

## CERTIFICATION

I, the undersigned, City Clerk-Treasurer of the City of Olympia, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 7012 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on May 10, 2016, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date is May 12, 2016.

3. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: May 11, 2016.

CITY OF OLYMPIA, WASHINGTON

  
\_\_\_\_\_  
City Clerk-Treasurer

CITY OF OLYMPIA, WASHINGTON

ORDINANCE NO. 7012

AN ORDINANCE of the City of Olympia, Washington authorizing the issuance of limited tax general obligation bonds of the City to provide funds to pay a part of the cost of purchasing property for parks; authorizing the issuance of a bond anticipation note pending the issuance of those bonds in the aggregate principal amount of not to exceed \$10,000,000; fixing the terms and covenants of the note; and approving the sale and providing for the delivery of the note to Cashmere Valley Bank.

Passed May 10, 2016

*This document prepared by:*

*Foster Pepper PLLC  
1111 Third Avenue, Suite 3000  
Seattle, Washington 98101  
(206) 447-4400*

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CITY OF OLYMPIA, WASHINGTON

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WHEREAS, the City of Olympia, Washington (the "City"), is in need of property for park purposes (the "Project"); and

WHEREAS, the City Council deems it to be in the best interests of the City to borrow money by the issuance of limited tax general obligation bonds and, pending the issuance of those bonds, issue short term obligations in accordance with the provisions of chapter 39.50 RCW for the purpose of providing a part of the funds to pay the costs of the Project; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF OLYMPIA, WASHINGTON, ORDAINS as follows:

Section 1. Debt Capacity. The assessed valuation of the taxable property of the City as ascertained by the last preceding assessment for City purposes for the calendar year 2016 is \$5,785,389,448, and the City has outstanding general indebtedness evidenced by limited tax general obligation bonds, loans and leases in the principal amount of \$53,352,970 incurred within the limit of up to 1 1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein, and unlimited tax general obligation bonds in the principal amount of \$12,535,000 incurred within the limit of up to 2 1/2% of the value of the taxable property within the City for capital purposes only, issued pursuant to a vote of the qualified voters of the City. The maximum amount of indebtedness for which bonds are authorized herein to be issued is \$10,000,000.

Section 2. Authorization of Bonds. The City shall borrow money on the credit of the City and issue negotiable limited tax general obligation bonds evidencing that indebtedness in the amount of \$10,000,000 or such other lesser amount necessary (the "Bonds") to provide the funds to pay all or a portion of the cost of the Project and to pay the costs of issuance and sale of the Bonds. The general indebtedness to be incurred shall be within the limit of up to 1 1/2% of the value of the taxable property within the City permitted for general municipal purposes without a vote of the qualified voters therein.

Section 3. Description of the Note. For the purpose of providing all or part of the money required to finance the cost of the Project, and pay interest on and costs of issuing the Note pending the issuance of the Bonds, the City shall issue its Limited Tax General Obligation

Bond Anticipation Note, 2016, in the principal amount of not to exceed \$10,000,000 (the "Note"). The Note shall be in fully registered form, shall be numbered R-1, shall be dated the date of its delivery to Cashmere Valley Bank (the "Bank"), and shall mature on June 1, 2019 (the "Maturity Date").

The Bank has offered to purchase the Note under the terms of its term sheet dated May 10, 2016 attached as Exhibit A (the "Term Sheet"), and this ordinance. Amounts received from the Note shall bear interest on unpaid principal outstanding from time to time at the interest rate of 1.35%, or such amount as listed on the attached Term Sheet, calculated on the basis of a 365-day year and the actual number of days elapsed. Interest on the Note shall be due and payable semiannually on each June 1 and December 1, beginning on December 1, 2016. The outstanding principal balance of the Note shall be due and payable on the Maturity Date.

The outstanding principal balance of the Note on any particular day shall be the aggregate of all funds which the City has drawn from the date of the Note to that day, less the aggregate of all principal payments made by the City on or before that day.

A Request for Draw pursuant to the Note may be made by the Administrative Services Director or Fiscal Services Director (each a "Designated Representative") in writing to the Bank, at any time on or prior to the Maturity Date. Each Request for Draw must be in the minimum amount of \$25,000. A Request for Draw made prior to 11:00 a.m. and confirmed by the Bank will be funded on that business day. Each Request for Draw shall be delivered to the Bank, shall specify the dollar amount requested, the account number to which the drawing shall be deposited and the proposed date of the drawing, which date must be a business day. The aggregate of all such draws on the Note may not exceed \$10,000,000. Principal amounts of the Note that are prepaid may not be re-borrowed. The City hereby delegates to a Designated Representative authority to make a written Request for Draw pursuant to this ordinance. The Bank shall incur no liability to the City or to any other person in acting upon any written notice or other communication which the Bank believes in good faith to have been given by an official or other person authorized to borrow on behalf of the City, or otherwise acting in good faith in making advances pursuant to this ordinance.

