase Agreement and Operating Agreement and related documents; and

WHEREAS, the Bonds authorized herein shall be sold by either a competitive sale, negotiated sale or private placement as herein provided, all as set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BELLEVUE, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms. As used in this ordinance, the following words shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates otherwise, words importing the singular number shall include the plural number and vice versa.

Acquired Obligations means the Government Obligations acquired by the City under the terms of this ordinance and the Escrow Agreement to effect the defeasance of the Defeased Bonds and the refunding of the Refunded Bonds, but only to the extent that the same are acquired at Fair Market Value.

Authority means the Bellevue Convention Center Authority

Beneficial Owner means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Underwritten Bonds (including persons holding Underwritten Bonds through nominees, depositories or other intermediaries).

Bond Counsel means Pacifica Law Group LLP or an attorney at law or a firm of attorneys, selected by the City, of nationally recognized standing in matters pertaining to the tax exempt nature of interests on bonds issued by states and their political subdivisions.

Bond Purchase Contract means one or more contracts, if any, for the purchase of the Underwritten Bonds sold by negotiated sale to the initial purchaser, executed pursuant to Section 11 of this ordinance.

Bond Register means the registration books showing the name, address and tax identification number of each Registered Owner of a series of Bonds, maintained for the Bonds in the manner required pursuant to Section 149(a) of the Code.

Bond Registrar means (a) for any Underwritten Bonds, initially, the fiscal agency of the State, and (b) for any Direct Purchase Bonds, the fiscal agent of the State or the Director of Finance & Asset Management of the City.

Bonds mean the limited tax general obligation refunding bonds authorized to be issued from time to time in one or more series pursuant to this ordinance.

Call Date means the date(s) selected by a Designated Representative specified in the Escrow Agreement for the refunding of the Refunded Bonds.

Certificate of Award means one or more certificates, if any, for the purchase of any series of Underwritten Bonds sold by competitive sale awarding the Bonds to the bidder as set forth in Section 11 of this ordinance.

City means the City of Bellevue, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

City Council means the legislative authority of the City as the same shall be duly and regularly constituted from time to time.

Closing means the date of issuance and delivery of a series of Bonds to the applicable Underwriter or Direct Purchaser.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Tax-Exempt Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Tax-Exempt Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Commission means the United States Securities and Exchange Commission.

Continuing Disclosure Certificate means one or more written undertakings for the benefit of the owners and Beneficial Owners of any series of Underwritten Bonds as required by Section (b)(5) of the Rule.

Debt Service Fund means the Interest and Debt Redemption Regular Levy Fund of the City.

Defeased Bonds means the 1994 Bonds.

Designated Representative means the City Manager and the Director of Finance & Asset Management of the City and any successor to the functions of such offices, and their designees. The signature of one Designated Representative shall be sufficient to bind the City.

Direct Purchase Bonds means any Bonds or Bond sold to a Direct Purchaser pursuant to Section 11 of this ordinance.

Direct Purchaser means any bank or other financial institution or entity selected to purchase (or to accept delivery of one or more Direct Purchase Bonds to evidence the City's obligations under a Loan Agreement) one or more Direct Purchase Bonds pursuant to Section 11 of this ordinance.

Director of Finance & Asset Management means the Director of Finance & Asset Management of the City and any successor to the functions of such office.

DTC means The Depository Trust Company of New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for any Underwritten Bonds pursuant to this ordinance.

Escrow Agent means the trust company or state or national bank having powers of a trust company selected by the City to serve as escrow agent pursuant to Section 7 of this ordinance.

Escrow Agreement means one or more Escrow Deposit Agreements, if any, under the Escrow Agreement executed in connection with the defeasance of the Defeased Bonds and the redemption of the Refunded Bonds.

Escrow Fund means the fund or account established by the Escrow Agent, if any, executed in connection with the defeasance of the Defeased Bonds and the redemption of the Refunded Bonds.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to

purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term “investment” will include a hedge.

Federal Tax Certificate means one or more certificates executed by a Designated Representative setting forth the requirements of the Code for maintaining the tax exemption of interest on a series of Tax-Exempt Bonds to be dated as of the date of Closing for such Bonds, and attachments thereto.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, as such chapter may be hereafter amended or restated.

Lease Purchase Agreement means the First Amended Lease Purchase Agreement by and between the City and the Authority, dated August 1, 1991, as amended or supplemented by the following: (a) First Amendment to the First Amended Lease Purchase Agreement, dated November 16, 1993, (b) Second Amendment to the First Amended Lease Purchase Agreement, dated November 1, 1994, (c) Third Amendment to the First Amended Lease Purchase Agreement, dated January 1, 2000, (d) Fourth Amendment to the First Amended Lease Purchase Agreement, dated June 30, 2006, and (e) Fifth Amendment to the First Amended Lease Purchase Agreement, dated November 26, 2007.

Letter of Representations means the Blanket Letter of Representations from the City to DTC.

Loan Agreement means one or more loan or purchase agreements, if any, between the City and a Direct Purchaser under which the Direct Purchaser will make a loan to the City, evidenced

by a Direct Purchase Bond, or under which the Direct Purchaser will purchase the Direct Purchase Bond.

Lodging Tax(es) means the excise taxes imposed by the City on the sale of or charge made for the furnishing of lodging that is subject to tax under chapter 82.08 RCW (e.g. transient occupancy taxes) pursuant to RCW 67.28.180 (2% Revenues) and RCW 67.28.181 (3% Revenues), and predecessor statutes under Chap. 67.40 RCW.

Lodging Tax Bonds means Bonds issued to prepay rent to defease the 1994 Bonds and Bonds issued to defease and refund the 2010 Refunding Bonds.

MSRB means the Municipal Securities Rulemaking Board or any successor to its functions.

Record Date means the Bond Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with this ordinance.

Refunded Bonds mean the Refunding Candidates selected by a Designated Representative for refunding pursuant to this ordinance.

Refunding Account means the account by that name established pursuant to Section 7.

Refunding Candidates mean all or a portion of the 2010 Refunding Bonds and the 2010 Bonds.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds of a series are held in book entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

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

Sale Document means the Bond Purchase Contract, Certificate of Award, or Loan Agreement, if any, executed by the Designated Representative in connection with the sale of the Bonds, which shall provide for the name, principal and interest payment dates and amounts, redemption/prepayment rights, description of the Defeased Bonds and the Refunded Bonds, and other terms to describe such Bonds as determined to be necessary by the Designated Representative.

Savings Target means a dollar amount equal to at least three percent (3.00%) of the principal amount of the 2010 Bonds and 2010 Refunding Bonds.

State means the State of Washington.

Taxable Bonds means any Bonds of a series determined to be issued on a taxable basis pursuant to Section 11.

Tax-Exempt Bonds means any Bonds of a series determined to be issued on a tax-exempt or tax-advantaged basis under the Code pursuant to Section 11.

1994 Bonds mean the Bellevue Convention Center Authority, Special Obligation Revenue and Refunding Bonds, Series 1994, described in the recitals of this ordinance.

1995 Bonds means the City of Bellevue, Washington, Limited Tax Levy General Obligation Bonds, 1995, described in the recitals to this ordinance.

2010 Refunding Bond Ordinance means, together, Ordinance No. 5954, adopted on July 19, 2010 and Resolution No. 8137, passed on September 14, 2010, authorizing the issuance of the 2010 Refunding Bonds.

2010 Bonds means the City of Bellevue, Washington, Limited Tax General Obligation Bonds, 2010, issued pursuant to the 2010 Bond Ordinance as described in the recitals to this ordinance.

2010 Refunding Bonds mean the City of Bellevue, Washington, Limited Tax General Obligation Refunding Bonds, 2010 issued pursuant to the 2010 Refunding Bond Ordinance as described in the recitals of this ordinance.

2010 Bond Ordinance means, together, Ordinance No. 5955, adopted on July 19, 2010 and Resolution No. 8143, passed on September 30, 2010, authorizing the issuance of the 2010 Bonds.

2015 Bonds means the City's Limited Tax General Obligation and Refunding Bonds, 2015, described in the recitals to this ordinance.

Underwriter means any underwriter, in the case of a negotiated sale, or initial purchaser, in the case of a competitive sale, for any Underwritten Bonds selected pursuant to Section 11.

Underwritten Bonds means one or more series of Bonds, if any, sold pursuant to a negotiated or a competitive sale by the City to an Underwriter pursuant to Section 11 of this ordinance.

Section 2. Findings; Purpose and Authorization of Bonds.

(a) *Purpose and Authorization of Bonds.* For the purpose of defeasing the Defeased Bonds and refunding the Refunded Bonds and paying related costs of issuance, the City is hereby authorized to issue and sell one or more series of limited tax general obligation refunding bonds in an aggregate principal amount not to exceed \$65,000,000 (the "Bonds"). The Bonds of each series shall be general obligations of the City, shall be designated "City of Bellevue, Washington, Limited Tax General Obligation Refunding Bonds, 2020," or other such designation as set forth in the applicable Sale Document. The Bonds shall be dated as of the date of Closing. The Bonds of each series shall be fully registered as to both principal and interest and shall be sold as either Direct Purchase Bonds or Underwritten Bonds.

The Bonds of each series may be issued simultaneously or from time to time under the terms of this ordinance as determined by the Designated Representative. The Bonds authorized herein may be combined with other limited tax general obligation bonds of the City and sold as one or more series and issue if determined to be in the best interest of the City.

Section 3. Bond Details; Registration, Exchange and Payments.

(a) *Underwritten Bonds.*

(1) Bond Details. Any Bonds of a series may be sold as Underwritten Bonds. Underwritten Bonds shall be issued in denominations of \$5,000, or any integral multiple thereof, within a series and maturity; shall be numbered separately in such manner and with any additional designations as the Bond Registrar deems necessary for purposes of identification; shall bear interest payable on the dates set forth in the applicable Sale Document; and shall be subject to optional and/or mandatory redemption and mature on the dates and in the principal amounts as set forth in the applicable Sale Document.

