Ordinance No. 1338

(Amending or Repealing Ordinances)

CFN=104 – Finance
131 – Zoning Codes
143 – LID 249 South End Sewers
Passed 4/18/1996
Adopting a system or plan of additions to and betterments and extensions of the sewage collection and disposal system

Amended by Ord. 4032 (Sec. 7.06.010)
AN ORDINANCE of the City of Kent, Washington, amending Ordinance No. 1295 passed by the City Council and approved by the Mayor on April 19, 1965, as amended by Ordinance No. 1308 passed by the City Council and approved by the Mayor on August 3, 1965, relating to and specifying and adopting a system or plan of additions to and betterments and extensions of the sewage collection and disposal system of the City and providing the method of financing the same; combining the system of sewerage and system and plant for garbage and refuse collection and disposal of the City; providing for the issuance and sale of $435,000.00 par value of "Sewer Revenue Bonds, 1966," for the purpose of providing a part of the funds with which to carry out said system or plan of additions to and betterments and extensions of the sewage collection and disposal system of the City; fixing the date, form, maturities, interest rates, terms and covenants of such bonds; providing for the sale thereof to McLean & Company, Inc., of Tacoma, Washington; and declaring an emergency.

WHEREAS, the City of Kent, Washington, by Ordinance No. 1295 passed by the City Council and approved by the Mayor on the 19th day of April 1965, specified and adopted a system or plan of additions to and betterments and extensions of the sewage collection and disposal system of the City, authorized the issuance and sale of sewer revenue bonds in the principal sum of not to exceed $300,000.00 to pay part of the cost thereof, authorized the creation of one or more local improvement districts, the property therein to be assessed to the extent of not to exceed $200,000.00 of the cost of the improvement and the remaining cost to be paid from a grant from the United States Government under Public Law 660, which Ordinance No. 1295 was amended by Ordinance No. 1308 passed by the City Council and approved by the Mayor on the 3rd day of August, 1965, to increase the sewer revenue bond authorization from $300,000.00 to $433,000.00; and

WHEREAS, the City of Kent, Washington, by Ordinance No. 1297 passed by the City Council and approved by the Mayor on the 17th day of May, 1965, ordered the carrying out of the system or plan of additions to and betterments and extensions of the sewage collection and disposal system of the City as adopted by Ordinance No. 1295 and established Local Improvement District No. 249 for the purpose of assessing against the
property specially benefited by such improvement the amount of not to exceed $200,000.00; and

WHEREAS, the City Council has determined it necessary to issue and sell the authorized sewer revenue bonds to provide the remaining funds necessary to carry out such system or plan and it is in the best interest of the City that bonds be issued in the denomination of $5,000.00 each, which requires the increase of the maximum authorization of sewer revenue bonds from $433,000.00 to $435,000.00 to provide the funds required and to permit the $5,000.00 denomination bonds; and

WHEREAS, the City of Kent has heretofore issued pursuant to Ordinance No. 871 passed and approved February 1, 1954, under date of April 1, 1954, $270,000.00 par value of "Sewer Revenue Bonds, 1954," and pursuant to Ordinance No. 932 passed and approved October 1, 1956, $120,000.00 par value of "Sewer Revenue Bonds, 1956," and pursuant to Ordinance No. 1033 passed and approved June 15, 1959, $300,000.00 par value of "Sewer Revenue Bonds, 1959," and pursuant to Ordinance No. 1268 passed and approved October 5, 1964, $325,000.00 par value of "Sewer Revenue Bonds, 1964, Series A," all on a parity of lien with said "Sewer Revenue Bonds, 1954," and by Section 8 of Ordinance No. 871, the City of Kent reserved the right to issue additional or refunding revenue bonds and to create a special fund for the payment of the principal and interest thereof, into which fund or funds payments may be made from the "Sewer Revenue Fund," created by Ordinance No. 871 (or any Water and Sewer Revenue Fund which may later be created), sufficient to pay the principal of and interest on such additional or refunding bonds, and to maintain adequate reserves therefor, if required, which such payments may rank equally with the payments out of the "Sewer Revenue Fund" (or such Water and Sewer Revenue Fund) into the "Kent 1954 Sewer Revenue Bond Redemption Fund," created by Ordinance No. 871, for the payment of said "Sewer Revenue Bonds, 1954," (which include payments into the "Kent 1956 Sewer Revenue Bond Redemption Fund," created by Ordinance No. 932 for payment of the outstanding "Sewer Revenue Bonds, 1956," into the "Sewer Revenue Bond Fund, 1959," created by Ordinance No. 1022 for payment of the outstanding "Sewer Revenue Bonds, 1959," and into the "Sewer Revenue
Bond Fund, 1964," created by Ordinance No. 1226 for payment of the outstanding
"Sewer Revenue Bonds, 1964, Series A," issued on a parity with the "Sewer
Revenue Bonds, 1954," upon compliance with the following conditions:

