

ORIGINAL

CITY OF REDMOND, WASHINGTON

ORDINANCE NO. 1388

AN ORDINANCE of the City of Redmond, Washington, authorizing the issuance and sale of limited tax general obligation bond anticipation notes and providing for the sale of such bond anticipation notes to Boettcher & Company, Seattle, Washington.

WHEREAS, pursuant to Ordinance 1344, the City Council deemed it to be in the best interests of the City that the City borrow money and issue up to \$6,000,000 in aggregate principal amount of its limited tax general obligation bonds for the purpose of providing the funds necessary to pay the costs of acquiring real property within the City for the purposes of constructing and equipping a new police building and senior citizens center thereon, and, pending the issuance of such bonds, that the City issue up to \$4,000,000 in aggregate principal amount of limited tax general obligation bond anticipation notes for such purpose; and

WHEREAS, pursuant to authorization set forth in Ordinance 1344, the City issued its \$4,000,000 par value City of Redmond Limited Tax General Obligation Bond Anticipation Notes, 1986, dated November 18, 1986, and maturing on November 17, 1987 (the "Outstanding Notes"); and

WHEREAS, the City Council deems it to be in the best interests of the City that the City borrow money and issue its short-term obligation or obligations in the form of one or more limited tax general obligation bond anticipation notes for the purpose of providing a portion of the funds necessary to pay and redeem the Outstanding Notes; and

WHEREAS, the issuance of the Notes will not require prior submission to and approval by the voters of the City and the Notes when issued, will not violate any constitutional or statutory debt limitations applicable to the City;

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 refunding the Outstanding Notes, limited tax general obligation bond anticipation notes of the City (the "Notes") shall be issued in the aggregate principal amount of \$3,000,000. The Notes shall be issued within the City's nonvoted debt capacity. 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 November 17, 1987; shall mature on November 15, 1988; and shall bear interest at the rate of 6.6 % 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.

The Notes shall not be subject to redemption prior to their maturity date.

Both principal of and interest on the Notes shall be payable in lawful money of the United States of America upon presentation and surrender of the Notes by the Holders thereof at either office of the fiscal agencies 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 or lithographed on good bond paper or may be typewritten or multicopied 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

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reproduction of the seal of the City printed thereon or the seal of the City impressed thereon.

Section 3. On the date of issue, the principal proceeds received upon the sale of the Notes shall be paid into the Note Repayment Account (the "Repayment Account") established pursuant to Ordinance 1344, and immediately applied to pay a part of the cost of paying and redeeming the Outstanding Notes. The accrued interest, if any, received upon the sale of the Notes and all taxes collected for and allocated to the payment of the Notes shall hereafter be deposited into the Repayment Account to be used, together with any other money legally available and designated therefor, to pay the principal of and interest on the Notes, when due.

Section 4. The Notes shall be repaid out of the proceeds of any bonds or short-term obligations authorized to be issued by the City for such purpose pursuant to Ordinance 1344 or otherwise, or from any money otherwise legally available therefor. The City irrevocably pledges to levy taxes annually without limitation as to rate or amount on all of the property in the City subject to taxation in an amount sufficient, together with other money legally available and to be used therefor, to pay the principal of and interest on the Notes as the same shall become due, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 5. 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

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of the foregoing, the City 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 City covenants that, if both (1) the City 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 City 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 City 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 City officials to execute and deliver all documents necessary to evidence such designation to any and all interested parties. The City 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 6 Defeasance. In the event that money and/or "Government Obligations," as such obligations are defined in Chapter 39.53 RCW, as now or hereafter amended, maturing at such time or times and bearing interest to be earned thereon in amounts

(together with such money, if necessary) sufficient to repay and retire the Notes in accordance with their terms, are set aside in a special fund to effect such redemption and retirement and are pledged irrevocably for such purpose, then no further payments need be made into the Repayment Account and the Notes 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 the Notes shall be deemed not to be outstanding hereunder. Subject to the rights of the holders of the Notes, the City may then apply any money in any other fund or account established for the payment or redemption of the defeased Notes to any lawful purpose as it shall determine.

Section 7. 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 bond 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 exclusion from gross income for purposes of federal income taxation, 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 proper officers of the City are authorized and directed to do everything necessary for the prompt delivery of the Notes to the purchaser upon payment therefor in accordance with purchaser's offer.

Section 8. 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 2nd day of November, 1987.

CITY OF REDMOND, WASHINGTON

Doreen Marchione
MAYOR, DOREEN MARCHIONE

ATTEST/AUTHENTICATED:

Doris A. Schaible
CITY CLERK, DORIS A. SCHAIBLE

APPROVED AS TO FORM:

OFFICE OF THE CITY ATTORNEY

By James E. Hawley

FILED WITH THE CITY CLERK: 10-29-87
PASSED BY THE CITY COUNCIL: 11-2-87
SIGNED BY THE MAYOR: 11-2-87
POSTED: -----
PUBLISHED: 11-8-87
EFFECTIVE DATE: 11-13-87
ORDINANCE NO. 1388

MA:sk
11/2/87