

ORDINANCE NO. 5

AN ORDINANCE OF THE CITY COUNCIL OF UNIVERSITY PLACE, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A TAX ANTICIPATION NOTE OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,000,000; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF SUCH NOTE; FIXING THE DATE, FORM, INTEREST RATE, TERMS, MATURITY AND COVENANTS OF SUCH NOTE; CREATING A NOTE FUND FROM WHICH THE PRINCIPAL OF AND INTEREST ON SUCH NOTE SHALL BE PAID; AND CONFIRMING THE SALE OF SUCH NOTE.

WHEREAS, at a special election the formation of the City of University Place, Washington (the "City") was approved; and

WHEREAS, RCW 35.02 requires that the City must incorporate by September 30, 1995; and

WHEREAS, the City needs money to finance the costs of operating and maintaining the City pending receipt of taxes and other revenues; and

WHEREAS, RCW 35.02.130 authorizes the City to issue a tax anticipation note prior to its incorporation; 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, pending receipt of taxes and other revenues, it is in the best interests of the residents of the City that the City issue a tax anticipation note to pay for the City's operation and maintenance expenses; and

WHEREAS, Seattle-First National Bank, Seattle, Washington, has offered to purchase the note; and

WHEREAS, the City Council deems it in the best interest of the City that it sell the note to such bank;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF UNIVERSITY PLACE, WASHINGTON DO ORDAIN AS FOLLOWS:

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

"Bank" means Seattle-First National Bank, Seattle, Washington.

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

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

"Issuing Officer" means the Mayor of the City, the City Manager, the Assistant City Manager, or City Finance Director or Treasurer, including any interim appointees, when duly appointed by the Mayor.

"Note" means the "University Place, Washington Tax Anticipation Note, 1995" authorized by this ordinance.

"Note Fund" means the "University Place Tax Anticipation Note Redemption Fund, 1995" created by Section 3 of this ordinance.

"Note Proceeds Account" means the "University Place Note Proceeds Account" created by Section 5 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 Seattle-First National Bank Washington, N.A. in Seattle, Washington as its Large Business Prime Rate or 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.

"Request for Draw" means an oral or written request by an Issuing Officer for a draw from the line of credit authorized to be established by this ordinance, all as more fully described in Section 2 of this ordinance.

Section 2. Issuance of Note. In anticipation of the receipt of general tax revenues or revenues from other sources, the City shall, for the purpose of funding general operating expenses of the City, issue its Note in the principal amount of not to exceed \$1,000,000 outstanding at any one time. Said short-term obligation shall be designated the "University Place, Washington, Tax Anticipation Note, 1995," shall be dated June 1, 1995 and shall mature June 1, 1996. 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 at maturity or prior redemption of the Note. Interest on the Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

The Note shall be non-negotiable and issued in bearer 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 Treasurer of the City in University Place, Washington, and shall be a general obligation of the City to the extent provided herein.

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 Issuing 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 Issuing Officer. The City hereby delegates to the Issuing 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 in otherwise acting in good faith in making advances pursuant to this ordinance.

Section 3. Note Redemption Fund. A special fund of the City to be known as the "University Place Tax Anticipation Note Redemption Fund, 1995" (the "Note Fund") is hereby authorized to be created by the City. 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 operating fund of the City, and the Note Fund shall be closed.

The City covenants and agrees that on or before the maturity date of the Note, it will deposit in the Note Fund, out of all taxes levied by the City within and as a part of the levy permitted by law without a vote of the electors and when permitted to be levied by State law, and out of other revenues received by the City, such tax receipts and other revenue in an amount which, together with other money of the City, if any, legally available for such purposes, will be sufficient to pay the principal of and interest on the Note.

The City hereby irrevocably pledges that a sufficient portion of such tax receipts and other revenues to be collected by the City prior to the full payment of the principal of and interest on the Note will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Note. Such taxes and other revenue so pledged shall be paid directly into the Note Fund in amounts sufficient to pay the principal of and interest on the Note at maturity, and none of the money in such Fund shall be used for any other purpose than the payment of the principal of and interest on the Note as the same shall become due.

Section 4. Redemption Prior to Maturity. The Note may be pre-paid prior to its maturity in whole or in part at any time.

Section 5. Application of the Proceeds of the Note. All proceeds received from a Request for Draw under this ordinance shall be deposited into a special account designated the "Note Proceeds Account" that is hereby created in the City's General Fund, and may be used by the City to pay the general operating and maintenance expenses of the City.

Section 6. Form of the Note. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON

UNIVERSITY PLACE

TAX ANTICIPATION NOTE, 1995

University Place, Washington (the "City"), a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to bearer on June 1, 1996 solely from the sources hereinafter mentioned, the principal sum of not to exceed \$1,000,000 together with interest on the Outstanding Principal Balance, from the date hereof at the rate per annum of 60% of the Prime Rate of Seattle-First National Bank, computed on a 360-day year and the actual number of days elapsed, upon presentation and surrender of this note at the office of the Treasurer of the City.

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, adopted on May 24, 1995 (the "Note Ordinance"), for the purpose of financing expenses of operating and maintaining the City, in anticipation of the receipt of taxes and other revenues, all in conformity with the Constitution and laws of the State of Washington.

The City hereby irrevocably covenants that it will deposit in the Tax Anticipation Note Redemption Fund, 1995 of the City authorized to be maintained by the Note Ordinance, taxes levied within and as a part of the levy permitted to the City without a vote of the people, and other revenues received by the City, 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 full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of such principal and interest.

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

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 duly adopted ordinances of the City, and that all acts, conditions and things required to have happened, been done and performed precedent to and in the issuance hereof have happened, been done and performed.

IN WITNESS WHEREOF, University Place, Washington, has caused this note to be signed with the manual signature of the Temporary Chairman and attested by the manual signature of the Interim Clerk Pro Tem as of this 1st day of June, 1995.

UNIVERSITY PLACE, WASHINGTON

By Ronald J. Will
Temporary Chairman

ATTEST:

[Signature]
Interim Clerk Pro Tem

Section 7. Execution of the Note. The Note shall be executed on behalf of the City by the manual signature of the Mayor and City Clerk or the Temporary Chairman or Interim Clerk Pro Tem.

Section 8. Lost, Destroyed or Mutilated Note. In the event the Note is lost, destroyed, or mutilated, the City will cause to be issued a new Note, substantially similar to the original, to replace the same, in such manner and upon such reasonable terms and conditions as the Council may determine.

Section 9. 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.

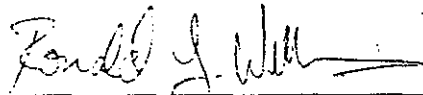
Section 10. Note Not Arbitrage Bond or Private Activity Bond; Special Designation. The City covenants and agrees that throughout the term of the Note no part of the proceeds of the Note or any other moneys or obligations held under this ordinance shall at any time be used for any purpose or invested in such a manner, nor shall the City take any other action, which would cause the Note to be (i) an "arbitrage bond" under the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code") or (ii) a "private activity bond" under the Code. The City further covenants that the amount of a Request for Draw will not exceed the City's projected expenditures.

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 ten million dollars during calendar year 1995.

Section 11. Effective Date. This ordinance shall become effective five days after its passage and publication as required by law.

ADOPTED by the City Council of the City of University Place at a meeting held this 24th day of May, 1995.

UNIVERSITY PLACE, WASHINGTON



Temporary Chairman

UNOFFICIAL DOCUMENT