"First, that at the time of the issuance of such additional or refunding bonds there is no deficiency
in the Bond Redemption Fund or the Reserve Account created herein, or in any bond redemption fund or
reserve account which may have been created for the payment of the principal of and interest on any
revenue bonds issued on a parity with the bonds authorized herein and prior to the issuance of such
additional or refunding bonds.

"Second, that the ordinance providing for the issuance of such additional or refunding bonds
and providing for the payment of the principal and interest thereof out of a bond redemption fund shall
create a reserve account in such bond redemption fund for the purpose of making up any deficiency
therein, and such ordinance shall provide for the payment into such reserve account within five years
from the date of the issuance of such additional or refunding bonds, of a sum at least equal to the
average annual amount required for debt service on such additional or refunding bonds.

"Third, that at the time of the issuance of such additional or refunding bonds the city
shall have on file a certified audit from a certi­fied public accountant showing that the net income
of the sewage disposal system (or the combined water and sewerage system) for a period of any
twelve consecutive months out of the fifteen months immediately preceding the month of de­livery of such additional or refunding bonds
shall have been at least 1.3 times the average annual debt service required for the outstanding
bonds of this issue, for any revenue bonds which
may have been issued on a parity therewith, and
for such additional or refunding bonds.

"The words 'net income' as used in subparagraph
Third immediately preceding shall be construed
as the gross revenue of the entire sewage disposal
system (or such combined water and sewerage system),
including all additions and improvements thereto
and extensions thereof less expenses of mainte­nance and operation of such system but before
depreciation. Or,

"Fourth, in the event that the certified audit re­quired in subparagraph Third immediately above may
not be obtained, such additional or refunding bonds
may still be issued on a parity with these bonds
and other outstanding parity bonds if, at the time of the issuance of such additional or refunding bonds,
the city shall have on file a certificate from an
independent licensed professional engineer or engin­eering firm not then employed by the city except for
the purpose of giving such certificate, showing
that in his or its professional opinion the net
income of the sewage disposal system (or combined
water and sewerage system) for each future calendar
year will equal at least 1.3 times the average annual debt service required for the outstanding bonds of this issue, for any revenue bonds which may have been issued on a parity therewith, and for such additional or refunding bonds.

"The words 'net income' as used in subparagraph Fourth immediately preceding shall be construed as the gross revenue of the entire sewage disposal system (or such combined water and sewerage system), including all additions and improvements thereto and extensions thereof, to be constructed or installed out of the proceeds of the sale of such additional bonds, less expenses of maintenance and operation of such sytem but before depreciation, and such 'net income' may include any increase in revenues to be derived by any increase in rates authorized by the Council up to the time of delivery of such additional or refunding bonds."

and

WHEREAS, the City Council hereby finds and declares that all payments required by said Ordinance No. 871 pertaining to the "Sewer Revenue Bonds, 1954," have been made into the "Kent 1954 Sewer Revenue Bond Redemption Fund," and that all payments required by said Ordinance No. 932 pertaining to the "Sewer Revenue Bonds, 1956," have been made into the "Kent 1956 Sewer Revenue Bond Redemption Fund," and that all payments required by Ordinance No. 1033 pertaining to the "Sewer Revenue Bonds, 1959," have been made into the "Sewer Revenue Bond Fund, 1959," and that all payments required by Ordinance No. 1226 pertaining to the "Sewer Revenue Bonds, 1964, Series A," have been made into the "Sewer Revenue Bond Fund, 1964," including the Reserve Accounts created in such funds, and that provision is hereinafter made for the creation of a Reserve Account for the additional sewer revenue bonds herein authorized to be issued, into which account shall be paid, within five years from the date of the issuance of the additional bonds herein authorized to be issued, a sum at least equal to the average annual amount required for debt service on such additional bonds, and that Carl Berglund, a certified public accountant, has filed with the City Clerk a certified audit showing that the net income of the sewage disposal system for the required period was sufficient to meet the 1.3 coverage requirement above set forth, NOW, THEREFORE,