(2) Bond Registrar/Bond Register. The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of the state fiscal agent. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Underwritten Bonds of a series remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Underwritten Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Director of Finance & Asset Management upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Director of Finance & Asset Management. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted

the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Underwritten Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the certificate of authentication of the Bonds.

(3) Registered Ownership. The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Underwritten Bond of a series as the absolute owner thereof for all purposes (except as provided in this ordinance or in the Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Underwritten Bond shall be made only as described in Section 3(a)(8) hereof, but such Underwritten Bond may be transferred as herein provided. All such payments made as described in Section 3(a)(8) shall be valid and shall satisfy and discharge the liability of the City upon such Underwritten Bond to the extent of the amount or amounts so paid.

(4) DTC Acceptance/Letters of Representations. The Underwritten Bonds of a series initially shall be held in fully immobilized form by DTC acting as depository. The City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor depository) with respect to the Underwritten Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal of or interest on Underwritten Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices

as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Underwritten Bonds are held by DTC or its successor depository or its nominee, DTC, its successor depository or its nominee shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the Beneficial Owners of such Underwritten Bonds.

(5) Use of Depository.

(A) The Underwritten Bonds of a series shall be registered initially in the name of “Cede & Co.”, as nominee of DTC, with one Bond of a series maturing on each of the maturity dates for the Underwritten Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such immobilized Bonds, or any portions thereof, may not thereafter be transferred except (i) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (ii) to any substitute depository appointed by the Director of Finance & Asset Management pursuant to subsection (B) below or such substitute depository’s successor; or (iii) to any person as provided in subsection (D) below.

(B) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Director of Finance & Asset Management to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the Director of Finance & Asset Management may thereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(C) In the case of any transfer pursuant to clause (i) or (ii) of subsection (A) above, the Bond Registrar shall, upon receipt of all outstanding Underwritten Bonds, together with a written request on behalf of the Director of Finance & Asset Management, issue a single new Underwritten Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Director of Finance & Asset Management.

(D) In the event that (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the Director of Finance & Asset Management determines that it is in the best interest of the Beneficial Owners of the Underwritten Bonds that such owners be able to obtain such Bonds in the form of Bond certificates, the ownership of such Underwritten Bonds may then be transferred to any person or entity as herein provided, and such Bonds shall no longer be held in fully-immobilized form. The Director of Finance & Asset Management shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Underwritten Bonds together with a written request on behalf of the Director of Finance & Asset Management to the Bond Registrar, new Bonds of each series shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(6) Registration of Transfer of Ownership or Exchange; Change in Denominations.
The transfer of any Underwritten Bond may be registered and Underwritten Bonds may be exchanged, but no transfer of any such Underwritten Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Underwritten Bond duly

executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Underwritten Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Underwritten Bond(s) (or Underwritten Bonds at the option of the new Registered Owner) of the same series, date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Underwritten Bond, in exchange for such surrendered and cancelled Underwritten Bond. Any Underwritten Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Underwritten Bonds of the same series, date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer or to exchange any Underwritten Bond following the Record Date preceding any principal payment or redemption date.

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

(8) Place and Medium of Payment. Both principal of and interest on the Underwritten Bonds shall be payable in lawful money of the United States of America. Interest on the Underwritten Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Underwritten Bonds are held by a depository, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of

DTC referred to in the Letter of Representations. In the event that the Underwritten Bonds are no longer in fully immobilized form, interest on the Underwritten Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Underwritten Bonds (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Underwritten Bonds shall be payable upon presentation and surrender of such Underwritten Bonds by the Registered Owners at the principal office of the Bond Registrar.

(b) *Direct Purchase Bonds.*

(1) Bond Details. Any Bonds may be sold as Direct Purchase Bonds. Direct Purchase Bonds shall be dated as of the date of delivery to the Direct Purchaser, shall be fully registered as to both principal and interest, shall be in one denomination, and shall mature on the date set forth in the applicable Sale Document. Direct Purchase Bonds shall bear interest from the dated date or the most recent date to which interest has been paid at the interest rate set forth in the applicable Sale Document. Interest on the principal amount of Direct Purchase Bonds shall be calculated per annum on a 30/360 basis, or as otherwise provided in the Bond and in the applicable Sale Document. Principal of and interest on Direct Purchase Bonds shall be payable at the times and in the amounts as set forth in the payment schedule attached to the Direct Purchase Bond.

(2) Registrar/Bond Registrar. The Director of Finance & Asset Management or the fiscal agent of the State shall act as Bond Registrar for any Direct Purchase Bonds. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Direct Purchase Bonds

if transferred or exchanged in accordance with the provisions of the Direct Purchase Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance with respect to Direct Purchase Bonds.

(3) Registered Ownership. The City and the Bond Registrar may deem and treat the Registered Owner of any Direct Purchase Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

(4) Transfer or Exchange of Registered Ownership. Direct Purchase Bonds shall not be transferrable without the consent of the City unless (i) the Direct Purchaser's corporate name is changed and the transfer is necessary to reflect such change, or (ii) the transferee is a successor in interest of the Direct Purchaser by means of a corporate merger, an exchange of stock, or a sale of assets. Notwithstanding the foregoing, Direct Purchase Bonds may be transferred upon satisfaction of the requirements, if any, set forth in the applicable Sale Document and the Direct Purchase Bonds.

(5) Place and Medium of Payment. Both principal of and interest on Direct Purchase Bonds shall be payable in lawful money of the United States of America. Principal and interest on Direct Purchase Bonds shall be payable by check, warrant, ACH transfer or by other means mutually acceptable to the Direct Purchaser and the City as set forth in the Sale Document.

Section 4. Redemption and Purchase of Bonds.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption, if any.* The Bonds of each series shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the applicable Sale Document and as approved by the Designated Representative pursuant to Section 11 of this ordinance. The Bonds of each series shall be subject

to mandatory redemption to the extent, if any, set forth in the applicable Sale Document approved by the Designated Representative pursuant to Section 11 of this ordinance.

(b) *Purchase of Bonds.* The City reserves the right to purchase any of the Bonds offered to it at any time at a price deemed reasonable by the Director of Finance & Asset Management.

(c) *Selection of Bonds for Redemption.* If the Underwritten Bonds are held in book-entry only form, the selection of particular Underwritten Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Underwritten Bonds are no longer held by a depository, the selection of such Underwritten Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c). Except as otherwise provided in the applicable Sale Document, if the City redeems at any one time fewer than all of the Bonds having the same maturity date, the particular Underwritten Bonds or portions of Underwritten Bonds of such maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of an Underwritten Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Underwritten Bond as representing such number of separate Underwritten Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Underwritten Bond by \$5,000. In the event that only a portion of the principal sum of a Underwritten Bond is redeemed, upon surrender of such Underwritten Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered

Owner, an Underwritten Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) Official Notice. Notice of any prepayment of Direct Purchase Bonds shall be provided by the City to the Direct Purchaser as provided in the applicable Sale Document.

For so long as the Underwritten Bonds of a series are held by a depository, notice of redemption (which notice may be conditional) shall be given in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar will provide any notice of redemption to any Beneficial Owners. Thereafter (if the Underwritten Bonds are no longer held in uncertificated form), notice of redemption shall be given in the manner hereinafter provided. Unless waived by any owner of Underwritten Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Underwritten Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state: (A) the redemption date, (B) the redemption price, (C) if fewer than all outstanding Underwritten Bonds are to be redeemed, the identification by series and maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (D) any conditions to redemption, (E) that (unless such notice is conditional) on the redemption date the redemption price will become due and payable upon each such Underwritten Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (F) the place where such

Underwritten Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Underwritten Bonds or portions of Underwritten Bonds which are to be redeemed on that date. The City retains the right to rescind any redemption notice and the related optional redemption of Underwritten Bonds by giving notice of rescission to the affected registered owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Underwritten Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given as aforesaid, or if the conditions to redemption have been satisfied or waived, and the notice of such redemption has not been rescinded, the Underwritten Bonds or portions of Underwritten Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date, unless the City defaults in the payment of the redemption price, such Underwritten Bonds or portions of Underwritten Bonds shall cease to bear interest. Upon surrender of such Underwritten Bonds for redemption in accordance with said notice, such Underwritten Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Underwritten Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Underwritten Bonds being redeemed; (B) the date of issue of the Underwritten Bonds as originally issued; (C) the rate of interest borne by each Underwritten Bond being redeemed; (D) the maturity date of each Underwritten Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Underwritten Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to the Continuing Disclosure Certificate and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Underwritten Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this Section 5, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Form of the Bonds. The Bonds of each series shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference.

Section 6. Execution of the Bonds. The Bonds of each series shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk and the seal of the City shall be impressed, imprinted or

otherwise reproduced thereon. In case either or both of the officers who have signed or attested any of the Bonds cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed or attested such Bonds had not ceased to be such officers, and any Bond may be signed or attested on behalf of the City by officers who at the date of actual execution of such Bond are the proper officers, although at the nominal date of execution of such Bond such officer was not an officer of the City.

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

Section 7. Refunding Plan; Application of Bond Proceeds.

(a) *Refunding Plan.* For the purpose of defeasing the Defeased Bonds and refunding the Refunded Bonds, the City shall implement the refunding plan as set forth herein. The Refunded Bonds shall include all or a portion of those Refunding Candidates, as designated by the Designated Representative and identified in the Escrow Agreement, if any. Proceeds of the Bonds shall be deposited with the Escrow Agent pursuant to the applicable Escrow Agreement to be used immediately upon receipt thereof to defease the Defeased Bonds and refund the Refunded Bonds as authorized by the resolutions and ordinances authorizing the issuance of such Defeased Bonds and Refunded Bonds and to pay costs of issuance of the Bonds.

The proceeds of the Bonds deposited with the Escrow Agent shall be used to defease the Defeased Bonds and refund the Refunded Bonds and discharge the obligations thereon by the

purchase of Acquired Obligations bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

(1) Interest on the Defeased Bonds and the Refunded Bonds when due on and prior to maturity or the earlier applicable Call Date; and

(2) The principal amount of the Defeased Bonds when due and the redemption price (100% of the principal amount) of the Refunded Bonds on the applicable Call Date.

