

ORDINANCE NO.010/2008

AN ORDINANCE of the City of Monroe, Washington, authorizing the issuance of limited tax general obligation bonds to provide financing for the acquisition of property and, pending the issuance of those bonds, authorizing the issuance and sale of a limited tax general obligation bond anticipation note in the principal amount of not to exceed \$14,070,000, and fixing the form and terms of the note.

WHEREAS, the City of Monroe, Washington (the "City") acquired real estate located in the North Kelsey area of the City for governmental and economic development purposes; and

WHEREAS, Bank of America, N.A., extended the City loans to finance such property acquisition pending the issuance of bonds or the receipt of other funds; and

WHEREAS, RCW 39.50.020 authorizes local governments to issue notes in anticipation of the issuance of bonds; and

WHEREAS, the City issued two series of bond anticipation notes (Series A and Series B) to evidence a line of credit from Bank of America, N.A. to acquire the property, which Series B Note matures on April 25, 2008; and

WHEREAS, it is in best interest of the City to extend the term of the line of credit and to increase the amount of the line of credit to provide funds to finance infrastructure obligations owing in connection with City-owned property;

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

Section 1. Definitions. As used in this ordinance, unless a different meaning clearly appears from the context:

Authorized Officer means the Finance Director of the City, or her or his designee.

Bank means Bank of America, N.A.

Bonds means the Limited Tax General Obligation Bonds to be issued for the purpose of, among other purposes and to the extent necessary, to pay and redeem the Note or any refunding note or notes.

City means the City of Monroe, Washington.

Council means the general legislative authority of the City as the same shall be duly and regularly constituted from time to time.

Note means the not to exceed \$14,070,000 Limited Tax General Obligation Bond Anticipation Note, 2008 (Taxable) of the City authorized herein.

Note Account means the Limited Tax General Obligation Bond Anticipation Note Account, 2008, established pursuant to Section 4.

Note Registrar means the Finance Director of the City.

Outstanding Principal Balance of the Note means on any particular day the aggregate of all funds that the City has drawn from the Bank under the Note to that day, less the aggregate of all principal payments on the Note made by the City on or before that day.

Prime Rate means the rate of interest publicly announced from time to time by the Bank as its "Prime Rate." The Prime Rate is set by the Bank based upon various factors, including the Bank's costs and desired return, general economic conditions and other factors and is used as a reference point for pricing some loans. The Bank may price loans to its customers at, above or below the Prime Rate. Any change in the Prime Rate shall take effect at the opening of business on the day specified in the public announcement of a change in the Bank's Prime Rate.

Proposal Letter means the proposal letter submitted by the Bank to purchase the Note and attached as Exhibit A.

Request for Draw means an oral or written request by an Authorized Officer for a draw from the non-revolving line of credit authorized to be established by this ordinance, all as more fully described in Section 3.

2005 Note means the not to exceed \$11,270,000 Limited Tax General Obligation Bond Anticipated Note, 2005 issued pursuant to Ordinance No. 007/2005, as amended by Ordinance No. 009/2005, as further amended by Ordinance No. 018/2007.

Section 2. Authorization of the Bonds. For the purpose of providing funds necessary to repay the Note, the Council shall issue Bonds in such amount and form and with such terms as shall be determined by ordinance of the Council. The proceeds of the Bonds shall be paid into the Note Account and applied, together with other available funds, in amounts sufficient to repay the Note.

Section 3. Authorization and Description of the Note. For the purpose of providing all or part of the money required to repay the 2005 Note and finance infrastructure obligations owed by the City in connection with improvement of City-owned property and related roadway construction in the North Kelsey area, and pay costs of issuing the Note, the City shall issue its Limited Tax General Obligation Bond Anticipation Note, 2008 (Taxable), in the principal amount of not to exceed \$14,070,000 (the "Note"). The Note shall be issued in fully registered form, shall be numbered, shall be dated as of its date of delivery to the Bank, shall bear interest on the Outstanding Principal Balance at the rate per annum of the Bank's Prime Rate minus a spread of 2.25%, until the Note has been paid in full or its payment duly provided for, and the Bank's commitment to make further advances under the non-revolving line of credit has expired or been terminated by the City, and shall mature one year from the date of its delivery.

The City may make incremental draws upon the Note in any amount, pursuant to a Request for Draw, before 1:00 p.m., Pacific time, on any business day during the term of the Note to carry out the purposes of the Note, subject to the limitations that the aggregate amount of all draws made upon the Note may not exceed \$14,070,000.

The City shall request that the Bank permanently reduce the amount of the line of credit evidenced by the Note if and when the City determines that such amount will not be needed to finance the City's obligations for infrastructure and related roadwork in the North Kelsey area.

