

CITY OF YAKIMA, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF YAKIMA, WASHINGTON, AUTHORIZING THE ISSUANCE AND SALE OF A LIMITED TAX GENERAL OBLIGATION BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$5,000,000 TO FINANCE COSTS RELATED TO ACQUIRING, DESIGNING, CONSTRUCTING AND IMPROVING A SOCCER/MULTI-USE SPORTS CAMPUS AND OTHER PARK PROJECTS IN THE CITY; PROVIDING THE FORM OF THE BOND; AND AUTHORIZING THE SALE OF THE BOND TO CASHMERE VALLEY BANK.

Passed November 17, 2015

PREPARED BY:
PACIFICA LAW GROUP LLP
Seattle, Washington

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ORDINANCE NO. _____
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* This Table of Contents is provided for convenience only and is not a part of this ordinance.

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WHEREAS, the City of Yakima, Washington (the “City”), has entered into an agreement (the “Agreement”) with Sozo Sports of Central Washington, a non-profit corporation (“Sozo”), for the development, management, and operation of a premier soccer/multi-sports campus and indoor sports facility to serve the citizens of the City and the surrounding communities (the “Sports Complex”); and

WHEREAS, the proposed Sports Complex will provide approximately 17 outdoor fields and an indoor soccer/sports facility, and will also provide passive recreational opportunities when the sports fields are not in use; and

WHEREAS, the Sports Complex will also provide the City’s youth and adults with soccer and recreational opportunities while generating economic opportunity to the City and surrounding areas; and

WHEREAS, pursuant to the Agreement, the City has agreed to acquire, own, develop, construct and improve a portion of the outdoor soccer/sports fields and related improvements to be used as part of the Sports Complex, which will be maintained and operated by Sozo; and

WHEREAS, the City now desires to issue a limited tax general obligation bond to pay a portion of its costs related to the Sports Complex and other park and recreation capital projects in the City (the “Project”); and

WHEREAS, the City has received an offer from Cashmere Valley Bank, Cashmere, Washington (the “Bank”) set forth in Exhibit A attached hereto (the “Proposal”), to purchase a limited tax general obligation bond of the City in the principal amount of not to exceed \$5,000,000 (the “Bond”) for the purpose of financing the Project; and

WHEREAS, it is deemed necessary and advisable that the City accept the Bank’s offer and issue the Bond as set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF YAKIMA, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Definitions and Interpretation of Terms.

(a) *Definitions.* As used in this ordinance, the following words shall have the following meanings:

Bank means Cashmere Valley Bank, Cashmere, Washington.

Bond means the Limited Tax General Obligation Bond, 2015 (Taxable) authorized to be issued by the City pursuant to this ordinance.

Bond Counsel means Pacifica Law Group LLP, Seattle, Washington.

Bond Fund means the “Bond Redemption Fund” authorized to be created pursuant to Section 8 of this ordinance.

Bond Register means the registration records for the Bond maintained by the Bond Registrar.

Bond Registrar means the Director of Finance and Budget of the City, whose duties include registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond, and paying the principal of and interest on the Bond.

City means the City of Yakima, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

City Council or **Council** means the City Council of the City as the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.

City Manager means the City Manager, or the successor of such office.

Director of Finance and Budget means the Director of Finance and Budget of the City, or the successor of such office.

Interest Rate means a rate equal to the Interest Rate Swap, plus 1.75%. The Interest Rate shall reset each Reset Date, and shall remain in effect until but not including the next Reset Date.

Interest Rate Swap means the most recent monthly average interest rate swap for a five-year term, as published by the Federal Reserve's Board of Governor's H.15 Statistical Release.

Maturity Date means December 1, 2035.

Project means the project described in Section 2 of this ordinance.

Project Fund means the "Project Fund" authorized to be created pursuant to Section 7 of this ordinance.

Proposal means the proposal letter submitted by the Bank substantially in the form attached hereto as Exhibit A.

Sports Complex means the soccer/multi-sports campus and indoor sports facility located in the City.

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

Reset Date means December 1, 2020, December 1, 2025, and December 1, 2030.

