

CITY OF WOODINVILLE, WASHINGTON

ORIGINAL

ORDINANCE NO. 97

AN ORDINANCE of the City of Woodinville, Washington, relating to contracting indebtedness; authorizing the issuance of a Limited Tax General Obligation Line of Credit Note, 1994, in the aggregate principal amount of not to exceed \$870,000 at any one time outstanding, to provide funds necessary to pay costs relating to the purchase of property for parks purposes and the costs of issuance of the note pending the issuance of bonds or other sources of repayment; fixing the date, interest rate, form, maturity, terms, covenants and uses of the proceeds of the note; creating a note redemption fund; and approving the sale and providing for the delivery of that note to Seattle-First National Bank.

WHEREAS, the City of Woodinville, Washington (the "City"), has determined it to be in the best interest of the City that the City borrow money by the issuance of short-term obligations in accordance with the provisions of RCW 39.46.050 for the purpose of providing the funds with which to purchase property for park purposes and to pay the costs of issuance pending the receipt of grants, issuance of bonds or the receipt of other sources of repayment; and

WHEREAS, Seattle-First National Bank has offered to extend a line of credit to the City evidenced by a limited tax general obligation line of credit note under the terms and conditions set forth herein; NOW, THEREFORE,

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

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

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

"City" means the City of Woodinville, Washington.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Note" means the Limited Tax General Obligation Line of Credit Note, 1994, of the City in the principal amount of not to exceed \$870,000 at any one time outstanding, which is authorized to be issued by this ordinance.

"Note Fund" means that special fund of the City known as the Limited Tax General Obligation Line of Credit Note Fund, 1994, created by this ordinance for the payment of the principal of and interest on the Note.

"Note Registrar" means the City Clerk-Treasurer.

"Project" means property to be purchased for park purposes by the City with the proceeds of the Note.

Section 2. Debt Capacity. The assessed valuation of the taxable property of the City as ascertained by the last preceding assessment for City purposes for the calendar year 1994 is \$795,341,582. The City has approximately \$8,000 outstanding general indebtedness evidenced by limited tax general obligation bonds incurred within the limit of up to 1½% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein. The City has no outstanding unlimited tax general obligation bonds incurred within the limit of up to 2½% of the value of the taxable property within the City for capital purposes only issued pursuant to a vote of the

qualified voters of the City. The amount of indebtedness for which notes are authorized herein to be issued is not to exceed \$870,000.

Section 3. Authorization and Description of Note. For the purpose of providing the funds with which to pay part of the costs of carrying out the Project and the costs of issuance and sale of the Note pending the issuance of limited tax general obligation bonds or other sources of repayment, the City may borrow money from time to time pursuant to a line of credit extended by the Bank under the terms of the line of credit option of its commitment letter dated May 27, 1994 (the "Offer"), and shall issue the Note in an aggregate principal amount not to exceed \$870,000 at any one time outstanding. The Note shall be designated the Limited Tax General Obligation Line of Credit Note, 1994; shall be dated as of its date of delivery to the Bank; shall be in fully registered form; shall be numbered R-1; and shall mature two years from its date of delivery.

The City may make incremental draws upon the Note (the "Loan Draws") in any amount of at least \$1,000 and on any business day during the term of the Note for the purpose of providing the funds with which to pay the cost of carrying out the Project and to pay all or a part of the costs of issuing the Note. No Loan Draw may exceed the total amount of the costs to be paid from such draw, and the proceeds of each Loan Draw shall be used immediately to pay those costs. Loan Draws shall be recorded in monthly statements prepared by the Bank, or in such other form as the City and the Bank may agree. Loan Draws are not subject to approval by the

Bank, but shall be limited to an aggregate principal amount of \$870,000 outstanding at any one time.

