CITY OF KENT, WASHINGTON

ORDINANCE NO. 1601

AN ORDINANCE providing for the issuance and sale of $1,000,000.00 par value of "Water Revenue Bonds, 1970," for the purpose of obtaining a part of the funds to pay the cost of carrying out certain portions of the system or plan for making additions to and betterments and extensions of the existing water supply and distribution system of the City specified and adopted by Ordinance No. 1408 and for the purpose of paying the cost of excess water pipe capacity in Local Improvement District No. 252 heretofore created; fixing the form, date, maturities, interest rate, covenants and terms of such bonds; and providing for the sale thereof to McLean & Company, Inc., Tacoma, Washington.

WHEREAS, the City has heretofore issued under date of May 1, 1963, pursuant to Ordinance No. 1178 its "Water Revenue Bonds, 1963, Issue No. 1," in the principal amount of $327,000.00 for the purpose of refunding the then outstanding "Water Revenue Bonds, 1959," of the City; and

WHEREAS, pursuant to the provisions of Section 9 of said Ordinance No. 1178 the City covenanted and agreed that it would not issue any Parity Revenue Bonds (as herein defined) unless it should first satisfy the following conditions:

"(a) At the time of the issuance of such Parity Revenue Bonds there shall be no deficiency in either the Principal and Interest Account or Reserve Account of the Bond Fund.

"(b) The City shall have covenanted in each ordinance authorizing the issuance of Parity Revenue Bonds that it will establish, maintain and collect rates and charges for water (and for sanitary sewage disposal service in the event that the sanitary sewerage system of the City ever becomes a part of the Water System) for as long as any of the Bonds and any Parity Revenue Bonds are outstanding as will make available for payment of the principal of and interest on all of such bonds, as the same shall become due, an amount equal to at least 1.35 times the average annual amount required for the payment of all such principal and interest, exclusive of the principal requirements in any Term Bond Year, after necessary costs of maintenance and operation of the Water System shall have been paid, but before depreciation.
"(c) The City shall have covenanted in each ordinance authorizing the issuance of Parity Revenue Bonds that it will pay into the Reserve Account of the Bond Fund within five years of the date of issuance of such Parity Revenue Bonds an amount which, with the money in the Reserve Account, will be at least equal to the next year's debt service on all outstanding bonds, the principal of and interest on which are payable out of the Bond Fund, and will further provide in each such ordinance for additional payments to be made into the Reserve Account if necessary so that there shall be on deposit therein at all times after each of those five year periods an amount at least equal to the next succeeding year's debt service on all bonds payable out of the Bond Fund. To satisfy the Reserve Account requirement, the whole or any part of the money in any other reserve fund or account of the City created to secure the payment of the principal of or interest on any revenue bonds or revenue coupon warrants being refunded by such Parity Revenue Bonds may be transferred to the Reserve Account at the time such outstanding bonds or warrants are redeemed.

"(d) At the time of the issuance of such Parity Revenue Bonds, except the 'Water Revenue Bonds, 1963, Issue No. 2,' the City shall have on file a certificate from an independent licensed professional engineer showing that in his professional opinion the net revenue of the Water System which will be available in each succeeding year for the payment of the principal of and interest on the Bonds, any Parity Revenue Bonds then outstanding, and the Parity Revenue Bonds to be issued as all of the same shall become due (except for those Bonds or any then outstanding Parity Revenue Bonds that are to be refunded by the Parity Revenue Bonds to be issued) will equal at least 1.35 times the average annual amount required for the payment of the principal of and interest on all such bonds, exclusive of the principal requirement in any Term Bond Year.

"For the purpose of the engineer's certificate, the words 'net revenue of the Water System which will be available . . . for the payment of the principal of and interest on all of such bonds' shall mean the gross operating revenues and receipts of the Water System after deducting therefrom all necessary expenses of maintenance and operation thereof, but before depreciation and annual debt service on any outstanding revenue bonds or revenue coupon warrants that may have a lien on the gross revenue of the Water System junior and inferior to the lien thereon for the payment of the principal of and interest on the Bonds. The net revenue may be based on any increase in revenues to be derived by an increase in water rates and charges (and any charges for sanitary sewage disposal service should the sanitary sewerage system of the City ever be combined with the Water System) authorized by the City Council to be effective by the time delivery of such Parity Revenue Bonds is made"; and

