

CITY OF FIFE, WASHINGTON

ORDINANCE NO. 1987

AN ORDINANCE RELATING TO THE INCURRENCE OF SPECIAL ASSESSMENT INDEBTEDNESS; AUTHORIZING THE ISSUANCE OF ITS \$1,900,000 MAXIMUM PRINCIPAL AMOUNT LOCAL IMPROVEMENT DISTRICT NO. 14-1 BOND ANTICIPATION NOTE, 2018 PENDING THE RECEIPT OF THE PROCEEDS OF THE LOCAL IMPROVEMENT DISTRICT BONDS AUTHORIZED TO BE ISSUED BY ORDINANCE NO. 1909; ESTABLISHING THE PREPAYMENT AND REGISTRATION PROVISIONS, TERMS, COVENANTS AND FORM OF THE NOTE; ESTABLISHING PARAMETERS RELATING TO THE DATE, MATURITY AND MAXIMUM VARIABLE INTEREST RATE OF THE NOTE; DELEGATING AUTHORITY TO SOLICIT AND ACCEPT AN OFFER FOR THE PURCHASE OF THE NOTE; AND PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF THE SALE OF THE NOTE.

WHEREAS, by Ordinance No. 1909 (the "LID Ordinance"), after a public hearing thereon, the City of Fife, Washington (the "City"), ordered the construction of a new street, now known as 66th Avenue E., from the south boundary of Pierce County Assessor's Parcel No. 0420071705 to 26th Street East, as set forth in Exhibit A to the LID Ordinance (the "Improvements"); established Local Improvement District No. 14-1 (the "District") of the City; provided that payment for the Improvements be made by special assessments upon the property in the District, payable by the mode of "payment by bonds"; and provided for the issuance and sale of local improvement district warrants redeemable by cash or other short-term financing, and local improvement district bonds; and

WHEREAS, the City does not expect to finalize the assessment roll for the District and issue local improvement district bonds to provide permanent financing for the Improvements until the third quarter of 2018; and

WHEREAS, the City Council deems it to be in the best interest of the City that the City incur special assessment indebtedness and issue a series of its short-term obligations in the form of a single local improvement district bond anticipation note in a principal amount not to exceed \$1,900,000 to obtain funds to pay part of the cost and expense of the Improvements pending the receipt of local improvement district bond proceeds; and

WHEREAS, the City Council has determined to delegate to the Finance Director of the City (the "Finance Director") or the City Manager (each, an "Authorized Officer"), for a limited time, the authority (i) to solicit, with the assistance of D.A. Davidson & Co. as placement agent (the "Placement Agent"), written offers setting forth the terms and conditions under which responding banks propose to make a loan to the City to be evidenced by such bond anticipation

note and (ii) to select the bank (the “Purchaser”) and the written offer (the “Offer”) pursuant to which such loan will be made and such bond anticipation note will be issued and delivered to the Purchaser; now, therefore,

THE CITY COUNCIL OF THE CITY OF FIFE, WASHINGTON
DO ORDAIN AS FOLLOWS:

Section 1. Authorization, Purpose and Description of Note. The City hereby authorizes the incurrence of special assessment indebtedness for the District and the issuance of a single bond anticipation note in evidence thereof to be designated as the City’s “Local Improvement District No. 14-1 Bond Anticipation Note, 2018” (the “Note”) for the purpose of obtaining funds necessary to pay part of the cost and expense of the Improvements, and to pay incidental costs and costs related to the sale and issuance of the Note.

The Note shall be dated its date of delivery (the “Date of Issue”); shall be issued in fully registered form but without number; and shall be issued as a drawdown note in a maximum principal amount of \$1,900,000. The Note shall mature on the date, and shall bear interest at a variable rate, payable on such date or dates at or prior to maturity, all as shall be determined pursuant to Section 10 hereof.

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

Section 2. Place, Manner and Medium of Payment. Both principal of and interest on the Note shall be payable in lawful money of the United States of America by wire transfer to the account of the owner, or otherwise as such owner shall designate in writing to the Finance Director.