(b) *Escrow Agent /Escrow Agreement.* The City hereby appoints U.S. Bank National Association, Seattle, Washington, as the Escrow Agent for the Defeased Bonds and the Refunded Bonds (the “Escrow Agent”). To carry out the purposes of this Section 7, the Designated Representative is authorized and directed to execute and deliver to the Escrow Agent, an Escrow Agreement. A beginning cash balance, if any, and the Acquired Obligations shall be deposited irrevocably with the Escrow Agent in an amount sufficient to defease the Defeased Bonds and the Refunded Bonds. The proceeds of the Bonds remaining after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and costs of issuance of the Bonds.

(c) *Call for Redemption of Refunded Bonds.* The City hereby sets aside sufficient funds out of the purchase of Acquired Obligations from proceeds of the Bonds to make the payments described above. The City further calls the Refunded Bonds for redemption on their Call Date in accordance with the provisions of the ordinances authorizing the redemption and retirement of the Refunded Bonds prior to their fixed maturities. Said defeasance of the Defeased Bonds and

defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the issuance of the Bonds and delivery of the Acquired Obligations to the Escrow Agent.

The Escrow Agent is hereby authorized and directed to pay to the trustee for the Defeased Bonds and the paying agent for the Refunded Bonds, sums sufficient to pay, when due, the payments specified in this section. All such sums shall be paid from the moneys and Acquired Obligations deposited with the Escrow Agent, and the income therefrom and proceeds thereof. All such sums so paid shall be credited to the Refunding Account (which is hereby authorized to be created) or other funds created under the Escrow Agreement. All moneys and Acquired Obligations deposited with the Escrow Agent and any income therefrom shall be held, invested (but only at the direction of the Designated Representative) and applied in accordance with the provisions of this ordinance, the Escrow Agreement, and with the laws of the State for the benefit of the City and owners of the Defeased Bonds and the Refunded Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Defeased Bonds and Refunded Bonds shall be paid when due.

Section 8. Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners of the Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Tax-Exempt Bonds, including but not limited to the following, except as otherwise set forth in the Federal Tax Certificate:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Tax-Exempt Bonds are not so used as to cause the Tax-Exempt Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Project.* The City will not sell or otherwise transfer or dispose of (i) any personal property components of the projects refinanced with proceeds of the Tax-Exempt Bonds (the “Tax-Exempt Projects”) other than in the ordinary course of an established government program under Treasury Regulation §1.141-2(d)(4) or (ii) any real property components of the Tax-Exempt Projects, unless it has received an opinion of Bond Counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit or suffer any action to be taken if the result of such action would be to cause the Tax-Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be an “arbitrage bonds” within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of the Tax-Exempt Bonds that complies with the provisions of Section 149 of the Code until the Bonds have been surrendered and canceled.

(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three years after the Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Tax-Exempt Bonds.

(h) *Compliance with Federal Tax Certificate.* The City will comply with the provisions of the Federal Tax Certificate with respect to the Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein.

The covenants of this section will survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 9. Debt Service Fund and Provision for Tax Levy Payments.

(a) *General.* The City hereby authorizes the creation of a fund to be used for the payment of debt service on the Bonds, designated as the “Debt Service Fund” (the “Debt Service Fund”). No later than the date each payment of principal of or interest on the Bonds becomes due, the City shall transmit sufficient funds, from the Debt Service Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest.

(b) *Pledge of Full Faith and Credit.* The City hereby irrevocably covenants and agrees for as long as any of the Bonds are outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax, upon all the property within the City subject to taxation in an amount which will be sufficient, together with other lawfully available funds, to pay the principal of and interest on the Bonds as the same shall become due. All of such taxes and any of such other money so collected shall be paid into the Debt Service Fund. Money in the Debt Service Fund not

needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of City money. Any interest or profit from the investment of such money shall be deposited in the Debt Service Fund.

The City hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be within and as a part of the tax levy permitted to cities without a vote of the people and will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

(c) *Pledge of Lodging Tax Revenues.* The Lodging Tax Bonds are bonds issued to finance or refinance a tourism-related facility. The Lodging Tax Bonds are authorized and issued pursuant to RCW 67.28.150 and are payable as other general obligation bonds of the City, and the Lodging Tax Bonds also are payable from Lodging Taxes. The City hereby covenants to levy the Lodging Taxes at the rate imposed on this date and irrevocably pledges all revenues from Lodging Taxes to pay the principal of and interest on, and secure the payment of the principal of and interest on, the Lodging Tax Bonds for so long as any Lodging Tax Bond remains outstanding. The City also has pledged revenues from Lodging Taxes to pay the principal of and interest on, and secure the payment of the principal of and interest on, the 1995 Bonds and the 2015 Bonds. The City hereby pledges the Lodging Tax revenues on a parity basis to the Lodging Tax Bonds, the 1995 Bonds and the 2015 Bonds for so long as any Lodging Tax Bond remains outstanding. The City

reserves the right to pledge the Lodging Tax revenues on a parity or subordinate basis to future bonds issued to finance projects payable from Lodging Tax revenues.

Section 10. Defeasance. In the event that money and/or noncallable Government Obligations, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are set aside in a special account of the City to effect such redemption and retirement, and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Debt Service Fund for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the money so set aside and pledged, and such Bonds shall be deemed not to be outstanding hereunder. The City shall give or cause to be given written notice of defeasance in accordance with the Continuing Disclosure Certificate.

Section 11. Sale of the Bonds.

(a) *Bond Sale.* The City has determined that it would be in the best interest of the City to delegate to the Designated Representative for a limited time the authority to designate each series of Bonds as Tax-Exempt Bonds or Taxable Bonds, to determine the method of sale for each series of Bonds, to approve the selection of the Refunded Bonds, and to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds issued hereunder. The Designated Representative is hereby authorized to approve the issuance of each series of Bonds issued from time to time under this ordinance and to approve whether each series of Bonds shall be sold in a private placement to a Direct Purchaser or to an Underwriter through a competitive public sale or a negotiated sale, as set forth below.

(b) *Direct Purchase.* If the Designated Representative determines that each series of Bonds are to be sold by private placement, the Designated Representative shall solicit proposals to purchase the Direct Purchase Bonds and to select the Direct Purchaser that submits the proposal that is in the best interest of the City. Direct Purchase Bonds shall be sold to the Direct Purchaser pursuant to the terms of a Loan Agreement.

(c) *Negotiated Bond Sale.* If the Designated Representative determines that each series of Bonds are to be sold by negotiated public sale, the Designated Representative shall solicit bond underwriting proposals and shall select the Underwriter that submits the proposal that is in the best interest of the City. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Bond Purchase Contract.

(d) *Competitive Sale.* If the Designated Representative determines that each series of Bonds are to be sold at a competitive public sale, the Designated Representative shall: (1) establish the date of the public sale; (2) establish the criteria by which the successful bidder will be determined; (3) request that a good faith deposit in an amount not less than one percent of the principal amount of the offering accompany each bid; and (4) provide for such other matters pertaining to the public sale as he or she deems necessary or desirable. The Designated Representative shall cause the notice of sale to be given and provide for such other matters pertaining to the public sale as he or she deems necessary or desirable. Such Bonds shall be sold to the Underwriter pursuant to the terms of a Certificate of Award.

(e) *Sale Parameters.* The Designated Representative is hereby authorized to approve the method of sale for each Series of Bonds, designate such series as Tax-Exempt or Taxable Bonds, select the Refunded Bonds, and determine the final interest rates, aggregate principal amount,

principal maturities, and redemption rights for each series of Bonds in the manner provided hereafter so long as:

- (1) the aggregate principal amount of all series of the Bonds does not exceed \$65,000,000;
- (2) the final maturity date for each series Bonds is no later than December 1, 2035;
- (3) each series of Bonds are sold (in the aggregate) at a price not less than 98% and not greater than 140%;
- (4) the Bonds issued to refund the 2010 Bonds and 2010 Refunding Bonds are sold for a price that results in a minimum net present value debt service savings equal to or greater than the Savings Target for the 2010 Bonds and 2010 Refunding Bonds, respectively; and
- (5) the true interest cost for the Bonds (in the aggregate) does not exceed 5.00%.

Subject to the terms and conditions set forth in this Section 11, the Designated Representative is hereby authorized to execute the applicable Sale Document for the Bonds. Following the execution of a Sale Document, the Designated Representative shall provide a report to the City describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Representative by this Section 11 shall expire June 30, 2021. If a Sale Document for the Bonds has not been executed by such date, the authorization for the issuance of such Bonds shall be rescinded, and such Bonds shall not be issued nor their sale approved unless such Bonds shall have been re-authorized by resolution of the City.

(f) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance, the proper officials of the City, including the Designated Representative, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds

to the Underwriter thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds.

(g) *Preliminary and Final Official Statements.* The City authorizes the Director of Finance & Asset Management to approve the preliminary official statement for the Bonds and authorizes the distribution of the preliminary official statement in connection with the offering of the Bonds. Pursuant to the Rule, the Director of Finance & Asset Management is hereby authorized to deem the preliminary official statement as final as of its date except for the omission of information dependent upon the pricing of the Bonds. The City agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of the Rule and the rules of the MSRB. The City's Director of Finance & Asset Management is authorized to approve, supplement or amend the final official statement.

Section 12. Undertaking to Provide Ongoing Disclosure; Covenants.

(a) The City covenants to execute and deliver at the time of Closing of any Underwritten Bonds a Continuing Disclosure Certificate. The Director of Finance & Asset Management and the Mayor are each hereby authorized to execute and deliver a Continuing Disclosure Certificate upon the issuance, delivery and sale of any Underwritten Bonds with such terms and provisions as such individuals shall deem appropriate and in the best interests of the City.

(b) The City may agree to provide the Direct Purchaser certain financial or other information and agree to such additional covenants as determined to be necessary by the

Designated Representative and as set forth in the Loan Agreement and approved by the Designated Representative pursuant to Section 11.

