

TOWN OF COUPEVILLE, WASHINGTON

ORDINANCE NO. 394

AN ORDINANCE of the Town of Coupeville, Washington, providing for the issuance of \$410,000 principal amount of Unlimited Tax General Obligation Refunding Bonds, 1985, of the Town for the purpose of providing the funds to refund, pay and retire its outstanding Unlimited Tax General Obligation Bonds, 1982; fixing the date, form, maturities, interest rates, terms and covenants of such refunding bonds; providing for and authorizing the purchase of certain obligations out of the proceeds of the sale of such bonds and for the use and application of the money to be derived from such investments; authorizing the execution of an agreement with Puget Sound National Bank of Tacoma, Washington, as Refunding Trustee; providing for the payment and redemption of the outstanding bonds to be refunded; and approving the sale and providing for the delivery of such refunding bonds to Harper, McLean & Company, of Seattle, Washington.

WHEREAS, the Town of Coupeville, Washington, presently has outstanding \$390,000 principal amount of its Unlimited Tax General Obligation Bonds, 1982 (the "1982 Bonds"), dated September 1, 1982, maturing on September 1 of each of the years 1985 through 1997; and

WHEREAS, it is the intention of the Town to pay principal of and interest due on the 1982 Bonds on September 1, 1985, from money on deposit in the Unlimited Tax General Obligation Bond Fund, 1982 (the "1982 Bond Fund"); and

WHEREAS, after September 1, 1985, the Town will have outstanding \$375,000 principal amount of such 1982 Bonds maturing on September 1 of each of the years 1986 through 1997, and having various interest rates from 10.00% to 12.75% per annum; and

WHEREAS, under the provisions of Ordinance No. 348 authorizing the issuance of the 1982 Bonds and in such bonds, the Town reserved the right to redeem any or all of the 1982 Bonds on or

after September 1, 1992, at par plus accrued interest to date of redemption; and

WHEREAS, after due consideration, it appears to the Town Council that the 1982 Bonds maturing after September 1, 1985, may be refunded by the issuance and sale of the bonds authorized herein (the "Bonds") so that a substantial savings will be effected by the difference between the principal and interest costs over the life of the Bonds and the principal and interest requirements over the life of the 1982 Bonds but for such refunding, which refunding will be effected by:

(a) the issuance of the Bonds; and

(b) the payment of the principal of and interest on the 1982 Bonds as the same shall become due up to and including September 1, 1992, and the payment, redemption and retirement on September 1, 1992, of all outstanding 1982 Bonds maturing on September 1 of each of the years 1993 through 1997;

and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the Town and its taxpayers, it is found necessary and advisable that certain Acquired Obligations (hereinafter identified), bearing interest and maturing at such times as necessary to accomplish the refunding as aforesaid, be purchased out of the proceeds of the sale of the Bonds and other money of the Town legally available therefor; NOW, THEREFORE,

BE IT ORDAINED BY THE MAYOR AND TOWN COUNCIL OF THE TOWN OF COUPEVILLE, WASHINGTON, as follows:

Section 1. For the purpose of providing a part of the money required to pay the principal of and interest on the 1982 Bonds maturing after September 1, 1985, as the same shall become due up to and including September 1, 1992, and to redeem and retire on September 1, 1992, all outstanding 1982 Bonds maturing

on September 1 of each of the years 1993 through 1997 (the "Refunding Plan"), the Town shall issue the Bonds in the aggregate principal amount of \$410,000. The Bonds shall be dated September 1, 1985; shall be in the denomination of \$5,000 each or any integral multiple thereof within a single maturity; shall be numbered separately 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 purpose of identification; shall bear interest at the rates set forth below, payable on March 1, 1986, and semiannually thereafter on each succeeding September 1 and March 1; and shall bear interest and mature on September 1 in years and amounts as follows:

<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
1986	\$25,000	5.80%
1987	20,000	6.40
1988	25,000	6.85
1989	30,000	7.30
1990	30,000	7.60
1991	30,000	7.85
1992	35,000	8.10
1993	35,000	8.30
1994	40,000	8.50
1995	45,000	8.70
1996	45,000	8.90
1997	50,000	9.10

If any Bond is not redeemed upon proper presentment at its maturity or call date, the Town shall be obligated to pay interest at the same rate for each such Bond from and after its maturity or call date until such Bond, both principal and interest, is paid in full or until sufficient money for such payment in full is on deposit in the Bond Fund and such Bond has been called for payment.