Rule means the Securities and Exchange Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

(b) *Interpretation.* In this ordinance, unless the context otherwise requires:

(1) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(2) Words of the masculine gender shall mean and include correlative words of the feminine and neutral genders and words importing the singular number shall mean and include the plural number and vice versa;

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(5) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of the Project. The Bond is being issued to finance costs related to acquiring, developing, constructing, and improving a portion of the outdoor soccer/sports fields and related improvements to be used as part of the Sports Complex, and other park and recreation capital projects in the City (the “Project”).

Section 3. Authorization of the Bond. For the purpose of financing costs of the Project and paying costs of issuance for the Bond, the City hereby authorizes the issuance and sale of its limited tax general obligation bond in the principal amount of not to exceed \$5,000,000. The bond shall be designated the “City of Yakima, Washington, Limited Tax General Obligation Bond, 2015 (Taxable),” or other such designation as set forth in the Bond and approved by the Director of Finance and Budget.

The Bond shall be dated as of its date of delivery, shall be fully registered as to both principal and interest, shall be in one denomination, and shall mature on the Maturity Date. The Bond shall bear interest from its dated date or the most recent date to which interest has been paid at the Interest Rate. The Interest Rate shall be adjusted on each Reset Date, and shall remain in effect until but not including the next Reset Date. Interest on the principal amount of the Bond shall be calculated per annum on a 30/360 basis. Principal of and interest on the Bond shall be payable in approximately equal semiannual installments of \$200,000 due December 1 and June 1, beginning June 1, 2016, to and including the Maturity Date, pursuant to the payment schedule provided by the Bank after each Reset Date. The final payment of principal and interest on the Bond, whether at the Maturity Date or earlier prepayment, shall be in an amount equal to the remaining principal and interest due on the Bond.

Section 4. Registration, Exchange and Payments.

(a) *Registrar/Bond Registrar.* The Director of Finance and Budget shall act as Bond Registrar. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond if transferred or exchanged in accordance with the provisions of the Bond and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

(b) *Registered Ownership.* The City and the Bond Registrar may deem and treat the Registered Owner of the Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of the Bond shall be made only as described in subsection (e) below. All such payments made as described in subsection (e) below shall be valid and shall satisfy the liability of the City upon the Bond to the extent of the amount so paid.

(c) *No Transfer or Exchange of Registered Ownership.* The Bond shall not be transferrable without the consent of the City unless (i) the Bank's corporate name is changed and the transfer is necessary to reflect such change; or (ii) the transferee is a successor in interest of the Bank by means of a corporate merger, an exchange of stock, or a sale of assets.

(d) *Registration Covenant.* The City covenants that, until the Bond has been surrendered and canceled, it will maintain a system for recording the ownership of the Bond that complies with the provisions of Section 149 of the Code.

(e) *Place and Medium of Payment.* Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Principal and interest on the Bond shall be payable by check, warrant, ACH transfer or by other means mutually acceptable to the Bank and the City. Upon final payment of principal and interest of the Bond, the Registered Owner shall surrender the Bond for cancellation at the office of the Bond Registrar in accordance

with this Section 4 and Section 12.

Section 5. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$ _____

STATE OF WASHINGTON
CITY OF YAKIMA
LIMITED TAX GENERAL OBLIGATION BOND, 2015 (TAXABLE)

INTEREST RATE: VARIABLE, AS DESCRIBED BELOW
MATURITY DATE: DECEMBER 1, 2035
REGISTERED OWNER: CASHMERE VALLEY BANK
PRINCIPAL AMOUNT: _____ MILLION AND NO/100 DOLLARS

The City of Yakima, Washington, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, on or before the Maturity Date identified above, the Principal Amount identified above. This bond shall bear interest at a rate equal to the Interest Rate Swap, plus 1.75% (the "Interest Rate"). Interest Rate Swap is defined as the most recent monthly average interest rate swap for a five-year term, as published by the Federal Reserve's Board of Governor's H.15 Statistical Release. The Interest Rate shall be adjusted every fifth year on the Reset Date pursuant to the hereinafter defined Bond Ordinance, and shall remain in effect until but not including the next Reset Date. Interest on this bond shall accrue from its dated date until paid and shall be computed per annum on the principal amount outstanding on a 30/360 basis. Principal of and accrued interest on this bond shall be payable in approximately equal semiannual installments of \$200,000 due on December 1 and June 1, beginning June 1, 2016, to and including the Maturity Date, pursuant to the payment schedule provided by the Bank after each Reset Date. The final payment of principal of and interest on the Bond, whether at the Maturity Date or earlier prepayment, shall be in an amount equal to the remaining principal and interest due on the Bond.

Both principal of and interest on this bond shall be payable in lawful money of the United States of America. Principal and interest on this bond shall be payable by check or warrant or by other means mutually acceptable to the Registered Owner and the City. Upon final payment of principal and interest of this bond, the Registered Owner shall surrender this bond for cancellation at the office of the Bond Registrar in accordance with Ordinance No. _____ of the City (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance.

This bond is issued pursuant to the Bond Ordinance, to finance the costs of acquiring, developing, constructing, and improving a soccer/multi-use sports complex and other park and recreation capital projects in the City and to pay costs of issuance.

The City may prepay this bond as provided in the Bond Ordinance.

The City has in the Bond Ordinance authorized the creation of a fund to be used for the payment of debt service on this bond, designated as the “Bond Redemption Fund” (the “Bond Fund”). The Bond Fund shall be drawn upon for the sole purpose of paying the principal of and interest on this bond.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, within and as a part of the tax levy permitted to the City without a vote of the electorate, upon all the property subject to taxation in amounts sufficient, together with other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest. Any proceeds of this bond not expended on the Project or costs of issuance shall be pledged to payment of this bond and deposited in the Bond Fund for such purpose.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Bond Registrar or its duly designated agent.

This bond is issued pursuant to the Constitution and laws of the State of Washington, and duly adopted ordinances of the City. This bond is transferable upon compliance with the conditions set forth in the Bond Ordinance.

It is hereby certified that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened, been done and performed precedent to and in the issuance of this bond exist, have happened, been done and performed and that the issuance of this bond does not violate any constitutional, statutory or other limitation upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Yakima, Washington, has caused this bond to be executed by the manual or facsimile signature of the Mayor of the City Council and attested by the manual or facsimile signature of the Clerk, as of this _____ day of _____, 2015.

[SEAL]

CITY OF YAKIMA, WASHINGTON

By _____ /s/
Mayor

ATTEST:

/s/
City Clerk

REGISTRATION CERTIFICATE

This bond is registered in the name of the Registered Owner on the books of the City, in the office of the Director of Finance and Budget of the City (the "Bond Registrar"), as to both principal and interest, as noted in the registration blank below. All payments of principal of and interest on this bond shall be made by the City from the Bond Fund.

Date of Registration	Name and Address of Registered Owner	Signature of Bond Registrar
_____, 2015	Cashmere Valley Bank	Director of Finance and Budget

Section 6. Execution of Bond. The Bond shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, and shall be attested by the manual or facsimile signature of the Clerk.

Only such Bond as shall bear thereon a Certificate of Authentication in the form earlier recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bond shall cease to be an officer or officers of the City before the Bond so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bond may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. The Bond may also be signed and attested on behalf of the City by such persons who at the date of the actual execution of the Bond, are the proper officers of the City, although at the original date of such Bond any such person shall not have been such officer of the City.

Section 7. Application of Bond Proceeds. The City shall establish a fund designated the “Project Fund” (the “Project Fund”) into which the proceeds of the Bond shall be deposited. Money in the Project Fund shall be used to pay the costs of the Project and costs of issuance for the Bond. The Director of Finance and Budget may invest money in the Project Fund in legal investments for City funds. Earnings on such investments shall accrue to the benefit of the Project Fund. Money remaining in the Project Fund after all costs of the Project and costs of issuance for the Bond have been paid shall be pledged to payment of the Bond and deposited in the Bond Fund for such purpose.

Section 8. Pledge of Funds and Credit; General Obligation. The City hereby authorizes the creation of a fund to be used for the payment of debt service on the Bond, designated as the “Bond Redemption Fund” (the “Bond Fund”). No later than the date each payment of principal of or interest on the Bond becomes due, the City shall transmit sufficient funds, from the Bond Fund or from other legally available sources, to the Bond Registrar for the payment of such principal or interest. Money in the Bond Fund may be invested in legal investments for City funds.