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

Section 1. Section 5 of Ordinance No. 1295 passed by the City Council and approved by the Mayor on April 19, 1965, as amended by Section 2 of Ordinance No. 1308 passed by the City Council and approved by the Mayor on August 3, 1965, is hereby amended to read as follows:

"Section 5. The cost of acquiring, constructing and making the foregoing additions to and betterments and extensions of said system of sewerage shall be paid as follows:
(a) From the proceeds received from the issuance and sale of sewer revenue bonds in the amount of not to exceed $435,000.00;
(b) By assessments to be levied in the amount of not to exceed $200,000.00 against the property specially benefited by the proposed improvement and included in one or more local improvement districts hereby authorized and to be hereafter formed; and
(c) From a grant anticipated to be received from the United States Government under Public Law 660 in the amount of $42,000.00."

Section 2. The City is presently maintaining and operating a sanitary sewage collection and disposal system and a system and plant for garbage and refuse collection and disposal, pursuant to the provisions of Sections 35.21.120, 35.67.020 and 35.92.020 of the Revised Code of Washington, and pursuant to the provisions of RCW 35.67.020 the present sanitary sewage collection and disposal system of the City and the present system and plant for garbage and refuse collection and disposal, together with all additions, extensions and betterments thereof at any time made, are hereby combined into a single utility, provided the accounting procedure for each system shall be kept separate as required by RCW 35.37.010. The combined sanitary sewage collection and disposal system of the City and the system and plant for garbage and refuse collection and disposal, together with all additions, extensions and betterments thereof at any time made, shall hereinafter be called "system of sewerage."
Section 3. For the purpose of obtaining a part of the funds necessary to carry out the system or plan of additions to and betterments and extensions of the system of sewerage of the City, as specified and adopted by Ordinance No. 1295, as amended, and ordered to be carried out by Ordinance No. 1297 there shall be issued and sold $435,000.00 of sewer revenue bonds of the City. The bonds shall be designated "Sewer Revenue Bonds, 1966," in place of the designation "Sewer Revenue Bonds, 1965," specified in Ordinance No. 1295, as amended, and shall hereinafter be called the "Bonds." The Bonds shall be in denominations of $5,000.00 each; shall be numbered from 1 to 87, inclusive; shall be dated May 1, 1966; and shall bear interest at the rate of 4 1/2% per annum, payable on October 1, 1966, and semiannually thereafter on April 1 and October 1 of each year, interest to maturity to be evidenced by coupons to be attached to the Bonds, with full obligation on the part of the City to pay interest at the same rate from and after the Bond maturity dates until the Bonds with interest are paid in full. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the City Treasurer of the City of Kent, Washington, solely out of the special fund created and established by Ordinance No. 1295 and therein designed "Sewer Revenue Bond Fund, 1965," which designation is hereby changed to "Sewer Revenue Bond Fund, 1966," (hereinafter called the "Bond Fund"). The Bonds shall mature serially in accordance with the following schedule, to-wit:

<table>
<thead>
<tr>
<th>Bond Numbers (Inclusive)</th>
<th>Amounts</th>
<th>Maturities</th>
</tr>
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<tr>
<td>1 to 11</td>
<td>$55,000</td>
<td>October 1, 1990</td>
</tr>
<tr>
<td>12 to 22</td>
<td>55,000</td>
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<tr>
<td>23 to 34</td>
<td>60,000</td>
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<td>35 to 46</td>
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<tr>
<td>47 to 59</td>
<td>65,000</td>
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<tr>
<td>60 to 73</td>
<td>70,000</td>
<td>October 1, 1995</td>
</tr>
<tr>
<td>74 to 87</td>
<td>70,000</td>
<td>October 1, 1996</td>
</tr>
</tbody>
</table>