Each Loan Draw shall bear interest at the rate of 300 basis points less than the rate of interest designated and published by the Bank as its prime rate, as such prime rate may change from time to time (the "Prime Rate"), and the interest rate to be paid on any Loan Draw shall be adjusted as of the effective date of any adjustment in the Prime Rate. Interest on each Loan Draw shall accrue from the date of that Loan Draw and shall be computed on the principal amount of the Loan Draw outstanding on the basis of a 365/366-day year and actual days elapsed for the actual number of days the principal amount of the Loan Draw is outstanding. Interest shall be payable annually as described in Section 5 below. Loan Draws may be used for the purpose of making interest payments. If the Note is not redeemed when properly presented at its maturity or call date, the City shall be obligated to pay interest on the Note at the full Prime Rate from and after the maturity or call date until the Note, both principal and interest, is paid in full or until sufficient money for that payment in full is on deposit in the Note Fund.

The City Council finds that the fixing of the above interest rate is in the best interest of the City.

Section 4. Designation of Officers to Make Loan Draws. The City Council has determined it to be in the best interest of the City that the City Clerk-Treasurer, or such other person as the City Clerk-Treasurer may designate, be and he/she hereby is authorized to make Loan Draws against the Note in the amounts and

at the times as he/she may determine hereafter, those Loan Draws to be made in accordance with the terms and provisions set forth herein.

Section 5. Creation of Note Fund; Payment of Note. There is created in the office of the City Clerk-Treasurer a special fund designated as the Limited Tax General Obligation Line of Credit Note Fund, 1994 (the "Note Fund").

Both principal of and interest on the Note shall be payable in lawful money of the United States of America solely out of the Note Fund from the proceeds of limited tax general obligation bonds, from the proceeds of other short-term obligations to be deposited in such fund or from other money legally available and to be used therefor. Interest on the Note also may be paid from the proceeds of Loan Draws.

The Bank shall present to the City a quarterly statement of interest due on the Note. The City shall pay interest due on the Note at least annually on the first business day of August, commencing August 1, 1995, (i) by check, draft or warrant of the City mailed at least five days prior to the interest payment date to the Bank, (ii) by wire transfer to the Bank on or before the interest payment date or (iii) from the proceeds of a Loan Draw on the Note on or before the interest payment date, at the option of the City. Prepayments of principal shall be paid (i) by check, draft or warrant of the City mailed on the prepayment date to the Bank or (ii) by wire transfer to the Bank on the prepayment date. Note payments shall be recorded in such form as the City and the Bank may agree, including but not limited to monthly statements

prepared by the Bank. The final installment of principal, plus accrued interest, on the Note at maturity or prior repayment is payable at the office of the City Clerk-Treasurer, who is appointed Note Registrar for the Note, in Woodinville, Washington, upon presentation and surrender of the Note.

Section 6. Pledge to Redeem Note and Levy Taxes. The City irrevocably pledges to redeem the Note from the proceeds of a sufficient amount of limited tax general obligation bonds, from the proceeds of additional short-term obligations, or from other money of the City legally available for such purpose, and to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Note 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 7. Prepayment and Redemption Provisions. The City reserves the right and option to prepay and redeem at any time prior to its stated maturity date any or all of the principal amount of the Note outstanding at par plus accrued interest to the date of prepayment and redemption. Written notice to the Bank of any intended prepayment or redemption of the Note shall not be required. Interest on the Note or the portion thereof so prepaid shall cease to accrue on the date of such prepayment.

Section 8. Form and Execution. The Note shall be printed, lithographed, typed or multicopied on good bond paper in a form consistent with the provisions of this ordinance, shall be signed manually or in facsimile by the Mayor and City Clerk-Treasurer, and shall have the seal of the City impressed or printed thereon.

The Note shall bear thereon a Certificate of Authentication in the following form, manually signed by the Note Registrar, and only if so executed shall the Note be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Note is the fully registered City of Woodinville, Washington, Limited Tax General Obligation Line of Credit Note, 1994, described in the Note Ordinance.

By _____
City Clerk-Treasurer, City of
Woodinville, Washington,
Note Registrar

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 9. Registration and Transfer of Note; Note Registrar.