The Note shall be an obligation only of the Note Fund and shall be payable and secured as provided herein. The Note shall not be deemed to constitute a pledge of the faith and credit or taxing power of the State of Washington.

Both principal of and interest on the Note shall be payable in lawful money of the United States of America. Upon the final payment of all principal and interest on the Note, the Note shall be surrendered to the Note Registrar for cancellation.

Section 4. Registration and Transfer of the Note. The Note shall be issued only in registered form as to both principal and interest and be recorded on books or records maintained by the Fiscal Services Director who is appointed to act as the note registrar (the "Note Register"). The Note Register shall contain the name and mailing address of the owner of the Note.

A Note surrendered to the Note Registrar may be exchanged for a new Note in the amount of not to exceed \$10,000,000. A Note may be transferred only if endorsed in the manner provided thereon and surrendered to the Note Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Note Registrar shall not be obligated to exchange or transfer a Note during the 15 days preceding the Maturity Date of the Note.

The Note may be assigned or transferred only in whole by the registered owner to a single investor that is a financial institution or a person who is reasonably believed to be a qualified institutional buyer or accredited investor within the meaning of the applicable federal securities laws.

Section 5. Prepayment. The City reserves the right to prepay principal of the Note in advance of the Maturity Date, in whole or in part, at any time, with no prepayment penalty. The City will notify the Bank at least 15 days in advance of its intent to prepay.

Section 6. Pledge of Taxes. The City irrevocably pledges to redeem the Note on or before its Maturity Date from the proceeds of a sufficient amount of the Bonds, from the proceeds of additional short term obligations or from other money of the City legally available for such purpose, and 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 City on all of the taxable property within the City in an amount sufficient, together with the Bonds or other short term obligation proceeds and other money legally available and to be used therefor, to pay when due the principal of and interest on the Note and the Bonds, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 7. Form and Execution of the Note.

(a) *Form of the Note; Signatures and Seal.* The Note shall be prepared in a form consistent with the provisions of this ordinance and Washington law. The Note shall be signed by the Mayor and the City Clerk-Treasurer, 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. If any officer whose manual or facsimile signature appears on the Note ceases to be an officer of the City authorized to sign bonds before the Note bearing his or her manual or facsimile signature is authenticated by the Note Registrar, or issued or delivered by the City, the Note 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 notes. The Note also may 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 its date of delivery of the Note.

(b) *Authentication.* Only the Note bearing a Certificate of Authentication in substantially the following form, manually signed by the Note Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate of Authentication. This Note is the fully registered City of Olympia, Washington, Limited Tax General Obligation Bond Anticipation Note, 2016." The authorized signing of a Certificate of

Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 8. Tax Covenants.

(a) *Tax Certificate.* The City hereby covenants that it will not make any use of the proceeds of sale of the Note or any other funds of the City which may be deemed to be proceeds of such Note pursuant to Section 148 of the Internal Revenue Code of 1986, as amended (the "Code") and the applicable regulations thereunder which will cause the Note to be an "arbitrage bond" within the meaning of such section and such regulations. The City will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Note) and the applicable regulations thereunder through the term of the Note. The City further covenants that it will not take any action or permit any action to be taken that would cause the Note to constitute a "private activity bond" under Section 141 of the Code.

(b) *Post-Issuance Compliance.* The Administrative Services Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the issue date to prevent interest on the draws on the Note from being included in gross income for federal tax purposes.

(c) *Designation of the Note as a "Qualified Tax-Exempt Obligation."* The City has designated the Note as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, and makes the following findings and determinations:

(i) the Note does not constitute a "private activity bond" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Note is issued will not exceed \$10,000,000; and

(iii) the amount of tax-exempt obligations, including the Note, 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 Note is issued does not exceed \$10,000,000.

Section 9. Note Fund; Disposition of Note Proceeds. There is authorized to be created in the office of the Fiscal Services Director a special account designated as the "Limited Tax General Obligation Bond Anticipation Note Account, 2016" (the "Note Fund"). All Bond proceeds, installment loans and taxes collected for and allocated to the payment of the principal of and interest on the Note shall be deposited in the Note Fund. Both principal of and interest on the Note shall be payable solely out of the Note Fund.

The proceeds received from a draw on the Note shall be paid into the "Capital Improvement Fund," a fund designated by the Fiscal Services Director and used for the Project.

Until needed to pay the costs of the Project and costs of issuance of the Note, the City may invest Note proceeds temporarily in any legal investment.

Payment of interest on each interest payment date, and of principal at maturity or prepayments of principal, shall be paid by immediately available funds delivered on or before each interest payment date or the maturity or prepayment date to the registered owner at the address appearing on the Note Register on the last day of the month preceding the payment date. Upon the final payment of principal of and interest on the Note the registered owner shall surrender the Note at the principal office of the Note Registrar for destruction or cancellation in accordance with law.

