

CITY OF NORTH BEND, WASHINGTON

ORDINANCE NO. 1697

AN ORDINANCE OF THE CITY OF NORTH BEND, WASHINGTON, AUTHORIZING THE DEFEASANCE OF A PORTION OF THE CITY’S OUTSTANDING WATER AND SEWER REVENUE BONDS, AND CERTAIN MATTERS RELATED THERETO.

WHEREAS, the City of North Bend, Washington (the “City”), previously combined its water system with the City’s sewer system to create a combined system, pursuant to Ordinance No. 440 passed by the City Council on May 17, 1977, as amended by Ordinance No. 464 passed by the City Council on July 19, 1977, and the City further combined its storm and surface water drainage system into its combined waterworks utility (together, the “System”), pursuant to Ordinance No. 1251 passed by the City Council on June 19, 2006; and

WHEREAS, the City has issued and has outstanding the following obligations of the System:

<u>Designation</u>	<u>Authorizing Ordinance</u>	<u>Date of Ordinance</u>	<u>Amount Outstanding</u>
Water and Sewer Revenue Refunding Bonds, 2010 (the “2010 Bonds”)	Ordinance No. 1388	May 4, 2010	\$ 525,000
Water and Sewer Revenue Bonds, 2012 (ULID No. 6) (the “2012 Bonds”)	Ordinance No. 1458	May 15, 2012	3,000,000

(The outstanding System bonds identified above are referred to as the “Outstanding Parity Bonds” and the authorizing ordinances identified above are referred to as the “Outstanding Parity Bond Ordinances”); and

WHEREAS, the Outstanding Parity Bonds are payable from and secured by revenue of the System and certain utility local improvement district assessments (“ULID Assessments”); and

WHEREAS, based on the recommendation of City staff, the City Council has determined that it is in the best interest of the City to defease to maturity and/or redemption all or a portion of the Outstanding Parity Bonds as provided herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Authorization of Defeasance. The City Council hereby authorizes the use of available revenue of the System and ULID Assessments for the purpose of effecting the defeasance to maturity and/or redemption of all or a portion of the Outstanding Parity Bonds (the “Defeased Bonds”) and paying costs associated with such defeasance and refunding.

Section 2. Plan of Defeasance. The City Administrator and the Finance Director (each, a “Designated Representative”) are each hereby authorized to select the particular Outstanding Parity Bonds to be defeased and/or redeemed as determined to be in the best interest of the City, and are hereby directed to cause the Defeased Bonds to be defeased to maturity and/or redeemed prior to their scheduled maturities. The Designated Representatives are each further hereby directed to determine the date the Defeased Bonds are to be defeased to maturity and/or redeemed, provided, that the date fixed for defeasance and/or redemption, as applicable, shall occur no more than 90 days from the date this ordinance is effective. Notice of the defeasance and redemption of the Defeased Bonds shall be given by or on behalf of the City in the manner provided in the applicable Outstanding Parity Bond Ordinance.

The City hereby appoints U.S. Bank National Association as escrow agent (the “Escrow Agent”) in connection with the defeasance of the Defeased Bonds. The revenues of the System and ULID Assessments, in an amount necessary to accomplish the defeasance authorized herein, shall be deposited with Escrow Agent pursuant to an escrow deposit agreement or defeasance agreement between the Escrow Agent and the City (the “Defeasance Agreement”) to be used immediately upon receipt thereof to defease the Defeased Bonds as authorized by the applicable Outstanding Parity Bond Ordinances and to pay costs of such defeasance and refunding. The revenues deposited with the Escrow Agent shall be used to defease the Defeased Bonds and discharge the obligations thereon by holding such funds and cash and/or through the purchase of certain government obligations (as defined in chapter 39.53 RCW) as described in the Defeasance Agreement (the “Acquired Obligations”) bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, to provide for the payment of:

- (1) interest on and principal of the Defeased Bonds as such becomes due on and prior to the date of maturity and/or redemption; and
- (2) the redemption price (100 percent of the principal amount) of the Defeased Bonds on the date of maturity and/or redemption.

The City hereby calls the Defeased Bonds to be optionally redeemed for defeasance and/or redemption in accordance with the provisions of the applicable Outstanding Parity Bond Ordinances and the Defeasance Agreement.

Said defeasance and call for redemption of the Defeased Bonds shall be irrevocable after delivery of the Acquired Obligations and any necessary cash balance to the Escrow Agent.

In order to carry out the purposes of this Section 2, each Designated Representative is authorized and directed to execute and deliver to the Escrow Agent, the Defeasance Agreement. The signature of one Designated Representative shall be sufficient to bind the City.

Section 3. Severability; Ratification. If any one or more of the provisions provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining provisions and agreements of this ordinance and shall in no way affect the validity of the other provisions of

this ordinance. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 4. Corrections by Clerk. Upon approval of the City Attorney and Bond Counsel, the City Clerk is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 5. Effective Date of Ordinance. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF NORTH BEND, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 17TH DAY OF SEPTEMBER, 2019.**

**CITY OF NORTH BEND:**

**APPROVED AS TO FORM:**

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**Kenneth G. Hearing, Mayor**

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**Pacifica Law Group LLP, Bond Counsel**

**ATTEST/AUTHENTICATED:**

Published: September 27, 2019  
Effective: October 2, 2019

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**Susie Oppedal, City Clerk**