

CITY OF OCEAN SHORES, WASHINGTON

ORDINANCE NO. 587

AN ORDINANCE relating to Local Improvement District No. 1995-2; fixing the amount, form, date, interest rates, maturity and denominations of the Local Improvement District No. 1995-2 Bonds; providing for the sale and delivery thereof to Pacific Crest Securities in Seattle, Washington; and fixing the interest rate on Local Improvement District No. 1995-2 assessment installments.

THE CITY COUNCIL OF THE CITY OF OCEAN SHORES, WASHINGTON, DO
ORDAIN as follows:

Section 1. Authorization and Description of Bonds. The total amount of the assessment roll in Local Improvement District No. 1995-2 (the "District") in the City of Ocean Shores, Washington (the "City"), created under Ordinance No. 579, passed May 15, 1995, was \$375,000. The 30-day period for making cash payments of assessments without interest in the District expired on September 22, 1995, and no assessments were prepaid, leaving a balance of assessments unpaid on the assessment roll in the sum of \$375,000. Local Improvement District No. 1995-2 Bonds (the "Bonds") shall, therefore, be issued in the total principal sum of \$375,000. The Bonds shall be dated December 1, 1995; shall mature on December 1, 2002; shall be in the denomination of \$5,000 each; and shall be numbered from 1 to 75, inclusive, in the manner and with any additional designation as the Bond Registrar (collectively, the fiscal agencies of the State of Washington located in Seattle, Washington, and New York, New York) deems necessary for the purpose of identification. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The Bonds shall bear interest, payable annually on December 1 of each year beginning December 1, 1996, in accordance with the following schedule:

<u>Bond Numbers (inclusive)</u>	<u>Amounts</u>	<u>Interest Rates</u>
1 to 15	\$75,000	4.000%
16 to 30	75,000	4.250
31 to 45	75,000	4.500
46 to 60	75,000	4.750
61 to 75	75,000	4.875

Section 2. Registration and Transfer of Bonds. The Bonds shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar (the "Bond Register"). Such Bond Register shall contain the name and mailing address of the owner of each Bond and the principal amount and number of each of the Bonds held by each owner.

Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. The transfer of a Bond shall be by the Bond Registrar's receiving the Bond to be transferred, cancelling it and issuing a new certificate in the form of the Bonds to the transferee after registering the name and address of the transferee on the Bond Register. The new certificate shall bear the same Bond number as the transferred Bond but may have a different inventory reference number or control number. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

Section 3. Payment of Bonds. Both principal of and interest on the Bonds shall be payable solely out of the Local Improvement Fund, District No. 1995-2 (the "Bond Fund"), and from the Local Improvement Guaranty Fund of the City, and shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owners on the interest payment date at the addresses appearing on the Bond Register on 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 by the registered owners at either of the principal offices of the Bond Registrar, at the option of the owners.

Section 4. Redemption Provisions. The City reserves the right to redeem the Bonds prior to their stated maturity on any interest payment date, in numerical order, lowest numbers first, at par plus accrued interest to the date fixed for redemption, whenever there shall be sufficient money in the Bond Fund to pay the Bonds so called and all earlier numbered Bonds over and above the amount required for the payment of the interest payable on that interest payment date on all unpaid Bonds.

All Bonds redeemed under this section shall be cancelled.

Section 5. Notice of Redemption. The City shall cause notice of any intended redemption of Bonds to be given not less than 15 nor more than 30 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the

requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond. 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. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to Pacific Crest Securities at its principal office in Seattle, Washington, or its successor, and to such other persons, including registered securities depositories, and with such additional information as the City Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

Section 6. Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

Section 7. Form and Execution of Bonds. The Bonds shall be printed, lithographed or typed on good bond paper in a form consistent with the provisions of this ordinance and state law, shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the

City or a facsimile reproduction thereof shall be impressed or printed thereon.

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered City of Ocean Shores, Washington, Local Improvement District No. 1995-2 Bonds described in the Bond Ordinance.

