

ORDINANCE NO. 899

AN ORDINANCE of the City of Lacey, Washington, authorizing sale of the water and sewer utility revenue bond anticipation notes of the City authorized by Ordinance No. 896 for Utility Local Improvement District Nos. 11 and 14 by negotiated sale; accepting the resignation of Lehman Brothers as financial advisor with respect to such notes; ratifying the sale of such notes to Lehman Brothers; and amending Ordinance No. 896.

WHEREAS, the City of Lacey, Washington, by Ordinance No. 896, passed November 15, 1990, (the "Note Ordinance") authorized the sale and issuance of the Water and Sewer Revenue Bond Anticipation Notes (Utility Local Improvement Districts No. 11 and No. 14) of the City in the principal amount of \$3,565,000 (the "Notes") to provide funds to pay part of the costs of improvements specified by Ordinance No. 858 forming Utility Local Improvement District No. 11 ("ULID 11") and Ordinance No. 891 forming Utility Local Improvement District No. 14 ("ULID 14"); and

WHEREAS, by Section 11 of the Note Ordinance and Exhibit A thereto, the City Council directed the Finance Director to publish a notice of sale calling for bids for the purchase of the Notes on November 29, 1990; and

WHEREAS, Lehman Brothers of Seattle, Washington, was then acting as financial advisor to the City with respect to the sale of the Notes and preparation of an official statement in connection with such sale; and

WHEREAS, in order to carry out the City's anticipated program for financing capital improvements during 1991 and 1992 through tax-exempt borrowing, it is in the best interests of the City to limit such borrowing in each calendar year to \$5,000,000 or less in order to avoid the financial and administrative cost and burden of complying with the rebate requirements of Section 148 of the Internal Revenue Code of 1986; to achieve such goal it is necessary and desirable to sell and issue the Notes in 1990; and, therefore, paragraph 6 of Exhibit A to the Note Ordinance provided for resale of the Notes if the successful bidder should fail to purchase the Notes within 20 days (anticipated to be December 19, 1990) after acceptance of its offer to purchase the notes; and

WHEREAS, after publication of a notice of note sale for the Notes in the forms attached hereto as Exhibits A-1 and A-2 at the times and in the manner set forth on such Exhibits, no bids were received for the Notes; and

WHEREAS, there was insufficient time for the City Council to meet in accordance with the open meetings law of the State, amend the Note Ordinance, set a new sale date and again call for bids within the time necessary to assure issuance of the Notes on or before December 31, 1990; and

WHEREAS, Lehman Brothers has submitted its written resignation as financial advisor in connection with issuance of the Notes and

has offered to purchase and underwrite the Notes as an accommodation to the City; and

WHEREAS, the Finance Director has recommended to the Council that such resignation and such purchase offer be accepted and that the preliminary official statement prepared by Lehman Brothers be approved; and the City Council deems it to be in the best interest of the City to follow such recommendations; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, ORDAINS AS FOLLOWS:

Section 1. Amendment. Section 11 of Ordinance No. 896 is hereby amended as follows:

Section 11. Sale of the Notes. The Finance Director of the City is hereby authorized and directed to [publish-a-notice-of] negotiate with Lehman Brothers, Seattle, Washington, for the sale of the Notes [7 substantially--in--such--form--or--forms--as--he--deems appropriate-consistent-with-this-ordinance-and-the-terms set-forth-in-Exhibit-A-attached-hereto-and-by-this reference-incorporated-herein,-in-such-newspapers-and-at such-times-as-he-deems-appropriate,-calling-for-bids-for the-purchase-thereof-to-be-received-at-the-office-of Lehman-Brothers, 999-Third-Avenue, Suite-4000, Seattle, Washington, until-10:00-a.m.-(PST)-on-November-29, 1990. The-bids-will-be-acted-upon-] to said firm in the capacity of underwriter for the Notes and, if a written offer is received which conforms to the terms of the Notes set forth in this ordinance, to present such offer for action by the City Council at a special meeting thereof to be held on [~~November-29~~] December 10, 1990.

Section 2. Approval of Official Statement. The Preliminary Official Statement dated November 26, 1990, is hereby approved and the Finance Director is hereby authorized to execute a final Official Statement on behalf of the City with suitable deletions

of public sale documents from and insertion of the interest rates and prices on the cover thereof.

