

ORDINANCE NO. 70

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIBERTY LAKE, OF SPOKANE COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A TAX AND REVENUE ANTICIPATION NOTE OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$160,000; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF SUCH NOTE; FIXING THE DATE, FORM, INTEREST RATE, TERMS, MATURITY AND COVENANTS OF SUCH NOTE; CREATING A NOTE FUND FROM WHICH THE PRINCIPAL OF AND INTEREST ON SUCH NOTE SHALL BE PAID; CONFIRMING THE SALE OF SUCH NOTE TO D. A. DAVIDSON & CO.; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

**CITY OF LIBERTY LAKE
Spokane County, Washington**

**TAX AND REVENUE ANTICIPATION NOTE, 2001
Principal Amount of \$160,000**

WHEREAS, at a special election the formation of the City of Liberty Lake, Washington (the "City") was approved; and

WHEREAS, the City needs money to finance the costs of operating and maintaining the City pending receipt of taxes and other revenues; and

WHEREAS, RCW 39.46.050 authorizes local governments to establish lines of credit with any qualified public depository to be drawn upon in exchange for its obligations; and

WHEREAS, pending receipt of taxes and other revenues, it is in the best interests of the residents of the City that the City issue a tax and revenue anticipation note to pay for the City's operation and maintenance expenses; and

WHEREAS, D.A. Davidson & Co., of Spokane, Washington, has offered to purchase the note; and

WHEREAS, the City Council deems it in the best interest of the City that it sell the note to such purchaser;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LIBERTY LAKE, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this Ordinance, the following terms shall have the following meanings:

"City" means the City of Liberty Lake, Washington.

"Clerk" or "City Clerk" shall mean the *de facto* or *de jure* City Clerk of the City, or other officer of the City who is the custodian of the seal of the City and of the records of the proceedings of the City Council, or his/her successor in function, if any.

"Council" means the general legislative body of the City as the same shall be duly constituted from time to time.

"Issuing Officer" means the Mayor of the City, the City Administrator, or City Finance Director or Treasurer, including any interim appointees, when duly appointed by the Mayor.

"Mayor" shall mean the Mayor of the City or any presiding officer or titular head of the City Council, or his successor in functions, if any.

"Net Proceeds" shall mean, when used with reference to the Note authorized hereby, the face amount of the Note plus accrued interest and original issue premium, if any, and less original issue discount, if any.

"Note" means the "Liberty Lake, Washington, Tax and Revenue Anticipation Note, 2001" authorized by this Ordinance.

"Note Fund" means the "Liberty Lake Tax and Revenue Anticipation Note Redemption Fund, 2001" created by Section 3 of this Ordinance.

"Note Proceeds Account" means the "Liberty Lake Note Proceeds Account" created by Section 5 of this Ordinance.

"Note Register" shall mean the registration records of the City on which shall appear the name and address of the Registered Owner of the Note.

"Note Registrar" shall mean the Treasurer of the City or his/her successor in functions, if any.

"Registered Owner" means the person in whose name the Note is registered on the Note Register.

"Treasurer" shall mean the Treasurer of the City.

Section 2. Issuance of Note. In anticipation of the receipt of general tax revenues or revenues from other sources, the City shall, for the purpose of funding general operating expenses of the City, issue its Note in the principal amount of \$160,000. Said short-term obligation shall be designated the "Liberty Lake, Washington, Tax and Revenue Anticipation Note, 2001," shall be dated November 1, 2001 and shall mature December 1, 2002. The principal of the Note shall be payable at maturity.

The Note shall bear interest at the rate of 2.65% per annum. Interest shall be payable on June 1, 2002 and at maturity of the Note. Interest on the Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

The Note shall be issued in registered form. Both principal of and interest on the Note shall be payable in lawful money of the United States of America at the office of the Treasurer of the City in Liberty Lake, Washington, and shall be a general obligation of the City to the extent provided herein. The Treasurer shall act as the Note Registrar and the Registered Owner of the Note shall not be entitled to the benefits of this Ordinance or the Note until the Note Registrar has executed the Registrar's Certificate.

Section 3. Note Redemption Fund. A special fund of the City to be known as the "Liberty Lake Tax and Revenue Anticipation Note Redemption Fund, 2001" (the "Note Fund") is hereby authorized to be created by the City. The Note Fund shall be a trust account and shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. Money on deposit in the Note Fund not immediately needed to pay such interest or principal may temporarily be deposited in such institutions or invested in such obligations which are legal investments for City funds. Any interest or profit from the investment of such money shall be deposited in the Note Fund. Any money remaining in the Note Fund after payment in full of the principal of and interest on the Note may be transferred to the general operating fund of the City, and the Note Fund shall be closed.