WHEREAS, pursuant to Ordinance No. 1179 the City heretofore issued under date of May 1, 1963, its "Water Revenue Bonds, 1963,
Issue No. 2," in the principal sum of $1,000,000.00 for the purpose of obtaining funds to pay the cost of carrying out a system or plan of additions to and betterments and extensions of the water supply and distribution system of the City, and for the purpose of refunding all outstanding "Water Revenue Bonds, 1948," "Water Revenue Bonds, 1957," and "Water Revenue Bonds, 1958," which bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, were issued on a parity of lien with the "Water Revenue Bonds, 1963, Issue No. 1"; and

WHEREAS, pursuant to Ordinance No. 1269 the City heretofore issued under date of November 1, 1964, its "Water Revenue Bonds, 1964," in the principal sum of $1,210,000.00 par value for the purpose of obtaining funds to pay the cost of carrying out the system or plan for making additions to and betterments and extensions of the existing water supply and distribution system of the City specified and adopted in said Ordinance No. 1269 and for the purpose of paying the cost of excess water pipe capacity in Local Improvement Districts Nos. 245 and 246 heretofore created, which bonds, pursuant to the provisions of Section 9 of Ordinance No. 1178, were issued on a parity of lien with the "Water Revenue Bonds, 1963, Issue No. 1," and the "Water Revenue Bonds, 1963, Issue No. 2," and

WHEREAS, by Ordinance No. 1408 passed November 7, 1966, the City specified and adopted a system or plan for making additions to and betterments and extensions of the water supply and distribution system of the City, declared the estimated cost thereof as nearly as may be and provided for the issuance and sale of not to exceed $1,200,000.00 par value of water revenue bonds for the purpose of obtaining a part of the funds to pay the cost of carrying out such system or plan, which system or plan included as a part thereof the intention of the City Council to order the construction and installation of certain 16-inch water mains at various locations and in connection therewith to form a local improvement district to assess a part of the cost thereof against properties specially benefited thereby and to be included in such local improvement district with the provision that the City pay the difference in the cost of the installation of such
water mains between the 12-inch size mains and the 16-inch size mains and such other amounts as the City Council may thereafter determine in connection with carrying out the improvement in such local improvement district to be thereafter formed; and

WHEREAS, pursuant to Ordinance No. 1463 passed July 3, 1967, the City duly created Local Improvement District No. 252 for the purpose of constructing and installing public water mains in the City of Kent North Industrial Area, declared the estimated cost thereof to be $780,000.00, provided that not to exceed $498,000.00 of the cost and expense of the improvement should be borne by and assessed against the properties specially benefited by the improvement included in Local Improvement District No. 252, provided that approximately $242,000.00 of the cost and expense of the improvement should be paid from the grant anticipated to be received from the Economic Development Administration of the United States Department of Commerce and provided that the balance of the cost and expense of the improvement should be paid from the proceeds received from the issuance and sale of the water revenue bonds of the City authorized to be issued by Ordinance No. 1408; and

WHEREAS, the City has determined to carry out certain portions of the system or plan for making additions to and betterments and extensions of the water supply and distribution system of the City as specified and adopted in Ordinance No. 1408, including the payment of the cost of the excess capacity for the general benefit of the City of the water mains installed in Local Improvement District No. 252; and

WHEREAS, the City Council hereby finds that no deficiency exists in either the Principal and Interest Account or the Reserve Account of the "Water Revenue Bond Redemption Fund, 1963," created by Ordinance No. 1278 and referred to as the "Bond Fund"; that provision is hereinafter made for the required coverage covenant; that provision is hereinafter made for the accumulation of the required additional
amount in the Reserve Account in the Bond Fund; and that of Hill, Ingman, Chase & Co., an independent licensed professional engineer, has certified that the net revenues of the water system will be sufficient to meet the 1.35 coverage requirement above set forth as evidenced by his certificate to such effect on file with the City Clerk; NOW, THEREFORE,

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

Section 1. As used in this Ordinance the following words shall have the following meanings:

(a) "Bonds" shall mean the "Water Revenue Bonds, 1970," authorized to be issued by this Ordinance.

(b) "Bond Fund" shall mean the "Water Revenue Bond Redemption Fund, 1963," created by Ordinance No. 1178, passed April 1, 1963.

(c) "1963 Bonds, Issue No. 1," shall mean the "Water Revenue Bonds, 1963, Issue No. 1," authorized to be issued by Ordinance No. 1178, passed April 1, 1963.


(e) "1964 Bonds" shall mean the "Water Revenue Bonds, 1964," authorized to be issued by Ordinance No. 1269, passed October 5, 1964.

