ORDINANCE NO. 871

AN ORDINANCE of the City of Kent, Washington, providing for the issuance and sale of $270,000 of sewer revenue bonds of the city out of the $325,000 of such bonds authorized by Ordinance No. 868 to provide funds for the purposes set forth in said Ordinance No. 868, fixing the date, form, terms and maturities of said bonds, creating a Sewer Revenue Fund, a Bond Redemption Fund for the payment of the principal and interest of such bonds to be issued and a Reserve Account, providing certain covenants and protective features safeguarding such payments, reserving the right in the city to issue additional revenue bonds on a parity with said bonds to be issued, and rescinding the right of the city to issue the remaining $55,000 of such bonds authorized by said Ordinance No. 868.

WHEREAS, by Ordinance No. 868 of the city, passed and approved December 7, 1953, the issuance of sewer revenue bonds in the principal sum of not to exceed $325,000 was authorized in order to provide funds to pay part of the cost of acquiring, constructing and installing certain additions and improvements to the sanitary sewage disposal system of the city; and

WHEREAS, after bids have been received for the acquisition, construction and installation of such additions and improvements, it has been determined that $270,000 of such bonds be issued and sold and the proceeds thereof, with approximately $26,000 of other available moneys which the city has on hand, be used for such purposes; and

WHEREAS, it is further deemed necessary that the city cancel and rescind its right to issue the remaining $55,000 of such bonds authorized by said Ordinance No. 868;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Kent, Washington, as follows:
Section 1. That for the purpose of providing funds to acquire, construct and install those certain additions and improvements to the sanitary sewage disposal system of the city authorized in Ordinance No. 868, the city shall now issue and sell its sewer revenue bonds in the total principal sum of $270,000.

Said bonds shall be dated April 1, 1954, shall be in denominations of $1,000 each, shall be numbered from 1 to 270 inclusive, shall bear interest at a rate of not to exceed 6% per annum payable semi-annually on the first days of April and October of each year, and shall mature in order of their number as follows:

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<tr>
<th>Date</th>
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<tr>
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<tr>
<td>October 1, 1983</td>
<td>14,000</td>
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Both principal and interest of said bonds shall be payable in lawful money of the United States of America at the office of the City Treasurer in Kent, Washington, and shall be obligations only against the special Bond Redemption Fund created by this ordinance.

The city hereby reserves the right to redeem any or all of these bonds at par in inverse numerical order on any interest payment date on and after ten years from date of issue. Notice of any such intended redemption shall be given by one publication thereof in the Seattle Daily Journal of Commerce, or in a newspaper of general circulation in the City of Seattle, Washington if said Daily Journal of Commerce is not in existence, not more than forty nor less than thirty
days prior to said redemption date and by mailing a like notice at the same time to the purchaser or purchasers of said bonds at their sale by the city or its or their successor or successors in interest, if any, at its place or their places of business. Interest on any bonds so called for redemption shall cease on such redemption date unless the same are not redeemed upon presentation made pursuant to such call.

Section 2. Said bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. ______ $1,000

STATE OF WASHINGTON
CITY OF KENT
SEWER REVENUE BOND, 1954

KNOW ALL MEN BY THESE PRESENTS:

That the City of Kent, a municipal corporation of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to bearer on the first day of October, 19___, the principal sum of

ONE THOUSAND DOLLARS

together with interest thereon at the rate of ___% per annum payable semiannually on the first days of April and October of each year as evidenced by and upon presentation and surrender of the attached interest coupons as they severally become due. Both principal and interest are payable in lawful money of the United States of America at the office of the City Treasurer in Kent, Washington, solely out of the special fund of the city known as "Kent 1954 Sewer Revenue Bond Redemption Fund" created by Ordinance No. 871 of the city.

The city has reserved the right to redeem any or all of the bonds of this issue at par in inverse numerical order on any interest payment date on and after ten years from date of issue. Notice of any such intended redemption shall be given by one publication thereof in the Seattle Daily Journal of Commerce, or in a newspaper of general circulation in the City of Seattle, Washington if said Daily Journal of Commerce is not in existence, not more than forty nor less than thirty days prior to said redemption date and by mailing a like notice at the same time to the purchaser or purchasers of said bonds at their sale by the city or its or their successor or successors in interest, if any, at its place or their places of business.
This bond is one of an issue of sewer revenue bonds of like amount, date and tenor in the total principal sum of $270,000, which bonds are issued for the purpose of acquiring, constructing and installing certain additions and improvements to the sanitary sewage disposal system of the city, and is payable solely out of the revenue of such system.

The City of Kent hereby covenants and agrees with the holder of this bond that it will keep and perform all the covenants of this bond and of Ordinances No. 868 and No. 871 to be by it kept and performed.

