CITY OF KENT, WASHINGTON
ORDINANCE NO. 1300

AN ORDINANCE specifying and adopting a system or plan of additions to and betterments and extensions of the water supply and distribution system of the City of Kent, Washington; declaring the estimated cost thereof as near as may be; providing for the issuance and sale of not to exceed $35,000.00 par value of water revenue bonds for the purpose of obtaining funds to pay the cost of carrying out such system or plan; creating a special acquisition fund; ratifying and confirming the action of the City officials in entering into an Agreement and Bill of Sale dated as of May 3, 1965 pertaining to the acquisition of the Derbyshire Water System; and providing for the issuance and sale of interest-bearing warrants pending the sale of the water revenue bonds.

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

Section 1. It is hereby found and declared that the public health and welfare require, and it is in the best interests of the inhabitants of the City of Kent, that the City acquire the private water system commonly known as the Derbyshire Water System presently furnishing water to residential users within the various plats of Derbyshire, and the City of Kent, therefore, hereby specifies and adopts a system or plan for making additions to and betterments and extensions of the existing water system of the City which shall consist of the acquisition and purchase from Derbyshire, Inc., a Washington corporation, of that certain private water system, including all water transmission lines, water meters, pipes, valves, fire hydrants and miscellaneous equipment presently utilized by Derbyshire, Inc., as the sole owner and operator of said system, located in an area bordered by 124th Avenue S. E. on the east, 116th Avenue S. E. on the west, S. E. 272nd on the north and S. E. 276th on the south, in the City of Kent, Washington, for the purpose of selling water to residential users in the following plats: Derbyshire, Derbyshire #1, Derbyshire #2, Derbyshire #3, Derbyshire #4, Derbyshire #5
and Derbyshire #6, pursuant to plats recorded in the records of the King County Auditor, State of Washington, except that such purchase and acquisition shall not include that certain reservoir or equipment, parts and accessories located at 27263-124th Avenue S. E., in the City of Kent, Washington, that is connected to a four-inch master meter which is included as a part of such purchase and acquisition. There shall be included in such purchase and acquisition the conveyance by the seller of all easements and all rights and franchises for the purpose of operating said water system presently held and owned by the seller.

Section 2. The life of the additions, betterments and extensions set forth in Section 1 of this ordinance is hereby declared to be at least thirty years.

Section 3. The estimated cost, as near as may be, of the acquisition of the said private water system as an addition to and betterment and extension of the water system of the City, is hereby declared to be $35,000.00.

Section 4. The gross revenues and benefits to be derived from the operation and maintenance of the water system of the City at the rates to be charged for water on the entire system, will in the judgment of the City Council be more than sufficient to meet the costs of operation and maintenance thereof and to permit the setting aside in a special bond redemption fund out of the gross revenues of the water system of the City of sufficient amount to pay the interest on the water revenue bonds herein authorized to be issued and on the presently outstanding "Water Revenue Bonds, 1963, Issue No. 1," "Water Revenue Bonds, 1963, Issue No. 2," and the "Water Revenue Bonds, 1964," as such interest becomes due and payable and to pay and redeem all of said bonds at maturity.

Section 5. The cost of acquiring and purchasing the foregoing additions to and betterments and extensions of the water system of the City shall be paid from the proceeds received from the issuance and sale of water revenue bonds in an amount of not to exceed $35,000.00. The bonds shall be issued in one or more series, at such time as the City Council shall deem advisable and may be combined with and issued as a part of any subse-
quent authorization of water revenue bonds. The bonds shall bear such designation; shall bear such interest rate or rates; shall be in such denominations and form; shall be payable at such place or places and shall mature in accordance with such schedules beginning not earlier than one year after date of issuance and ending not later than thirty years thereafter, or shall be term bonds; shall have such option of payment prior to maturity; shall guarantee such coverage and collection of rates; shall provide for such additional funds and accounts and shall contain and be subject to such provisions and covenants as shall hereafter be provided by ordinance. The bonds shall be sold at such times and in such manner as the City Council shall deem to be in the best interests of the City.