(f) "Parity Revenue Bonds" shall mean any revenue bonds of the City hereafter issued in accordance with the provisions of Section 9 of Ordinance No. 1178, where the City has pledged to pay the principal of and interest on such bonds out of the gross revenue of the Water System on a parity with the payments required by Ordinance No. 1178 to be made out of those revenues for the 1963 Bonds, Issue No. 1, by Ordinance No. 1179 for the 1963 Bonds, Issue No. 2, and by Ordinance No. 1269 for the 1964 Bonds.

(g) "Term Bond Year" shall mean any calendar year or years in which the 1963 Bonds, Issue No. 1, 1963 Bonds, Issue No. 2, 1964 Bonds, the Bonds or any Parity Revenue Bonds of any one issue or series
mature (regardless of reservation of prior redemption rights) in an
amount which is more than 1.25 times the average annual maturities
of the outstanding bonds of that issue or series for three calendar
years immediately preceding such calendar year or years.

(h) "Water System" shall mean the existing water supply
and distribution system of the City as the same may be added to,
improved and extended pursuant to this Ordinance and at any time
hereafter for as long as the 1963 Bonds, Issue No. 1, 1963 Bonds,
Issue No. 2, 1964 Bonds, the Bonds and any Parity Revenue Bonds are
outstanding, and which additions, improvements and extensions shall
include the sanitary sewerage system of the City, should it ever be
combined with the water supply and distribution system in the manner
authorized by law.

Section 2. The gross revenues and benefits to be derived
from the operation and maintenance of the Water System 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 into the Bond
Fund out of the gross revenues of the Water System of sufficient
amounts to pay the interest on the Bonds herein authorized to be
issued and on the presently outstanding 1963 Bonds, Issue No. 1, 1963
Bonds, Issue No. 2, and 1964 Bonds as such interest becomes due and
payable and to pay and redeem all of said bonds at maturity.

Section 3. For the purpose of providing a part of the funds
necessary to pay the cost of acquiring, constructing and installing
the following portions of the additions, betterments and extensions
specified and adopted in Ordinance No. 1408, passed and approved
November 7, 1966, to-wit:

1. The construction and installation of 16-inch water mains
at the following locations:

<table>
<thead>
<tr>
<th>On</th>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>South 218th Street</td>
<td>92nd Avenue South</td>
<td>East Valley Highway</td>
</tr>
<tr>
<td>South 212th Street</td>
<td>94th Avenue South</td>
<td>East Valley Highway</td>
</tr>
</tbody>
</table>
2. The construction and installation of two 6,000,000 gallon ground storage reservoirs, one to be installed on the existing tank site approximately 400' west of 98th Avenue South and 500' north of South 240th Street, and the other to be installed at approximately the intersection of 96th Avenue South and South 218th Street.

3. Improvements to the existing water supply and the intake at Clark Springs including a new well, pumping and storage, and the acquisition of a site for said storage if required.

4. The construction and installation of a new roof structure on the existing 3,000,000 gallon reservoir located at Kensington Avenue and Seattle Street.

and to pay the excess capacity costs of the water mains in Local Improvement District No. 252, there shall be issued and sold $1,000,000.00 par value of Bonds. The Bonds shall be in denominations of $5,000.00 each; shall be numbered from 1 to 200, inclusive; shall be dated November 1, 1970; and shall bear interest at the rate of 7-5/8% per annum, payable semiannually on June 1 and December 1 of each year, with the first interest coupon being payable on June 1, 1971, covering the seven month period from November 1, 1970, through May 31, 1971, 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 paid in lawful money of the United States of America at the office of the City Treasurer of Kent, Washington, solely out of the Bond Fund.

The Bonds shall mature in accordance with the following schedule, to-wit:

<table>
<thead>
<tr>
<th>Bond Numbers (Inclusive)</th>
<th>Amounts</th>
<th>Maturities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 27</td>
<td>$135,000</td>
<td>December 1, 1995</td>
</tr>
<tr>
<td>28 to 57</td>
<td>150,000</td>
<td>December 1, 1996</td>
</tr>
<tr>
<td>58 to 89</td>
<td>160,000</td>
<td>December 1, 1997</td>
</tr>
<tr>
<td>90 to 123</td>
<td>170,000</td>
<td>December 1, 1998</td>
</tr>
<tr>
<td>124 to 160</td>
<td>185,000</td>
<td>December 1, 1999</td>
</tr>
<tr>
<td>161 to 200</td>
<td>200,000</td>
<td>December 1, 2000</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 December 1, 1985, or on any subsequent interest payment date at par, plus accrued interest to date of redemption.