Upon surrender thereof to the Bond Registrar, the Bonds may be exchanged 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 Bond Registrar shall not be obligated to transfer or exchange any Bond during the fifteen days preceding any principal payment or redemption date.

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

Both principal of and interest on the Bonds 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 at the addresses appearing on the Bond Register on the fifteenth 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 office of the Bond Registrar, in Seattle, Washington, and New York, New York, at the option of such owners.

The Bonds shall be issued without the right or option of the Town to redeem the same prior to their stated maturity dates.

The Town reserves the right to purchase any or all of the Bonds in the open market at any price acceptable to the Town plus accrued interest to date of such purchase.

Section 2. The Town irrevocably pledges to levy taxes annually for as long as any of the Bonds is outstanding without limitation as to rate or amount on all of the taxable property within the Town in an amount sufficient, together with other

money legally available and to be used therefor, to pay the principal of and interest on the Bonds as the same shall accrue, and the full faith, credit and resources of the Town are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 3. The Bonds shall be printed or lithographed on good bond paper in a form consistent with the provisions of this ordinance and state law, shall be signed by the Mayor and Town Treasurer-Clerk, both of whose signatures shall be in facsimile, and a facsimile reproduction of the seal of the Town shall be printed thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the following form, manually executed 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 Town of Coupeville, Washington, Unlimited Tax General Obligation Refunding Bonds, 1985, described in the within mentioned Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By _____
Authorized Signature

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 or both of the officers who shall have executed the Bonds shall cease to be such officer or officers of the Town before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar or issued by the Town, such Bonds nevertheless may be authenticated, delivered and

issued and upon such authentication, delivery and issue, shall be as binding upon the Town as though those whose facsimile signatures appear on the Bonds had continued to be such officers of the Town. Any Bond also may be signed on behalf of the Town by such persons as at the actual date of execution of such Bond shall be proper officers of the Town authorized to execute Bonds although on the original date of such Bond such persons were not such officers of the Town.

Section 4. 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 at all times be open to inspection by the Town.

The Bond Registrar shall be responsible for its representations contained in the Registrar's Certificate 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 a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 5. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 6. There is created and established in the office of the Town Treasurer-Clerk a special fund to be known and designated as the Unlimited Tax General Obligation Refunding Bond Fund, 1985 (the "Bond Fund"). The proceeds of the sale of the Bonds, exclusive of the accrued interest thereon which shall be paid into the Bond Fund, shall be used immediately upon the receipt thereof, to discharge to the extent practicable the obligations of the Town under Ordinance No. 348, authorizing the

1982 Bonds by carrying out the Refunding Plan. Money or investments remaining in the 1982 Bond Fund after payment of the principal of and interest on the 1982 Bonds coming due on September 1, 1985, shall be transferred to the Bond Fund and expended for the payment of the interest on or principal of the Bonds first coming due. To the extent practicable, the Town shall discharge fully such obligations by the purchase of United States Treasury Certificates of Indebtedness, Notes and/or Bonds - State and Local Government Series (the "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with the beginning cash balance, for the carrying out of such Refunding Plan.

The Acquired Obligations are more particularly described and are set forth in Schedule A attached to the Refunding Trust Agreement hereinafter referred to and attached hereto as Exhibit A.

The Acquired Obligations and the beginning cash balance of \$231.53 (which amount may be increased or decreased as required when the exact purchase price of the acquired Obligations is ascertained) shall be deposited irrevocably with Puget Sound National Bank (the "Refunding Trustee"). The Town reserves the right to substitute other direct United States obligations for any of the Acquired Obligations and to use any savings created thereby for any lawful Town purpose if, in the opinion of Roberts & Shefelman, the Town's bond counsel, the Bonds will remain exempt from federal income taxation under Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations thereunder, and if such substitution shall not impair the timely payment of the principal of or interest on the 1982 Bonds.

Section 7. The Town calls for redemption on September 1, 1992, all of the outstanding 1982 Bonds maturing on September 1 of each of the years 1993 through 1997, at par plus accrued interest to the date of such redemption.

Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof.

The Town Treasurer-Clerk and the Refunding Trustee are authorized and directed to give notice of the redemption of the 1982 Bonds in accordance with the provisions of Ordinance No. 348.