The City covenants and agrees that on or before the maturity date of the Note, it will deposit in the Note Fund, out of all taxes levied by the City within and as a part of the levy permitted by law without a vote of the electors and when permitted to be levied by State law, and out of other revenues received by the City, such tax receipts and other revenue in an amount which, together with other money of the City, if any, legally available for such purposes, will be sufficient to pay the principal of and interest on the Note.

The City hereby irrevocably pledges that a sufficient portion of such tax receipts and other revenues to be collected by the City prior to the full payment of the principal of and interest on the Note will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Note. Such taxes and other revenue so pledged shall be paid directly into the Note Fund in amounts sufficient to pay the principal of and interest on the Note at maturity, and none of the money in such Fund shall be used for any other purpose than the payment of the principal of and interest on the Note as the same shall become due.

Section 4. Redemption Prior to Maturity. The Note may not be pre-paid prior to its maturity in whole or in part at any time.

Section 5. Application of the Proceeds of the Note. All Net Proceeds received under this Ordinance shall be deposited into a special account designated the "Note Proceeds Account" that is hereby created in the City's General Fund, and may be used by the City to pay the general operating and maintenance expenses of the City.

Section 6. Form of the Note. The Note shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. 1

\$160,000.00

STATE OF WASHINGTON
County of Spokane

CITY OF LIBERTY LAKE
TAX AND REVENUE ANTICIPATION NOTE, 2001

(The City has designated this Note as a "Qualified Tax Exempt Obligation")

Liberty Lake, Washington (the "City"), a municipal corporation organized and existing under and by virtue of the Constitution and laws of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to

on December 1, 2002, solely from the sources hereinafter mentioned, the principal sum of \$160,000 together with interest thereon from the date hereof at the rate of 2.65% per annum, computed on a 360-day year and the actual number of days elapsed, upon presentation and surrender of this Note at the office of the Treasurer of the City.

The City has not reserved the right to repay the principal amount of this Note in whole or in part prior to its maturity.

This Note is issued pursuant to an Ordinance of the City, adopted on October 16, 2001 (the "Note Ordinance"), for the purpose of financing expenses of operating and maintaining the City, in anticipation of the receipt of taxes and other revenues, all in conformity with the Constitution and laws of the State of Washington.

The City hereby irrevocably covenants that it will deposit in the Tax and Revenue Anticipation Note Redemption Fund, 2001 of the City authorized to be maintained by the Note Ordinance, taxes levied within and as a part of the levy permitted to the City without a vote of the people, and other revenues received by the City, in amounts which, together with other moneys of

the City legally available therefor, will be sufficient to pay the principal of and interest on this Note as the same shall become due.

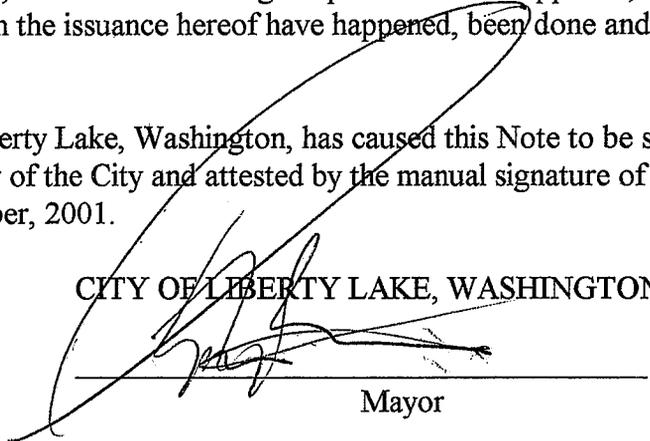
The full faith, credit and resources of the City are hereby irrevocably pledged for the prompt payment of such principal and interest.

The City has designated this Note as a qualified tax-exempt obligation for investment by financial institutions.

It is hereby certified and declared that this Note is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and duly adopted Ordinances of the City, and that all acts, conditions and things required to have happened, been done and performed precedent to and in the issuance hereof have happened, been done and performed.