Washington State Fiscal Agency
Bond Registrar

By _____
Authorized Signer

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

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the City authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the City, those Bonds nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds,

although he or she did not hold the required office on the date of issuance of the Bond.

Section 8. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall be open to inspection by the City at all times. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds and to carry out all of the Bond Registrar's powers and duties under this ordinance and City Ordinance No. 377 establishing a system of registration for the City's bonds and obligations.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificates of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 9. Bonds Negotiable. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 10. Preservation of Tax Exemption for Interest on Bonds. The City covenants that it will take all actions necessary to prevent interest on the Bonds 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 Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), is applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bonds, including the calculation and payment of any penalties that the City has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being 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. Designation of Bonds as "Qualified Tax-Exempt Obligations." The City has determined and certifies that (a) the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds) which the City and any entity 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) will issue during the calendar year in which the Bonds are issued will not exceed

\$10,000,000; and (c) the amount of tax-exempt obligations, including the Bonds, 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 Bonds are issued does not exceed \$10,000,000. The City designates the Bonds as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code.

Section 12. Use of Bond Proceeds. The accrued interest on the Bonds received from the Bond purchaser shall be used to pay debt service on the Bonds on the first interest payment date. The principal proceeds of the Bonds shall be used to finance the costs of carrying out improvements in the District and to pay the costs of issuance of the Bonds. Until needed to pay those costs, the City may invest principal proceeds temporarily in any legal investment, and the investment earnings may be retained in the Bond Fund and be spent for the purposes of that fund, and earnings subject to a federal tax or rebate requirement may be used for those tax or rebate purposes.

Section 13. Approval of Bond Purchase Contract. Pacific Crest Securities of Seattle, Washington, has presented a purchase contract (the "Bond Purchase Contract") to the City offering to purchase the Bonds under the terms and conditions provided in the Bond Purchase Contract, which written Bond Purchase Contract is on file with the City Clerk and is incorporated herein by this reference. The City Council finds that entering into the Bond Purchase Contract is in the City's best interest and therefore

accepts the offer contained therein and authorizes its execution by City officials.

The Bonds will be printed at City expense and will be delivered to the purchaser in accordance with the Bond Purchase Contract, with the approving legal opinion of Foster Pepper & Shefelman, municipal bond counsel of Seattle, Washington, regarding the Bonds printed on each definitive Bond. 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 or disclosure material issued or used in connection with the Bonds, 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 Bonds to the purchaser, including without limitation the execution of the Official Statement on behalf of the City, and for the proper application and use of the proceeds of the sale thereof.

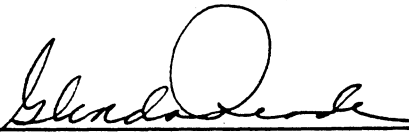
Section 14. Temporary Bond. Pending the printing, execution and delivery to the purchaser of definitive Bonds, the City may cause to be executed and delivered to the purchaser a single temporary Bond in the total principal amount of the Bonds. The temporary Bond shall bear the same date of issuance, interest rates, principal payment dates and terms and covenants as the definitive Bonds, shall be issued as a fully registered Bond in the name of the purchaser, and otherwise shall be in a form acceptable to the purchaser. The temporary Bond shall be exchanged for

definitive Bonds as soon as they are printed, executed and available for delivery.

Section 15. Fixing Interest Rate on Assessments. The interest rate on the installments and delinquent payments of the special assessments in the District is revised and fixed at the rate of 5.125% per annum.

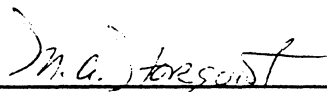
Section 16. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five (5) days following its publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Ocean Shores, Washington, at a special open public meeting thereof after notice in the manner provided by law this 15th day of November, 1995.



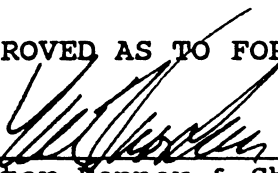
Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



Foster Pepper & Shefelman
Special Counsel and Bond Counsel
to the City