Section 13. Lost or Destroyed Bonds. If any Bond or Bonds are lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like series, date, number and tenor to the Registered Owner upon the owner paying the expenses and charges of the Bond Registrar and the City in connection therewith and upon his/her filing with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his or her ownership, and upon furnishing the City and the Bond Registrar with indemnity satisfactory to the City and the Bond Registrar.

Section 14. Lease Purchase Agreement and Operating Agreement Amendments; General Authorization; Ratification of Prior Acts. The City Manager and Director of Finance & Asset Management, and other appropriate officers of the City are authorized to take any actions and to execute amendments to the Lease Purchase Agreement and Operating Agreement in substantially the forms attached as Exhibit B and Exhibit C hereto, and to execute and deliver related documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 15. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

Section 16. Effective Date. This ordinance shall become effective five days from and after its passage, approval and publication, as required by law.

Passed by the City Council this _____ day of _____, 2020 and signed in authentication of its passage this _____ day of _____, 2020.

(SEAL)

Lynne Robinson, Mayor

APPROVED AS TO FORM:
Kathryn L. Gerla, City Attorney

Nicholas Melissinos, Deputy City Attorney

ATTEST:

Charmaine Arredondo, City Clerk

PUBLISHED: _____

Exhibit A

Form of Bond

[DTC LANGUAGE] [TRANSFER RESTRICTIONS]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF BELLEVUE

LIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 2020

INTEREST RATE: %

MATURITY DATE:

[CUSIP NO.:]

REGISTERED OWNER:

PRINCIPAL AMOUNT:

[The City of Bellevue, Washington (the “City”) 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 indicated above and to pay interest thereon from the date of delivery, or the most recent date to which interest has been paid, at the Interest Rate set forth above. Interest on this bond shall accrue from its dated date until paid and shall be computed per annum on the principal amount outstanding on a 30/360 basis. Principal of and accrued interest on this bond shall be payable on the dates set forth in the payment schedule attached hereto. Both principal of and interest on this bond are payable in lawful money of the United States of America.] [The City of Bellevue, Washington, (the “City”), 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 indicated above and to pay interest thereon from _____, 20____, or the most recent date to which interest has been paid at the Interest Rate set forth above payable _____ 1, 20____, and semiannually thereafter on the first days of each succeeding _____ 1 and _____ 1. Interest on this bond shall accrue from its dated date until paid and shall be computed per annum on the principal amount outstanding on a 30/360 basis. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agency of the State of Washington has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the “Bond Registrar”). For so long as the bonds of this issue are held in fully immobilized form, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company (“DTC”) referred to in the Blanket Issuer Letter of Representations (the “Letter of Representations”) from the City to DTC.]

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and Ordinance No. _____ duly passed by the City Council on _____, 2020 (the “Bond Ordinance”). Capitalized terms used in this bond have the meanings give such terms in the Bond Ordinance.

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 on behalf of the Bond Registrar or its duly designated agent.

This bond [is one of an authorized issue of bonds of like date, tenor, rate of interest and date of maturity, except as to number and amount in the aggregate principal amount of \$_____ and] is issued pursuant to the Bond Ordinance to provide a portion of the funds necessary (a) to defease and refund certain obligations, and (b) to pay costs of issuance. [Simultaneously with this bond, the City is also issuing its Limited Tax General Obligation Refunding Bond[s] 2020[___] pursuant to the Bond Ordinance to defease and refund certain obligations.]

[insert description or redemption or prepayment terms]

The City hereby irrevocably covenants and agrees for as long as this bond is outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax, upon all the property within the City subject to taxation in an amount which will be sufficient, together with other lawfully available funds, to pay the principal of and interest on this bond as the same shall become due.

The City hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on this bond will be within and as a part of the tax levy permitted to cities without a vote of the people and will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on this bond. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on this bond as the same shall become due.

[This bond also is payable from Lodging Taxes. The City hereby covenants to levy the Lodging Taxes at the rate imposed on this date and irrevocably pledges all revenues from Lodging Taxes to pay the principal of and interest on, and secure the payment of the principal of and interest on, this bond for so long as this bond remains outstanding.]

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

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist and to have happened, been done and performed precedent to and in the issuance of this bond exist and have happened, been done and performed and that the issuance of this bond and the bonds of this issue does not violate any constitutional statutory or other limitation upon the amount of bonded indebtedness that the City may incur. IN WITNESS WHEREOF, the City of Bellevue, Washington, has caused this bond to be executed by the manual or facsimile signature of the Mayor the Clerk of the City, and the seal of the City imprinted, impressed or otherwise reproduced hereon as of this ____ day of _____, 2020.

[SEAL]

CITY OF BELLEVUE, WASHINGTON

By _____
/s/ manual or facsimile
Mayor

ATTEST:

/s/ manual or facsimile
City Clerk

[FOR UNDERWRITTEN BONDS]

The Certificate of Authentication for the Bonds shall be in substantially the following form and shall appear on each Bond:

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Limited Tax General Obligation Refunding Bonds, 2020[] of the City of Bellevue, Washington, dated _____, 2020.

WASHINGTON STATE FISCAL AGENT,
as Registrar

By _____
Authorized Officer

[FOR DIRECT PURCHASE BONDS]

REGISTRATION CERTIFICATE

This bond is registered in the name of the Registered Owner on the books of the City, in the office of the _____ (the "Bond Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this bond shall be made by the City as provided in the Bond Ordinance.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
_____, 2020		

PAYMENT SCHEDULE

Principal and interest on this bond shall be payable as set forth in the following schedule:

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
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Exhibit B:
Sixth Amendment to First Amended Lease Purchase Agreement

SIXTH AMENDMENT TO
FIRST AMENDED LEASE PURCHASE AGREEMENT

BY AND BETWEEN

THE BELLEVUE CONVENTION CENTER AUTHORITY

AND

THE CITY OF BELLEVUE, WASHINGTON

This Sixth Amendment to the First Amended Lease Purchase Agreement is made as of this ____ day of _____, 2020, by and between the City of Bellevue (the “City”), a municipal corporation duly formed and existing under the laws of the State of Washington, and the Bellevue Convention Center Authority (the “Authority”), a public development corporation chartered by the City of Bellevue.

WITNESSETH

WHEREAS, pursuant to the First Amended Sublease by and between the City and the Authority, dated August 1, 1991, as amended and supplemented by the First Amendment, dated as of January 1, 2000, the Second Amendment, dated as of June 30, 2006, and as it may be amended and supplemented from time to time in the future (the “Sublease”), the City leases to the Authority the site of the Meydenbauer Center and the Expansion Parcel (as defined in the Second Amendment to the First Amended Sublease) (the “Premises”); and

WHEREAS, pursuant to the First Amended Design, Development, Construction, Financing and Operating Agreement, dated August 1, 1991, as amended and supplemented by the Supplemental Agreement Regarding the Implementation of Article III, Section C, dated as of May 14, 1993, the [First] Amendment, dated as of December 1, 1995, the Second Amendment, dated as of January 1, 2000, the Third Amendment, dated as of June 1, 2002, the Fourth Amendment, dated as of June 30, 2006, the Fifth Amendment, dated as of November 26, 2007, the Sixth Amendment, dated as of April 28, 2015, the Seventh Amendment, of even date herewith, and as it may be amended and supplemented from time to time in the future (the “Operating Agreement”), the Authority constructed, maintains and operates the Meydenbauer Center; and

WHEREAS, pursuant to the First Amended Lease Purchase Agreement, dated August 1, 1991, as amended by the First Amendment to the First Amended Lease Purchase Agreement, dated November 16, 1993, and as amended by the Second Amendment to the First Amended Lease Purchase Agreement, dated November 1, 1994, and as amended by the Third Amendment to the First Amended Lease Purchase Agreement, dated January 1, 2000, and as amended by the Fourth Amendment to the First Amended Lease Purchase Agreement, dated June 30, 2006, and as amended by the Fifth Amendment to the First Amended Lease Purchase Agreement, dated

November 26, 2007 (the “Lease Purchase Agreement”), the City leases back from the Authority the Premises and improvements thereon; and

WHEREAS, the Authority previously issued its Special Obligation Revenue and Refunding Bonds, Series 1994 (the “Authority Bonds”) to (a) refund the Authority’s Special Obligation Revenue Bonds, Series 1991A; (b) refund a portion of the Authority’s Special Obligation Revenue Bonds, Series 1991B; and (c) retire short-term debt of the Authority and reimburse the Authority for previous capital expenditures; and

WHEREAS, the City has outstanding a portion of its Limited Tax General Obligation Refunding Bonds, 2010 (the “2010 City Bonds”), issued to refund a portion of the City’s then-outstanding Limited Tax General Obligation Bonds, 2002, which were issued for Meydenbauer Center capital purposes; and

WHEREAS, pursuant to the Lease Purchase Agreement and Operating Agreement, debt service on the Authority Bonds, the 2010 City Bonds, and certain other bonds issued by the City for Authority capital purposes is paid from lodging taxes imposed by the City pursuant to RCW 67.28.180 (“2% Revenues”) and RCW 67.28.181 (“3% Revenues”), and predecessor statutes under ch. 67.40 RCW; and

WHEREAS, as a result of the global pandemic caused by the novel coronavirus (“COVID-19”), 2% Revenues and 3% Revenues have decreased significantly; and

WHEREAS, the City has determined to (a) prepay its Unadjusted Period Rent obligations (other than Nominal Rent) under the Lease Purchase Agreement (“Lease Purchase Rent”), which provide for the debt service on the Authority Bonds, in order to permit the Authority to defease the Authority Bonds; and (b) to refund the 2010 City Bonds to restructure the debt service on these and other bonds to reflect the revised forecast of 2% Revenues and 3% Revenues (the “Refinancing Plan”); and

WHEREAS, the City has, to this end, authorized the issuance and sale of its Limited Tax General Obligation Refunding Bonds, 2020, a portion of which will be allocated to refunding the 2010 City Bonds and to prepaying the City’s Unadjusted Period Rent obligations to the Authority (the portion so allocated is referred to herein as the “2020 City Bonds”); and