Section 4. The City of Kent reserves the right to redeem the Bonds as a whole, or in part in inverse numerical order, on October 1, 1976, or on any subsequent interest payment date at the following redemption prices, if redeemed on the following dates, plus accrued interest to date of redemption in each case, to-wit:
October 1, 1976, or April 1, 1977, at $102.50 per each $100 par value thereof,
October 1, 1977, or April 1, 1978, at $102.00 per each $100 par value thereof,
October 1, 1978, or April 1, 1979, at $101.50 per each $100 par value thereof,
October 1, 1979, or April 1, 1980, at $101.00 per each $100 par value thereof,
October 1, 1980, or April 1, 1981, at $100.50 per each $100 par value thereof,
October 1, 1981, and thereafter, at par.

Notice of any call for redemption of any of the Bonds prior to their stated maturity dates shall be published at least once in the official newspaper of the City not less than thirty nor more than forty-five days prior to the call date. Notice of said intended redemption shall also be mailed to McLean & Company, Inc., at its principal place of business in Tacoma, Washington, or its successor, not less than thirty nor more than forty-five days prior to the call date. Interest on any Bonds so called for redemption shall cease on the date fixed for such redemption upon payment of the redemption price into the Bond Fund.

Section 4. The Bond Fund is hereby divided into two accounts, namely, a "Principal and Interest Account" and a "Reserve Account." So long as any Bonds are outstanding against the Bond Fund, the City Treasurer of the City of Kent shall set aside and pay into the Bond Fund out of the "Sewer Revenue Fund," created and established by Ordinance No. 871 (or possibly the Water and Sewer Revenue Fund), into which fund shall be paid as collected all of the gross earnings and revenue of the system of sewerage of the City, a fixed amount without regard to any fixed proportion, as follows:

(a) Into the "Principal and Interest Account," monthly, on or before the 20th day of each month, beginning with the month of May, 1966, and continuing thereafter one-fifth of the amount of interest payable on October 1, 1966, and thereafter one-sixth of the next ensuing six months' interest requirements, and in addition thereto beginning with the month of October, 1989, and continuing thereafter one-twelfth of the next ensuing twelve months' requirements for principal; and

(b) Into the "Reserve Account," by May 1, 1971, a sum at least equal to the average annual amount required for debt service on the Bonds, said amount to be accumulated by paying therein each month, commencing with the month of June, 1966, one-sixtieth of such amount.
The "Reserve Account" may be accumulated from any other moneys which the City of Kent may have available for such purpose, in addition to using the revenues in the "Sewer Revenue Fund" therefor. After the total required reserve amount shall have been accumulated in the "Reserve Account," such amount shall be maintained therein, except for withdrawals therefrom, as authorized herein, at all times so long as any of the Bonds are outstanding, provided, that when the total amount in the Bond Fund shall equal the total amount of principal and interest for all outstanding Bonds to the last maturity thereof, no further payment need be made into the Bond Fund.

In the event that there shall be a deficiency in the Bond Fund to meet maturing installments of either principal or interest, as the case may be, on Bonds payable out of the Bond Fund, such deficiency shall be made up from the "Reserve Account" by the withdrawal of cash therefrom for that purpose. Any deficiency created in the "Reserve Account" by reason of any such withdrawal shall then be made up from the moneys from the revenues of the system of sewerage of the City first available after making necessary provision for the required payments into the Bond Fund. The money in the "Reserve Account" shall otherwise be held intact and may be kept on deposit in the official bank depository of the City of Kent or may be invested in direct obligations of the United States Government having a guaranteed redemption price prior to maturity or maturing not later than twelve years from date of purchase and, in no event, maturing later than the last maturity of the Bonds outstanding at the time of such purchase. Interest earned on any such investment or on such bank deposit shall be deposited in and become a part of the "Reserve Account" until the total required reserve amount shall have been accumulated therein, after which such interest shall be deposited in the "Principal and Interest Account" in the Bond Fund.

