

CITY OF LACEY, WASHINGTON

ORDINANCE NO. 838

AN ORDINANCE of the City Council of Lacey, Washington, authorizing the issuance and specifying the date, terms and maturities of \$1,550,000 par value of Unlimited Tax Levy General Obligation Bonds, 1988, authorized by the qualified voters of the City at a special election held on September 15, 1987; creating a special bond redemption fund; providing for the annual levy and collection of ad valorem taxes to pay the principal of and interest on the bonds; making certain covenants and designations for the benefit of owners of such bonds; and approving a form of notice of bond sale.

WHEREAS, the City Council of the City of Lacey, Washington, a municipal corporation (the "City"), called a special election on September 15, 1987, and submitted a proposition to the qualified voters of the City for authorization of \$1,550,000 of unlimited tax levy general obligation bonds for the purpose of extending Ruddell Road, constructing additional sidewalks, walkways and bikeways and repairing existing streets and such proposition was duly approved by the voters; and

WHEREAS, it is now deemed to be in the best interest of the City to borrow money and issue unlimited tax levy general obligation bonds for the purpose of proceeding with the aforesaid improvements;

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, ORDAINS as follows:

Section 1. Authorization of Bonds. The City shall issue and sell \$1,550,000 principal amount of its Unlimited Tax Levy General Obligation Bonds, 1988, (the "Bonds") authorized by the qualified voters of the City at a special election held on September 15, 1987 pursuant to Ordinance No. 805 of the City Council passed July 23, 1987 for the purposes described in said ordinance, namely to extend Ruddell Road S.E. from Lacey Boulevard to Pacific Avenue in order to provide for better movement of traffic within the City, to construct sidewalks, walkways and bikeways within areas of the City not containing such facilities in accordance with plans on file with the City and to provide for the improvement and repair of existing streets within the City, all in accordance with plans on file (the "Project").

The City Council shall, consistent with the purposes and provisions of this ordinance, approve the plans and specifications for and timing of construction work to be performed as part of the Project, and the Project shall be accomplished in such stages as may be determined by the City Council. The City Council shall have the discretion to make such changes in the general plans for the Project either before or during construction as it shall deem necessary or appropriate. If the City Council shall determine that it has become impractical to accomplish any portion of the Project by reason of changed conditions or increased costs, the City Council shall not be required to accomplish such portion of the Project. In the event that supplemental or matching funds from federal, state or local public sources or private sources become available to pay a portion of the costs of the Project, such funds may be applied to the costs of the Project or to retire any bonds issued for the Project.

The Bonds shall be dated September 1, 1988, shall be fully registered, shall be in denominations of \$5,000 or any integral multiple of \$5,000; shall bear interest payable semi-annually on the first day of each June and December commencing June 1, 1989, until the Bonds with interest are paid in full. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America to the registered owner or owners thereof. Interest on the Bonds shall be paid by check or draft mailed to the registered owners or nominees at the addresses appearing on the records maintained by the fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York, (the "Bond Registrar") as of the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds to the Bond Registrar by the registered owners. Principal of and interest on the Bonds are payable solely out of the bond redemption fund, created by Section 8 of this ordinance.

The Bonds shall be numbered and bear such additional designation as the Bond Registrar shall determine and shall mature on December 1 of the following

years in the following amounts:

<u>Maturity Year</u>	<u>Amount</u>
1990	60,000
1991	65,000
1992	70,000
1993	75,000
1994	80,000
1995	85,000
1996	90,000
1997	100,000
1998	105,000
1999	115,000
2000	125,000
2001	130,000
2002	140,000
2003	150,000
2004	160,000

Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Such exchange or transfer shall be without cost to the owner or transferee. The City may deem the person in whose name each Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bond and for any and all other purposes whatsoever.

Section 2. Redemption. The City has reserved the right to redeem bonds maturing on or after December 1, 1998, as a whole, or in part (maturities to be selected by the City and by lot within a maturity), on December 1, 1997 or any interest payment date thereafter at a price of par plus accrued interest, if any, to the date of redemption.