WHEREAS, the City and the Authority seek to amend the Lease Purchase Agreement and the Operating Agreement (a) to provide for the prepayment of Lease Purchase Rent, the defeasance of the Authority Bonds, and the refunding of the 2010 City Bonds; and (b) to permit the pledge of 2% Revenues and 3% Revenues to the 2020 City Bonds issued to accomplish such Refinancing Plan; and

WHEREAS, the Authority is authorized, pursuant to its Resolution No. 2020-09 adopted on October 27, 2020 and has taken all steps necessary pursuant to its Charter and Bylaws and applicable laws and regulations, to enter into this Sixth Amendment to the First Amended Lease Purchase Agreement and to comply fully with the terms hereof; and

WHEREAS, the City is authorized, pursuant to its Ordinance No. ____ passed on _____, 2020 and has taken all steps necessary pursuant to applicable laws and regulations

to enter into this Sixth Amendment to the First Amended Lease Purchase Agreement and to comply fully with the terms hereof;

NOW, THEREFORE, pursuant to law and for and in consideration of the mutual promises, covenants and conditions hereinafter contained, the parties hereto agree as follows:

Section 1. Unadjusted Period Rent. Section 5.1(c) of the Lease Purchase Agreement is hereby amended as follows (additions are shown in double-underlined text):

(c) Unadjusted Period Rent. Unadjusted Period Rent is the amount payable on each Rent Period Date as set forth on the Unadjusted Rent Schedule. As reflected on the Unadjusted Rent Schedule, following the prepayment of the rent to pay scheduled payment of debt service to effect to defeasance of, or the last scheduled payment of, debt service on the Bonds, the Unadjusted Period Rent is \$10 per Rent Period ("Nominal Rental") for the remaining Lease Term.

Section 2. Rent Payment and Pledge. Section 5.4 of the Lease Purchase Agreement titled "Rent Payment and Pledge" is struck in its entirety, and shall be marked as [Reserved].

Section 3. Definitions. The definitions of "Lease" and "Operating Agreement" set forth in Article XXII of the Lease Purchase Agreement are hereby amended as follows (additions are shown in double-underlined text):

"Lease" means the Lease Purchase Agreement by and between the City and the Authority, dated as of January 17, 1990, as amended and superseded by this First Amended Lease Purchase Agreement, as has been amended from time to time.

"Operating Agreement" means that certain "Design, Development Construction, Financing and Operating Agreement" by and between the City and the Authority dated as of January 17, 1990, as amended and superseded by the "First Amended Design, Development, Construction, Financing and Operating Agreement" dated as of August 1, 1991, as has been amended from time to time.

Section 4. No Joint Venture. Section 23.2 of the Lease Purchase Agreement is hereby amended as follows (additions are shown in double-underlined text):

No Joint Venture. It is not intended by this Lease to, and nothing contained in this Lease shall, create any partnership, joint venture or other arrangement between the Authority and the City. No term or provision of this Lease is intended to be, or shall be, for the benefit of any person, firm, organization or corporation, and no such person, firm, organization or corporation shall have any right or cause of action hereunder.

Section 5. Ratification. Except as provided herein, the terms and conditions contained in the Lease Purchase Agreement are hereby ratified and confirmed.

Section 6. Counterparts. This Sixth Amendment to the First Amended Lease Purchase Agreement may be simultaneously executed in one or more counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this instrument the day and year first above written.

CITY OF BELLEVUE

By _____
Brad Miyake, City Manager

BELLEVUE CONVENTION CENTER
AUTHORITY

By _____
Bob Wallace, Chair

APPROVED AS TO FORM:
Kathryn L. Gerla, City Attorney

[illegible]

On this ____ day of _____ before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____ to me known to be the Chairman of the Bellevue Convention Center Authority that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned and on oath stated that he/she is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My commission expires: _____

[illegible]

On this _____ day of _____, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____ to me known to be the City Manager of the City of Bellevue, Washington that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said public authority, for the uses and purposes therein mentioned and on oath stated that he/she is authorized to execute said instrument.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

NOTARY PUBLIC in and for the State of
Washington, residing at _____
My commission expires: _____

Exhibit C:
**Seventh Amendment to First Amended Design,
Development, Construction, Financing and Operating Agreement**

**SEVENTH AMENDMENT
TO THE FIRST AMENDED DESIGN, DEVELOPMENT,
CONSTRUCTION, FINANCING AND OPERATING AGREEMENT**

This SEVENTH AMENDMENT TO THE FIRST AMENDED DESIGN, DEVELOPMENT, CONSTRUCTION, FINANCING AND OPERATING AGREEMENT ("Seventh Amendment") is made as of the ____ day of _____, 2020, by and between the **CITY OF BELLEVUE** (the "City"), a municipal corporation duly formed and existing under the laws of the State of Washington, and the **BELLEVUE CONVENTION CENTER AUTHORITY** (the "Authority"), a public development corporation chartered by the City.

Pursuant to applicable law and for and in consideration of the mutual promises, covenants and conditions set forth below, the parties agree as follows:

Section 1. **Recitals.** This Seventh Amendment is made with reference to the facts set forth in this section. Capitalized terms used herein have the meanings given in the Operating Agreement (as defined below), as amended by this Seventh Amendment.

1.1 Pursuant to the First Amended Sublease by and between the City and the Authority, dated August 1, 1991, as amended or supplemented by the following: (a) First Amendment to First Amended Sublease, dated January 1, 2000 (the "First Amendment"), (b) Second Amendment to First Amended Sublease, dated June 30, 2006, (c) Third Amendment to First Amended Sublease, dated November 26, 2007 (as so supplemented and amended, the "Ground Lease," recognizing that under the First Amendment, upon the City's acquisition of the property from the Tochtermann Investment Company, Inc., the City became ground lessor rather than sublessor), the City leases to the Authority the site of the Convention Center Project and the expansion parcel.

1.2 Pursuant to the First Amended Lease Purchase Agreement by and between the City and the Authority, dated August 1, 1991, as amended or supplemented by the following: (a) First Amendment to the First Amended Lease Purchase Agreement, dated November 16, 1993, (b) Second Amendment to the First Amended Lease Purchase Agreement, dated November 1, 1994, (c) Third Amendment to the First Amended Lease Purchase Agreement, dated January 1, 2000, (d) Fourth Amendment to the First Amended Lease Purchase Agreement, dated June 30, 2006, and (e) Fifth Amendment to the First Amended Lease Purchase Agreement, dated November 26, 2007, (as so supplemented and amended, the "Lease Purchase Agreement"), the City leases back the property and improvements and pays Lease Purchase Rent that is applied by the Authority as set forth in the Lease Purchase Agreement, including to pay debt service on the Outstanding Authority Bonds.

1.3 Pursuant to the First Amended Design, Development, Construction, Financing and Operating Agreement, dated as of August 1, 1991 ("1991 Agreement"), as amended or supplemented by the following: (a) Supplemental Agreement Regarding Implementation of Article

III, Section C of the 1991 Agreement, dated as of May 14, 1993; (b) [First] Amendment to the 1991 Agreement, dated as of December 1, 1995 (“First Amendment”); (c) Second Amendment to the 1991 Agreement, dated as of January 1, 2000 (“Second Amendment”); (d) Third Amendment to the 1991 Agreement, dated as of June 1, 2002 (“Third Amendment”); (e) Fourth Amendment to the 1991 Agreement, dated as of June 30, 2006 (“Fourth Amendment”); (f) Fifth Amendment to the 1991 Agreement, dated as of November 26, 2007 (“Fifth Amendment”); and Sixth Amendment to the 1991 Agreement, dated as of April 28, 2015 (the “Sixth Amendment”) (as so supplemented and amended, the “Operating Agreement”), the Authority constructed, maintains and operates the Convention Center Project for lease back to the City.

1.4 In addition to the Outstanding Authority Bonds issued to finance the Convention Center Project, the City has issued and there are outstanding the 1995 City Bonds, the 2010 City Bonds and the 2015 City Bonds issued to finance a portion of the costs of the Convention Center Project, to refinance the acquisition of the expansion parcel, and to finance a portion of the costs of renovating the Convention Center Project (the “Renovation Project”), respectively (collectively with the Outstanding Authority Bonds, the “Convention Center Bonds”).

1.5 Pursuant to RCW 67.28.150, the City may issue general obligation bonds, which are authorized, executed, issued, and made payable as other general obligation bonds of the City, and the City may provide that such bonds also be made payable from any special taxes provided for in Chap. 67.28 RCW and may pledge such special taxes to the repayment of the bonds.

1.6 Debt service on the Convention Center Bonds is paid, pursuant to Lease Purchase Rent or directly by the City, from special excise taxes on the sale of or charge made for the furnishing of lodging that is subject to tax under ch. 82.08 RCW (e.g. transient occupancy taxes) imposed by the City pursuant to RCW 67.28.180 (2% Revenues) and RCW 67.28.181 (3% Revenues), and predecessor statutes under ch. 67.40 RCW. The City is authorized to levy the 2% tax under RCW 67.28.180 because the City levied the tax and, prior to June 26, 1975, authorized and issued revenue or general obligation bonds pursuant to the provisions of RCW 67.28.150 and 67.28.160, and may levy the tax so long as the tax revenues are pledged for payment of principal and interest on bonds issued at any time pursuant to the provisions of RCW 67.28.150 and 67.28.160. The City is authorized to levy the 3% tax under RCW 67.28.181 because the City’s tax is grandfathered at the rate actually imposed by the City on January 31, 1999. The City also has pledged to levy, budget and appropriate revenues and taxes, available without a vote of the City’s electors, in amounts sufficient together with other available funds to pay Lease Purchase Rent and debt service on the other Convention Center Bonds.

1.7 The Convention Center Bonds have been paid from 2% Revenues and 3% Revenues. As a result of the global pandemic caused by the novel coronavirus (“COVID-19”), 2% Revenues and 3% Revenues have decreased dramatically. As a result of this dramatic decrease, the City has determined to refinance certain of the Convention Center Bonds to restructure the debt service on the Convention Center Bonds to match the revised forecast of 2% Revenues and 3% Revenues.