The Refunding Trustee is authorized and directed to pay the principal of and interest on the 1982 Bonds from the Acquired Obligations and money deposited with the Refunding Trustee pursuant to the previous section of this ordinance. All Acquired Obligations and the money deposited with the Refunding Trustee and any income therefrom shall be held, invested and applied in accordance with the provisions of Ordinance No. 348, this ordinance, Chapter 39.53 RCW and other applicable statutes of the State of Washington.

All necessary and proper fees, compensation and expenses of the Refunding Trustee for the Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the 1982 Bonds and costs related to the issuance and delivery of the Bonds including bond printing, rating service fees, bond insurance premium, bond counsel's fee and other related expenses shall be paid out of the proceeds of the Bonds.

The Mayor and Town Treasurer-Clerk are directed to obtain from the Refunding Trustee a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the payment, redemption and retirement of the 1982 Bonds as provided herein and stating that

such provisions for the payment of the fees, compensation and expenses of such Refunding Trustee are satisfactory to it.

In order to carry out the purposes of the preceding section of this ordinance the Mayor and Town Treasurer-Clerk are authorized and directed to execute a Refunding Trust Agreement substantially in the form attached hereto marked Exhibit A and by this reference made a part hereof.

Section 8. In the event the Town shall issue advance refunding bonds pursuant to the laws of the State of Washington, or have money available from any other lawful source, to pay the principal of and interest on the Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding Bonds and to pay the costs of refunding, and shall have set aside irrevocably in a special fund for and pledged to such payment and refunding money and/or direct obligations of the United States of America or other legal investments sufficient in amount, together with known earned income from the investments thereof, to make such payments and to accomplish the refunding as scheduled (hereinafter called the "trust account"), and shall make irrevocable provision for redemption of such Bonds, then in that case all right and interest of the owners of the Bonds to be so retired or refunded (hereinafter collectively called the "defeased Bonds") in the covenants of this ordinance and, except as hereinafter provided, in the funds and accounts obligated to the payment of such Bonds shall thereafter cease and become void. Such owners shall thereafter have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account and, in the event the funds in the trust account are not available for such payment, shall have the right to receive payment of the principal of and interest on the defeased

Bonds from the funds and accounts obligated to the payment of such Bonds. Anything herein to the contrary notwithstanding, the pledge of the full faith and credit of the Town to the payment of the Bonds shall remain in full force and effect after the establishing and full funding of such trust account. Subject to the rights of the owners of Bonds, the Town may then apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine.

Section 9. Harper, McLean & Company of Seattle, Washington, has presented a Bond Purchase Agreement (the "Purchase Contract") to the Town whereunder Harper, McLean & Company has offered to purchase the Bonds under the terms and conditions provided in the Purchase Contract and to purchase on behalf of the Town the Acquired Obligations at the prices specified in Schedule A of Exhibit A (subject to substitution), which written Purchase Contract is on file with the Town Treasurer-Clerk and is incorporated herein by this reference. The Town Council finds that entering into the Purchase Contract is in the Town's best interest and therefore accepts the offer contained in the Purchase Contract and authorizes the execution of the Purchase Contract by Town officials.

The Bonds will be printed at Town expense and will be delivered to the purchaser in accordance with the Purchase Contract with the approving legal opinion of Roberts & Shefelman, municipal bond counsel of Seattle, Washington, relative to the issuance of the bonds, printed on each bond. Bond counsel shall not be required to review or express any opinion concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Bonds and bond counsel's opinion shall so state.

The proper Town officials are authorized and directed to do everything necessary for the prompt delivery of the Bonds to the purchaser and for the proper application and use of the proceeds of the sale thereof.

Section 10. This ordinance shall take effect from and after its passage and five (5) days after its publication as required by law.

PASSED by the Town Council and APPROVED by the Mayor of the Town of Coupeville, Washington, at a regular open public meeting thereof, this 12th day of August, 1985.

