

UID 2.4000

CITY OF LYNNWOOD, WASHINGTON

ORDINANCE NO. 2263

AN ORDINANCE of the City of Lynnwood, Washington, prescribing rules and regulations for the maintenance and operation of the City's local improvement guaranty fund, and superseding Ordinance No. 85 of the City.

WHEREAS, RCW 35.54.010 and Ordinance No. 85 passed and approved July 13, 1961, established in the City of Lynnwood (the "City") a fund designated the "Local Improvement Guaranty Fund" (the "Guaranty Fund") for the purpose of guaranteeing, to the extent of the Guaranty Fund, the payment of the City's local improvement bonds and warrants issued to pay for any local improvement; and

WHEREAS, RCW 35.54.020 mandates that the City shall prescribe by ordinance appropriate rules and regulations for the maintenance and operation of the Guaranty Fund that are not inconsistent with the provisions of chapter 35.54 RCW; and

WHEREAS, the City passed its Ordinance No. 85 prescribing rules and regulations for the maintenance and operation of the Guaranty Fund, many of which rules and regulations are no longer consistent with chapter 35.54 RCW; and

WHEREAS, the City Council finds it necessary to supersede Ordinance No. 365 and to prescribe new and additional rules and regulations for the maintenance and operation of the Guaranty Fund; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF LYNNWOOD, WASHINGTON, DO ORDAIN as follows:

Section 1. Maintenance and Operation of the Guaranty Fund--General. The City shall maintain and operate its Guaranty Fund in accordance with the laws contained in chapter 35.54

RCW and such other laws that specifically or generally apply to the Guaranty Fund, as the same may be amended from time to time. Obligations guaranteed by the Guaranty Fund shall include, in addition to those obligations referred to in chapter 35.54 RCW, obligations issued under Chapter 39.50 RCW in anticipation of the issuance of local improvement district bonds.

Section 2. Minimum Balance Prescribed for the Guaranty Fund. The City shall maintain a balance in the Guaranty Fund during each calendar year that is at least equal to 5% of the principal amount of outstanding local improvement district bonds, warrants, notes and other obligations guaranteed by the Guaranty Fund. Should that balance fall below the required 5%, the City covenants to restore the balance on the Guaranty Fund to the required amount during the next fiscal year of the City, subject only to the limitations of RCW 35.54.060. Notwithstanding the foregoing, the City Council may, with respect to the obligations issued on account of any local improvement district, require by ordinance that the minimum balance in the Guaranty Fund on account of such obligations be greater than is required by the first sentence of this section.

Section 3. Use of Guaranty Fund to Pay Local Improvement District Obligations. Supplementing chapter 35.54 RCW and to prevent an anticipated default, if, prior to an interest payment date of obligations secured by the Guaranty Fund, the City Finance Director (or other City official then responsible for overseeing the City's funds and accounts) determines that there is insufficient money in the local improvement fund or other fund or account established to pay debt service on those obligations to pay the interest or principal and interest scheduled to come due on that interest payment date, then the City Finance Director (or other City official then responsible for overseeing the City's funds and accounts) shall withdraw from the Guaranty Fund and apply an amount sufficient to pay that deficiency on that interest payment date. To the extent the amount available in the Guaranty Fund on such interest payment date is not sufficient

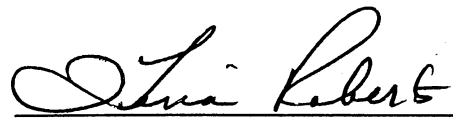
to cure the deficiency, the City Finance Director (or other City official then responsible for overseeing the City's funds and accounts) shall issue interest bearing warrants drawn on the Guaranty Fund as prescribed by statute.

Section 4. Use of Guaranty Fund to Pay Arbitrage Rebate. To the extent that the City is required by Section 148 of the Internal Revenue Code of 1986, as amended, or any successor federal law, to make arbitrage rebate payments to the U.S. Treasury on account of the investment of the Guaranty Fund, such payments may be made from amounts on deposit in the Guaranty Fund. The City may establish subaccounts within the Guaranty Fund from time to time, if necessary or desirable for purposes of accounting for the investment of money therein.

Section 5. Ordinance Supercedes Ordinance No. 85. This ordinance shall supercede Ordinance No. 85, but shall not deprive any owner of a local improvement district obligation heretofore issued of any rights vested under Ordinance No. 85.

Section 6. Effective Date. This ordinance shall take effect and be in full force from and after its passage and five days following its publication as required by law.

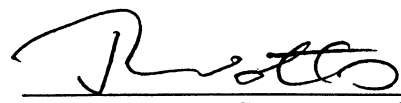
PASSED this 16th day of August, 1999, at a special open public meeting of which notice was given as required by law, and signed in authentication of its passage this 17th day of August, 1999.

  
TINA ROBERTS, Mayor

ATTEST:

APPROVED AS TO FORM:

  
MICHAEL E. BAILEY, Finance Director

  
JOHN P. WATTS, Lynnwood City Attorney

Published: September 1, 1999  
50115972.02