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. In addition, such redemption notice shall be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their offices in New York, New York. 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 City further reserves the right to purchase any or all of the Bonds in the open market at any time at a price not in excess of par plus accrued interest.

Section 5. The Bond Fund has, by Ordinance No. 1178, been divided into a Principal and Interest Account and a Reserve Account. So long as any of the Bonds is outstanding against the Bond Fund, the City Treasurer of the City of Kent shall set aside and pay into the Principal and Interest Account of the Bond Fund, in addition to the amounts covenanted to be paid therein by Ordinance No. 1178 for the 1963 Bonds, Issue No. 1, by Ordinance No. 1179 for the 1963 Bonds, Issue No. 2, and by Ordinance No. 1269 for the 1964 Bonds, out of the gross revenues of the Water System a fixed amount without regard to any fixed proportion, on or before the twentieth day of each month, as follows:

(a) An amount equal to at least 1/6th of the interest to become due and payable on the next interest payment date on all of the Bonds outstanding, except that from November, 1970, through May, 1971, inclusive, the amount shall be equal to at least 1/7th of the interest to become due and payable on June 1, 1971.
(b) Commencing with the month of November, 1994, an amount equal to at least 1/12th of the amount due on the next principal payment date.

Section 6. The City shall pay into the Reserve Account of the Bond Fund, in addition to the amounts required to be paid therein by Ordinance No. 1178 for the 1963 Bonds, Issue No. 1, by Ordinance No. 1179 for the 1963 Bonds, Issue No. 2, and by Ordinance No. 1269 for the 1964 Bonds, by no later than November 1, 1975, an amount which will increase the amount on deposit in such Reserve Account to a sum at least equal to the next year's debt service on all outstanding bonds, to-wit, $220,000.00, and will maintain that Reserve Account so that there will be on deposit within that account at all times, except for withdrawals therefrom as authorized herein, an amount at least equal to the next succeeding year's debt service on the Bonds, the outstanding 1963 Bonds, Issue No. 1, 1963 Bonds, Issue No. 2, 1964 Bonds and any Parity Revenue Bonds hereafter issued.

In addition to using the gross revenues therefor, the Reserve Account may be accumulated from any moneys which the City of Kent may have available for such purpose.

The City further agrees that when the required amounts have been paid into the Reserve Account, it will at all times, except for withdrawals therefrom as authorized herein, maintain those amounts therein until there is a sufficient amount in the Principal and Interest Account and the Reserve Account to pay the principal of, call premium, if any, and interest on all bonds payable out of the Bond Fund outstanding, at which time the money in the Reserve Account may be used to pay such principal, call premium, if any, and interest.

In the event that there shall be a deficiency in the Principal and Interest Account to meet maturing installments of either principal or interest, as the case may be, on any bonds payable out of the Bond Fund, such deficiency shall be made up from the Reserve Account by withdrawal of cash therefrom for that purpose. Any deficiency created in the Reserve Account by reason of any such withdrawals shall then be made up from the moneys from the revenues of the Water System first available after making necessary provisions for the required payments into the Principal and Interest Account.
All moneys in the Reserve Account 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 the date of purchase, and, in no event, maturing later than the last maturity of any bonds payable out of the Bond Fund outstanding at the time of such purchase. Interest earned on any such investment or on such bank deposit shall be deposited in and become 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.

Section 7. The gross revenues from the Water System of the City are pledged to such payments as are required by this Ordinance, and the Bonds shall constitute a charge or lien upon such revenues prior and superior to any other charge whatsoever, excluding charges for maintenance and operation, except that the charge or lien upon such gross revenues for the Bonds shall be on a parity with the charge or lien upon such gross revenues for the 1963 Bonds, Issue No. 1, 1963 Bonds, Issue No. 2, 1964 Bonds and for any Parity Revenue Bonds.

Section 8. The City of Kent covenants and agrees with the owner and holder of each bond at any time outstanding, as follows:

(a) It will establish, maintain and collect such rates and charges for water service (and for sanitary sewage disposal service should the sanitary sewage system of the City ever be combined with the Water System) so long as any of the Bonds, any 1963 Bonds, Issue No. 1, 1963 Bonds, Issue No. 2, 1964 Bonds and any Parity Revenue Bonds are outstanding, as will make available for the payment of the principal of and interest on all such bonds as the same shall become due, an amount equal to at least 1.35 times the average annual amount required for the payment of all principal of and interest on such bonds, exclusive of the principal requirement in any Term Bond Year, after necessary costs of maintenance and operation of the Water System shall have been paid, but before depreciation.

