

CITY OF SHORELINE, WASHINGTON

ORDINANCE NO. 453

AN ORDINANCE adopting a system of registration of bonds and obligations of the City.

WHEREAS, Section 149(a) of the Internal Revenue Code of 1986, as amended, requires municipal bonds and obligations offered to the public, having a maturity of more than one year, to be in registered form as a condition of the exclusion from gross income for federal income tax purposes of the interest on those bonds and obligations; and

WHEREAS, RCW 39.46.030 authorizes cities to establish a system of registering the ownership of their bonds or obligations as to principal and interest, or principal only; NOW, THEREFORE,

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

Section 1. Definitions. The following words shall have the following meanings when used in this ordinance:

(a) “Bond” or “bonds” has the meaning defined in RCW 39.46.020(1), as the same may be amended from time to time.

(b) “City” means the City of Shoreline, Washington.

(c) “Fiscal Agencies” means the duly appointed fiscal agencies of the State of Washington serving as such at any given time.

(d) “Obligation” or “obligations” has the meaning defined in RCW 39.46.020(3), as the same from time to time may be amended.

(e) "Registrar" means the person, persons or entity designated by the City to register ownership of bonds or obligations under this ordinance or under an ordinance of the City authorizing the issuance of such bonds or obligations.

Section 2. Findings. The City Council of the City finds that it is in the City's best interest to establish a system of registering the ownership of the City's bonds and obligations in the manner permitted by law.

Section 3. Adoption of Registration System. The City adopts the following system of registering the ownership of its bonds and obligations.

(a) **Registration Requirement.** All bonds and obligations offered to the public, having a maturity of more than one year, on which the interest is intended to be excluded from gross income for federal income tax purposes, shall be registered as to both principal and interest as provided in this ordinance.

(b) **Method of Registration.** The registration of all City bonds and obligations required to be registered shall be carried out either by

1) a book entry system of recording the ownership of the bond or obligation on the books of the Registrar, whether or not a physical instrument is issued; or

2) recording the ownership of the bond or obligation and requiring as a condition of the transfer of ownership of any bond or obligation the surrender of the old bond or obligation and either the reissuance of the old bond or obligation or the issuance of a new bond or obligation to the new owner.

No transfer of any bond or obligation subject to registration requirements shall be effective until the name of the new owner and the new owner's mailing address, together with such other information deemed appropriate by the Registrar, shall be recorded on the books of the Registrar.

(c) **Denominations.** Except as may be provided otherwise by the ordinance authorizing their issuance, registered bonds or obligations may be issued and reissued in any

denomination up to the outstanding principal amount of the bonds or obligations of which they are a part. Such denominations may represent all or a part of a maturity or several maturities and on reissuance may be in smaller amounts than the individual denominations for which they are reissued.

(d) Appointment of Registrar. Unless otherwise provided in the ordinance authorizing the issuance of registered bonds or obligations, the Finance Director shall be the Registrar for all registered interest-bearing warrants, installment contracts, interest-bearing leases, and other registered bonds or obligations not usually subject to trading without a fixed maturity date or maturing one year or less after issuance and the Fiscal Agencies shall be the Registrar for all other City bonds and obligations without a fixed maturity date or maturing more than one year after issuance.

(e) Duties of Registrar. The Registrar shall serve as the City's authenticating trustee, transfer agent, registrar, and paying agent for all registered bonds and obligations for which he, she, or it serves as Registrar and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties.

The rights, duties, responsibilities and compensation of the Registrar shall be prescribed in each ordinance authorizing the issuance of the bonds or obligations, which rights, duties, responsibilities, and compensation shall be embodied in a contract executed by the City and the Registrar, except that (i) when the Fiscal Agencies serve as Registrar, the City adopts by reference the contract between the State Finance Committee of the State of Washington and the Fiscal Agencies in lieu of executing a separate contract and prescribing by ordinance the rights, duties, obligations and compensation of the Registrar, and (ii) when the Finance Director serves as Registrar, a separate contract shall not be required.

In all cases when the Registrar is not the Fiscal Agencies and the bonds or obligations are assignable, the ordinance authorizing the issuance of the registered bonds or obligations shall specify the terms and conditions of

- 1) making payments of principal and interest;
- 2) printing any physical instruments, including the use of identifying numbers or other designation;
- 3) specifying record and payment dates;
- 4) determining denominations;
- 5) establishing the manner of communicating with the owners of the bonds or obligations;
- 6) establishing the methods of receipting for the physical instruments for payment of principal, the destruction of such instruments and the certification of such destruction;
- 7) registering or releasing security interests, if any; and
- 8) such other matters pertaining to the registration of the bonds or obligations authorized by such ordinance as the City may deem to be necessary or appropriate.

Section 4. Statement of Transfer Restrictions. Any physical instrument issued or executed by the City subject to registration under this ordinance shall state that the principal of and interest on the bonds or obligations shall be paid only to the owner thereof registered as such on the books of the Registrar as of the record date defined in the instrument and to no other person, and that such instrument, either principal or interest, may not be assigned except on the books of the Registrar.

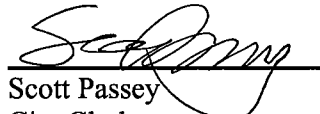
Section 5. Effective Date of Ordinance. This ordinance shall take effect and be in force from and after its passage and five (5) days following publication of a summary of the ordinance as required by law.

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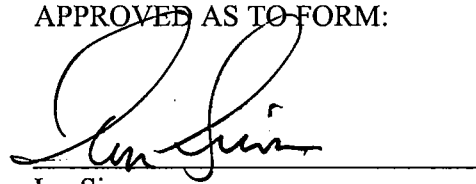
PASSED BY THE CITY COUNCIL ON NOVEMBER 29, 2006.


Mayor Robert L. Ransom

ATTEST:


Scott Passey
City Clerk

APPROVED AS TO FORM:


Ian Sievers
City Attorney

Publication Date: December 4, 2006

Effective Date: December 9, 2006

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