

TOWN OF COUPEVILLE, WASHINGTON

ORDINANCE NO. 429

AN ORDINANCE of the Town of Coupeville, Washington, relating to contracting indebtedness; providing for the issuance of \$80,000 par value of limited tax general obligation bonds of the Town authorized to be issued by Ordinance No. 426 for general Town purposes to provide funds with which to pay all or a part of the cost of constructing a new public library; fixing the date, form, maturities, interest rates, terms and covenants of the bonds; establishing a bond redemption fund and a construction fund; and approving the sale and providing for the delivery of the bonds to the United States of America, Department of Agriculture, Farmers Home Administration.

WHEREAS, by Ordinance No. 426, the Town Council of the Town of Coupeville, Washington (the "Town"), authorized the issuance of limited tax general obligation bonds in the approximate amount of \$80,000 for the purpose of paying all or part of the cost of constructing a new public library; and

WHEREAS, the Town Council deems it to be in the best interest of the Town to issue the bonds authorized by Ordinance No. 426 for that purpose, and the United States of America, Department of Agriculture, Farmers Home Administration, has offered to purchase those bonds as a single bond under the terms and conditions hereinafter set forth; NOW, THEREFORE,

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

Section 1. Description of Bond. The Town shall issue and sell the entire \$80,000 par value of limited tax general

obligation bonds authorized to be issued by Ordinance No. 426 for the purpose of paying all or part of the cost of constructing a new public library and to pay the costs of issuance of the bonds. The bonds shall be issued as a single bond to be designated as the Limited Tax General Obligation Bond, 1988, of the Town (the "Bond"). The Bond shall be in the principal amount of \$80,000; shall be dated June 1, 1988; and shall bear interest at the rate of 6.125% per annum. Principal and interest shall be paid in 80 equal semiannual installments of \$2,692 (except that the final payment may be less than that amount), payable on December 1, 1988, and semiannually thereafter on each succeeding June 1 and December 1, with the last payment on June 1, 2028.

Section 2. Appointment of Bond Registrar, Registration and Transfer of Bond. The Town Treasurer-Clerk is appointed Bond Registrar. The Bond shall be issued only in registered form as to both principal and interest and recorded on books or records maintained by the Bond Registrar (the "Bond Register"), which shall contain the name and mailing address of the owner of the Bond.

The Bond may be transferred by the registered owner on surrender of the Bond to the Bond Registrar if that transfer relates to the entire unpaid principal amount of the Bond. The Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any transfer shall be without cost to the owner or transferee.

Section 3. Payment of Bond. The principal and interest installments on the Bond shall be payable in lawful money of the United States of America and shall be paid by check or draft of the Bond Registrar mailed on the installment payment date to the registered owner at the address appearing on the Bond Register on the fifteenth day of the month preceeding the installment payment date, except that the installment of principal and interest due on June 1, 2028, shall be payable on presentation and surrender of the Bond by the registered owner at the office of the Bond Registrar in Coupeville, Washington.

Section 4. Optional Prepayment of Bond. The Town may prepay on any principal and interest payment date the entire unpaid principal of the Bond or, from time to time, may prepay such lesser portion of the unpaid principal amount of the Bond as the Town may determine. The Town shall cause notice of any intended prepayment to be given at least 30 days prior to the prepayment date by first class mail to the registered owner of the Bond at the address appearing on the Bond Registrar. The notice shall state the amount of principal to be prepaid.

On prepayment of a portion of the principal amount of the Bond, the amount of the semiannual installments of principal and interest to be paid shall be adjusted to reflect the reduction in the principal amount of the Bond outstanding.

Section 5. Failure to Pay Principal and Interest Installments When Due. If any principal and interest installment is not paid when due, the Town shall be obligated to pay interest

on that installment at the same rate provided in the Bond from and after its due date until that installment is paid in full.


Section 6. Pledge of Taxes. For as long as the Bond is outstanding, the Town irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the Town 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 when due the installments of principal and interest on the Bond, 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 those installments of principal and interest.

Section 7. Form and Execution of Bond. The Bond shall be typewritten or multicopied 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, and the seal of the Town shall be impressed thereon.

Only a Bond 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 the fully registered Town of Coupeville, Washington, Limited Tax General Obligation Bond, 1988, described in the Bond Ordinance.


Town Treasurer-Clerk, Town of
Coupeville, Washington, Bond
Registrar

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.

Section 8. Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at his or her principal office, sufficient books for the registration and transfer of the Bonds which shall be open to inspection by the Town at all times. The Bond Registrar is authorized, on behalf of the Town, to authenticate and deliver a Bond transferred in accordance with the provisions of the Bond and this ordinance, to serve as the Town's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this ordinance and Town Ordinance No. 392 establishing a system of registration for the Town's bonds and obligations.