Notice of redemption will be given not less than 30 nor more than 60 days prior to the redemption date by first-class mail, postage prepaid, to the registered owner of any bond to be redeemed at the address appearing on the Bond Register. In addition, such redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., at its offices in New York, New York, or its successors, and to the successful bidder at its principal office, or its successor, but such mailings shall not be a condition precedent to the redemption of such Bonds. Interest on bonds called

for redemption shall cease to accrue on the date fixed for redemption unless the bond or bonds called are not redeemed when presented pursuant to the call.

Section 3. Pledge. The City hereby irrevocably pledges itself to levy annually and collect ad valorem taxes, without limitation as to rate or amount, upon all property subject to such taxation, in amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due, and the full faith, credit and resources of the City are hereby irrevocably pledged for the payment of the principal of and interest on such Bonds.

Section 4. Form of Bonds. The Bonds shall be printed, lithographed or typewritten on good bond paper in substantially the following form:

UNITED STATES OF AMERICA

No. _____

\$ _____

STATE OF WASHINGTON

CITY OF LACEY

UNLIMITED TAX GENERAL OBLIGATION BOND, 1988

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

SEE REVERSE SIDE FOR
CERTAIN DEFINITIONS

REGISTERED OWNER:

PRINCIPAL AMOUNT: _____ DOLLARS

The City of Lacey, Washington (the "City"), for value received, promises to pay to the Registered Owner identified above, or registered nominees, on the Maturity Date specified above, the Principal Amount indicated above and to pay interest thereon from the date of this bond or the most recent date to which interest has been paid or duly provided for at the Interest Rate set forth above, payable on June 1, 1989, and semi-annually thereafter on the first day of each June and December until this bond with interest is paid in full, or funds are available in the "City of Lacey General Obligation Bond Redemption Fund, 1988" created by Ordinance No. ____ of the City, for payment in full. Both principal of and interest on this bond are payable in lawful money of the United States of America. Principal shall be payable upon presentation and surrender of this certificate by the Registered Owner or nominee of such owner at the office of either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York (the "Bond Registrar"). Interest is payable by check or draft mailed to the Registered Owner hereof or nominee of such owner at the address appearing on the registry books of the Bond Registrar on the 15th day of the month preceding the interest payment date.

This bond is one of an issue of \$1,550,000 of bonds of like date, tenor and effect issued by the City for the purpose of extending Ruddell Road; constructing additional sidewalks, walkways and bikeways; and repairing existing streets within the City and is issued in full compliance with the ordinances of the City and the laws and constitution of the State of Washington.

The City has reserved the right to redeem bonds maturing on or after December 1, 1998, as a whole, or in part (maturities to be selected by the City and by lot within a maturity), on December 1, 1997, or any interest payment date thereafter at a price of par plus accrued interest if any, to date of redemption.

Notice of redemption will be given not less than 30 nor more than 60 days prior to the redemption date by first-class mail, postage prepaid, to the registered owner of any bond to be redeemed at the address appearing on the Bond Register. In addition, such redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., at its offices in New York, New York, or its successors, and to the successful bidder at its principal office, or its successor, but such mailings shall not be a condition precedent to the redemption of such Bonds. Interest on bonds called for redemption shall cease to accrue on the date fixed for redemption unless the bond or bonds called are not redeemed when presented pursuant to the call.

The City irrevocably pledges itself to levy annually and collect ad valorem taxes, without limitation as to rate or amount, upon all property subject to such taxation, in an amount sufficient to pay the principal of and interest on the bonds of this issue as the same shall become due, and the full faith, credit and resources of the City are hereby irrevocably pledged for the payment of the principal of and interest on such bonds.

It is hereby certified that all acts, conditions and things required to be done, to happen or to be performed as conditions precedent to the issuance or in the issuance of this bond have been done, have happened and have been performed as required by law and that the total indebtedness of the City, including this issue of bonds, does not exceed any constitutional or statutory limitation.

This bond is transferable only upon the registry books of the Bond Registrar, by surrender of this certificate to the Bond Registrar, duly assigned and executed as indicated on the reverse side hereof. The City may deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of and interest on the bond and for any and all purposes whatsoever.