Interest shall be calculated on the basis of a 360-day year and the actual number of days elapsed. Interest on the Outstanding Principal Balance of the Note shall accrue from the date such principal is drawn under the Note until paid. Interest shall be payable semiannually in

arrears on October 25, 2008, and at maturity or upon prepayment. The Note shall mature on April 25, 2009. All principal of the Note shall be paid at maturity or upon prepayment.

Principal of and interest on the Note shall be payable as described in Section 4 below. If The Note is not redeemed when properly presented at its maturity or call date, or if the interest is not paid when due, the City shall be obligated to pay interest on the Note at two percentage points in excess of the rate specified above from and after the maturity or call date until the Note, both principal and interest, is paid in full.

The City Council has determined it to be in the best interest of the City that the Finance Director, or her or his designee, is authorized to make Requests for Draws against the Note in the amounts and at the times as she or he may determine, those draws to be made in accordance with the terms and provisions set forth herein, but no later than 1:00 pm Pacific time on the day the draw is requested to be made. Requests for Draws may be made by telephone or facsimile of the City to the Bank and a transfer of funds shall be made immediately by the Bank to the City's account as determined by the Finance Director or her or his designee.

Section 4. Note Redemption Account and Security for the Note. A special account of the City to be known as the "City of Monroe Limited Tax General Obligation Bond Anticipation Note Account, 2008" (the "Note Account") is hereby authorized to be created by the Finance Director. The Note Account shall be a trust account and shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. Money on deposit in the Note Account not immediately needed to pay such interest or principal may temporarily be deposited in such institutions or invested in such obligations that are legal investments for City funds. Any interest or profit from the investment of such money shall be deposited in the Note Account. Any money remaining in the Note Account after payment in full of the principal of and interest on the Note may be transferred to the general fund of the City, and the Note Account shall be closed.

The City covenants that on or before the maturity date of the Note it will issue the Bonds, refunding bond anticipation notes, or a combination of the foregoing in an amount, together with available funds, sufficient to pay the Note when due.

The Note is a general obligation of the City. The City hereby irrevocably covenants that it will include in its budget and levy an *ad valorem* tax, within and as a part of the tax millage levy permitted to cities without a vote of the people, upon all the property within the City subject to taxation in an amount which will be sufficient, with other money legally available therefor, to pay the principal of and interest on the Note as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. The pledge of tax levies may be discharged prior to maturity of the Note by making full provision for the payment thereof.

Section 5. Application of Note Proceeds. Proceeds received from the Note shall be deposited in the account designed by the Finance Director and be used to repay the 2005 Note on April 25, 2008, to finance infrastructure pursuant to Section 3 and to pay costs of issuing the Note. Money in such account shall be invested in legal investments for City funds. Upon completion of such acquisition or a decision not to use the Note proceeds for infrastructure, any remaining money in the fund shall be transferred to the Note Account or used for other capital purposes.

Section 6. Lost, Stolen or Destroyed Note. In case the Note shall be lost, stolen or destroyed, the Note Registrar may execute and deliver a new Note of like date and tenor to the owner upon the owner paying the expenses and charges of the City and upon filing with the Note Registrar evidence satisfactory to the Note Registrar that such Note was actually lost, stolen or destroyed and of its ownership thereof, and upon furnishing the City with indemnity satisfactory to the City.

Section 7. Prepayment. The City reserves the right to prepay the Note in whole or in part on any business day by paying the principal amount thereof to be prepaid together with accrued interest to the date of prepayment, without penalty. If the Note is prepaid in full, interest shall cease to accrue on the date such prepayment occurs.

Section 8. Note Registrar. The Note Registrar shall keep, or cause to be kept, at the office of the Finance Director of the City, sufficient records for the registration and transfer of the Note. 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.

Section 9. Form and Execution of Note. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

Not to exceed
\$14,070,000

STATE OF WASHINGTON

CITY OF MONROE, WASHINGTON

LIMITED TAX GENERAL OBLIGATION BOND ANTICIPATION NOTE, 2008
(TAXABLE)

REGISTERED OWNER: Bank of America, N.A.

INTEREST RATE: Prime Rate minus 2.25%

MATURITY DATE: April 25, 2009

PRINCIPAL AMOUNT: Not to exceed Fourteen Million Seventy Thousand and No/100
Dollars

The City of Monroe, Washington (the "City"), a municipal corporation organized and existing under the laws of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay, but solely from the Note Account hereinafter identified, to the Registered Owner identified above on April 25, 2009, the principal sum of not to exceed \$14,070,000. Amounts received under this Note shall bear interest at the rate identified above,

as set forth in Ordinance No. _____ of the City, passed on April 15, 2008 (the “Note Ordinance”). Interest on this Note shall accrue from the date money is drawn pursuant to a Request for Draw, until paid and shall be computed on the basis of a 360-day year and the actual days elapsed. Interest shall be payable semi-annually on October 25, 2008 and April 25, 2009 or upon early prepayment. Principal on this Note shall be paid on the Maturity Date identified above. Upon payment of this Note in full, the Registered Owner shall surrender this Note at the office of the Finance Director of the City for cancellation. Both principal of and interest on this Note are payable in lawful money of the United States of America.