The City hereby irrevocably covenants and agrees for as long as the Bond is outstanding and unpaid that each year it will include in its budget and levy an *ad valorem* tax upon all the property within the City subject to taxation in an amount that will be sufficient, together with other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the Bond when due.

The City hereby irrevocably pledges that the annual tax provided for herein to be levied for the payment of such principal and interest shall be within and as a part of the tax levy permitted to cities without a vote of the people, and that a sufficient portion of each annual levy

to be levied and collected by the City prior to the full payment of the principal of and interest on the Bond will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bond. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bond when due.

Section 9. Right of Prepayment. The Bond may be prepaid, in whole or in part, on any business day, upon at least 15 days written notice to the Bank, without prepayment penalty or fee. Any prepayments shall be applied first to accrued and unpaid interest and then applied to reduce the outstanding principal amount of the Bond. If the Bond is prepaid, in whole, in accordance with this Section 9, interest shall cease to accrue on the date the Bank receives such prepayment.

Section 10. Sale of the Bond. The Bond shall be sold to the Bank pursuant to the terms of this ordinance and the Bank's Proposal. The City hereby accepts the Bank's Proposal, which is attached as Exhibit A. The Director of Finance and Budget is hereby authorized to approve the Interest Rate and the principal amount of the Bond and to agree to any other terms, conditions and covenants that are in the best interest of the City and in accordance with the Bank's Proposal so long as (a) the principal amount of the Bond does not exceed \$5,000,000, and (b) the initial Interest Rate for the Bond (to be effective until the first Reset Date) does not exceed 5.00%.

The appropriate City officials, including but not limited to the City Manager and the Director of Finance and Budget, are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bond and for the proper application and use of the proceeds thereof.

Section 11. Ongoing Disclosure; Covenants.

(a) *Ongoing Disclosure.* The Bond is exempt from ongoing disclosure requirements of the Rule.

(b) *Covenants.* So long as the Bond is outstanding, the City hereby covenants and agrees as follows:

(1) To provide the Bank copies of the City's audited financial statements within a reasonable time after it becomes available; and

(2) financial or other information as may be reasonably requested from time to time.

Section 12. Lost, Stolen or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed while in the Registered Owner's possession, the Bond Registrar may at the request of the Registered Owner execute and deliver a new Bond of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon its filing with the City written certification that such Bond was actually lost, stolen or destroyed and of its ownership thereof. In the case the Bond shall be lost, stolen, or destroyed while in the Registered Owner's possession, the Registered Owner may elect upon final payment of principal and interest of the Bond to surrender a photocopy of the Bond for cancellation at the office of the Bond Registrar together with written certification that such Bond was actually lost, stolen or destroyed and of its ownership thereof.

Section 13. Severability; Ratification. If any one or more of the covenants or agreements 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 covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 14. Effective Date of Ordinance. As provided in Article VI, Section 2 of the Yakima City Charter, this ordinance shall become effective 30 days after the date of its passage and publication.

ADOPTED by the City Council of the City of Yakima, Washington, at a regular meeting thereof held this 17th day of November, 2015.

CITY OF YAKIMA, WASHINGTON

Micah Cawley, Mayor

ATTEST/AUTHENTICATED:

Sonya Claar Tee, City Clerk

Approved as to form:

Pacifica Law Group LLP

Passed by the City Council: 11-17-15
Date of Publication: 11-20-15
First Reading Date: 11-3-15
Effective Date: 12-20-15

Exhibit A

Bank's Proposal
(attached)

CERTIFICATE

I, the undersigned, the Clerk of the City Council (the “City Council”) of City of Yakima, Washington (herein called the “City”), DO HEREBY CERTIFY:

1. That the attached ordinance numbered _____ (herein called the “Ordinance”) is a true and correct copy of an ordinance of the City, as finally adopted at a regular meeting of the City Council held on the 17th day of November, 2015, and duly recorded in my office.
2. That the 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 quorum of the City Council was present throughout the meeting and a legally sufficient number of members of the City Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper adoption of said 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 17th day of November, 2015.

City Clerk