(The gross revenues from said system of sewerage are hereby pledged to such payments) and the Bonds shall constitute a charge or lien upon such gross revenues and the money in the Sewer Revenue Fund prior and superior to any other charges whatsoever, excluding necessary charges for maintenance and operation of the system of sewerage, and equal in rank with the charge or lien upon said gross revenues and the money in said Sewer Revenue Fund for the payment of the principal of and interest
on the outstanding "Sewer Revenue Bonds, 1954," the outstanding "Sewer Revenue Bonds, 1956," the outstanding "Sewer Revenue Bonds, 1959," the outstanding "Sewer Revenue Bonds, 1964, Series A," issued on a parity therewith, and any additional or refunding sewer revenue bonds hereafter issued on a parity therewith in accordance with the provisions of Section 8 of Ordinance No. 871.

Section 5. The City hereby covenants and agrees with the owner and holder of each Bond at any time outstanding as follows:

(a) That it will establish, maintain and collect such rates and charges for sanitary sewage disposal service and for garbage and refuse collection and disposal service for so long as any of the Bonds are outstanding, including the outstanding "Sewer Revenue Bonds, 1954," the outstanding "Sewer Revenue Bonds, 1956," the outstanding "Sewer Revenue Bonds, 1959," the outstanding "Sewer Revenue Bonds, 1964, Series A," and any additional or refunding revenue bonds hereafter issued on a parity therewith as may be outstanding, that will make available for the payment of the principal and interest of such bonds as the same shall become due an amount equal to at least 1.3 times the average annual amount required to pay all of such principal and interest as the same become due.

The amount "available for the payment of the principal and interest of all of said bonds as the same shall become due" is hereby defined as the "gross revenues of the system of sewerage of the City, less expenses of maintenance and operation of such system, but before depreciation."

(b) That it will at all times maintain and keep the system of sewerage in good repair, working order and condition, and also, will at all times operate such system and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) That it will not sell, lease, mortgage or in any manner encumber or dispose of all the property of the system of sewerage unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all Bonds at any time outstanding, and that it will not sell, lease, mortgage or in any manner encumber or dispose of any part of the property of said system that is used, useful and material to the operation thereof unless provision is made for replacement thereof or for payment into the Bond Fund of the total amount of revenue received, which shall not be less than an amount which shall bear the same ratio to the amount of outstanding Bonds as the revenue available for debt service for such outstanding Bonds for the twelve months preceding such sale, lease, encumbrance or disposal from the portion of the system sold, leased, encumbered or disposed of bears to the
revenue available for debt service for such Bonds from the entire system for the same period. Any such money so paid into the Bond Fund shall be used to retire such outstanding Bonds at the earliest possible date.

(d) That it will while any of the Bonds remain outstanding keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to its said system and it will furnish the original purchaser or purchasers of the Bonds or any subsequent holder or holders thereof, at the written request of such holder or holders, complete operating and income statements of said system in reasonable detail covering any calendar year not more than ninety (90) days after the close of such calendar year, and it will grant any holder or holders of at least twenty-five percent (25%) of the outstanding Bonds the right at all reasonable times to inspect the entire system and all records, accounts and data of the City relating thereto. Upon request of any holder of any of said Bonds, it also will furnish such holder a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington.

(e) That it will not furnish sanitary sewage disposal service or garbage and refuse collection and disposal service to any customer whatsoever free of charge, and it will promptly take legal action to enforce collection of delinquent accounts.

(f) That it will carry the types of insurance on its system of sewerage properties in the amounts normally carried by private sewer companies engaged in the operation of sewer systems, and the cost of such insurance shall be considered a part of operating and maintaining said system. If, as and when, the United States of America or some agency thereof shall provide for war risk insurance, the City further agrees to take out and maintain such insurance on all or such portions of said system on which such war risk insurance may be written in an amount or amounts to cover adequately the value thereof.