1.8 This Seventh Amendment is made pursuant to Article XIII.M of the Operating Agreement, which provides that amendments are permitted only by written instrument approved by resolution duly adopted by the Authority and approved by the City by ordinance.

1.9 This Seventh Amendment is made to provide for the issuance of the 2020 City Bonds (as defined below), the proceeds of which are to be applied to prepay its Unadjusted Period Rent obligations (other than Nominal Rent) under the Lease Purchase Agreement (“Lease Purchase Rent”) in order to defease all Outstanding Authority Bonds and to defease and refund the 2010 City Bonds (the “Refinancing Plan”). Except as specifically amended, this Seventh Amendment is intended to have no effect on any other terms of the Operating Agreement and all other terms of the Operating Agreement are intended to remain in effect.

1.10 The Authority is authorized, pursuant to its Resolution No 2020-09, adopted on October 27, 2020, and has taken all steps necessary pursuant to its Charter, Bylaws, and applicable laws and regulations, to enter into this Seventh Amendment and to comply fully with the terms hereof.

1.11 The City is authorized, pursuant to its Ordinance No ____, passed on _____, 2020, and has taken all steps necessary pursuant to applicable laws and regulations, to enter into this Seventh Amendment, to issue the 2020 City Bonds, and to apply a portion of the proceeds of the 2020 Bonds to accomplish the Refinancing Plan.

Section 2. Amendments to Operating Agreement. The Operating Agreement is amended as follows:

2.1 **Additional Defined Terms.** The following defined terms are added to those set forth in Article I.A (Definitions) of the Operating Agreement:

“Convention Center Bonds” means, without distinction, the then-outstanding Authority Bonds and City Bonds.

“Tax-Exempt 2020 City Bonds” means the portion of the 2020 City Bonds issued to refund the 2010 City Bonds.

“2020 City Bonds” means that portion of the limited tax general obligation bonds issued by the City that are allocated by the City to accomplish the Refinancing Plan described in the Seventh Amendment and to pay the allocable share of costs of issuance. As used in this Agreement, the term “2020 City Bonds” refers only to that portion of such bonds allocated to these purposes, which may be issued as part of a larger various purpose series of bonds issued by the City.

2.2 **Amendments to Defined Terms.** The following defined terms set forth in Article I.A (Definitions) of the Operating Agreement are deleted: Ground Lease Reserve Account, General Operations Payment, Lease Purchase Rent Reserve Fund, and Lease Purchase Rent Reserve Requirement; and the following defined terms are amended to read as follows. Deleted text is shown using strikethrough formatting and added text is shown using double underlining

“City Bonds” means the City’s Outstanding (a) 1995 City Bonds; (b) 2010 City Bonds, so long as any 2010 City Bonds are outstanding; (c) 2015 City Bonds; (d) 2020 City Bonds; and ~~(de)~~ any bonds issued in the future by the City and allocated to the purposes of improving, renovating or expanding the Convention Center.

“Hotel/Motel Tax 3% Revenue” or ***“3% Revenue”*** means hotel/motel tax revenue collected pursuant to levy by the City in accordance with RCW 67.40.100, now RCW 67.28.181, as it may be hereafter be amended, but excluding revenues received by the City from levies by municipalities other than the City pursuant to such statute and excluding hotel/motel tax revenues collected pursuant to levy by the City in accordance with such statute at a rate in excess of the maximum statutory percentage rate effective on January 1, 1991.

“Hotel/Motel Tax 2% Revenue” means revenue collected pursuant to levy by the City in accordance with RCW 67.28.180-~~210~~, as such statute may be hereafter amended, but excluding revenues received by the City from levies by municipalities other than the City pursuant to such statute and excluding hotel/motel tax revenues collected pursuant to levy by the City in accordance with such statute at a rate in excess of the maximum statutory percentage rate effective on January 1, 1991.

“Lease Purchase Agreement” means that certain Lease Purchase Agreement by and between the City and Authority under date of January 17, 1990, as amended and superseded by that certain First Amended Lease Purchase Agreement dated as of August 1, 1991, and as further amended by the First through Sixth Amendments, and as such agreement may in the future be amended in accordance with its terms.

“Operating Payment Amount” is that amount the City is required to pay the Authority each month under this Agreement in accordance with Section VII.A, ~~equal to the General Operations Payment.~~

2.3 **Refinancing of Certain Convention Center Bonds.** A new section F is added to Article III (Approval of Financing), to read as follows:

F. Refinancing of Certain Outstanding Convention Center Bonds.

1. Refinancing Plan. The City agrees to cause the issuance, sale and delivery of the 2020 City Bonds prior to _____, 2021 and to use the proceeds of such bonds in order to accomplish the Refinancing Plan described in the Seventh Amendment to this Agreement, including paying the costs of issuance and refunding.

(a) Defeasance of Outstanding Authority Bonds. The City agrees to use a portion of the proceeds of the 2020 City Bonds to prepay the Lease Purchase Rent in accordance with the Sixth Amendment to the Lease Purchase Agreement. The Authority agrees to direct U.S. Bank National Association, as Trustee for the Outstanding Authority Bonds under the Indenture, to apply such Lease Purchase Rent to carry out the defeasance of the Outstanding Authority Bonds. Amounts on deposit in the Debt Service Reserve Fund for the Outstanding Authority Bonds

also may be applied to the defeasance of the Outstanding Authority Bonds and the costs of the defeasance.

(b) Refunding of Outstanding City Bonds. The City will cause a portion of the proceeds of the 2020 City Bonds to be delivered to U.S. Bank National Association, as Escrow Agent for the defeasance and refunding of the 2010 City Bonds and for the payment of a portion of the costs of issuance and refunding, and for the payment of an allocable portion of the costs of issuance of the 2020 City Bonds.

2. Tax Covenants. The Authority agrees not to take, or permit to be taken on its behalf, actions which would result in the interest paid on the Tax-Exempt 2020 City Bonds becoming taxable, and shall take all actions necessary or required by it to preserve the tax-exempt status of the interest paid on the Tax-Exempt 2020 City Bonds. The Authority further covenants and agrees to pay or cause to be paid to the City, within 10 Business Days of receipt by the Authority of a written demand therefor, such amounts as have been determined to be necessary to be delivered to the Internal Revenue Service as a rebate amount for the Tax-Exempt 2020 City Bond proceeds (and for other amounts treated as “gross proceeds” of the Tax-Exempt 2020 City Bonds) pursuant to Section 148 of the Code. For so long as the Tax-Exempt City Bonds remain Outstanding, the City agrees to provide notice to the Authority of any audit or request for documentation from the Internal Revenue Service (“IRS”) or application for the Voluntary Closing Agreement Program in connection with the Tax-Exempt 2020 City Bonds, within 10 days of the receipt thereof, and the Authority shall have the opportunity to review City submissions to the IRS and to consent to any settlement with the IRS.

3. Continuing Disclosure. If the City determines that the Authority should be treated as an “obligated person” (within the meaning of the Rule 15c2-12 of the Securities and Exchange Commission) with respect to the 2020 City Bonds, the Authority shall, prior to the issuance of the 2020 City Bonds, enter into a written undertaking to provide continuing disclosure (“Undertaking”). Failure of the Authority to comply with this section or such Undertaking shall not be considered an Event of Default under this Operating Agreement. However, the City, or its dissemination agent, may (and, at the request of the Owners of at least a majority in aggregate principal amount of the then Outstanding 2020 City Bonds, accompanied by indemnity satisfactory to it, shall) or any owner of such bonds may, take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Authority to comply with its obligations under the Undertaking.

2.4 Payment Obligations of City Amended. Article VII (Payment Obligations of the City) of the Operating Agreement, as amended by the Sixth Amendment, is further amended to read as set forth below. Deleted text is shown using strikethrough formatting and added text is shown using double underlining.

A. City Payment for Authority Performance. In consideration of the continuing performance by the Authority of the obligations to develop, design, construct, lease and operate the Improvements, the City shall pay the Authority on or before the 5th day of each month an amount equal to the Operating Payment Amount. Payment shall be made by the City from any sums legally available.

1. Calculation of the Operating Payment Amount. The Operating Payment Amount is equal to ~~the General Operations Payment.~~

(a) ~~The “General Operations Payment”~~ in each month, shall be the lesser of: (i) the amount, if any, remaining after deducting from an amount equal to Hotel/Motel Tax Revenue receipts for the immediately preceding Calendar Month the amounts reasonably determined by the City to be necessary to set aside sufficient Hotel/Motel Tax Revenue to satisfy priority (a) in Section 2.7 of this Seventh Amendment (Section IV.C of this Agreement, as amended), taking into account Hotel/Motel Tax Revenue deducted for this purpose since the prior debt service payment date and Hotel/Motel Tax Revenue reasonably expected to be available to be deducted for this purpose on or prior to such debt service payment date ~~Unadjusted Period Rent due in the Rent Period corresponding to the then current calendar month;~~ and (ii) an amount not less than one twelfth (1/12th) the amount necessary, after applying any year end surplus in accordance with Section VII.A.1.~~(e)(b)~~, to (A) fund all reserves of the Authority at their targeted levels for the current Fiscal Year as established by the Finance Plan (as it may be adjusted by any Corrective Action Plan then in effect); and (B) an amount equal to 150% of Maintenance and Operation Expenses for the current-Fiscal Year, as projected in the Authority budget for such current Fiscal Year (excluding amounts in such budget for funding reserves) (as it may be adjusted by any Corrective Action Plan then in effect).

(b) ~~For purposes of the previous paragraph, the term “Hotel/Motel Tax Revenue receipts” shall apply to an amount equal to (i) all 3% Revenues for the term of this Agreement and (ii) those 2% Revenues available under clause (B) of the next succeeding sentence. The 2% Revenues shall be used in the following order of priority: (A) by the City to pay principal of and interest on the 1995 City Bonds, 2010 City Bonds, and 2015 City Bonds; (B) shall be paid by the City to the Authority or on its behalf to fund the approved Finance Plan; and (C) the remainder shall be retained by the City.~~

~~(e)~~ At the end of each Fiscal Year, the Authority shall apply any year end surplus held in the Maintenance and Operations Fund first, to fund any shortfalls in Authority reserves and second, to fund such reserves at their targeted levels for the following Fiscal Year. Application of all amounts pursuant to this Section VII.A.1 ~~(e)(b)~~ shall be made in accordance with this Agreement, the then current Finance Plan (as it may be adjusted by any Corrective Action Plan then in effect) and applicable laws.