The Bond Registrar shall be responsible for his or her representations contained in the Bond Registrar's Certificate of Authentication on the Bonds.

Section 9. Preservation of Tax Exemption for Interest on Bond. The Town covenants that it will take all actions

necessary to prevent interest on the Bond 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 Bond or other funds of the Town treated as proceeds of the Bond at any time during the term of the Bond which will cause interest on the Bond to be included in gross income for federal income tax purposes. The Town 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 10. Small Governmental Issuer Arbitrage Rebate Exemption and Designation of Bond as a "Qualified Tax-Exempt Obligation." The Town finds and declares that (a) it is a duly organized and existing governmental unit of the State of Washington and has general taxing power; (b) the Bond is not a "private activity bond" within the meaning of Section 141 of the United States Internal Revenue Code of 1986, as amended (the "Code"); (c) at least 95% of the net proceeds of the Bond will be used for local governmental activities of the Town (or of a governmental unit the jurisdiction of which is entirely within the jurisdiction of the Town); (d) the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the Town and all entities subordinate to the Town (including any entity which the Town controls, which derives its authority to issue tax-exempt obligations from the Town or which issues tax-exempt obligations on behalf of the Town) during the

calendar year in which the Bond is issued is not reasonably expected to exceed \$5,000,000; and (e) the amount of tax-exempt obligations, including the Bond, designated by the Town 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 Town therefore certifies that the Bond is eligible for the arbitrage rebate exemption under Section 148(f)(4)(C) of the Code and designates the Bond as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code.

Section 11. Bond Negotiable. The Bond shall be a negotiable instrument to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 12. Advance Refunding or Defeasance of the Bond. The Town may issue advance refunding bonds pursuant to the laws of the State of Washington or use money available from any other lawful source to pay when due the principal and interest installments on the Bond, or any portion thereof included in a refunding or defeasance plan, and to prepay and retire or refund or defease the then-outstanding Bond (hereinafter called the "defeased Bond") and to pay the costs of the refunding or defeasance. If money and/or "government obligations" (as defined in Chapter 39.53 RCW, as now or hereafter amended) maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to pay and retire, refund or defease the defeased Bond in accordance with

its terms are set aside in a special trust fund irrevocably pledged to that payment, retirement or defeasance of defeased Bond (hereinafter called the "trust account"), then all right and interest of the owners of the defeased Bond in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bond shall cease and become void. The owner of the defeased Bond shall have the right to receive payment of the principal of and interest on the defeased Bond from the trust account. The defeased Bond shall be deemed no longer outstanding, and the Town may apply any money in any other fund or account established for the payment or redemption of the defeased Bond to any lawful purposes as it shall determine.

The foregoing provisions of this section shall not apply to the Bond so long as it is owned by the United States of America, Department of Agriculture, Farmers Home Administration.

Section 13. Covenants. The Town covenants and agrees with the United States of America, Department of Agriculture, Farmers Home Administration, to abide by the conditions of the loan agreement dated January 25, 1988 so long as that agency is the owner of the Bond.

Section 14. Bond Fund. There is created and established in the office of the Town Treasurer-Clerk a special fund designated as the Limited Tax General Obligation Bond Fund, 1988 (the "Bond Fund"). Accrued interest on the Bond, if any, received from the sale and delivery of the Bond shall be paid into the

Bond Fund. There also is created and established in the office of the Town Treasurer-Clerk a special fund designated as the Library Construction Fund, 1988 (the "Construction Fund"). The principal proceeds received from the sale and delivery of the Bond shall be paid into the Construction Fund and used for the purpose specified in Section 1 of this ordinance. Until needed to pay the costs of constructing the library and costs of issuance of the Bond, the Town may invest principal proceeds temporarily in any legal investment, and the investment earnings may be retained in the Construction Fund and be spent for the purposes of that fund. All taxes collected for and allocated to the payment of the principal of and interest on the Bond shall be deposited in the Bond Fund.

Section 15. Sale of Bond. The United States of America, Department of Agriculture, Farmers Home Administration, has offered to purchase the Bond at a price of par. The Town Council finds that accepting that offer is in the Town's best interest and therefore accepts that offer.

The Bond will be prepared at Town expense and will be delivered to the purchaser, with the approving legal opinion of Foster Pepper & Shefelman, municipal bond counsel of Seattle, Washington, regarding the Bonds. 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 material issued or used in connection with the Bond, 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 Bond to the purchaser and for the proper application and use of the proceeds of the sale thereof.

PASSED by the Town Council of the Town of Coupeville, Washington, at a regular open public meeting thereof, this 9th day of May, 1988.



Mayor

ATTEST:



Town Treasurer-Clerk

APPROVED AS TO FORM:



Town Attorney

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