

ORDINANCE NO. 1355

AN ORDINANCE OF THE CITY OF LYNDEN, WASHINGTON, AMENDING ORDINANCE NO. 1231 TO EXTEND THE MATURITY AND CHANGE THE INTEREST RATE OF THE CITY'S REVENUE BOND ANTICIPATION NOTE, 2005A (REVOLVING) AND ITS LIMITED GENERAL OBLIGATION BOND AND GRANT ANTICIPATION NOTE, SERIES 2005B (REVOLVING).

WHEREAS, the City of Lynden, Washington (the "City") adopted Ordinance No. 1231 on May 2, 2005, providing for the issuance of the City's Revenue Bond Anticipation Note, Series 2005A (Revolving) ("Note-2005A") and its Limited Tax General Obligation Bond and Grant Anticipation Note, Series 2005B (Revolving) ("Note-2005B"), both with a maturity date of May 13, 2006, in the aggregate principal amount of not to exceed \$5,000,000 for the purpose of making improvements to facilities of the City, in anticipation of loans and grants specified therein; and

WHEREAS, the City issued and sold Note-2005A and Note-2005B (together, the "Notes") to Skagit State Bank, Burlington, Washington (the "Bank") on May 13, 2005; and

WHEREAS, the City passed Ordinance No. 1261 extending the maturity and changing the interest date, Ordinance No. 1295 increasing the maximum amount, extending the maturity and changing the interest date and Ordinance No. 1319 extending the maturity and changing the interest rate; and

WHEREAS, the City has received a proposal from the Bank dated March 19, 2009 (the "Proposal") to further extend the maturity of the Notes and upon certain conditions; and

WHEREAS, it is now in the best interests of the City to accept the Bank's Proposal;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LYNDEN, WASHINGTON, DOES ORDAIN, as follows:

Section 1. Amendment to Ordinance No. 1231. Section 3 of Ordinance No. 1231 as amended by Ordinance Nos. 1261, 1295 and 1319, is hereby further amended to read as follows (additions are underscored and deletions are shown as stricken):

(c) *Terms of the Note-2005A.* The Note-2005A shall be designated as the "City of Lynden, Washington Revenue Bond Anticipation Note, 2005A (Revolving)," shall be dated as of the date of its original issuance, shall be issued as a single instrument, fully registered as to both principal and interest, shall be in the denomination of not to exceed \$7,000,000; subject, however, to the further limitation that the aggregate principal amount outstanding of the Note-2005A and the Note-2005B (hereinafter authorized) may not at any time exceed the sum of

\$7,000,000, shall be numbered N-1A and shall bear interest at fixed interest rate of 2.85% to May 13, 2006 and delivery, the fixed rate of 4.16% from May 13, 2006 through May 11, 2007 and the fixed rate of 3.95% from May 12, 2007 to May 13, 2008 and the fixed rate of 2.90% from May 13, 2008 to May 13, 2009 and the fixed rate of 2.75% from May 13, 2009 to final maturity ~~thereafter~~ (computed on the basis of a 365/366-day year to May 13, 2009 and thereafter on the basis of a 365/360 for actual number of days elapsed) on the unpaid principal balance and the outstanding principal balance and all unpaid and accrued interest shall be payable in full at maturity on the date that is ~~four~~five years from the date of original issuance and delivery.

(d) *Terms of the Note-2005B.* The Note-2005B shall be designated as the “City of Lynden, Washington Limited General Obligation Bond and Grant Anticipation Note, 2005B (Revolving),” shall be dated as of the date of its original issuance, shall be issued as a single instrument, fully registered as to both principal and interest, shall be in the denomination of not to exceed \$7,000,000; subject, however, to the further limitations that the aggregate principal amount outstanding of the Note-2005A and the Note-2005B may not at any time exceed the sum of \$7,000,000 and that the aggregate principal amount outstanding of the Note-2005B may not exceed LGO Capacity as of the date of any Draw made thereunder, shall be numbered N-1B and shall bear interest at the fixed rate of 2.85% to May 13, 2006, the fixed rate of 4.16% from May 13, 2006 through May 11, 2007 and the fixed rate of 3.95% from May 12, 2007 to May 13, 2008 and the fixed rate of 2.90% from May 13, 2008 to May 13, 2009 and the fixed rate of 2.75% from May 13, 2009 to final maturity ~~thereafter~~ (computed on the basis of a 365/366-day year to May 13, 2009 and thereafter on the basis of a 365/360 for actual number of days elapsed) on the unpaid principal balance, and the outstanding principal balance and all unpaid and accrued interest shall be payable in full at maturity on the date that is ~~four~~five years from the date of original issuance and delivery.

(e) *Draws.* The Notes are intended to be revolving obligations; however, the principal amount outstanding under the Notes may never exceed \$7,000,000, and, provided, further, the aggregate principal amount of any Draw made under the Note-2005B (together with all other principal amounts then outstanding under the Note-2005B) may never exceed LGO Capacity as of the date of the Draw. The available principal of the Notes shall be disbursed as borrowings and re-borrowings from time to time by the Bank upon request from the City (each such disbursement herein referred to as a “Draw”). Draws shall be recorded on the Loan Draw Record attached to the respective Note, or in such other form as the City and the Bank may agree. Interest on each Draw shall accrue from the date of that Draw and shall be computed on the basis as described above on the principal amount of the Draw outstanding for the actual number of days the principal amount of the Draw is outstanding. The City hereby covenants that it will never request a Draw under the Note-2005B if the amount of that Draw, together with the principal balance then outstanding would exceed LGO Capacity. The LGO Capacity as of the date of this ordinance, pledged and committed to be available for the Note-2005B is ~~\$8,467,1257~~7,495,572, and the Bank may rely upon this representation until the City delivers written notice of a change in LGO Capacity.

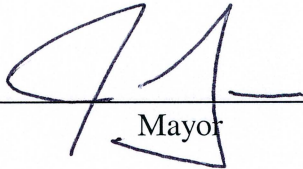
Section 2. Bank Proposal. The City hereby approves and accepts the Bank Proposal.

Section 3. Confirmation of Ordinance 1231, as amended. Ordinance No. 1231, as amended by Ordinance Nos. 1261, 1295 and 1319 and as further amended by this amendatory ordinance is hereby ratified and confirmed.

Section 4. Authorization of City Officials. The proper City officials are authorized to deliver new Notes to the Bank reflecting the terms of this amendatory ordinance.


Section 5. Effective Date. This ordinance shall be in effect five days after its publication as provided by law.

PASSED BY THE CITY COUNCIL BY AN AFFIRMATIVE VOTE, 7 IN FAVOR, 0 AGAINST, 0 ABSTENTION, AND SIGNED BY THE MAYOR THIS 4TH DAY OF MAY, 2009.




Mayor

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney