

ORDINANCE NO. 1103

An ORDINANCE of the City Council of Roslyn, Washington, amending Ordinance No. 1101 passed on January 28, 2014, to correct clerical errors.

WHEREAS, the City Council (the "Council") of the City of Roslyn, Washington (the "City"), passed Ordinance No. 1101 on January 28, 2014 (the "Bond Ordinance") authorizing the issuance of \$808,000 in the aggregate principal amount of a Water and Sewer Revenue Bond (the "Bond"); and

WHEREAS, the United States Department of Agriculture ("USDA") provided comments and requested changes to the Bond Ordinance after it was passed;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSLYN, WASHINGTON, ORDAINS as follows:

Section 1. The third paragraph of the recitals of Ordinance No. 1101 is hereby amended to read as follows (additions are double underscored, and deletions are stricken through):

WHEREAS, the United States of America, acting through its Department of Agriculture, (the "Government") has agreed to purchase the Bond pursuant to its Letter of Conditions dated April 24, 2012 ~~[and Statement of Terms dated December 18, 2006]~~;

Section 2. The second paragraph of Section 3 of Ordinance No. 1101 is hereby amended to read as follows (additions are double underscored, and deletions are stricken through):

Both principal of and interest on the Bond shall be payable in lawful money of the United States of America to the owner or owners thereof by means of Pre Authorized Debit Agreement (PAD) ~~at the address appearing on the registration books of the City maintained by the City Treasurer;~~ provided, however, that as long as the Government is the owner and holder of the Bond, the City shall make payments directly to the financial office of the Government using

a Pre Authorized Debit Agreement (PAD) serving the Roslyn area. The Bond shall be payable solely from the Gross Revenue of the System and shall not be a general obligation of the City.

Section 3. Section 5 of Ordinance No. 1101 is hereby amended to read as follows (additions are double underscored, and deletions are stricken through):

Section 5. Priority of Payments from Revenue Fund

There has heretofore been created a special fund of the City designated as the "Current Operating Fund" (herein referred to as the "Revenue Fund"). All of the Gross Revenue of the Utility shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the City, and the Gross Revenue of the Utility deposited in such Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the reasonable and necessary costs of maintenance and operation of the Utility;

Second, to pay the interest on any Parity Bonds;

Third, to pay the principal of any Parity Bonds;

~~Fourth, to make all payments required to be made into any sinking fund or bond retirement account heretofore or hereafter created for the payment of the principal of Parity Bonds;~~

~~Fifth~~Fourth, to make all payments required to be made into the Reserve Account for the payment of Parity Bonds;

~~Sixth~~Fifth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service account or reserve account created to pay and secure the payment of the principal of and interest on any revenue bonds or revenue warrants of the City having a lien upon the Gross Revenue of the Utility junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

~~Seventh~~Sixth, to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Utility, or for any other lawful City purposes.

Section 4. Section 10(f) of Ordinance No. 1101 is hereby amended to read as follows (additions are double underscored, and deletions are stricken through):

(f) *Disposition of Facilities.* The City will not mortgage, sell, lease, or in any manner encumber or dispose of all the property of the Utility without consent of USDA Rural Development, unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and

interest on all outstanding Parity Bonds, and that it will not mortgage, sell, lease, or in any manner encumber or dispose of any part of the Utility that is used, useful and material to the operation of the Utility with consent of USDA Rural Development and unless provision is made for replacement thereof or for payment into the Bond Fund of an amount which shall bear the same ratio to the amount of the outstanding Parity Bonds as the revenue available for debt service for those Parity Bonds for the 12 months preceding such sale, lease, encumbrance or disposed of, bears to the revenue available for debt service for those Parity Bonds from the entire Utility for the same period. Any such money so paid into the Bond Fund shall be used to retire outstanding Parity Bonds at the earliest possible date with consent of USDA Rural Development.