Section 3. Resignation of Financial Advisor. The letter from Lehman Brothers dated November 29, 1990, resigning as Financial Advisor to the City with respect to the Notes is hereby accepted. It is further acknowledged that such resignation is effective only with respect to the sale and underwriting of the Notes and has no application to any written or oral agreement with Lehman Brothers for financial advisory services with respect to other financing matters of the City.

Section 4. Sale of the Notes. The sale of the Notes to Lehman Brothers at a price of \$99.25 per \$100 par value on the terms set forth in Ordinance No. 896, as amended by this ordinance, and in the offer of said purchaser dated December 10, 1990 is hereby ratified and confirmed. The conditions set forth in said offer have been or upon delivery of the Notes will be fully complied with.

Section 5. Ratification. All actions taken and things done on behalf of the City in connection with the issuance of the Notes consistent with Ordinance No. 896 and this ordinance but prior to the effective date of this ordinance are in all respects hereby ratified and confirmed.

Section 6. Effective Date. This ordinance shall be effective five days from and after its passage and publication as provided by law.

PASSED by the Council of the City of Lacey at a special meeting thereof, duly noticed and called, held this 10th day December, 1990.

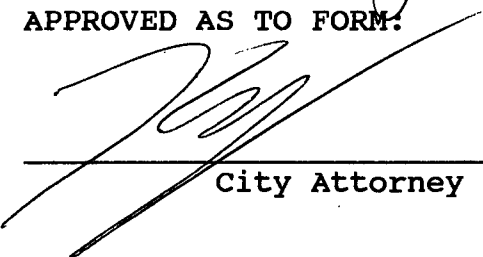
CITY OF LACEY, WASHINGTON

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

*Published, December 10, 1990*

Notice of Note Sale

CITY OF LACEY, WASHINGTON

\$3,565,000

WATER AND SEWER UTILITY REVENUE BOND ANTICIPATION NOTES  
(Utility Local Improvement Districts No. 11 and No. 14)

NOTICE IS HEREBY GIVEN that sealed proposals will be received by the Finance Director of the City of Lacey, Washington, in the offices of the City's Financial Advisor, Lehman Brothers at 999 Third Avenue, 40th Floor, Seattle, Washington, until 10:00 o'clock A.M., Pacific Standard Time, on November 29, 1990, for the purchase of the \$3,565,000 Water and Sewer Utility Revenue Bond Anticipation Notes ("Water/Sewer Notes" or "Notes") at which time and place such bids will be publicly opened, read and considered.

Note Details. The Water/Sewer Notes will be in bearer form and will be dated the date of delivery, shall be in denominations of \$5,000 each or integral multiples of \$5,000, and interest shall be computed on the basis of a 30-day month and a 360-day year and will be payable at maturity. The City has designated the Notes 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 Notes.

Paying Agent. The paying agent for the Water/Sewer Notes shall be the fiscal agencies of the State of Washington at either of their offices in the cities of Seattle, Washington, and New York, New York. The Notes will be payable both principal and interest in lawful money of the United States of America. Both principal of and interest on the Water/Sewer Notes will be paid upon presentation of the Notes at either of the aforesaid fiscal agencies.

Maturities. The Water/Sewer Notes will mature on the following dates and in the following amounts:

<u>Maturity Date</u>	<u>Maturity Amount</u>
June 1, 1991	\$ 415,000
December 1, 1991	3,150,000

Redemption. The City has not reserved the right to redeem any of the Water/Sewer Notes prior to their respective maturity dates.

Interest Rate and Bidding Details. Bidders shall submit their proposals in sealed envelopes using the official bid form supplied

NOTICE OF WATER/SEWER NOTE SALE - Page 1

Published in The Olympian on November 20, 1990.

Exhibit A-1

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 Notes and the net interest cost to the City.

Each bidder shall agree to pay accrued interest, if any, to the date of delivery and no bid will be considered for less than 99.50% of the par value of the Notes. One or more rates of interest may be fixed for the Notes but a single interest rate shall be fixed for each maturity. Such rate or rates must be in multiples of 1/8th or 1/20th of 1%.

Sealed Bids; Limitation on Delivery. All proposals shall be without condition, and shall be sealed. No good faith deposit shall be required, but if the successful bidder shall fail or neglect to complete the purchase of the Water/Sewer Notes in accordance with its proposal within 20 days after the acceptance thereof, the City shall be free to reoffer such Notes.