IN WITNESS WHEREOF, Liberty Lake, Washington, has caused this Note to be signed with the manual signature of the Mayor of the City and attested by the manual signature of the City Clerk as of this 1st day of November, 2001.

CITY OF LIBERTY LAKE, WASHINGTON



Mayor

ATTEST:


City Clerk

Section 7. Execution of the Note. The Note shall be executed on behalf of the City by the manual signature of the Mayor and City Clerk.

Section 8. Note Registrar. The Treasurer is hereby appointed as Registrar, paying agent, and transfer agent with respect to the Note, subject to the following terms and conditions:

A. The Registrar shall keep, or cause to be kept, at his/her principal office, sufficient books for the registration and transfer of the Note (the "Note Register"), in which shall be maintained the name and address of the Registered Owner of the Note.

B. The Registrar is authorized, on behalf of the City, to register and deliver any Note issued or transferred in accordance with the provisions of such Note and this Resolution, and to carry out all of the Registrar's powers and duties under this Resolution.

C. The Registrar shall be responsible for his/her representations contained in the Registration Certificate on the Note.

Section 9. Lost, Destroyed or Mutilated Note. In the event the Note is lost, destroyed, or mutilated, the City will cause to be issued a new Note, substantially similar to the original, to replace the same, in such manner and upon such reasonable terms and conditions as the Council may determine.

Section 10. Sale of Note; Authorization to Officials and Agents; Ratification of Prior Actions. The Council hereby authorizes the sale of the Note to the Purchaser pursuant to the Purchaser's offer attached hereto. The appropriate City officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Note and for the proper use and application of the proceeds of the sale thereof as provided in this Ordinance.

All actions heretofore taken by the City's officials, agents and representatives in connection with the issuance and sale of the Note are hereby ratified, approved and confirmed.

Section 11. Note Not Arbitrage Bond or Private Activity Bond; Special Designation. The City covenants and agrees that throughout the term of the Note, no part of the proceeds of the Note or any other moneys or obligations held under this Ordinance shall at any time be used for any purpose or invested in such a manner, nor shall the City take any other action, which would cause the Note to be (i) an "arbitrage bond" under the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code") or (ii) a "private activity bond" under the Code.

The City hereby designates the Note as a "qualified tax-exempt obligation" under Section 265(b) of the Code. The City does not expect to issue tax-exempt obligations in an aggregate principal amount in excess of ten million dollars during calendar year 2001.

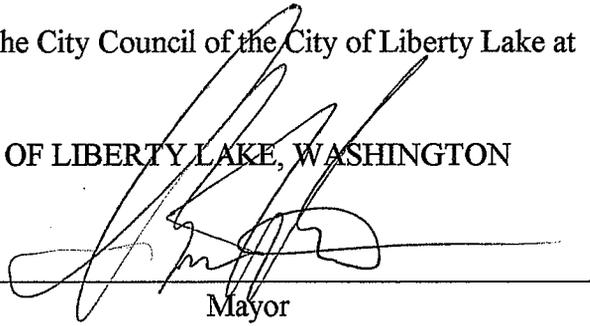
Section 12. No Continuing Disclosure. The City is exempt from providing continuing disclosure pursuant to the Securities and Exchange Commission's Rule 15c 2-12, as amended, because it has less than \$10 million in outstanding debt and because the Note is issued in a denomination larger than \$100,000.

Section 13. Effective Date. This Ordinance shall become effective five days after its passage and publication as required by law.

ADOPTED under a suspension of rules by the City Council of the City of Liberty Lake at a meeting held this 16th day of October, 2001.

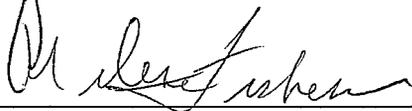
CITY OF LIBERTY LAKE, WASHINGTON

By



Mayor

ATTEST:



City Clerk

I, the undersigned, City Clerk of the City of Liberty Lake, of Spokane County, Washington, hereby certify that the foregoing Ordinance is a full, true, and correct copy of an Ordinance duly adopted at a regular meeting of the City Council, duly and regularly held at the regular meeting place thereof on October 16, 2001, of which meeting all members of said Council had due notice and at which a majority thereof were present; and that at said meeting said Ordinance was adopted by the following vote:

(7) AYES, and in favor thereof, Councilmembers: Council Member Bernhard, Council Member Owens, Council Member Shea, Council Member Crump, Council Member Dennis Paul, Council Member Sayrs and Council Member Van Orman.