The Bond Registrar is not required to issue, register, transfer or exchange any of the bonds during a period beginning at the opening of business on the twentieth (20th) day next preceding any interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the bonds, after the mailing of notice of the call of such bonds for redemption. This bond shall not become valid or obligatory for any purpose until the certificate of authentication set forth hereon has been signed by the Bond Registrar.

IN WITNESS WHEREOF, the City has caused this bond to be signed by the facsimile signature of the Mayor and attested by the facsimile signature of the City Clerk and its corporate seal to be impressed or a facsimile imprinted hereon this 1st day of September, 1988.

CITY OF LACEY, WASHINGTON

BY: (facsimile signature)
Mayor

ATTEST:

(facsimile signature)
City Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This bond is one of the fully registered City of Lacey, Washington, "Unlimited Tax General Obligation Bonds, 1988," described in the within mentioned ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By (manual)
Authorized Officer

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - _____ Custodian _____
(Cust) (Minor)

under Uniform Gifts to Minors

Act _____
(State)

Additional abbreviations may also be used though not in list above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION

NUMBER OF TRANSFEREE

(Please print or typewrite name and address, including zip code of Transferee)

the within bond and does hereby irrevocably constitute and appoint _____

or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____

SIGNATURE GUARANTEED:

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Section 5. Execution and Authentication of the Bonds. The Bonds shall be signed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the City Clerk and the seal of the City shall be impressed, or a facsimile thereof imprinted, on each Bond.

Only such bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington, or New York, New York, in their capacity as Bond Registrar for the Bonds shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may also be signed and attested on behalf of the City by such persons as shall be the proper officers of the City at the actual date of execution of such Bond although at the original date of such Bond any such person shall not have been such officer of the City.

Section 6. Lost or Stolen Bonds. In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar may deliver a new Bond or Bonds of

like amount, maturity, interest rate, tenor, and effect to the registered owner thereof upon the owner's paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to said Bond Registrar that such Bond or Bonds were actually lost, stolen or destroyed and of ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

Section 7. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds. The Bond Registrar is authorized, on behalf of the City to deliver a substitute Bond or Bonds in authorized denominations for any Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

Section 8. Bond Redemption Fund. There is hereby created and established in the office of the City Treasurer a special fund to be known and designated as the "General Obligation Bond Redemption Fund, 1988" (the "Bond Redemption Fund") for the sole purpose of payment of the principal of and interest on the Bonds. The City hereby covenants to deposit in the Bond Redemption Fund on or before each interest and/or principal payment date an amount sufficient together with monies otherwise available therein to pay principal of and interest due on the Bonds on such date.

Section 9. Construction Fund. A special fund of the City to be known as the "City of Lacey Construction and Improvement Fund, 1988" is hereby created in the office of the Treasurer of the City for the purposes of paying costs of the Project (the "Construction Fund"). The City hereby covenants that it will deposit in the Construction Fund all earnings from investment of monies in said Fund and that it will not commingle monies in said Fund with any other monies of the City for investment purposes or for any other purpose whatsoever.

Section 10. Tax Code Covenant and Findings. The City covenants that it will take such action or refrain from such action as may be necessary to comply with the United States Internal Revenue Code of 1986 as amended (the

"Code"), and applicable regulations promulgated thereunder to assure that the interest on the Bonds will not become taxable under Sections 103, 141, 148 and 149 of the Code.

The City Council hereby finds and determines that the City does not expect to issue more than \$5,000,000 aggregate principal amount of obligations which are tax exempt under the Code including but not limited to general obligation bonds and notes, revenue bonds and notes, lease purchase or installment purchase contracts and registered warrants in calendar year 1988 and that the City has not created any public corporations or authorities under RCW 35.21.730 et seq. and therefore relies on the exception for small governmental units from the rebate requirement under the Code.

The City Council hereby finds and determines that the Bonds are, and are hereby designated to be, qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code relating to financial institutions.