(b) It will at all times maintain and keep the Water System and all additions thereto and betterments, replacements and extensions thereof in good repair, working order and condition and also will at all times operate the Water System and the business in connection therewith in an efficient manner and at a reasonable cost.
(c) It will not sell, lease, mortgage, or in any manner encumber or dispose of all of the property of the Water System unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all Bonds and Parity Revenue Bonds at that time outstanding, and it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the property of the Water System 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 payable from the Bond Fund as the revenue available for debt service for those outstanding bonds for the twelve months preceding such sale, lease, mortgage, encumbrance, or disposal from the portion of the Water System sold, leased, mortgaged, encumbered or disposed of bears to the revenue available for debt service for such bonds from the entire Water System for the same period. Any money so paid into the Bond Fund shall be used to retire such outstanding bonds at the earliest possible date.

(d) 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 Water 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 the Water System in reasonable detail covering any calendar year not more than ninety days after the close of such calendar year. It will grant any holder or holders of at least twenty-five percent of the outstanding Bonds the right at all reasonable times to inspect the Water System and all records, accounts and data of the City relating thereto. Upon the request of any holder of any of the Bonds, it will furnish such holder a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington.

(e) It will not furnish any water (or any sanitary sewage disposal service should the sanitary sewerage system ever be combined with the Water System) to any customer whatsoever free of charge, and it will promptly take legal action to enforce the collection of all delinquent accounts.

(f) It will carry the types of insurance on its Water System properties in the amounts normally carried by private water companies engaged in the operation of Water Systems, and the cost of such insurance shall be considered a part of operating and maintaining the Water 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 the Water System on which such war risk insurance may be written in an amount or amounts to cover adequately the value thereof.
(g) It will pay all costs of maintenance and operation of the Water System and the debt service requirements for the outstanding Bonds, 1963 Bonds, Issue No. 1, 1963 Bonds, Issue No. 2, 1964 Bonds and Parity Revenue Bonds, and otherwise meet the obligations of the City, as herein set forth.

Section 9. The City of Kent covenants and agrees with the holder or holders of each Bond at any time outstanding that it will not issue any Parity Revenue Bonds unless it shall first satisfy the conditions set forth for the issuance of such Parity Revenue Bonds in Section 9 of Ordinance No. 1178, which section is by this reference incorporated herein and made a part hereof and shall be applicable so long as any Bonds are outstanding.

Nothing contained in this Section 9 shall prevent the City from issuing revenue bonds or warrants, the payment of the principal of and interest on which is a charge upon the gross revenue of the Water System junior and inferior to the payments required to be made out of that gross revenue into the Bond Fund.

Section 10. The gross revenue from the operation of the Water System shall be allocated as follows:

(a) To pay the necessary costs of maintenance and operation of the Water System.

(b) To make all required payments into the Bond Fund in amounts sufficient to pay principal and interest as the same shall become due on all bonds payable out of the Bond Fund.

(c) To make all payments required to be made into the Reserve Account in the Bond Fund.

(d) To make all payments required to be made into the bond redemption funds for any junior lien water revenue bonds hereafter issued.

(e) To make necessary additions, betterments and improvements and repairs to or extensions and replacements of the Water System, or for any other proper purposes connected with the operation of the Water System for which such money may be lawfully used.

(f) To retire by redemption or purchase water revenue bonds of the City outstanding as authorized in various bond ordinances of the City.

Section 11. The Bonds shall be in substantially the following form:
UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF KENT

WATER REVENUE BOND, 1970

7-5/8%

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 bearer on the FIRST DAY OF DECEMBER, 19__, the principal sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of SEVEN AND FIVE-EIGHTHS PERCENT (7-5/8%) per annum, payable on June 1, 1971, and semiannually thereafter on the first days of June and December of each year upon the presentation and surrender of the attached interest coupons as they severally mature up to the bond maturity date and 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. 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 of the City known as the "Water Revenue Bond Redemption Fund, 1963," created by Ordinance No. 1178 of the City, and hereinafter called the "Bond Fund."

This bond is one of a total issue of $1,000,000.00 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. 1408 and __ of the City for the purpose of paying a part of the cost of acquisition, construction and installation of certain additions to and betterments and extensions of the water supply and distribution system of the City and to pay the excess capacity costs of water mains in Local Improvement District No. 252. Reference is made to those ordinances as more fully describing the covenants with and rights of the holders of bonds of this issue.