Section 3. Prepayment. The City reserves the right and option to prepay the outstanding principal balance of the Note prior to its stated maturity date, in whole or in part on any date upon 15 days prior written notice to the owner thereof, at par plus interest accrued to the prepayment date.

Section 4. Special Fund Obligations of the City. The Note is a special fund obligation of the City, payable solely out of the Local Improvement Fund, District No. 14-1 (the “Local Improvement Fund”) created by the LID Ordinance, to be funded from the proceeds of local improvement district bonds authorized to be issued by the LID Ordinance, revenue warrants and other short-term obligations, which the City covenants to use its best efforts to issue, prepaid special benefit assessments within the District and/or other funds, if available for such purposes; or, if necessary, from the City’s Local Improvement Guaranty Fund (the “Guaranty Fund”). The Note is not a general obligation of the City.

Section 5. Form of Note. The Note shall be word processed, printed or lithographed on good bond paper in a form consistent with this Ordinance and State of Washington (the “State”) law.

Section 6. Execution of Note. The Note shall be executed on behalf of the City with the facsimile or manual signatures of the Mayor of the City and the City Clerk, and shall have the seal of the City impressed or a facsimile thereof imprinted thereon.

In the event any officer who shall have signed or whose facsimile signatures appear on the Note shall cease to be such officer of the City before the Note shall have been issued or delivered by the City, such Note may nevertheless be issued and delivered and, upon such issuance and delivery, shall be as binding upon the City as though said person had not ceased to be such officer. The Note may be signed and attested on behalf of the City by such persons who, at the actual date of execution of the Note shall be the proper officer of the City, although at the original date of the Note such persons were not such officers of the City.

Section 7. Registration and Transfer of Note. The Finance Director shall serve as the registrar for the Note and shall keep books or records containing the name(s) and mailing address(es) of the owner(s) of the Note.

The Note is transferable only upon due execution by the owner thereof of the assignment form appearing thereon and surrender of the Note by such owner or its duly authorized attorney to the Finance Director. Upon such surrender, the Finance Director shall cancel the surrendered Note and shall issue a new Note in the principal amount then unpaid and bearing the same terms as to the payment of interest on the unpaid principal as the surrendered Note, registered as to both principal and interest, naming as owner the person listed as the assignee on the assignment form appearing on the surrendered Note.

Section 8. Mutilated, Lost, Stolen or Destroyed Note. If the Note becomes mutilated, lost, stolen or destroyed, the City may deliver a new Note of the same series and interest rate, for the same principal amount, and of like tenor and effect in substitution therefor, all in accordance with applicable law. If such mutilated, lost, stolen or destroyed Note has matured, the City at its option may pay the same without the surrender thereof. However, no such substitution or payment shall be made unless and until the applicant shall furnish evidence satisfactory to the Finance Director of the destruction or loss of the original Note and the ownership thereof, and such additional security, indemnity or evidence as may be required by or on behalf of the City. No substitute Note shall be furnished unless the applicant shall reimburse the City for its expenses in the furnishing thereof.

Section 9. Defeasance. If money and/or "Government Obligations" (as such obligations are defined in chapter 39.53 RCW, as now in existence or hereafter amended) maturing at such time(s) and bearing such interest to be earned thereon (without any reinvestment thereof) as will provide a series of payments which shall be sufficient, together with any money initially deposited, to provide for the payment of all of the principal of and interest on all or a portion of the Note (the "Defeased Note Indebtedness"), when due in accordance with their terms or upon the earlier redemption thereof in accordance with a refunding plan adopted by the City, are set aside in a special fund (the "trust account") to effect such payment or redemption and are pledged irrevocably for the purpose of effecting such payment or redemption, then no further payments need be made into the Local Improvement Fund for the payment of the principal of and interest on such Defeased Note Indebtedness, the owners thereon shall cease to be entitled to any lien, claim, benefit or security of this Ordinance, the Local Improvement Fund or the Guaranty Fund except for the right to receive the money and the principal and interest proceeds on the obligations set aside in the trust account, and such Defeased Note Indebtedness shall no longer be deemed to be outstanding hereunder.