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 Finance Director of the City, unless permission is first obtained by resolution of the City Council. Unless all proposals are rejected, the City will award the Notes at a special meeting of the City Council at 7:30 o'clock P.M. Pacific Standard Time, 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 Notes and deducting therefrom the premium, if any, or adding the discount, if any, not including any accrued interest to the date of delivery. In the event that two bids for the same series stating the same net interest cost are received, the bid for such series will be awarded by lot.

Security. The \$3,565,000 of Water/Sewer Notes have been authorized by Ordinance No. 896 of the City, which ordinance was passed November 15, 1990. The Water/Sewer Notes will be issued in anticipation of the issuance of water and sewer revenue bonds of the City on a parity with the City's outstanding water and sewer revenue bonds, which bonds are payable solely from revenue of the combined water and sewer utility of the City and assessment income from utility local improvement districts. The City has covenanted that it will, in good faith, make every reasonable effort to sell a sufficient amount of water and sewer revenue bonds to pay the Water/Sewer Notes, or to issue additional bond anticipation notes or other short-term obligations so that, on or before the respective maturity dates of the Notes, money will have been accumulated in the note redemption fund to pay the Notes at maturity.

Delivery. It is understood that, if prior to delivery of the Water/Sewer Notes, the income receivable by the holders thereof

shall become taxable by the terms of any federal income tax law, the successful bidder may, at its option, be relieved of its obligation to purchase said Notes.

Printed notes 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 20 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 Notes shall be made in Federal Funds available on the date and at the place of delivery.

The unqualified opinion of Lane Powell Spears Lubersky, bond counsel of Olympia, Washington, approving the legality of the issuance of the Water/Sewer Notes will be furnished to the successful bidder without charge, together with the usual closing documents. Bond counsel's opinion 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 Notes.

CUSIP Numbers. It is anticipated the CUSIP identification numbers will be printed on the Notes, but neither the failure to print such numbers on the Notes 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 Notes in accordance with the terms of the purchase contract. All expenses in relation to the printing of the CUSIP numbers on said Notes shall be paid for by the City but the charge of the CUSIP Bureau shall be paid by the purchaser.

Further Information. Additional copies of the Official Statement, as well as copies of the Notice of Note Sale, for the Water/Sewer Notes may be obtained from the City's Financial Advisor, Lehman Brothers, 999 Third Avenue, 40th Floor, Seattle, Washington 98104, (206) 344-3598, or the undersigned at City Hall, 420 College Street, S.E., Lacey, Washington 98501, (206) 438-2624.

Blaine Martin  
Finance Director  
City of Lacey, Washington



Short Form Notice of Note Sale

CITY OF LACEY, WASHINGTON

\$3,565,000

WATER AND SEWER UTILITY REVENUE BOND ANTICIPATION NOTES  
(Utility Local Improvement Districts No. 11 and No. 14)

SEALED BIDS will be received by the Finance Director of the City of Lacey, Washington, in the offices of the City's Financial Advisor, Lehman Brothers, at 999 Third Avenue, 40th Floor, Seattle, Washington, until 10:00 A.M., Pacific Standard Time, on

NOVEMBER 29, 1990

for the purchase of all or none of the \$3,565,000 Water and Sewer Utility Revenue Bond Anticipation Notes ("Water/Sewer Notes") at which time and place such bids will be publicly opened, read and evaluated.

The Water/Sewer Notes will be in bearer form, will be dated the date of delivery, will be in denominations of \$5,000 or integral multiples of \$5,000, will mature on June 1, 1991, and December 1, 1991, and will not be subject to prior redemption.

Interest rates may be in multiples of 1/8th or 1/20th of 1%, or both. The price shall be not less than 99.50% of the par amount of the Water/Sewer Notes.

The City will furnish at its expense printed notes and the unqualified opinion of Lane Powell Spears Lubersky.

The Preliminary Official Statement, as well as copies of the Notice of Note Sale, may be obtained from the City's Financial Advisor, Lehman Brothers, 999 Third Avenue, 40th Floor, Seattle, Washington 98104, (206) 344-3598, or the undersigned at City Hall, 420 College Street, S.E., Lacey, Washington 98501, (206) 438-2624.

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