Section 11. Disposition of Bond Proceeds. Amounts received as proceeds of sale of the Bonds shall be deposited and applied as follows:

a. To the Bond Redemption Fund shall be paid the amount received on the date of delivery of the Bonds as accrued interest on the Bonds, which amount shall be applied to pay interest coming due on the Bonds on December 1, 1989; and

b. To the Construction Fund shall be paid the balance of the proceeds. The monies in the Construction Fund shall be used and applied to pay the costs of the Project and to pay all costs incidental thereto, including the costs of issuance of the Bonds.

Section 12. Sale of the Bonds. The Finance Director of the City is hereby directed to publish a notice of bond sale substantially in the form attached hereto as Exhibit A and by this reference incorporated herein, in The Daily Journal of Commerce in Seattle, Washington, and/or in The Olympian in Olympia, Washington, at such times as he deems appropriate, calling for bids for the purchase of the Bonds to be received by the Finance Director or his designee at the offices of the City's financial advisor, Shearson Lehman Hutton, Inc., 999 3rd Avenue, 40th Floor, Seattle, Washington 98101, until 10:00 a.m. (PDT) on August 25, 1988. The bids will be acted upon by the City

Council at its regular meeting at 7:30 p.m., or as soon thereafter as the matter can be considered, on August 25, 1988.

Section 13. Authorization to City Officials The proper City officials are hereby authorized to enter into such agreements, to execute such instruments, to print bonds, to approve an official statement or other disclosure document, to provide certificates, and to take all actions they deem reasonable, necessary and proper to carry out the acquisition of the Improvements and issuance of the Bonds in conformance with the provisions of this ordinance.

Section 14. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions hereof or of the Bonds.

Section 15. Effective Date. This ordinance shall take effect five days after its passage and publication in the manner required by law.

PASSED by the City Council at a regular open public meeting on the 11th day of August, 1988.

Kay M. Boyd
Mayor

ATTEST:

Sherryl Anderson
City Clerk

FORM APPROVED:

[Signature]
City Attorney

Passed: 08/11/88
Approved: 08/11/88
Published: 08/20/88

EXHIBIT A
Notice of Bond Sale

CITY OF LACEY, WASHINGTON

UNLIMITED TAX LEVY GENERAL OBLIGATION BONDS, 1988

\$1,550,000

NOTICE IS HEREBY GIVEN that sealed proposals will be received on behalf of the City of Lacey, Washington, (the "City") by the Finance Director of the City at the offices of the City's financial advisor, Shearson Lehman Hutton Inc., at 999 3rd Avenue, 40th Floor, Seattle, Washington 98104, until 10:00 o'clock a.m., Pacific Daylight Time, on August 25, 1988, for the purchase of \$1,550,000 par value of Unlimited Tax Levy General Obligation Bonds, 1988 of the City (the "Bonds"), at which time and place such proposals will be publicly opened, read and considered.

Bond Details - The Bonds will be dated September 1, 1988 and will be in fully registered form with interest payable semiannually on the first days of June and December, beginning June 1, 1989. All of the Bonds shall be in denominations of \$5,000 each or integral multiples of \$5,000. The City has designated the Bonds as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.

Paying Agent and Registration - The paying agent and bond registrar shall be the fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York. The Bonds will be payable both principal and interest in lawful money of the United States of America, interest to be paid by check mailed to the registered owners of the Bonds and principal to be paid upon presentation of the Bonds at either of the aforesaid fiscal agencies.

Maturities - The Bonds shall mature on December 1 of each of the following years in the following amounts:

<u>Maturity Year</u>	<u>Amount</u>
1990	60,000
1991	65,000
1992	70,000
1993	75,000
1994	80,000
1995	85,000
1996	90,000
1997	100,000
1998	105,000
1999	115,000

2000	125,000
2001	130,000
2002	140,000
2003	150,000
2004	160,000

Redemption - The City has reserved the right to redeem bonds maturing on or after December 1, 1998 as a whole, or in part (maturities to be selected by the City and by lot within a maturity), on December 1, 1997 or any interest payment date thereafter at a price of par plus accrued interest if any, to the date of redemption.