CITY OF COUPEVILLE, WASHINGTON

ATTEST:

Debra A. Ward
Town Treasurer-Clerk

FORM APPROVED:

By James Wilson
Town Attorney

Lea F. Haddy
Mayor

1328c

EXHIBIT A

REFUNDING TRUST AGREEMENT

THIS AGREEMENT made and entered into as of the ____ day of September, 1985, by and between the TOWN OF COUPEVILLE, WASHINGTON (the "Town"), and PUGET SOUND NATIONAL BANK, Tacoma, Washington (the "Refunding Trustee");

W I T N E S S E T H:

SECTION 1. Recitals. The Town has outstanding \$375,000 principal amount of Unlimited Tax General Obligation Bonds, 1982 (the "1982 Bonds"), dated September 1, 1982, maturing serially on September 1 of each of the years 1986 through 1997, and having various interest rates from 10.00% to 12.75% per annum, and, pursuant to Ordinance No. 394 (the "Refunding Bond Ordinance") the Town has determined to pay the principal of and interest on the 1982 Bonds as the same shall become due up to and including September 1, 1992, and to redeem and retire on September 1, 1992, all outstanding 1982 Bonds maturing on September 1 of each of the years 1993 through 1997 (the "Refunding Plan"), out of the proceeds of the sale of its Unlimited Tax General Obligation Refunding Bonds, 1985 (the "Refunding Bonds"), and other Town money legally available therefor.

SECTION 2. Provisions for Refunding the 1982 Bonds. To accomplish the refunding of all of the 1982 Bonds as aforesaid, the Town, simultaneously with the delivery of the Refunding Bonds issued pursuant to the Refunding Bond Ordinance, agrees to deposit irrevocably with the Refunding Trustee in trust for the

security and benefit of the holders and owners of the 1982 Bonds and the Refunding Bonds, the sum of \$_____ in cash and certain Acquired Obligations with amounts, interest rates and maturities as more particularly set forth in Schedule A attached to this Agreement and by this reference incorporated herein, which securities hereinafter are referred to as Acquired Obligations. Such cash and Acquired Obligations, with the investment income therefrom, will be sufficient to provide the funds required to carry out the Refunding Plan.

The Town reserves the right to substitute other direct United States obligations for any of the Acquired Obligations if, in the opinion of Roberts & Shefelman, the Refunding Bonds will remain exempt from federal income taxation under Section 103(c) of the Internal Revenue Code of 1954, as amended, and applicable regulations thereunder, and if such substitution shall not impair the carrying out of the Refunding Plan.

SECTION 3. Provisions Applicable to Refunding. On or before the delivery of the Refunding Bonds, the Town agrees that it will cause to be delivered to the Refunding Trustee a statement setting forth the amount of interest and principal to be paid on each semiannual interest and principal payment or call date in carrying out the Refunding Plan.

In the Refunding Bond Ordinance, the Town irrevocably has called for redemption or prepayment all of the 1982 Bonds to be called as above set forth on their call date. Such call for redemption or prepayment shall be irrevocable upon the delivery of the Refunding Bonds. The Refunding Trustee, in conjunction

with the Town Treasurer-Clerk, shall provide for publication and mailing of the proper notices of such redemption or prepayments in accordance with the applicable provisions of Ordinance No. 348 pertaining to such 1982 Bonds.

Irrevocable provision for the giving of such notices of redemption or prepayment has been made by the Town.

SECTION 4. Disbursements by Refunding Trustee. The Refunding Trustee shall present for payment on the due date thereof the Acquired Obligations so deposited and shall apply the proceeds derived therefrom in accordance with the provisions of this section.

Money shall be transferred by the Refunding Trustee to the Town Treasurer-Clerk or to either fiscal agency of the State of Washington in Seattle, Washington, or New York, New York (the "Fiscal Agent"). in amounts sufficient to pay the interest on and principal of the 1982 Bonds coming due and payable on or before each payment or call date.

SECTION 5. Restrictions on Reinvestment of Funds; Custody and Safekeeping of Acquired Obligations. All money deposited with the Refunding Trustee or received by the Refunding Trustee as maturing principal or interest on Acquired Obligations prior to the time required to make the payments hereinbefore set forth shall be reinvested in United States Treasury Certificates of Indebtedness, Notes and/or Bonds -- State and Local Government Series, bearing interest at a rate of 0%. Subscriptions for the purchase of such obligations shall be filed with the Federal Reserve Bank at least 20 days (but not more than 60 days) prior

to the actual date of purchase, or at such time as may be required by the then applicable rules and regulations relating to the purchase of such obligations.

All income derived from the Acquired Obligations and any money deposited with the Refunding Trustee pursuant to Section 2 hereof in the hands of the Refunding Trustee (which money is not required to make the payments hereinbefore required to be made) shall be paid to the Town Treasurer-Clerk or Fiscal Agent for the credit of the Unlimited Tax General Obligation Refunding Bond Fund, 1985, of the Town (the "Bond Fund") as and when realized and collected for use and application as other money deposited in such Bond Fund.