Section 10. Sale of Note. The City Council hereby authorizes and directs either Authorized Officer, but not both, (i) to solicit, with the assistance of the Placement Agent, written offers setting forth the terms and conditions under which responding banks propose to make a loan to the City to be evidenced by the Note at a purchase price equal to 100% of the principal amount thereof, and (ii) to select the Purchaser and the Offer from among those offers received, all consistent with the terms and conditions set forth herein; provided, that the Offer shall be accompanied by an executed letter of representations (the "Letter of Representations") of even date therewith in substantially the form attached hereto as Exhibit A, with such changes to such form as the Authorized Officer may deem to be in the best interests of the City and not inconsistent with the provisions of this Ordinance. The Note shall be delivered to the Purchaser pursuant to the Offer consistent with the terms of this Ordinance; provided, that the Date of Issue shall be no later than December 31, 2018. The Note mature on such date and bear interest at such variable rate, payable on such date or dates at or prior to maturity, all as are set forth in the Offer; provided, that:

(a) The maturity date of the Note may not be later than the second anniversary of the Date of Issue; and

(b) The initial variable interest rate borne by the Note may not exceed 5.00%.

The City Council hereby authorizes and directs either Authorized Officer to accept and execute, for and on behalf of the City, the Offer for the Note conforming to the requirements of this Ordinance, which acceptance shall be conclusively presumed by the execution thereof, and to deliver the executed Offer to the Purchaser. Both the Offer and the accompanying Letter of Representations shall be filed with the City Clerk and, upon the filing thereof, shall be deemed incorporated herein by this reference.

Section 11. Delivery of Note; Closing. The Note will be prepared at the City's expense and delivered to the Purchaser in accordance with the terms of the Offer, together with the approving legal opinion of Hillis Clark Martin & Peterson P.S., bond counsel of Seattle, Washington, relative to the issuance of the Note. Bond counsel has not been engaged to participate in the preparation or review of, or express any opinion concerning the completeness or accuracy of, any disclosure documentation prepared or used by any person in connection with the offer or sale of the Note; and bond counsel's opinion shall so state. Bond counsel has not been retained to monitor, and shall not be responsible for monitoring, the City's compliance with any federal law or regulations to maintain the tax-exempt status of the interest on the Note.

The proper City officials, including the Authorized Officers and the City Clerk, are authorized and directed to consummate the loan and the issuance and delivery of the Note pursuant to the Offer, to approve and/or execute all documents, and to do everything necessary for the preparation and delivery of a transcript of proceedings pertaining to the issuance of the Note, and the preparation, execution and delivery of a definitive Note to the Purchaser and for the proper application and use of the proceeds of the sale thereof.

Section 12. Application of Note Proceeds. All of the principal proceeds of the Note shall be deposited into the Local Improvement Fund and applied to pay costs of the Improvements and the incidental costs and costs related to the sale and issuance of the Note.

Section 13. Tax-Exemption Covenants for Note. The City covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion of the interest on the Note from the gross income for purposes of federal income taxation, and will take or require to be taken such acts as may be permitted by State law and as may from time to time be required under other applicable law to continue the exclusion of the interest on the Note from the gross income for purposes of federal income taxation. Without limiting the generality of the foregoing, the City will not invest or make or permit any use of the proceeds of the Note or of its other money at any time during the term of the Note which would cause the Note to be “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the “Code”).

The City covenants that it shall calculate or cause to be calculated, and shall rebate to the United States, all earnings from the investment of Note proceeds that are in excess of the amount that would have been earned had the yield on such investments been equal to the yield on the Note, plus income derived from such excess earnings, to the extent and in the manner required by Section 148.

The City has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer the arbitrage certifications of which may not be relied upon.

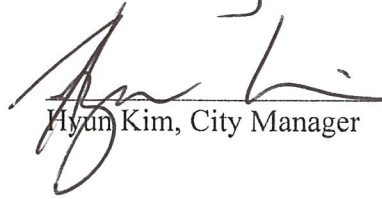
The City will take no actions and will make no use of the proceeds of the Note or any other funds held under this Ordinance which would cause the Note to be treated as a “private activity bond” (as defined in Section 141(b) of the Code) subject to treatment under said Section 141(b) as an obligation not described in Section 103(a) of the Code, unless the tax exemption thereof is not affected.

