

CITY OF LACEY

AN ORDINANCE OF THE CITY OF LACEY, WASHINGTON PROVIDING FOR THE ISSUANCE AND SALE OF A REFUNDING WATER AND SEWER REVENUE WARRANT; PROVIDING THE FORM AND TERMS OF SAID WARRANT AND FOR THE SALE THEREOF TO SEATTLE-FIRST NATIONAL BANK; AND PROVIDING FOR THE APPLICATION OF THE PROCEEDS OF SALE OF SAID WARRANT TO THE PAYMENT AND REDEMPTION OF OUTSTANDING REVENUE WARRANTS ISSUED PURSUANT TO ORDINANCE NO. 590.

WHEREAS, by Ordinance No. 565, passed on January 24, 1980, the City Council of the City of Lacey, Washington (the "City") formed Utility Local Improvement District No. 9 ("ULID No. 9") and adopted a plan of improvements to the City's combined system of water and sewerage (the "ULID No. 9 Improvements"); and

WHEREAS, the City anticipates the issuance of water and sewer revenue bonds to provide the permanent financing of the cost of carrying out the ULID No. 9 Improvements; and

WHEREAS, pursuant to Ordinance No. 590, passed on August 14, 1980, the City issued and sold its water and sewer revenue warrants in an aggregate amount of \$1,100,000.00 to provide interim financing for the cost of carrying out the ULID No. 9 Improvements (the "Warrants"); and

WHEREAS, the Warrants mature on March 31, 1981, and sufficient funds are not available for their payment and redemption; and

WHEREAS, the City is authorized by RCW Ch. 39.53 to issue refunding revenue warrants for such purposes; and

WHEREAS, the City has received the offer of Seattle-First National Bank, Olympia, Washington to purchase the refunding revenue warrant authorized herein;

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

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

A. "City" means the City of Lacey, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

B. "Cost of Maintenance and Operation" means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expense of the System, but excludes depreciation, payments for debt service or into reserve accounts, costs of capital additions to or replacements of the System, municipal taxes, or payments to the City in lieu of taxes.

C. "Prior Lien Bond Debt Service" means the principal of and interest on the outstanding August 1, 1977 Water and Sewer Revenue Bonds of the City and any bonds hereafter issued on a parity of lien therewith pursuant to the provisions of Ordinance No. 460, and all payments be required to be made into any sinking fund, bond retirement account or Reserve Account in connection with the issuance of the August 1, 1977, Water and Sewer Revenue Bonds or any parity bonds. The August 1, 1977, Water and Sewer Revenue Bonds are the only outstanding obligations for the payment of which the Revenue of the System has been pledged.

D. "Refunding Warrant" means the ULID No. 9 Refunding Water and Sewer Revenue Warrant issued pursuant to this ordinance.

E. "Refunding Warrant Fund" means the special fund of the City created by Section 6 of this ordinance for the purposes specified therein.

F. "Revenue of the System" means all earnings, revenue and moneys, except assessments levied in utility local improvement districts, received by the City from or on account of the operation of the System, including the income from investments of money in the Revenue Fund and 1977 Revenue Bond Fund (as such terms are defined in Ordinance No. 460) or from any other investment thereof except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. The words "Revenue of the System" shall also include federal or state reimbursements of operating expenses to the extent such expenses are included as a Cost of Maintenance and Operation of the System.

G. "System" means the combined system of water and sewerage of the City as it now exists and as it may be later added to, extended and improved for as long as the Refunding Warrant remains outstanding.

H. "ULID No. 9 Improvements" means the additions and improvements to and extensions of the System constructed in Utility Local Improvement District No. 9 pursuant to Ordinance No. 565.

I. "Warrant Fund" means the ULID No. 9 Water and Sewer Revenue Warrant Fund, a special fund of the City created by Section 6 of Ordinance No. 590 for the purpose of paying the principal of and interest on the warrants.

J. "Warrants" means the ULID No. 9 Water and Sewer Revenue Warrants issued pursuant to Ordinance No. 590.

Section 2. The plan of additions and improvements to the System specified and adopted in Ordinance No. 565 is hereby ratified and confirmed.

Section 3. For the purpose of providing extending the interim financing if the ULID No. 9 Improvements prior to

of water and sewer revenue bonds by refunding the outstanding Warrants issued pursuant to Ordinance No. 590, the City shall issue the Refunding Warrant in an aggregate principal amount of \$1,146,712.32. The Refunding Warrant shall be designated as the ULID No. 9 Refunding Water and Sewer Revenue Warrant, shall be dated as of the date of delivery and payment therefor, shall be made payable to the purchaser thereof, shall mature September 30, 1981 and shall bear interest at the rate of 11.5% per annum from the date of issuance, payable on September 30, 1981.

Both principal of and interest on the Warrant shall be payable in lawful money of the United States of America at the office of the Finance Director of the City in Lacey, Washington and shall be obligations only of the Refunding Warrant Fund.

Section 4. The Refunding Warrant is callable prior to maturity and shall be called for redemption and payment, at any time when there are on deposit in the Refunding Warrant Fund moneys sufficient to so redeem the Refunding Warrant, plus accrued interest to the date of redemption.

Notice of redemption shall be given in writing to the Seattle-First National Bank at its branch in Olympia, Washington at least three business days in advance of the scheduled time of redemption. Interest on the Refunding Warrant shall cease on the redemption date unless the Refunding Warrant is not redeemed upon presentation made pursuant to such call.

Section 5. All proceeds of sale of the Refunding Warrant shall be paid into the Refunding Warrant Fund and shall be used to pay the principal of and interest on the outstanding Warrants.

Section 6. There shall be created a special fund of the City to be known as the "Refunding Warrant Fund," which Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Refunding Warrant. The City hereby covenants to deposit an amount into the Refunding Warrant Fund at or before the maturity date of the Refunding Warrant sufficient moneys to pay when due the principal of and interest on the Refunding Warrant.

In order to obtain the amount required for payment of the principal of and interest on the Refunding Warrant in a timely fashion, the City covenants to issue its water and sewer revenue bonds at or before the maturity date of the Refunding Warrant and to deposit the proceeds of the sale thereof in the Refunding Warrant Fund to the extent required to provide for the payment of such principal and interest.

If the City is for any reason unable to issue and sell water and sewer revenue bonds in an amount sufficient to pay the principal of and interest on the Refunding Warrant at maturity, the City further pledges and obligates itself to set aside and pay into the Refunding Warrant Fund a sufficient amount from the following sources:

- a. assessments, including all interest and any penalties thereon, levied and collected in ULID No. 9.
- b. Revenue of the System legally available after payment of the Cost of Maintenance and Operation of the System and Prior Lien Bond Debt Service.

Section 7. The Refunding Warrant shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-\_\_

\$1,146,712.32

CITY OF LACEY, WASHINGTON  
REFUNDING WATER AND SEWER REVENUE WARRANT  
U.L.I.D. NO. 9

The City of Lacey, Washington (the "City"), a municipal corporation of the State of Washington, acknowledges itself to owe and for value received promises to pay to Seattle-First National Bank, on September 30, 1981, the principal amount of

ONE MILLION ONE HUNDRED FORTY-SIX THOUSAND SEVEN HUNDRED TWELVE 32/100 DOLLARS

together with interest thereon at the rate of 11.5% per annum, payable at maturity or on the date of prior redemption. Both principal of and interest on this warrant are payable in lawful money of the United States of America at the office of the Finance Director of the City in Lacey, Washington.

This warrant is issued pursuant to Ordinance No. \_\_\_\_\_ of the City (the "Refunding Warrant Ordinance") and is payable solely out of the special fund of the City created therein and known as the Refunding Warrant Fund. The City has covenanted to issue and pay into the Refunding Warrant Fund the proceeds of sale of water and sewer revenue bonds sufficient in amount to pay the principal of and interest on the this warrant.

The City has further covenanted to pay into the Refunding Warrant Fund, if necessary, assessments levied in ULID No. 9 and revenue of the combined water and sewer system of the City legally available after payment of the cost of maintenance and operation of said system and after payments into the bond redemption fund for outstanding water and sewer revenue bonds of the City.

This warrant is callable prior to maturity and will be called for redemption whenever there is on hand in the Refunding Warrant Fund money sufficient to pay this warrant plus accrued interest to the date of redemption. Written notice of such redemption prior to maturity shall be given to Seattle-First National Bank at its branch in Olympia, Washington at least three business days in advance of such redemption.

It is hereby certified and declared that this warrant is issued pursuant to and in strict compliance with the Constitution and Laws of the State of Washington and resolutions and 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, the City of Lacey, Washington, has caused this warrant to be executed in its name by the Mayor and Finance Director of the City and the corporate seal of the City to be impressed hereon this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

CITY OF LACEY, WASHINGTON

By \_\_\_\_\_  
Mayor

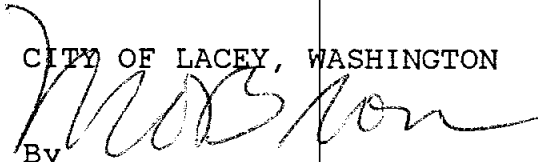
ATTEST:

\_\_\_\_\_  
Finance Director

Section 8. The Refunding Warrant shall be sold to Seattle-First National Bank, at a price of par, pursuant to their written proposal dated March 26, 1981, to purchase said Refunding Warrant on the terms set forth herein.

Section 9. This ordinance shall become effective five days from and after its passage and publication in the manner required by law.

PASSED BY THE COUNCIL OF THE CITY OF LACEY, WASHINGTON, at a regular meeting thereof and approved by the Mayor this 26th day of March, 1981.

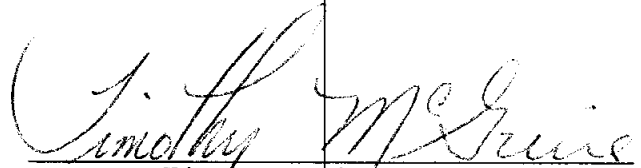
CITY OF LACEY, WASHINGTON  
  
By \_\_\_\_\_  
Mayor

ATTEST:  
  
\_\_\_\_\_  
Finance Director

PASSED 3-26-81

PUBLISHED 4-1-81

I, Timothy McGuire, Finance Director of the City of Lacey, Washington, DO HEREBY CERTIFY that the foregoing is a true and complete copy of Ordinance No. 616 of said City passed at a regular meeting of its City Council and approved by its Mayor held the 26th day of March, 1981.

  
Timothy McGuire  
Finance Director