

ORDINANCE NO. 111

AN ORDINANCE OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, PROVIDING FOR THE ISSUANCE OF A LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF \$2,000,000 TO FINANCE VARIOUS CITY CAPITAL PROJECTS; FIXING THE DATE, FORM, TERMS, MATURITY AND COVENANTS OF THE NOTE; AND AUTHORIZING THE SALE OF THE NOTE.

WHEREAS, it is in the best interest of City of University Place (the "City") to undertake various capital projects; and

WHEREAS, Bank of America NW, N.A. (doing business as "Seafirst"), has offered to extend the City a line of credit to finance such projects pending the issuance of bonds; and

WHEREAS, RCW 39.46.050 authorizes local governments to establish lines of credit with any qualified public depository to be drawn upon in exchange for its obligations; and

WHEREAS, the Council deems it to be in the best interest of the City that it sell a note to Bank of America NW, N.A. to evidence the line of credit;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON, DO ORDAIN as follows:

Section 1. Definitions. As used in this Ordinance, unless a different meaning clearly appears from the context:

"Authorized Officer" means the City Finance Manager or City Manager or Assistant City Manager.

"Bank" means Bank of America NW, N.A., Seattle, Washington (doing business as "Seafirst").

"Bonds" means the Limited Tax General Obligation Bonds to be issued to pay and redeem the Note or any refunding note or notes.

"City" means the City of University Place, Washington.

"Code" means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations and rulings relating thereto.

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

"Note" means the \$2,000,000 Limited Tax General Obligation Bond Anticipation Note, 1996, of the City issued pursuant to this ordinance.

"Note Fund" means the Limited Tax General Obligation Bond Anticipation Note Fund, 1996, established pursuant to Section 4.

"Note Proceeds Account" means the "University Place Note Proceeds Account" created by Section 7 of this Ordinance.

"Outstanding Principal Balance of the Note" means the aggregate of all funds which the City has drawn from the Bank pursuant to the Note less the aggregate of all principal payments on the Note made by the City.

"Prime Rate" means the rate of interest publicly announced from time to time by the Bank in Seattle, Washington as its Prime Rate. Any change in the Prime Rate shall take effect on the day specified in the public announcement of such change. The Prime Rate is set by the Bank based upon various factors including the Bank's costs and desired return, general economic conditions and other factors and is used as a reference point for pricing some loans. The Bank may make loans at, above or below the Prime Rate. The Prime Rate is not necessarily the lowest rate offered by the Bank to its most creditworthy customers from time to time.

"Project" means those capital projects described on Exhibit A, attached hereto and incorporated by reference herein.

"Request for Draw" means an oral or written request by an Authorized Officer for a draw from the line of credit authorized to be established by this Ordinance, all as more fully described in Section 3.

Section 2. Authorization of the Bonds. For the purpose of providing funds necessary to repay the Note, the Council shall issue Bonds in such amount and form and with such terms,

covenants and other details as shall be determined by ordinance of the Council. The proceeds of the Bonds shall be paid into the Note Fund and applied, together with other available funds, in amounts sufficient to repay the Note.

Section 3. Issuance of Note. In anticipation of the issuance of the Bonds, the City shall, for the purpose of financing the Project, issue its Note in the principal amount of not to exceed \$2,000,000 outstanding at any one time. Said short-term obligation shall be designated the "City of University Place, Washington, Limited Tax General Obligation Bond Anticipation Note, 1996," shall be dated the date of its issuance and shall mature August 1, 1999 or, at the option of the City and upon the consent of the Bank, the maturity of the Note may be renewed annually after August 1, 1999 until August 1, 2002. The Outstanding Principal Balance on the Note shall be payable at maturity. The Note shall bear interest on the Outstanding Principal Balance at a rate per annum of 60% of the Prime Rate of the Bank. Interest shall be payable on December 1, 1996 and on each June 1st and December 1st thereafter and at maturity or prepayment in full of the Note. Interest on the Note shall be calculated on the basis of a 365/366-day year and the actual number of days elapsed.

The Note shall be non-negotiable and issued in fully registered form. Both principal of and interest on the Note shall be payable in lawful money of the United States of America at the office of the City Finance Manager, and shall be a general obligation of the City to the extent provided herein. The City's Finance Manager shall act as Note Registrar.

The Outstanding Principal Balance of the Note on any particular day shall be the aggregate of all funds which the City has drawn from the date of the Note to that day less the aggregate of all principal payments made by the City on or before that day. Interest on a particular principal amount so advanced shall be determined from the date of the advance of Note proceeds pursuant to a Request for Draw by which the City drew that principal amount from the Bank.