Section 14. Contract; Severability. The covenants contained in this Ordinance shall constitute a contract between the City and the owner of the Note. The City unconditionally covenants that it will keep and perform all of the covenants of the Note and this Ordinance. If any one or more of the provisions of this Ordinance shall be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining provisions of this Ordinance or the Note, and this Ordinance and the Note shall be construed and enforced as if such unconstitutional or invalid provision had not been contained herein.

Section 15. Effective Date. This Ordinance shall take effect from and after its passage and five days following its publication as required by State law. A summary of this Ordinance may be published in lieu of the entire Ordinance as authorized by State law.

Introduced the 26th day of June, 2018.

Passed by the City Council on the 10th day of July, 2018.



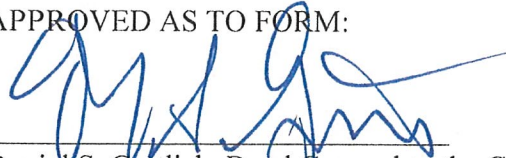
Hyun Kim, City Manager

ATTEST:



Angela Woods, City Clerk

APPROVED AS TO FORM:



Daniel S. Gottlieb, Bond Counsel to the City

Published: July 12, 2018

Effective Date: July 17, 2018

EXHIBIT A

[FORM OF LETTER OF REPRESENTATIONS]

[DATE]

City of Fife, Washington
Fife, Washington 98424

Hillis Clark Martin & Peterson P.S.
Seattle, Washington 98104

D.A. Davidson & Co.
Seattle, Washington 98104

Re: \$1,900,000 maximum principal amount CITY OF FIFE, WASHINGTON,
LOCAL IMPROVEMENT DISTRICT NO. 14-1 BOND ANTICIPATION
NOTE, 2018

Ladies and Gentlemen:

The undersigned, as an authorized officer of _____ (the "Purchaser"), hereby acknowledges the Purchaser's agreement to make a loan to the City of Fife, Washington (the "City"), evidenced by the note referred to above (the "Note"), to be dated the Date of Issue (as defined in City Ordinance No. 1909 (the "LID Ordinance") and City Ordinance No. 1987 (the "Note Ordinance"), to be issued by the City for its Local Improvement District No. 14-1 (the "District") pursuant to the Note Ordinance. Capitalized terms used but not otherwise defined herein shall have their respective meanings as given in the Note Ordinance.

In consideration of the sale of the Note to us, and as an inducement thereto, we hereby represent and warrant to each of you and agree with each of you as follows:

1. The Purchaser has not and will not pay any commission, compensation or fee to any person or entity in connection with the Note.

2. The Purchaser has been offered copies of or full access to all documents relating to the Note and all records, reports, financial statements and other information concerning the City and the District and pertinent to the source of payment for the Note which the Purchaser, as a reasonable investor, has requested and to which the Purchaser, as a reasonable investor, would attach significance in making an investment decision. The Purchaser has been afforded the opportunity to ask such questions of representatives of the City as it has deemed necessary in making its investment decision. The Purchaser understands that no official statement, prospectus, offering circular, or other comprehensive offering statement is being provided with respect to the Note. The Purchaser has conducted its own investigation and due diligence, has sought such advice as it has deemed necessary and has made its own inquiry and analysis with respect to the City, the District, the Note and the security therefor. The Purchaser has based its decision to

make the loan solely on its own investigation and due diligence, including, without limitation, the Purchaser's review of such documents, records, reports, financial statements and other information concerning the City and the District, and discussions with representatives of the City.

3. The Purchaser is a bank and made the loan evidenced by the Note for its own account and investment, and the Purchaser has the present intent to hold the Note to maturity or earlier redemption or mandatory tender.

4. The Purchaser represents that it has the requisite knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of this investment and that the undersigned is capable of bearing such risks.

5. The Purchaser has been advised and has knowledge that the Note has/have not been registered under the Securities Act of 1933, or the securities act of any other jurisdiction.

6. We have satisfied ourselves that the Note may be legally purchased by us.

Very truly yours,

[PURCHASER]

By _____
Authorized Officer