Notice of redemption will be given not less than 30 nor more than 60 days prior to the redemption date by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register. In addition, such redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., at its offices in New York, New York, or its successors, and to the successful bidder at its principal office, or its successor, but such mailings shall not be a condition precedent to the redemption of such Bonds. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

Interest Rate and Bidding Details - Bidders shall submit their proposals in sealed envelopes using the official bid form supplied by the City. Each bidder, as a matter of information only and not as a part of the proposal, shall state the total amount of interest over the life of the Bonds and the net interest cost to the City.

Each bidder shall agree to pay accrued interest to the date of delivery and no bid will be considered for less than the par value of the Bonds. One or more rates of interest may be fixed for the Bonds which rate or rates must be in multiples of 1/8th or 1/20th of 1%, or both. No more than one rate of interest may be fixed for any one maturity and there shall not be a difference of more than 3% between the highest and lowest rates bid.

Deposit - All proposals shall be without condition, and shall be sealed and accompanied by a deposit of at least \$50,000 either by certified or bank cashier's or treasurer's check made payable to the order of Treasurer of the City of Lacey, Washington. Such deposit shall be returned to the bidder if its proposal is not accepted. The good faith deposit check of the successful bidder shall be security for the performance of such purchase price of the Bonds and shall be cashed by the City and will be applied to the purchase price of the Bonds or be forfeited to the City of Lacey Washington, as and for liquidated damages if the successful bidder shall fail or neglect to complete the purchase of said Bonds in accordance with its proposal within 40 days after acceptance thereof. Interest will not be allowed to the purchaser on such good faith deposit.

Award - The right is reserved by the City to reject any and all bids and no bid may be withdrawn after the same is filed with the City Treasurer unless permission is first obtained by resolution of the City Council. Unless all proposals are rejected, the City will award the Bonds at the regular meeting of the City Council at 7:30 p.m., PDT, or as soon thereafter as the matter can be considered, on the day of the opening of the bids to the bidder whose proposal results in the lowest net interest cost to the City. Net interest cost to the City is to be computed by computing the total interest cost to the City over the life of the Bonds and deducting therefrom the premium, if any, not including any accrued interest to the date of delivery. In the event that two bids stating the same net interest cost are received, the bid will be awarded by lot.

Security - The Bonds have been authorized by a vote of the people at an election held September 15, 1987, and by Ordinance No. ~~338~~ of the City Council passed ~~August 11, 1988~~. Both the principal of and interest on the Bonds are payable from ad valorem taxes to be levied annually, without limitation as to rate or amount, in an amount sufficient to pay principal of and interest on the Bonds and to be deposited in the City of Lacey General Obligation Bond Redemption Fund, 1988. The City has pledged its full faith, credit and resources for the payment of principal of and interest on the Bonds.

Delivery - It is understood that, if prior to delivery of the Bonds, the income receivable by the holders thereof shall become includable in gross income by the terms of any federal income tax law, the successful bidder may, at its option, be relieved of its obligation to purchase said Bonds and in such case the amount of the deposit accompanying its proposal shall be returned without interest.

Printed bonds will be furnished by the City of Lacey and will be delivered without cost to the purchasers thereof in the City of Seattle, Washington, within 40 days from the date of sale. Delivery at any other place within the United States will be made at the purchaser's option and expense. Settlement for the Bonds shall be made in Federal Funds available on the date and at the place of delivery.

The issuance of the Bonds will be subject to legal approval by Lane Powell Moss & Miller of Olympia, Washington, through Cheryl L. Duryea (formerly of Duryea, Murphy, Davenport & VanWinkle, Olympia, Washington), bond counsel, and copies of their approving legal opinion will be furnished to the successful bidder without charge, together with the usual closing documents.

Underwriter's Certificate - The successful bidder shall provide at closing a certificate in form satisfactory to the City's bond counsel relating to the reoffering prices and the proportion of each maturity of bonds sold.

CUSIP Numbers - It is anticipated the CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on the Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses in relation to the printing and charge of the CUSIP numbers on said Bonds shall be paid for by the City.