A Request for Draw pursuant to the Note may be made by an Authorized Officer either orally or in writing at any time prior to the maturity date of the Note. Oral Requests for Draw

shall include requests by telephone, telegraph, telex or any other means of communication other than by a writing signed by an Authorized Officer. The City hereby delegates to the Authorized Officer authority to make a written or oral Request for Draw pursuant to this Ordinance. The Bank shall incur no liability to the City or to any other person in acting upon any oral or written notice or other communication which the Bank believes in good faith to have been given by an official or other person authorized to borrow on behalf of the City, or otherwise acting in good faith in making advances pursuant to this Ordinance.

Section 4. Note Redemption Fund and Security for the Note. A special fund of the City to be known as the "City of University Place Limited Tax General Obligation Bond Anticipation Note Fund, 1996" (the "Note Fund") is hereby authorized to be created by the Finance Manager. The Note Fund shall be a trust account and shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. Money on deposit in the Note Fund not immediately needed to pay such interest or principal may temporarily be deposited in such institutions or invested in such obligations which are legal investments for City funds. Any interest or profit from the investment of such money shall be deposited in the Note Fund. Any money remaining in the Note Fund after payment in full of the principal of and interest on the Note may be transferred to the general fund of the City, and the Note Fund shall be closed.

The City covenants that on or before the maturity date of the Note, it will issue the Bonds, refunding bond anticipation notes, or a combination of the foregoing in an amount sufficient to pay the Note when due.

The Note is a general obligation of the City. The City hereby irrevocably covenants that it will levy taxes annually upon all the taxable property in the City without limitation as to rate or amount and in amounts sufficient, with other monies legally available therefor, to pay the principal of and interest on the Note as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies may be discharged prior to maturity of the Note by making full provision for the payment thereof.

Section 5. Optional Redemption. This Note may be pre-paid prior to its maturity in whole or in part at any time without penalty.

Section 6. Tax-Exemption. The City hereby covenants that it will not make any use of the proceeds from the sale of the Note or any other funds of the City which may be deemed to be proceeds of such Note pursuant to Section 148 of the Code and the applicable regulations thereunder which will cause the Note to be "an arbitrage bond" within the meaning of said section and said regulations. The City will comply with the applicable requirements of Section 148 of the Code (or any successor provision thereof applicable to the Note) and the applicable regulations thereunder throughout the term of the Note. The City further covenants that it will not take any action or permit any action to be taken that would cause the Note to constitute "a private activity bond" under Section 141 of the Code.

The City hereby designates the Note as a "qualified tax-exempt obligation" under Section 265(b) of the Code. The City does not expect to issue tax-exempt obligations in an aggregate principal amount in excess of \$10,000,000 during calendar year 1996.

Section 7. Disposition of Note Proceeds. All proceeds received from a Request for Draw under this Ordinance shall be deposited into a special account designated the "University Place Note Proceeds Account" that is hereby created in the City's General Fund, and used to finance the Project and pay costs of issuing the Note. Money in such fund shall be invested in legal investments for City funds. Upon completion of the Project or a decision not to complete any portion of the Project, any remaining money in the fund shall be transferred to the Note Fund or used for other capital purposes.

Section 8. Lost, Stolen or Destroyed Note. In case any Note shall be lost, stolen or destroyed, the Note Registrar may execute and deliver a new Note of like date and tenor to the owner upon the owner paying the expenses and charges of the City and upon its filing with the Note Registrar evidence satisfactory to the Note Registrar that such Note was actually lost, stolen or destroyed and of its ownership thereof, and upon furnishing the City with indemnity satisfactory to the City.

Section 2. Form of Note and Registration Certificate. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

CITY OF UNIVERSITY PLACE

LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE, 1996

Registered Owner: Bank of America NW, N.A.

City of University Place, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above on August 1, 1999 or on the maturity date renewed upon mutual agreement of the City and the Bank of America NW, N.A., the principal sum of not to exceed \$2,000,000 together with interest on the Outstanding Principal Balance, from the date hereof at the rate per annum of 60% of the Prime Rate of Bank of America NW, N.A., computed on a 365/366-day year and the actual number of days elapsed, upon presentation and surrender of this note at the office of the Finance Manager of the City. Interest shall be paid on December 1, 1996 and on each June 1 and December 1 thereafter.

The City has reserved the right to repay the principal amount of this note in whole or in part prior to its maturity.