Section 6. The Bonds shall be in substantially the following form:

No. ______  $5,000.00

UNITED STATES OF AMERICA
STATE OF WASHINGTON
CITY OF KENT
SEWER REVENUE BOND, 1966
_____%
KNOW ALL MEN BY THESE PRESENTS: That the City of Kent, a municipal corporation of the State of Washington, for value received, promises to pay to the bearer on the FIRST DAY OF NOVEMBER, 19__, the principal sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of PERCENT (%) per annum, payable on October 1, 1966, and semiannually thereafter on the first days of April and October of each year, upon the presentation and surrender of the attached interest coupons as they severally mature up to the bond maturity date, with full obligation on the part of the City to pay interest at the same rate from and after the bond maturity date until this bond, with interest, is paid in full, or until there is sufficient money in the bond redemption fund hereinafter referred to for such payment in full and this bond has been duly called for redemption. Both principal and interest are payable in lawful money of the United States of America at the office of the City Treasurer of Kent, Washington, solely out of the special fund created by Ordinance No. 1295, as amended, and known as the "Sewer Revenue Bond Fund, 1966," (hereinafter called the "Bond Fund").

This bond is one of a total issue of $435,000.00 par value of bonds, all of like date, tenor and effect, except as to maturities, all payable from the Bond Fund and all issued by the City of Kent under and pursuant to the laws of the State of Washington and Ordinances Nos. 1295, as amended, and 1338 of the City, for the purpose of providing a part of the funds to pay the cost of carrying out the system or plan for making additions to and betterments and extensions of the existing system of sewerage of the City, as adopted by Ordinance No. 1295, as amended, and ordered to be carried out by Ordinance No. 1297. Reference is made to Ordinances Nos. 1295, as amended, and 1338 as more fully describing the covenants with and rights of holders of bonds of this issue.

The City of Kent has reserved the right to redeem the bonds of this issue as a whole, or in part in inverse numerical order, on October 1, 1976, or on any subsequent interest payment date at the following redemption prices, if redeemed on the following dates, plus accrued interest to date of redemption in each case, to-wit:

October 1, 1976, or April 1, 1977, at $102.50 per each $100 par value thereof,
October 1, 1977, or April 1, 1978, at $102.00 per each $100 par value thereof,
October 1, 1978, or April 1, 1979, at $101.50 per each $100 par value thereof,
October 1, 1979, or April 1, 1980, at $101.00 per each $100 par value thereof,
October 1, 1980, or April 1, 1981, at $100.50 per each $100 par value thereof,
October 1, 1981, and thereafter, at par.

Notice of any call for redemption of any of the bonds of this issue prior to their stated maturity dates shall be published at least once in the official newspaper of the City not less than thirty nor more than forty-five days prior to the call date. Notice of said intended redemption
shall also be mailed to McLean & Company, Inc., at its principal place of business in Tacoma, Washington, or its successor, not less than thirty nor more than forty-five days prior to the call date. Interest on any bonds so called for redemption shall cease on the date fixed for such redemption upon payment of the redemption price into the Bond Fund.

The bonds of this issue constitute a lien and charge upon the gross revenues from the system of sewerage of the City, including the money in its "Sewer Revenue Fund" created by Ordinance No. 871, and including the system and plant for garbage and refuse collection and disposal combined with said system of sewerage pursuant to Ordinance No. __, (which combined systems are hereinafter referred to as the "system of sewerage") prior and superior to any other charges whatsoever, excluding charges for maintenance and operation, except that the lien and charge upon said gross revenues and the moneys in said "Sewer Revenue Fund" shall be on a parity with, and equal in rank with, the lien and charge upon such gross revenues and the money in said "Sewer Revenue Fund" for the payment of the principal of and interest on the outstanding "Sewer Revenue Bonds, 1954," the outstanding "Sewer Revenue Bonds, 1956," the outstanding "Sewer Revenue Bonds, 1959," the outstanding "Sewer Revenue Bonds, 1964, Series A," and for any additional or refunding bonds hereafter issued on a parity of lien with said outstanding bonds in accordance with the provisions of Section 8 of Ordinance No. 871.

The City of Kent has covenanted to establish, maintain and collect such rates and charges for sanitary sewage disposal service and garbage and refuse collection and disposal service for so long as any bonds of this issue are outstanding that will provide revenue equal to at least 1.3 times the average annual amount required to pay the principal of and interest on the outstanding "Sewer Revenue Bonds, 1954," the outstanding "Sewer Revenue Bonds, 1956," the outstanding "Sewer Revenue Bonds, 1959," the outstanding "Sewer Revenue Bonds, 1964, Series A," the bonds of this issue and any revenue bonds which may later be issued on a parity therewith, as aforesaid, after necessary costs of maintenance and operation of said system have been paid, but before depreciation.

The City further covenants and agrees to maintain in good condition and to operate the system of sewerage and all additions thereto and betterments, replacements and extensions thereof, and to establish, maintain and collect such rates for sanitary sewage disposal service and for garbage and refuse collection and disposal service as will produce gross revenues from the system of sewerage sufficient to permit payment into the Bond Fund of the amounts required for the payment of the principal of and interest on the bonds of this issue as they become due and the amounts to be paid into the "Reserve Account"

It is hereby certified and declared that the bonds of this issue are issued pursuant to and in strict compliance with the constitution and laws of the State of Washington and the ordinances of the City of Kent, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, have been done and have been performed as required by law.

IN WITNESS WHEREOF the City of Kent, Washington, has caused this bond to be signed by the facsimile signature of its Mayor and the manual signature of its Clerk and its corporate seal to be hereto affixed, and the interest coupons attached to be signed with the facsimile signatures of said officials this first day of May, 1966.

CITY OF KENT, WASHINGTON

By (facsimile signature)
Mayor

ATTEST:

Clerk

The interest coupons attached to the Bonds shall be in substantially the following form:

Coupon No. _____

$ _____

On the first day of (April) (October), 19____, the City of Kent, Washington, upon presentation and surrender of this coupon, will pay to bearer at the office of the City Treasurer, the sum of (______) DOLLARS ($______) in lawful money of the United States of America from the special fund of the City known as the "Sewer Revenue Bond Fund, 1966," said sum being six months' interest (five months' interest on Coupon No. 1) then due on its "Sewer Revenue Bond, 1966," dated May 1, 1966, and numbered __________.

CITY OF KENT, WASHINGTON

By (facsimile signature)
Mayor

ATTEST:

(facsimile signature)
Clerk
The Bonds shall be printed on lithographed forms, shall be signed by the facsimile signature of the Mayor and attested by the manual signature of the Clerk, and shall have the seal of the City of Kent affixed thereto, and the coupons shall bear the facsimile signatures of the Mayor and the Clerk.

Section 7. The City hereby further covenants with the owner and holder of each of the Bonds for as long as any of the same is outstanding that it will not create any special fund or funds for the payment of the principal of and interest on any other revenue bonds which will have any priority over or which will rank on a parity with the requirements required by this ordinance to be made out of the gross revenues of the system of sewerage of the City into the Bond Fund, except that it reserves the right to issue parity bonds for the purposes and subject to the conditions set forth in Section 8 of Ordinance No. 871 which section is incorporated in this ordinance and by this reference made a part hereof and shall be applicable after the retirement of the outstanding "Sewer Revenue Bonds, 1954," and all outstanding sewer revenue bonds issued thereafter on a parity therewith pursuant to the provisions of said Section 8 of Ordinance No. 871.

Section 8. McLean & Company, Inc., of Tacoma, Washington, has submitted an offer to purchase the Bonds at a price of $97.00 for each $100.00 principal amount thereof, together with accrued interest from the date of issuance to the date of delivery of the Bonds to the purchaser, the City to furnish at its expense, the Bonds, together with approving legal opinion of Roberts, Shefelman, Lawrence, Gay & Moch, municipal bond counsel of Seattle, Washington. The City Council, being of the opinion that no better offer could be received for the Bonds and that it is in the best interest of the City to accept said offer, hereby accepts the same. The proper City officers are hereby directed to issue and deliver the Bonds to McLean & Company, Inc., in accordance with its offer, upon payment therefor as stated. The accrued interest received shall be deposited in the Bond Fund, and the principal proceeds received shall be deposited in the "Sewer Construction Fund" of the City.
Section 9. 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 held on the 18th day of April, 1966.

ATTEST:

FORM APPROVED:

City Clerk

City Attorney