Section 5. Section 11 of Ordinance No. 1101 is hereby amended to read as follows (additions are double underscored, and deletions are stricken through):

Section 11. Future Parity Bonds

The City reserves the right to issue Parity Bonds, with consent of USDA Rural Development, which shall constitute a lien and charge upon the Gross Revenue of the Utility, on a parity with the Bond, if the following conditions are met and complied with at the time of the issuance of such Parity Bonds:

(a) No default exists in the payment of the principal or interest on any outstanding water and sewer revenue bonds of the City and the amount required to have been paid into the Bond Fund shall have been paid and maintained intact therein; and

(b) There shall be on file with the City Clerk a certificate of a nationally recognized firm of certified public accountants or a professional engineer licensed to practice in the State of Washington and experienced in municipal utilities to the effect that the Net Revenue of the Utility for the calendar year preceding the year in which such Parity Bonds are to be issued is not less than 120% of the average annual debt service requirements on all water and sewer revenue bonds of the City then outstanding, any Parity Bonds hereafter issued then outstanding and the Future Parity Bonds proposed to be so issued.

The certificate referred to in subsection (b) above shall not be required:

(1) if the proposed series of Future Parity Bonds is issued for the purpose of refunding outstanding Parity Bonds and if the maximum annual debt service (payments of interest and principal scheduled to mature) on all Parity Bonds outstanding following the date of issuance of such Future Parity Bonds shall not be greater than the maximum annual Debt Service were such refunding not to occur; or

(2) if assessments levied in any utility local improvement district formed in connection with the issuance of the proposed series of Future Parity Bonds are scheduled to mature in amounts and at times sufficient to pay at

least 90% of scheduled debt service (principal and interest) on the proposed series of Future Parity Bonds; or

(3) if waived or modified (and if modified, in accordance with the approved modification) by the written consent of the owners or holders representing at least 75% of the then outstanding principal of Parity Bonds (payable out of the Bond Fund).

Nothing herein contained shall prevent the City from issuing water and sewer revenue bonds which are a charge upon the Gross Revenue of the Utility junior or inferior to the payments required to be made therefrom into the Bond Fund for the payment of the Bond and Parity Bonds or from pledging the payment of assessments into a fund or account created to pay and secure the payment of the principal of and interest on such junior lien bonds as long as such assessments are levied in a utility local improvement district or districts created in connection with carrying out the improvements to be constructed from the proceeds of the sale of such junior lien bonds; provided, however, that as long as the Government is the owner and holder of the Bond, the prior written consent of the Government shall be required, and if the City has not received a written response within two weeks of the date of a written request made to the City for such consent, the City may presume that written consent is given; ~~nor shall anything herein contained prevent the City from issuing water and sewer revenue bonds to refund maturing water and sewer revenue bonds of the City for the payment of which moneys are not otherwise available.~~

Section 6. The fourth paragraph of the form of Bond in Section 16 of Ordinance No. 1101 is hereby amended to read as follows (additions are double underscored, and deletions are stricken through):

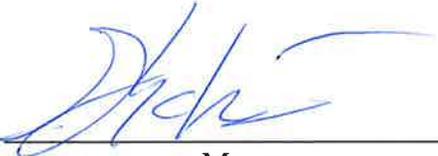
Installments of interest or principal of and interest on this bond are payable in lawful money of the United States of America and shall be paid by Pre Authorized Debit Agreement ~~check or draft mailed~~ by the City Treasurer (the "Bond Registrar") on the Installment Payment Date to the Registered Owner ~~at its address appearing on the books or records maintained by the Bond Registrar.~~ The last installment of principal and interest shall be payable upon presentation and surrender of this bond by the Registered Owner at the principal office of the Bond Registrar.

Section 7. Confirmation of Ordinance No. 1101. Except as amended by this amendatory ordinance, Ordinance No. 1101 is hereby ratified and confirmed.

Section 8. Effective Date. This ordinance shall become effective upon its passage and publication as provided by law.

PASSED by the City Council of the City of Roslyn, Washington, at a regular meeting thereof held this 22nd day of April, 2014.

CITY OF ROSLYN, WASHINGTON

By  _____
Mayor

ATTEST:

 _____
Clerk

CERTIFICATE

I, the undersigned, Clerk of the City of Roslyn, Washington (herein called the "City"),
DO HEREBY CERTIFY:

1. That the attached ordinance numbered No. 1103 (herein called the "Ordinance")
is a true and correct copy of an ordinance of the City as passed at a meeting of the Council of the
City held on the 22nd day of April, 2014, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with
law, and to the extent required by law, due and proper notice of such meeting was given; that a
legal quorum was present throughout the meeting and a legally sufficient number of members of
the Council voted in the proper manner for the passage of the Ordinance; that all other
requirements and proceedings incident to the proper passage of the Ordinance have been duly
fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 22nd day of April, 2014.


Clerk, City of Roslyn