For as long as any of the 1982 Bonds is outstanding, on or before the 10th day of every month, commencing with the month of September, 1985, the Refunding Trustee shall render a statement as of the last day of the preceding month to the Town, which statement shall set forth the Acquired Obligations which have matured and the amounts received by the Refunding Trustee by reason of such maturity, the investment income received from such Acquired Obligations, the amounts paid to the Town or Fiscal Agent for the payments required to be made by the Refunding Plan, and any other transactions of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

All Acquired Obligations, money and investment income deposited with or received by the Refunding Trustee pursuant to this Agreement shall be subject to the trust created by this

Agreement and the Refunding Trustee shall be liable for the preservation and safekeeping thereof.

SECTION 6. Substituted Securities. Notwithstanding the foregoing or any other provision of this Agreement, at the request of the Town and upon compliance with the conditions hereinafter stated, the Refunding Trustee shall have the power to and shall, in simultaneous transactions, sell, transfer, otherwise dispose of or request the redemption of any or all of the Acquired Obligations held hereunder and to substitute therefor direct obligations of the United States of America, or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, subject to the conditions that such money or securities held by the Refunding Trustee be sufficient to carry out the Refunding Plan, making all required payments at the times provided. The Town covenants and agrees that it will not request the Refunding Trustee to exercise any of the powers described in the preceding sentence in any manner which will cause the Refunding Bonds to be arbitrage bonds within the meaning of Section 103(c) of the Internal Revenue Code of 1954, as amended, and the regulations thereunder in effect on the date of such request and applicable to obligations issued on the issue date of the Refunding Bonds. The Refunding Trustee shall purchase such substituted securities with the proceeds derived from the maturity, sale, transfer, disposition or redemption of the Acquired Obligations held hereunder or from other money available. The transactions may be effected only if there shall have been obtained at the

expense of the Town: (1) an independent verification by a nationally recognized independent certified public accounting firm acceptable to the Refunding Trustee concerning the adequacy of such substituted securities with respect to the principal of and the interest thereon and any other money or securities held for such purpose to carry out the Refunding Plan, making all required payments at the times provided; and (2) an opinion from Roberts & Shefelman, bond counsel to the Town, to the Town to the effect that the disposition and substitution or purchase of such securities will not, under the statutes, rules and regulations then in force and applicable to the Refunding Bonds, cause the interest on the Refunding Bonds not to be exempt from federal income taxation and that such disposition and substitution or purchase is not inconsistent with the statutes and regulations applicable to the Refunding Bonds. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Acquired Obligations held hereunder and the substitutions therefor of direct obligations of the United States of America, shall be released from the trust estate and shall be transferred to the Town.

SECTION 7. Duties and Obligations of Refunding Trustee.

The duties and obligations of the Refunding Trustee shall be as prescribed by the provisions of this Agreement, and the Refunding Trustee shall not be liable except for the performance of its duties and obligations as specifically set forth herein and to act in good faith in the performance thereof and no implied

duties or obligations shall be incurred by such Refunding Trustee other than those specified herein.

The Refunding Trustee may consult with counsel of its choice (except as provided below) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. For any questions relating to the tax exempt status of the 1982 Bonds or the Refunding Bonds, the Refunding Trustee must consult with Roberts & Shefelman, bond counsel to the Town.

Provisions for the fees, compensation and expenses of the Refunding Trustee satisfactory to it have been made.

TOWN OF COUPEVILLE, WASHINGTON

By

Law S. Maddy
Mayor

ATTEST:

Doris A. Ward
Town Treasurer-Clerk

PUGET SOUND NATIONAL BANK

By

Trust Officer

1329c

SCHEDULE A

Acquired Obligations

<u>Type*</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Maturity</u>
LC	\$ 2,200.00	0.945	3/1/86
LC	15,500.00	7.910	9/1/86
LN	800.00	8.390	3/1/87
LN	15,900.00	8.830	9/1/87
LN	500.00	9.100	3/1/88
LN	20,700.00	9.310	9/1/88
LN	500.00	9.490	3/1/89
LN	20,600.00	9.650	9/1/89
LN	600.00	9.750	3/1/90
LN	25,700.00	9.840	9/1/90
LN	600.00	9.950	3/1/91
LN	25,700.00	10.070	9/1/91
LN	600.00	10.200	3/1/92
LN	255,700.00	10.310	9/1/92

*LC - SLGS Certificates

LN - SLGS Notes