2. City’s Obligation Limited. The City may pay the Operating Payment Amount from any moneys of the City on hand and legally available therefor, and need not pay such amount from Hotel/Motel Tax Revenue. ~~The City shall indicate each month the portion of the Operating Payment Amount that is, or shall be treated as, 2% Revenue and the amount that is, or shall be treated as, 3% Revenue. The City shall further indicate each month the amount of the General Operating Payment, based on the Authority Budget and any updates thereof. The Authority shall, in applying amounts so designated, comply with all legal limitations then applicable with respect to the use of such Hotel/Motel Taxes. The Authority further agrees to establish such accounts and subaccounts within its various funds and to perform such other recordkeeping as may be reasonably required by the City to permit tracking of 2% Revenue and 3% Revenue. No pledge of Hotel/Motel Tax Revenues is made by this Agreement, however, the Authority acknowledges that the City has expressly pledged and will expressly pledge all Hotel/Motel Tax Revenue to the~~

payment of the 1995 City Bonds, 2015 City Bonds and 2020 City Bonds for the benefit of the owners of the 1995 City Bonds, 2015 City Bonds and 2020 City Bonds. Nothing in this Agreement is intended as or shall be construed as creating a debt of the City; the City's payment obligations hereunder are conditioned upon the continuing performance by the Authority of its obligations set forth in this Agreement. The City does not by this Agreement guaranty any debt of the Authority.

B. Authority Budgets; City Expenses Related to the Convention Center Project. The City shall annually forward to the Authority a summary of anticipated City expenses relating to the Convention Center Project for the next Fiscal Year ~~(excluding Operating Payment Amounts and Lease Purchase Rent)~~. The Authority shall include such costs in its Budget. The City shall forward such anticipated expense summary in a timely manner to permit the Authority to prepare its Budget on a timely basis. Such City expenses shall include, but are not limited to, expenses of Authority audits performed at request of the City. As such its expenses are incurred during each year, the City shall submit bills to the Authority for their payment. In the event of any dispute as regards the bills submitted by the City, either party to this Agreement may submit the matter to the Financial Oversight Committee for resolution.

1. Authority Budgets. The annual Budget shall include, but not be limited to:
 - ~~(a)~~ [Reserved]
 - ~~(b)~~ Debt service on the Authority Bonds.
 - ~~(c)~~ Amounts necessary to pay other indebtedness of the Authority.
 - ~~(d)~~ (a) All design, development and construction costs, including all taxes, license and permit fees, and utilities.
 - ~~(e)~~ (b) All Maintenance and Operation Expenses, including without limitation marketing and tourist promotion expenses.
 - ~~(f)~~ (c) Amounts budgeted for reserve funds.
 - ~~(g)~~ (d) All administrative costs of the Authority related to the Convention Center Project.
 - ~~(h)~~ All administrative costs of the Authority related to the Performing Arts Center.
 - ~~(i)~~ [Reserved]
 - ~~(j)~~ (e) City expenses reasonably chargeable to the Convention Center Project, as reported by the City pursuant to this Section VII.B.
 - ~~(k)~~ (f) All other expenses of the Authority related to the Convention Center Project.

In preparation of its annual Budget, the Authority shall consider any amounts for tourist promotion, and may include such amounts therein.

2.5 **Authority Funds, Amended.** Article IX (Authority Funds) of the Operating Agreement is further amended as set forth below. Deleted text is shown using strikethrough formatting and added text is shown using double underlining.

~~**A. Ground Lease Rental Fund.** The Authority shall establish a Ground Lease Rental Fund for the payment of Ground Lease Rental (including Lease Agreement Payments). A Ground Lease Reserve Account shall be established in the Ground Lease Rental Fund. All Hotel/Motel Tax 2% Revenue received by the Authority (or the amount designated by the City as 2% Revenue) or the amount of the Payment for Ground Lease Obligations, whichever is greater, shall be deposited each month upon receipt by the Authority in the Ground Lease Rental Fund and utilized in accordance with this section. Moneys deposited in the Ground Lease Rental Fund shall be applied in the following order for the following purposes:~~

1. ~~First, an amount shall be set aside in the Ground Lease Rental Fund each month equal to one-sixth (1/6th) of the next occurring scheduled Ground Lease Rental payment. Prior to the time the Ground Lease commences, this set aside shall be made each month in an amount equal to one-sixth (1/6th) of the next occurring Lease Agreement Payment.~~

2. ~~Second, all amounts required to fully fund the Ground Lease Reserve Account at the Ground Lease Reserve Requirement level shall be set aside into the Ground Lease Reserve Account.~~

3. ~~Each month, all amounts remaining in the Ground Lease Rental Fund after providing for the amounts in subparagraph (1) and (2) above shall be transferred to the Maintenance and Operations Fund and applied in accordance with Section IX.E.~~

~~The Authority shall notify the City as soon as is reasonably possible in the event of any actual or projected deficiency in the Ground Lease Rental Fund or any other actual or projected draw on the Ground Lease Reserve Account. In the event moneys in the Ground Lease Rental Fund are insufficient to pay Ground Lease Rental or the Lease Agreement Payments, after consideration of any applicable Corrective Action Plan or Alternative Financing Plan, then the City shall provide for the timely payment of Ground Lease Rental (including the Lease Agreement Payments) from other legally available City funds in accordance with Section VII.A.~~

BA. Bond Fund. Not later than upon issuance of the Bonds, the Authority shall establish a Bond Fund, to be held by a Trustee. Upon issuance of the Bonds, an amount equal to accrued interest on the bonds, if any, shall be deposited in the Bond Fund. The Authority shall transfer to the Trustee all amounts as are required by the Indenture from any revenues or funds legally available therefor consistent with this Agreement. Moneys in the Bond Fund shall be applied to provide for the timely payment of principal of, and premium (if any) and interest on the Bonds, and for such other purposes as may be provided by the Indenture.

~~In accordance with the Lease Purchase Agreement, Lease Purchase Rent shall be paid by the City directly to the Trustee for deposit in the Bond Fund held by the Trustee.~~

C. Hotel/Motel Tax 3% Revenue Fund. The Authority shall establish a Hotel/Motel Tax 3% Revenue Fund (the "3% Fund") into which it shall each month deposit all 3% Revenue received (or the amount designated by the City as 3% Revenue), and all other amounts received as part of the Operating Payment Amount not deposited in the Ground Lease Fund. Money in

~~the 3% Fund shall be transferred each month to the following funds in the following order of priority:~~

~~4. First, to pay any shortfall in the Ground Lease Rental and to fund any deficiency in the Ground Lease Reserve Account.~~

~~5. Second, prior to the Release Date, to pay principal and interest on the Bonds on the dates and in the amounts required by the Indenture.~~

~~6. Third, to fund any deficiency in the Lease Purchase Rent Reserve Fund.~~

~~7. Fourth, to fund any deficiency in the Debt Service Reserve Fund.~~

~~8. Fifth, the remainder shall be deposited each month in the Maintenance and Operations Fund.~~

~~Notwithstanding the foregoing, unless included in a Budget which includes debt service and marketing, then, unless otherwise permitted by law, 3% Revenue may not be used to pay Maintenance and Operations Expenses or Ground Lease Rental. Prior to the time the Bonds are issued, moneys in the 3% Fund may also be deposited in the Construction Fund.~~

BD. Parking Fund. The Authority shall establish a Parking Fund into which shall be deposited Gross Parking Revenues. The Authority may issue debt that is secured from Gross Parking Revenues or Net Parking Revenues, upon compliance with the conditions of Sections VIII.D and X.L. Until and unless the Authority elects to issue such Parking Revenue Bonds, all Parking Revenues deposited in the Parking Fund shall be transferred promptly upon receipt to the Maintenance and Operations Fund. Upon issuance of Parking Revenue Bonds, all Parking Revenues shall be retained in the Parking Fund and applied towards debt service on such bonds and payment of Parking Operations Expenses. The Authority may provide in any resolution authorizing the issuance of Parking Revenue Bonds that amounts remaining in the Parking Revenue Fund after providing for the payment of parking revenue bonds (including principal, interest, premium and reserves), and after payment of Parking Operations Expenses, shall be deposited in the Maintenance and Operations Fund.

CE. Maintenance and Operations Fund. The Authority shall establish a Maintenance and Operations Fund, and shall establish within such Fund, for accounting purposes only, a Private Revenues Account and an Other Revenues Account, in addition to any other. The

Authority shall deposit all Private Revenues into the Private Revenue Account. The Authority shall deposit as received the following revenues into the Other Revenues Account Fund:

- (i) ~~all revenues received from the Ground Lease Rental Fund;~~[Reserved];
- (ii) all revenues received from the ~~3% Fund~~City to pay Maintenance and Operations Costs;
- (iii) such funds as the Authority may elect to transfer to the Maintenance and Operations Fund from the Parking Fund;
- (iv) such revenue as the Authority may elect to transfer to such fund from the Operating Reserve Fund;
- (v) such legally available revenue as the Authority may elect to transfer from the Repair Replacement and Enhancement Sinking Fund; and
- (vi) all other Revenues (excluding Private Revenues and excluding transfers from the City General Fund to meet payments of Lease Purchase Rentals).