Section 10. Sale of the Note. The sale of the Note to the Bank, under the terms and conditions of this ordinance, and the Term Sheet to purchase the Note is hereby approved and confirmed. The City Council authorizes the Term Sheet to be signed by the Administrative Services Director. The Bank will not charge a fee for this Note.

Section 11. Reporting Requirements. While the Note is outstanding, the City shall submit its annual financial reports and audit reports to the Bank along with such additional information as the Bank may reasonably request from time to time. Such information can be provided to the Bank through a link to the information on the City's website or through the Electronic Municipal Market Access ("EMMA") website of the Municipal Securities Rulemaking Board.

Section 12. Governing Law. The Note shall be governed and interpreted according to the laws of Washington. Nothing in this paragraph shall be construed to limit or otherwise affect any rights or remedies of the Bank under federal law.

Section 13. General Authorization and Ratification. The Mayor, Administrative Services Director, Fiscal Services Director and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Note to the Bank thereof and for the proper application, use and investment of the proceeds of the Note. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 14. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.



Section 15. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Olympia, Washington, at a regular open public meeting thereof, this 10<sup>th</sup> day of May, 2016.

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Clerk-Treasurer

APPROVED AS TO FORM:

  
\_\_\_\_\_  
City Attorney

**EXHIBIT A**  
**TERM SHEET OF THE BANK**



May 10, 2016

Dean Walz  
Fiscal Services Director  
Administrative Services Department  
City of Olympia  
PO Box 1967  
Olympia, WA 98507-1967

Dear Dean,

Thank you for the opportunity to provide this offer to purchase the City of Olympia Limited Tax General Obligation Bond Anticipation Note, 2016. Cashmere Valley Bank (the "Bank") is pleased to provide the following terms:

1. Borrower: City of Olympia, Thurston County, Washington (the "City").
2. Summary of Borrowing:

A Limited Tax General Obligation Bond Anticipation Note (the "Note") of the City. Draws will be used to purchase property for parks.
3. Amount:

Not to exceed \$10,000,000
4. Form:

Fully registered Note issued by the City and purchased by the Bank at private sale.
5. Purpose:

To provide funding for land acquisition.
6. Bond Terms:
  - a) Interest Rate:

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City of Olympia  
Metropolitan Park District  
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Interest rate will be a bank-qualified tax-exempt fixed rate equal to 1.35%.  
Accrual basis actual/365.

b) Term:

The Note shall mature June 1, 2019. Interest would be due semi-annually December 1, and June 1, beginning December 1, 2016. Principal would be due at maturity.

c) Draws:

Draws can be made on the Note on any business day in an amount greater than or equal to \$25,000. Draw proceeds will be wire transferred to the City. For same day funding, draw requests will need to be received by 11 AM.

d) Transferability

The Bank will hold the Note with no intent to sell or transfer. The Note may be transferred only in whole to a qualified investor.

7. Prepayment:

The Note may be prepaid at any time in whole or in part without penalty provided the registered owner of the Note receives 15-day notice.

8. Fees:

No fees. The City will be responsible for all other costs of issuance, including bond counsel costs. The Bank will not have any legal expenses.

9. Additional Terms:

The bond documents would be prepared by bond counsel to the City, will be in the standard forms customarily required by the Bank for municipal funding, and will include additional terms and conditions not discussed above. At the date of closing the bond, the financial condition and credit of the City and all other features of this transaction will be as represented to the Bank without material adverse change. In the event of adverse material changes in the credit worthiness of the City, including litigation or claims filed against the City, any commitment will terminate upon notice by the Bank. This commitment will be non-assignable by the City. The City will designate the Note as a "qualified tax-exempt obligation" under section 265(b) (3) of the IRS Code for investment by financial institutions.

10. Continuing Disclosure:

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The City will also be required to make available to the Bank its annual financial report for as long as the Note is outstanding. The report may be made available via City web site, EMMA, or by direct transfer.

11. Acceptance:

This commitment is not binding unless the Bank receives a signed copy of this letter by May 20, 2016 at which time the commitment will expire without notice. If, after acceptance, the Note has not closed by June 15, 2016, this commitment will expire without notice.

12. Closing: Closing of the Note is anticipated on or about June 1, 2016.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

Thank you for the opportunity to provide this offer to the City and its financing team.

Sincerely,

CASHMERE VALLEY BANK



Ron Olsen  
Senior Vice President Municipal Finance Manager  
Direct: 425-688-3935

Acknowledged and accepted this 10th day of May, 2016

CITY OF OLYMPIA

Signature: Jane Kirkemo

Printed Name: Jane Kirkemo

Title: Administrative Services Director

cc: Nancy Neraas, Foster Pepper PLLC