Section 6. If the conditions required to be met for the issuance of parity bonds as set forth in Section 9 of Ordinance No. 1178 of the City, shall be met at the time of the issuance of the bonds herein authorized and said bonds shall be issued as parity bonds with the outstanding "Water Revenue Bonds, 1963, Issue No. 1," the "Water Revenue Bonds, 1963, Issue No. 2," and the "Water Revenue Bonds, 1964," the bonds herein authorized shall be payable solely out of the special fund of the City created by Ordinance No. 1178, adopted April 1, 1963 and known as the "Water Revenue Bond Redemption Fund, 1963."

In the event that the bonds herein authorized shall not be issued as parity bonds, the bonds shall be payable solely out of such special fund as shall be hereafter created in connection with the issuance and sale of such bonds and shall be a valid claim of the holder thereof only as against such special fund and the amount of the revenues of the water system of the City pledged to such special fund, and shall not be a general obligation of the City of Kent, Washington.

From and after the date of the issuance of the bonds and so long thereafter as bonds are outstanding, the City Treasurer shall set aside and pay into the appropriate bond redemption fund out of the gross revenues of the water system of the City, a fixed amount without regard to any fixed proportion, namely, an amount sufficient to pay the principal of and interest on all bonds payable out of the special appropriate fund as they respectively
become due, and to create such surplus and reserve, if any, that may here­after be prescribed by ordinance. The gross revenues from the said water system are hereby pledged to such payment, and the bonds herein authorized shall constitute a charge or lien upon such revenues prior and superior to any other charges whatsoever, excluding charges for maintenance and operation, provided, however, that if the conditions required to be met for the issuance of parity bonds as set forth in Section 9 of Ordinance No. 1178 shall be met at the time of the issuance of the bonds herein authorized, the charge or lien upon such gross revenues for the bonds herein authorized shall be on a parity with the charge or lien upon such gross revenues for the outstanding "Water Revenue Bonds, 1963, Issue No. 1, " Water Revenue Bonds, 1963, Issue No. 2, " and Water Revenue Bonds, 1964,". If said parity conditions shall not be met, the charge or lien upon such gross revenues for the bonds herein authorized shall be subordinate and inferior to the prior charge or lien upon such gross revenues for said outstanding water revenue bonds.

Section 7. There is hereby created and established in the office of the City Treasurer, a special fund of the City to be known as the "Derbyshire Water System Acquisition Fund." The proceeds of the sale of the foregoing bonds shall be deposited in the "Derbyshire Water System Acquisition Fund," and shall be used for the sole purpose of acquiring and purchasing the Derbyshire Water System as specified in Section 1 hereof, and of paying the costs and expenses connected therewith. The action of the City officials in heretofore entering into an Agreement and Bill of Sale as of May 3, 1965, with Derbyshire, Inc., a Washington corporation and Peoples National Bank of Washington, acting in its capacity as the administrator de bonis non with will annexed of the estate of Chester M. Derbyshire, deceased, and the City of Kent, for the acquisition of the Derbyshire private water system, is hereby ratified and confirmed as the duly authorized act of the City. Pending the sale of the water revenue bonds herein authorized, the City may issue interest-bearing warrants drawn upon the "Derbyshire Water System Acquisition Fund," to bear interest at the rate of 4.25% per annum, and to be paid out of the proceeds of the sale of said water revenue bonds within a period of not
to exceed one year from date hereof.

Section 8. This ordinance is declared to be one necessary for the immediate preservation of the public peace, property, health and safety of the people of the City of Kent, Washington. An emergency is hereby declared to exist and this ordinance is hereby declared to be in full force and effect from and after its passage, approval and publication as provided by law.

PASSED by the City Council of the City of Kent, Washington and APPROVED by its Mayor at a regular meeting thereof held on the 7th day of June, 1965.

MAYOR

ATTEST:

CITY CLERK

Form Approved:

CITY ATTORNEY