Moneys on hand in the Maintenance and Operations Fund shall be expended for the following purposes, in the following order of priority:

- 1. ~~First, to pay any shortfall in Ground Lease Rental or to fund any deficiency in the Ground Lease Reserve Account.~~
- 2. ~~Second, prior to the Release Date, to pay principal and interest on the Bonds on the dates and in the amounts required by the Indenture.~~
- 3. ~~Third, to fund any deficiency in the Lease Purchase Rent Reserve Fund.~~
- 4. ~~Fourth, to fund any deficiency in the Debt Service Reserve Fund.~~
- 5. ~~Fifth~~First, to pay Maintenance and Operations Expenses of the Convention Center Project, including without limitation taxes and assessments payable on the Premises.
- 6. ~~Sixth~~Second, to pay amounts to the Construction Fund for expenses payable from the Construction Fund as the Authority deems reasonable, in accordance with the Finance Plan.
- 7. ~~Seventh~~Third, to fund the Operating Reserve and/or the Repair, Replacement, Enhancement and Sinking Fund Reserve in such amounts and at such times as the Authority deems reasonable in conformance with the Finance Plan.

DF. Operating Reserve Fund. The Authority shall establish an Operating Reserve Fund. The Authority shall deposit in such Fund moneys from the Maintenance and Operations Fund, to the extent such moneys are available and have been designated for such purposes by the Authority. Expenditures shall be made from the Operating Reserve Fund ~~in the following order of priority:~~

- 1. ~~First, to pay any shortfall in Ground Lease Rental or to fund any deficiency in the Ground Lease Reserve Account.~~

- ~~2. Second, prior to the Release Date, to pay principal and interest on the Bonds on the dates and in the amounts required by the Indenture.~~
- ~~3. Third, to fund any deficiency in the Lease Purchase Rent Reserve Fund.~~
- ~~4. Fourth, to fund any deficiency in the Debt Service Reserve Fund.~~
5. Fifth, to fund any deficiency in the Maintenance and Operations Fund in order to meet current Maintenance and Operations Expenses.

The Authority shall determine the amount of funds to be set aside in the Operating Reserve Fund, consistent with applicable Bond Covenants and the Finance Plan.

G.E. Repair, Replacement and Enhancement Sinking Fund. The Authority shall establish a Repair, Replacement and Enhancement Sinking Fund. The Authority shall deposit in such Fund moneys from the Maintenance and Operations Fund, to the extent such moneys are available and have been designated for such purposes by the Authority. Expenditures shall be made from the Repair, Replacement and Enhancement Sinking Fund in the following order of priority:

- ~~1. First, to pay any shortfall in Ground Lease Rental, or to fund any deficiency in the Ground Lease Reserve Account.~~
- ~~2. Second, prior to the Release Date, to pay principal and interest on the Bonds on the dates and in the amounts required by the Indenture.~~
- ~~3. Third, to fund any deficiency in the Lease Purchase Rent Reserve Fund.~~
- ~~4. Fourth, to fund any deficiency in the Debt Service Reserve Fund.~~
5. ~~Fifth~~First, to fund any capital improvements, additions, or modifications to the Convention Center Project.
6. ~~Sixth~~Second, to pay any current Maintenance and Operations Expenses that cannot be paid from amounts in the Maintenance and Operations Fund.

The Authority shall determine the amount of funds to be set aside in the Repair, Replacement and Enhancement Sinking Fund consistent with applicable Bond Covenants and the Finance Plan.

H.F. Construction Fund. The Authority shall establish a Construction Fund into which it shall deposit the proceeds of Bonds issued to construct the Improvements, excluding accrued interest. Prior to issuance of the Bonds, 3% Revenue may be deposited in the Construction Fund consistent with Section IX.C. Moneys in this fund may be utilized to pay costs of constructing the Improvements and costs of issuance of the Bonds and may be utilized if necessary to pay debt service on the Bonds. Costs of construction shall include, but not be limited to, architectural, engineering, legal, and planning fees, and other costs incidental to construction of the Improvements. Money in the Construction Fund may also be used to pay any arbitrage rebate owed on the Bonds, subject to Bond Covenants. Any funds remaining in the Construction Fund upon completion of the Improvements may be used by the Authority for any lawful

purpose. So long as the Bonds are outstanding, the Trustee shall hold the Construction Fund and shall disburse moneys from such Fund in accordance with the Indenture.

~~**I. Lease Purchase Rent Reserve Fund.** The Authority shall establish a Lease Purchase Rent Reserve Fund to be held by the Trustee, and to be funded at the level of the Lease Purchase Rent Reserve Requirement for so long as any Bonds are Outstanding. The Authority shall replenish the Lease Purchase Rent Reserve Fund within five (5) days of any written request to do so by the Trustee from moneys on hand in the Debt Service Reserve Fund or such other revenues as may be permitted in accordance with this Article IX. Moneys in the Lease Purchase Rent Reserve Fund shall be applied to pay debt service on the Bonds in accordance with the Indenture.~~

~~**J. Debt Service Reserve Fund.** The Authority shall establish a Debt Service Reserve Fund, which shall be funded at levels in accordance with the Finance Plan, from revenues deposited therein in accordance with this Article IX. Moneys in the Debt Service Reserve Fund shall be used to pay any deficiency in the Lease Purchase Rent Reserve Fund and may be applied to pay any amounts owed to the provider of any letter of credit issued in support of the Bonds.~~

GK. Other Funds and Accounts Permitted. The Authority may establish such other funds and accounts as may be prudent, consistent with the terms of this Agreement and the Bond Covenants.

HL. Investment of Funds. All funds held by the Authority shall be invested in Permitted Investments, or such other investments as shall be allowed by the Bond Resolution. Investment Earnings from each fund shall be returned to the fund earning such amounts, unless applied to pay arbitrage rebate except as may be otherwise expressly provided by the Indenture.

2.6 Operation of the Convention Center, Amended. Sections G and H of Article X (“Operation of the Convention Center”) of the Operating Agreement are amended to read as set forth below. Deleted text is shown using strikethrough formatting and added text is shown using double underlining.

G. Prohibition Against Transfer of Property and Assignment of Agreement.

Except as provided in sections X.H and X.I, the Authority agrees that for so long as the Authority Bonds or City Bonds remain outstanding and the City has not purchased the Improvements, the Authority shall not make nor suffer to be made or create any assignment, conveyance, trust, power or transfer, of any sort, of the Premises or Improvements, this Agreement, or any interest therein or otherwise enter into any agreement or contract with any person or entity providing therefor without the express written permission of the City Manager, which approval shall not be unreasonably withheld or delayed. This section shall not be construed to require prior City Manager approval for the Authority’s action as the City’s leasing broker in operating and leasing the Improvements.

H. Prohibition Against Encumbering Property.

Except as provided in Section X.L., the Authority agrees that for so long as the Authority Bonds or City Bonds shall remain Outstanding, the Authority shall not engage in any financing or any other transaction which creates any mortgage or other encumbrance or lien upon the Premises or any Improvements thereon, or any of the Revenues, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attach to the Premises, Improvements, or Revenues except for temporarily incident to construction, without the express written permission of the City Manager which approval shall not be unreasonably withheld or delayed; provided, however, that no encumbrances are permitted which violate the covenants of the Outstanding Bonds, the Ground Lease, Sublease, or Lease Purchase Agreement.

2.7 Use of Hotel-Motel Tax Revenues after April, 2005 Amended. The new section added to the Operating Agreement by Section 1 (Use of Hotel/Motel Tax Revenues after April, 2005) of the First Amendment, as amended by the Third Amendment and Sixth Amendment, is further amended as set forth below and is incorporated as Section IV.C of the Operating Agreement. Deleted text is shown using strikethrough formatting and added text is shown using double underlining.

C. Use of ~~2%~~ Hotel/Motel Tax Revenues after April, 2005.

1. Priorities. Notwithstanding any other provision of this Agreement, in~~In~~ consideration of and in repayment for the proceeds of the 1995 City Bonds, ~~2010 and 2015~~ City Bonds and 2020 City Bonds loaned to or used for the benefit of the Authority, including implementing the Refinancing Plan, the parties agree that ~~the 2% Revenues collected after April 2005~~ all Hotel/Motel Tax Revenues will be used in the following priority and for the following purposes:

(a) First, to be pledged to and applied for~~to~~ the payment by the City of the principal of and interest on the 1995 City Bonds, ~~the 2010 City Bonds, and 2015 City Bonds~~ and 2020 City Bonds when due. To the extent Hotel/Motel Tax Revenues are insufficient to pay any such amount when due, such event shall constitute a Corrective Action Event; provided, that the Authority shall not be required to provide notice of such event for the purposes of Article XI.A(10). If Hotel/Motel Tax Revenues are insufficient to pay any such amount when due, the City shall be reimbursed for the amounts advanced from other sources to make such payments (including interest on advances, representing the City's cost of funds), from Hotel/Motel Taxes available in accordance with a Corrective Action Plan developed in accordance with Section XI.E through I.

(b) Second, to assure the financial health of the existing Meydenbauer Center through adequate funding of ~~operations~~ Maintenance and Operations Expenses, debt service, improvements, reserves and related costs in accordance with the then current Convention Center Finance Plan (the "Plan"), including any adjustments to the then-current Finance Plan that are made pursuant to a Corrective Action Plan.

(c) Third, to fully fund expansion and its associated costs through adequate funding of its operations, debt service, capital improvements, reserves and related costs in accordance with the Plan when and as agreed by the City and the Authority by separate agreement, including pursuant to Article VI.G of the Operating Agreement.

(d) Fourth, to any City purpose permitted under law for the use of such ~~2% Revenues~~ Hotel/Motel Tax Revenues.

Section 3. Ratification; No Other Changes. Except as and to the extent modified by this Seventh Amendment, all provisions of the Operating Agreement shall remain unchanged and in full force and effect in all other respects and are hereby ratified and confirmed.

Section 4. Counterparts. This Seventh Amendment may be executed in counterparts, and each such counterpart shall be deemed to be an original instrument. All such counterparts together will constitute one and the Seventh Amendment.

IN WITNESS WHEREOF, the City and the Authority have executed this Seventh Amendment as of the date first above written.

Authority:

BELLEVUE CONVENTION CENTER AUTHORITY

By _____

City:

CITY OF BELLEVUE, WASHINGTON

By _____
City Manager

Approved as to Form:

Kathryn L. Gerla, City Attorney