The Note shall be issued to the Bank only in registered form as to both principal and interest and recorded on the books or records maintained by the Note Registrar (the "Note Register"). The Note Register shall contain the name and mailing address of the owner of the Note. The Note may not be assigned or transferred by the Bank, except that the Bank may assign or transfer the Note to any

successor to the business and assets of the Bank. When the Note has been paid in full, both principal and interest, the Note shall be surrendered by the Bank to the Note Registrar, who shall cancel the Note.

The Note Registrar shall keep, or cause to be kept, at his office, sufficient books for the registration of the Note. The Note Registrar shall serve as the City's authenticating trustee, transfer agent, registrar and paying agent for the Note and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the Note in accordance with the provisions of the Note and this ordinance, to serve as the City's paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this ordinance and City Ordinance No. 19 establishing a system of registration for the City's bonds and obligations. No assignment or transfer of the Note shall be effective until the name of the new owner and the new owner's mailing address, together with such other information deemed appropriate by the Note Registrar, shall be recorded on the Note Register.

The Note shall state on its face that the principal of and interest on the Note shall be paid only to the owner thereof registered as such on the Note Register as of the record date set forth therein and to no other person or entity, and that the Note may not be assigned except on the Note Register.

Section 10. Tax Exemption Covenant. The City covenants that it will take all actions necessary to prevent interest on the Note

from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the City treated as proceeds of the Note at any time during the term of the Note which will cause interest on the Note to be included in gross income for federal income tax purposes. The City certifies 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 11. Small Governmental Issuer Arbitrage Rebate Exception and Designation of Note as a "Qualified Tax-Exempt Obligation." The City finds and declares that (a) it is a duly organized and existing governmental unit of the State of Washington and has general taxing power; (b) the Note is not a "private activity bond" within the meaning of Section 141 of the Code; (c) at least 95% of the net proceeds of the Note will be used for local governmental activities of the City (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the City); (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the City and all entities subordinate to the City (including any entity which the City controls, which derives its authority to issue tax-exempt obligations from the City or which issues tax-exempt obligations on behalf of the City) during the calendar year in which the Notes are issued is not reasonably expected to exceed \$5,000,000; and (e) the amount of tax-exempt obligations, including the Note, designated by the City as "qualified tax-exempt

obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Note is issued does not exceed \$10,000,000. The City therefore certifies that it is an issuer which qualifies for the small governmental issuer arbitrage rebate exception under Section 148(f)(4)(C) of the Code and designates the Note as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code.

Section 12. Sale and Delivery of Note. The Bank has submitted an offer to purchase the Note under the terms and conditions of its Offer, which Offer is on file with the City Clerk-Treasurer and incorporated herein by this reference. The City Council finds that it is in the City's best interest that such Offer be accepted and accepts the same.

The Note will be prepared at City expense and will be delivered to the Bank in accordance with the Offer, with the approving legal opinion of Foster Pepper & Shefelman, municipal bond counsel of Seattle, Washington, regarding the Note. Bond counsel shall not be required to review and shall express no opinion concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Note, and bond counsel's opinion shall so state.

The proper City officials are authorized and directed to do everything necessary for the prompt delivery of the Note to the Bank and for the proper application and use of the proceeds of the sale thereof.

PASSED by the City Council of the City of Woodinville, Washington, and APPROVED by the Mayor at a regular open public meeting thereof this 25th day of July, 1994.

Lucy DeJong
Mayor

ATTEST:

J. J. [Signature]
City Clerk

FORM APPROVED:

H. D. Spitzer
Bond Counsel

ORIGINAL

I, James Katica, City Clerk/Treasurer of the City of Woodinville,
Washington, certify that the attached copy of Ordinance No. 97 is a true and correct
copy of the original ordinance passed on the 25th day of July, 1994, as that
ordinance appears in the Minute Book of the City.

DATED this 28th day of July, 1994.



James Katica, City Clerk/Treasurer