0 NAYS, Councilmembers:

0 ABSENT, Councilmembers:

0 ABSTAIN, Councilmembers:

I further certify that I have carefully compared the same with the original Ordinance on file and of record in my office; that said Ordinance is a full, true, and correct copy of the original Ordinance adopted at said meeting; and that said Ordinance has not been amended, modified, or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of the City on October 16, 2001.



City Clerk

City of Liberty Lake
P.O.Box 370
Liberty Lake, WA 99019
(509) 755-6702

**NOTICE OF ORDINANCE PASSED BY
CITY COUNCIL, CITY OF LIBERTY LAKE
Spokane County, Washington**

**TAX AND REVENUE ANTICIPATION NOTE, 2001
Principal Amount of \$160,000**

The following is the title and summary of Ordinance No. 70 passed by the City of Liberty Lake City Council on the 16th day of October, 2001.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LIBERTY LAKE, OF SPOKANE COUNTY, WASHINGTON, PROVIDING FOR THE ISSUANCE AND SALE OF A TAX AND REVENUE ANTICIPATION NOTE OF THE CITY IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$160,000; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS OF SALE OF SUCH NOTE; FIXING THE DATE, FORM, INTEREST RATE, TERMS, MATURITY AND COVENANTS OF SUCH NOTE; CREATING A NOTE FUND FROM WHICH THE PRINCIPAL OF AND INTEREST ON SUCH NOTE SHALL BE PAID; CONFIRMING THE SALE OF SUCH NOTE TO D. A. DAVIDSON & CO.; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

The introductory paragraphs state that the City desires to establish lines of credit and to issue tax and revenue anticipation notes to pay the City's operation and maintenance expenses pending receipt of taxes and other revenues.

Section 1. Definitions. Defines various terms used in the Ordinance.

Section 2. Issuance of Note. Authorizes the issuance the City's Tax and Revenue Anticipation Note, 2001 in the principal amount of \$160,000, dated November 1, 2001 and maturing December 1, 2002.

Section 3. Note Redemption Fund. Creates a special fund to be known as the "Liberty Lake Tax and Revenue Anticipation Note Redemption Fund, 2001" to pay the principal of and interest on the Note. Pledges the deposit of sufficient funds to pay the principal and interest on the Note out of all taxes levied by the City within and as a part of the levy permitted by law without a vote of the electors and when permitted to be levied by State law, and out of other revenues received by the City.

Section 4. Redemption Prior to Maturity. Provides that the Note may not be pre-paid prior to its maturity.

Section 5. Application of the Proceeds of the Note. Pledges the Note proceeds to pay the general operating and maintenance expenses of the City.

Section 6. Form of the Note. Sets forth a form of the Note.

Section 7. Execution of the Note. Provides that the Note shall be executed by the manual signature of the Mayor and City Clerk.

Section 8. Note Registrar. Appoints the City Treasurer as Registrar, paying agent, and transfer agent with respect to the Note.

Section 9. Lost, Destroyed or Mutilated Note. Provides for the issuance of a new Note if the Note is lost, destroyed, or mutilated.

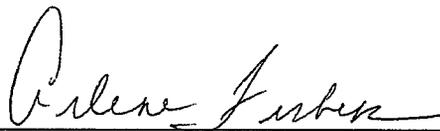
Section 10. Sale of Note; Authorization to Officials and Agents; Ratification of Prior Actions. Authorizes the sale of the Note to D. A. Davidson & Co., of Spokane, Washington.

Section 11. Note Not Arbitrage Bond or Private Activity Bond; Special Designation. Covenants and agrees that no part of the proceeds of the Note shall be used in any manner which would cause the Note to be (i) an "arbitrage bond" under the Internal Revenue Code of 1986, as amended, and applicable regulations (the "Code") or (ii) a "private activity bond" under the Code. Designates the Note as a "qualified tax-exempt obligation" under Section 265(b) of the Code.

Section 12. No Continuing Disclosure. Provides that the City is exempt from providing continuing disclosure pursuant to the Securities and Exchange Commission's Rule 15c 2-12, as amended.

Section 13. Effective Date. Sets forth the effective date of the Ordinance.

The full text of the Ordinance is available at the office of the City Clerk identified above, and will be mailed upon request.



City Clerk

DATE OF PUBLICATION: 10-24-01, 2001

EFFECTIVE DATE: 10-29-01, 2001