The City may prepay this Note in whole or in part on any business day without penalty by paying the principal amount thereof to be prepaid together with accrued interest to the date of prepayment. Interest shall cease to accrue on the date this Note is prepaid in full.

This Note shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Note Ordinance until the Registration Certificate hereon shall have been manually signed by the Note Registrar. Reference is made to the Note Ordinance for definitions of capitalized terms.

This Note is issued pursuant to the Note Ordinance for the purpose of repaying an Outstanding Note and infrastructure in anticipation of the issuance of bonds, all in conformity with the Constitution and laws of the State of Washington.

The City has irrevocably covenanted that it will deposit in the Limited Tax General Obligation Bond Anticipation Note Account, 2008 of the City authorized to be maintained by the Note Ordinance, taxes levied, bond proceeds or refunding note proceeds, in amounts which, together with other moneys of the City legally available therefor, will be sufficient to pay the principal of and interest on this Note as the same shall become due.

It is hereby certified and declared that this Note is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City and that all acts, conditions and things required to be done precedent to and in the issuance of this Note have happened, been done and performed.

IN WITNESS WHEREOF, the City of Monroe, Washington, has caused this Note to be executed by the manual or facsimile signature of the Mayor and attested by the manual or facsimile signature of the Clerk, and the seal of the City to be imprinted or impressed hereon as of the ____ day of April, 2008.

[SEAL]

CITY OF MONROE, WASHINGTON

By _____ /s/ manual or facsimile
Mayor

ATTEST:

/s/ manual or facsimile

City Clerk

REGISTRATION CERTIFICATE

This Note is registered in the name of the Registered Owner on the books of the City, in the office of the Finance Director (the "Note Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this Note shall be made by the City with full acquittance by the Note Registrar's wire transfer, made payable to the last Registered Owner as shown hereon and on the registration books of the Note Registrar at his/her address noted hereon and on the registration books of the Note Registrar.

Date of Registration	Name and Address of Registered Owner	Signature of Registrar
_____, 2008	Bank of America, N.A. 800 Fifth Avenue, Floor 34 Seattle, WA 98104	_____ Finance Director

Section 10. Execution. The Note shall be executed on behalf of the City with the manual or facsimile signature of its Mayor, shall be attested by the facsimile or manual signature of the City Clerk and shall have the seal of the City impressed or imprinted thereon.

Only such Note as shall bear thereon a Registration Certificate in the form recited above, manually executed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Registration Certificate shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this ordinance.

If any officer whose signature appears on the Note ceases to be an officer of the City authorized to sign notes before the Note bearing his or her signature are authenticated or delivered by the Note Registrar or issued by the City, the Note nevertheless may be authenticated, delivered and issued 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 notes. Any Note may also be signed on behalf of the City by any person who, on the actual date of signing of the Note, is an officer of the City authorized to sign notes, although he or she did not hold the required office on the date of issuance of the Note.

Section 11. Sale of Note. The Council hereby authorizes the sale of the Note to the Bank pursuant to the terms of the Proposal Letter. The City covenants to perform all obligations set forth in the Proposal Letter.

Section 12. Reporting Requirements. The City hereby covenants and agrees for as long as the Note remains outstanding that it will provide annually to the Bank copies of (a) its audited financial statements for each fiscal year, within 10 days of receipt thereof; (b) the City's internally-prepared, unaudited annual financial statement, within 210 days of the end of the fiscal year, and (c) the City's budget for the new period within 90 days of commencement of the new budget cycle.

Section 13. Ratification; General Authorization. The Mayor, City Administrator or the Finance Director and other appropriate officers of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

Section 14. Severability. If any provision in this ordinance is declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provision of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Note.

Section 15. Effective Date. This ordinance shall become effective after its passage and approval.

PASSED by the City Council and APPROVED by the Mayor of the City of Monroe, at a regular meeting held this 15th day of April, 2008.

CITY OF MONROE, WASHINGTON

1st Reading: 04/01/08

2nd Reading: 04/15/08

Published: 04/22/08

Effective: 04/15/08

Donnetta Walser, Mayor

ATTEST:

Betty King, City Clerk

APPROVED AS TO FORM:

CITY ATTORNEY
(Prepared by Bond Counsel)