

CITY OF REDMOND, WASHINGTON

**ORIGINAL**

ORDINANCE NO. 1384

AN ORDINANCE of the City of Redmond, Washington, authorizing the issuance and sale of local improvement district bond anticipation notes in Local Improvement District No. 85-ST-48 pending the receipt of the proceeds of the local improvement district bonds authorized to be issued by Ordinance No. 1253 and providing for the sale of such bond anticipation notes to Boettcher & Company, Seattle, Washington.

WHEREAS, by Ordinance No. 1253 passed by the City Council on June 4, 1985 and approved by the Mayor on June 5, 1985, the City ordered the improvement of certain properties within the City by the construction and installation of street improvements along a portion of 180th Avenue N.E. and 178th Place N.E., all pursuant to property owners' petition therefor, and, after a public hearing thereon, established Local Improvement District No. 85-ST-48, provided that payment for the improvements be made by special assessments upon the property in the District payable by the mode of "payment by bonds" and provided for the issuance and sale of local improvement district warrants or other short-term obligations pursuant to Chapter 216, Laws of 1982, redeemable by cash and/or by local improvement district bonds; and

WHEREAS, pursuant to Ordinance No. 1340, the City issued its \$1,395,000 par value of Local Improvement District No. 85-ST-48 Bond Anticipation Notes dated October 21, 1986, and maturing on October 21, 1987 (the "Outstanding Notes"), for the purpose of paying a part of the cost of carrying out the improvements ordered in Local Improvement District No. 85-ST-48; and

WHEREAS, the City Council deems it to be in the best interest of the City that the City borrow money and issue its short-term obligation or obligations in the form of one or more local

improvement district bond anticipation notes for the purpose of providing the funds with which to pay a part of the cost of paying and redeeming the Outstanding Notes; and

WHEREAS, Boettcher & Company, Seattle, Washington, has submitted an offer to purchase such short-term bond anticipation notes on the terms and conditions hereinafter set forth; NOW THEREFORE,

THE CITY COUNCIL OF THE CITY OF REDMOND, WASHINGTON, DO ORDAIN as follows:

Section 1. For the purpose of paying a part of the cost of paying and redeeming the Outstanding Notes, local improvement district bond anticipation notes of the District (the "Notes") shall be issued in the aggregate principal amount of \$1,395,000. The notes shall be issued in form payable to bearer; shall be numbered from 1 upward; shall be in the denomination of \$5,000 each or any integral multiple thereof; shall be dated October 21, 1987; shall mature on July 15, 1988; and shall bear interest at the rate of 6.75% per annum, based upon a 360 day year of twelve 30 day months, payable at maturity, with full obligation on the part of the City to pay interest at the same rate from and after maturity until the Notes with interest are paid in full or until sufficient money for such payment in full is on deposit in the Local Improvement Fund, District No. 85-ST-48 (the "Note Fund") created by Ordinance No. 1253, and the Notes have been duly called for redemption by the City Treasurer-Comptroller's giving written notice to Boettcher & Company, Seattle, Washington, of such call at least ten days prior to the call date. The Notes shall not be subject to redemption prior to their maturity date. Both principal of and interest on the Notes shall be payable solely out of the Note Fund from the proceeds of local improvement district bonds authorized to be issued by Ordinance No. 1253 or other short-term obligations, which the City covenants to use its best efforts to issue, to be deposited in such fund and/or prepaid special benefit

assessments deposited in such fund, and from the Local Improvement Guaranty Fund of the City, and shall be payable in lawful money of the United States of America at either office of the fiscal agency of the State of Washington in Seattle, Washington, or New York, New York. The City Council declares and finds that the fixing of the above interest rate is in the best interest of the City.

Section 2. The Notes shall be printed on lithographed or good bond paper or may be typewritten or multicopied form in a form consistent with this ordinance and state law. The Notes shall be signed by the facsimile or manual signature of the Mayor and the manual signature of the City Clerk and shall have a facsimile reproduction of the seal of the City printed thereon or the seal of the City impressed thereon.

Section 3. The City covenants that it will not take or permit to be taken on its behalf any action which would adversely affect the exclusion from gross income for federal income taxation purposes of the interest on the Notes and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion of the interest on the Notes from gross income for federal income taxation purposes. Without limiting the generality of the foregoing, the District will not invest or make other use of the proceeds of the Notes or of its other money at any time during the term of the Notes, which will cause the Notes to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

The District covenants that, if both (1) the District has issued more than \$5,000,000 of tax-exempt bonds (including the Notes) during calendar year 1987, and (2) all the proceeds of the Notes have not been spent within six months from the date of issuance of the Notes, the District shall calculate or cause to be calculated, and shall rebate to the United States, all earnings from the investment of note proceeds that are in excess of the

amount that would have been earned had the yield on such investments been equal to the yield on the Notes, plus income derived from such excess earnings, to the extent and in the manner required by Section 148 of the Internal Revenue Code.

The District hereby designates the Notes as "qualified tax-exempt obligations" for purposes of Section 265 of the Internal Revenue Code (relating to the deduction by financial institutions of the interest incurred to carry tax-exempt debt) and authorizes and directs the proper District officials to execute and deliver all documents necessary to evidence such designation to any and all interested parties. The District further covenants not to issue more than \$10,000,000 of such "qualified tax-exempt obligations" during 1987.

The City further covenants that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

Section 4. Boettcher & Company, Seattle, Washington, has submitted an offer to purchase the Notes at the price set forth in the purchase offer, the City to furnish the printed, typewritten or multicopied Notes and the approving legal opinion of Riddell, Williams, Bullitt & Walkinshaw, municipal bond counsel of Seattle, Washington, at the City's expense. Bond counsel shall not be required to review or express any opinion concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Notes, and bonds counsel's opinion shall so state. Bond counsel has not been retained to monitor, and shall not be responsible for monitoring, the City's compliance with any federal law or regulations to maintain the tax-exempt status of the interest on the Notes. The City Council, deeming that it is in the best interest of the City that such offer be accepted, accepts the

same. The Notes, therefore, shall be delivered to Boettcher & Company, Seattle, Washington immediately upon their execution upon payment therefor in accordance with such offer.

Section 5. The principal proceeds received from the sale of the Notes shall be paid into the Local Improvement Fund, District No. 85-ST-48, and used to pay a part of the cost of paying and redeeming the Outstanding Notes.

Section 6. This ordinance shall take effect from and after its passage and five days following its publication or posting as required by law

PASSED by the City Council and APPROVED by the Mayor of the City of Redmond, Washington, at a regular open public meeting thereof, this 6th day of October, 1987.

CITY OF REDMOND, WASHINGTON

Doreen Marchione  
MAYOR, DOREEN MARCHIONE

ATTEST/AUTHENTICATED:

Doris A. Schauble  
CITY CLERK, DORIS A. SCHAIBLE

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By James E. Henry

FILED WITH THE CITY CLERK: 10-1-87  
PASSED BY THE CITY COUNCIL: 10-6-87  
SIGNED BY THE MAYOR: 10-6-87  
POSTED: n/a  
PUBLISHED: 10-11-87  
EFFECTIVE DATE: 10-16-87  
ORDINANCE NO. 1384

MA:pav  
10/6/87