The City of Kent reserves the right to redeem the bonds of this issue as a whole, or in part in inverse numerical order, on December 1, 1985, or on any subsequent interest payment date at par, plus accrued interest to date of redemption.

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. In addition, such redemption notice shall be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their offices in New York, New York. 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 City further reserves the right to purchase any or all of the bonds in the open market at any time at a price not in excess of par plus accrued interest.

The bonds of this issue constitute a lien and charge upon the gross revenues of the water supply and distribution system of the City prior and superior to any other charges whatsoever, excluding charges for maintenance and operation of such water system, except that the lien and charge upon such gross revenues for the bonds of this issue shall be on a parity with the lien and charge upon such gross revenues for the outstanding "Water Revenue Bonds, 1963, Issue No. 1," "Water Revenue Bonds, 1963, Issue No. 2," "Water Revenue Bonds, 1964," and any additional and/or refunding bonds of the City hereafter issued on a parity of lien with said bonds in accordance with the provisions of Section 9 of Ordinance No. 1178 and Section 9 of Ordinance No. ___.

The City of Kent has covenanted to establish, maintain and collect such rates and charges for water (and for sanitary sewage disposal service should the sanitary sewerage system of the City ever be combined with the water supply and distribution system of the City) for so long as any bonds of this issue, any "Water Revenue Bonds, 1963, Issue No. 1," "Water Revenue Bonds, 1963, Issue No. 2," "Water Revenue Bonds, 1964," and any revenue bonds which may hereafter be issued on a parity therewith are outstanding, as will make available for the payment of the principal of and interest on such outstanding bonds as the same shall become due, an amount equal to at least 1.35 times the average annual amount required (exclusive of the principal requirement in any "Term Bond Year" as such words are defined in Ordinance No. ___) for the payment of all such principal and interest, after necessary costs of maintenance and operation of such system have been paid, but before depreciation.

The City has further covenanted and agreed to maintain in good condition and to operate the water supply and distribution system and all additions thereto and betterments, replacements and extensions thereof and to establish, maintain and collect such rates for water as will produce such gross revenues from the water system sufficient to permit payment into the Bond Fund of the amounts required for payment of principal of and interest on all bonds payable out of the Bond Fund as the same shall become
due and the amounts required to be paid into the "Reserve Account" in the Bond Fund, and in addition thereto to pay all costs of maintenance and operation and the debt service requirements of all outstanding revenue bonds, and otherwise to meet the obligations of the City as herein set forth.

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 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 attested by 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 those officials, this first day of November, 1970.

CITY OF KENT, WASHINGTON

By (facsimile signature)

ATTEST:

City Clerk

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

Coupon No. ____
$150.62
$150.62
$150.62

On the FIRST DAY OF JUNE (DECEMBER), 19__, ($222.40 on Coupon No. 1) and surrender of this coupon, will pay to the bearer at the office of the City Treasurer, the sum shown hereon in lawful money of the United States of America from the special fund of the City known as the "Water Revenue Bond Redemption Fund, 1963," that sum being six months' (seven months' on Coupon No. 1) interest then due on its "Water Revenue Bond, 1970," dated November 1, 1970, and numbered ____.

CITY OF KENT, WASHINGTON

By (facsimile signature)

ATTEST:

(facsimile signature)

City 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. The coupons shall bear the facsimile signatures of the Mayor and the Clerk.

Section 12. McLean & Company, Inc., of Tacoma, Washington, heretofore offered to purchase the Bonds in accordance with its written offer on file with the City Clerk, which offer by this reference is made a part hereof and incorporated herein. The City Council duly accepted such offer on October 19, 1970, and such acceptance is hereby ratified and confirmed. The Bonds shall, therefore, immediately upon their execution be delivered to McLean & Company, Inc., upon payment therefor in accordance with that offer. The accrued interest received shall be deposited in the Principal and Interest Account of the Bond Fund, and the principal proceeds shall be deposited in the "Water Construction Fund" of the City.

Section 13. 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 2nd day of November, 1970.

ATTEST:

City Clerk

FORM APPROVED:

City Attorney

Published the day of November, 1970.
I, MARIE JENSEN, Clerk of the City of Kent, Washington, do hereby certify that the attached copy of Ordinance No. 1691 is a true and correct copy of the original Ordinance passed on the 2nd day of November, 1970, as said Ordinance appears on the Minute Book of the City.

DATED this 2nd day of November, 1970.

MARIE JENSEN, Clerk