This note is issued pursuant to an ordinance of the City, passed on July 15, 1996 (the "Note Ordinance"), for the purpose of financing various capital projects in anticipation of the issuance of bonds, all in conformity with the Constitution and laws of the State of Washington.

The City hereby irrevocably covenants that it will deposit in the Limited Tax General Obligation Bond Anticipation Note Fund, 1996 of the City authorized to be maintained by the Note Ordinance, bond proceeds or refunding note proceeds, in amounts which, together with other moneys of the City legally available therefor, will be sufficient to pay the principal of and interest on this note as the same shall become due.

The City has designated this note as a qualified tax-exempt obligation for investment by financial institutions.

This note is nontransferable.

This note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Ordinance until the Certificate of Authentication has been manually signed by the Note Registrar.

It is hereby certified and declared that this note is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City and that all acts, conditions and things required to be done precedent to and in the issuance of this note have happened, been done and performed.

IN WITNESS WHEREOF, City of University Place, Washington, has caused this note to be executed by the manual signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and the seal of the City to be imprinted or impressed hereon as of the _____ day of July, 1996.

[SEAL]

CITY OF UNIVERSITY PLACE,
WASHINGTON

By _____
Ronald L. Williams, Mayor

ATTEST:

Susan Matthew, City Clerk

REGISTRATION CERTIFICATE

This note is registered in the name of the Registered Owner on the books of the City, in the office of the City Finance Manager (the "Note Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this note shall be made by the City with full acquittance by the Note Registrar's wire transfer, made payable to the last Registered Owner as shown hereon and on the registration books of the Note Registrar at his/her address noted hereon and on the registration books of the Note Registrar.

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Registrar</u>
_____	<u>Bank of America NW, N.A.</u>	_____
_____	<u>800 Fifth Avenue, Floor 34</u>	_____
_____	<u>Seattle, WA 98124-1662</u>	_____

Section 10. Execution. The Note shall be executed on behalf of the City with the manual signature of its Mayor, shall be attested by the manual signature of the City Clerk and shall have the seal of the City impressed or imprinted thereon.

Section 11. Sale of Note; Authorization to Officials and Agents; Ratification of Prior Actions. The Council hereby authorizes the sale of the Note to the Bank pursuant to the Bank's offer attached hereto. The appropriate City officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Note and for the proper use and application of the proceeds of the sale thereof as provided in this Ordinance.

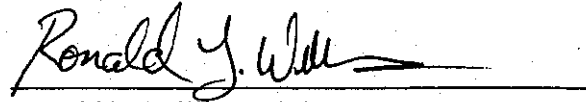
All actions heretofore taken by the City's officials, agents and representatives in connection with the issuance and sale of the Note are hereby ratified, approved and confirmed.

Section 12. Ongoing Disclosure. The City is exempt from the ongoing disclosure requirements of Securities and Exchange Commission Rule 15c2-12 by reason of the exemption set forth in subsection (d)(i) of that rule with respect to the issuance of securities in authorized denominations of \$100,000 or more.

Section 13. Effective Date. This ordinance shall be effective five days after its passage and publication as required by law.

PASSED by the City Council of the City of University Place, Washington, this 15th day of July, 1996.

CITY OF UNIVERSITY PLACE,
WASHINGTON



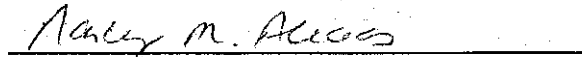
Ronald L. Williams, Mayor

ATTEST:



Susan Matthew, City Clerk

APPROVED AS TO FORM:



Preston Gates & Ellis

FILED WITH THE CITY CLERK: 7/15/96

PASSED BY THE CITY COUNCIL: 7/15/96

PUBLISHED: 7/17/96

EFFECTIVE DATE: 7/22/96

ORDINANCE NO.: 111

EXHIBIT A

[Project Description]

The line of credit will be used to provide cash for grant-funded capital improvement program elements over a three-year period, while reimbursements are claimed under normal grant repayment schedules. These include arterial street improvements, including storm drainage, street lighting, sidewalks and bicycle trails.

UNOFFICIAL DOCUMENT

CERTIFICATE

I, the undersigned, City Clerk of the City of University Place, Washington (the "City") and keeper of the records of the City Council of the City (the "Council"), DO HEREBY CERTIFY:

1. That the attached ordinance numbered 111 (the "Ordinance") is a true and correct copy of an ordinance of the City, as finally passed at a regular meeting of the Council held on the 15th day of July, 1996, and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 15th day of July, 1996.


Susan Matthew, City Clerk