Further Information - Requests for information, additional copies of the Official Statement, as well as copies of the Notice of Bond Sale, for the Bonds may be obtained from the City's financial advisor, Shearson Lehman Hutton Inc., 999 3rd Avenue, 40th Floor, Seattle, Washington 98101, (206) 344-3598 or the undersigned at City Hall, 420 College Street S.E., Lacey, Washington, 98503, (206) 491-3210.

Blaine Martin
Finance Director
City of Lacey, Washington

EXHIBIT A
Notice of Bond Sale

CITY OF LACEY, WASHINGTON

UNLIMITED TAX LEVY GENERAL OBLIGATION BONDS, 1988

\$1,550,000

NOTICE IS HEREBY GIVEN that sealed proposals will be received on behalf of the City of Lacey, Washington, (the "City") by the Finance Director of the City at the offices of the City's financial advisor, Shearson Lehman Hutton Inc., at 999 3rd Avenue, 40th Floor, Seattle, Washington 98104, until 10:00 o'clock a.m., Pacific Daylight Time, on August 25, 1988, for the purchase of \$1,550,000 par value of Unlimited Tax Levy General Obligation Bonds, 1988 of the City (the "Bonds"), at which time and place such proposals will be publicly opened, read and considered.

Bond Details - The Bonds will be dated September 1, 1988 and will be in fully registered form with interest payable semiannually on the first days of June and December, beginning June 1, 1989. All of the Bonds shall be in denominations of \$5,000 each or integral multiples of \$5,000. The City has designated the Bonds as qualified tax-exempt obligations under the provisions of Section 265(b) of the Internal Revenue Code of 1986 for purposes of the deduction by financial institutions for interest expense incurred to carry the Bonds.

Paying Agent and Registration - The paying agent and bond registrar shall be the fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York. The Bonds will be payable both principal and interest in lawful money of the United States of America, interest to be paid by check mailed to the registered owners of the Bonds and principal to be paid upon presentation of the Bonds at either of the aforesaid fiscal agencies.

Maturities - The Bonds shall mature on December 1 of each of the following years in the following amounts:

<u>Maturity Year</u>	<u>Amount</u>
1990	60,000
1991	65,000
1992	70,000
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1996	90,000
1997	100,000
1998	105,000
1999	115,000

2000	125,000
2001	130,000
2002	140,000
2003	150,000
2004	160,000

Redemption - The City has reserved the right to redeem bonds maturing on or after December 1, 1998 as a whole, or in part (maturities to be selected by the City and by lot within a maturity), on December 1, 1997 or any interest payment date thereafter at a price of par plus accrued interest if any, to the date of redemption.

Notice of redemption will be given not less than 30 nor more than 60 days prior to the redemption date by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register. In addition, such redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., at its offices in New York, New York, or its successors, and to the successful bidder at its principal office, or its successor, but such mailings shall not be a condition precedent to the redemption of such Bonds. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call.

Interest Rate and Bidding Details - Bidders shall submit their proposals in sealed envelopes using the official bid form supplied by the City. Each bidder, as a matter of information only and not as a part of the proposal, shall state the total amount of interest over the life of the Bonds and the net interest cost to the City.

Each bidder shall agree to pay accrued interest to the date of delivery and no bid will be considered for less than the par value of the Bonds. One or more rates of interest may be fixed for the Bonds which rate or rates must be in multiples of 1/8th or 1/20th of 1%, or both. No more than one rate of interest may be fixed for any one maturity and there shall not be a difference of more than 3% between the highest and lowest rates bid.

Deposit - All proposals shall be without condition, and shall be sealed and accompanied by a deposit of at least \$50,000 either by certified or bank cashier's or treasurer's check made payable to the order of Treasurer of the City of Lacey, Washington. Such deposit shall be returned to the bidder if its proposal is not accepted. The good faith deposit check of the successful bidder shall be security for the performance of such purchase price of the Bonds and shall be cashed by the City and will be applied to the purchase price of the Bonds or be forfeited to the City of Lacey Washington, as and for liquidated damages if the successful bidder shall fail or neglect to complete the purchase of said Bonds in accordance with its proposal within 40 days after acceptance thereof. Interest will not be allowed to the purchaser on such good faith deposit.