The city does hereby pledge and bind itself to set aside from the money in the Sewer Revenue Fund of the city and to pay into said Bond Redemption Fund and the Reserve Account created therein by said Ordinance No. 871 the various amounts required by said ordinance to be paid into and maintained in said Fund and Account, all within the times provided by said ordinance. Said amounts so pledged are hereby declared to be a prior lien and charge upon the money in said Sewer Revenue Fund superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of said system.

The city has further bound itself to maintain said system in good condition and repair, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges for sewage disposal service that will provide revenue equal to at least 1.3 times the average annual amount required to pay the principal and interest due on the bonds of this issue and on any revenue bonds which later may be issued on a parity therewith after necessary costs of maintenance and operation of said system have been paid but before depreciation.

It is hereby certified and declared that said bonds are issued pursuant to and in strict compliance with the Constitution and Laws of the State of Washington and 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, been done and performed as required by law.

IN WITNESS WHEREOF, the City of Kent has caused this bond to be signed by its Mayor, attested by its Clerk, and the corporate seal of the city to be impressed hereon, and the interest coupons attached hereeto to be signed with the facsimile signatures of said officials, this first day of April, 1954.

CITY OF KENT, WASHINGTON

By ________________________________ Mayor

ATTEST:

______________________________ City Clerk

4.
The interest coupons to be attached to said bonds shall be in substantially the following form:

NO. ______

$______

On the first day of __________, 19__, the City of Kent, Washington, will pay to bearer at the office of the City Treasurer in Kent, Washington, the sum of ___________ DOLLARS in lawful money of the United States of America out of the special fund of the city known as "Kent 1954 Sewer Revenue Bond Redemption Fund", said sum being the semiannual interest due that day on its Sewer Revenue Bond dated April 1, 1954, and numbered ______.

CITY OF KENT, WASHINGTON

By ____________________________ Mayor

ATTEST:

______________________________ City Clerk

Section 3. Said bonds shall be signed on behalf of the city by its Mayor and attested by the City Clerk, and shall have the corporate seal of the city impressed thereon. The interest coupons attached to said bonds shall be signed with the facsimile signatures of said officials.

Section 4. That there be and is hereby created a special fund of the city to be known as the "Sewer Revenue Fund", into which Fund shall be paid as collected all of the gross earnings and revenue of the sanitary sewage disposal system of the city and all additions and improvements thereto and extensions thereof. Any moneys which the city now has on hand collected for sanitary sewage disposal service shall be transferred and paid into such Sewer Revenue Fund.

All costs of maintaining and operating said system, all payments required by this ordinance to be made into the Bond Redemption Fund and Reserve Account hereinafter created, and all payments which may be required by subsequent ordinances to be made into any bond redemption fund or reserve account created for the payment of the
principal of and interest on any subsequently issued sewer revenue bonds of the city shall be paid out of said Fund.

In the event the water and sewage disposal systems of the city are ever combined and water and sewer revenue bonds of the city issued, the city may create a Water and Sewer Revenue Fund into which the gross earnings and revenue of such combined water and sewerage system of the city shall be paid. In such event, and if any of the bonds authorized herein are outstanding, the payments to be made into the Bond Redemption Fund and Reserve Account therein hereinafter created may be made out of said Water and Sewer Revenue Fund.

**Section 5.** That there be and is hereby also created a special fund of the city to be known as "Kent 1954 Sewer Revenue Bond Redemption Fund", which Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the bonds authorized herein as the same shall become due.

The city hereby obligates and binds itself to set aside and pay into said Bond Redemption Fund out of the money in the Sewer Revenue Fund (or possibly the Water and Sewer Revenue Fund) the following fixed amounts necessary to pay the principal of and interest on all the outstanding bonds of the issue authorized herein as the same respectively become due and payable.

Such payments shall be made into said Bond Redemption Fund on or before the twentieth day of each month in the amounts hereinafter specified:

(a) Commencing with the month of April, 1954, and continuing as long as any of said bonds are outstanding and unpaid, an amount equal to at least one-sixth of the interest to become due and payable at the end of the next ensuing 6-month period on all of said bonds then outstanding.
(b) Commencing with the month of October, 1954, and continuing as long as any of said bonds are outstanding and unpaid, an amount equal to at least one-twelfth of the principal of said bonds to become due and payable on the next principal payment date.

When there is sufficient money in said Bond Redemption Fund and the Reserve Account hereinafter created to pay the principal and interest to maturity of all the outstanding bonds of this issue, then no further payments need be made into said Bond Redemption Fund.

Said amounts so pledged to be paid into said Bond Redemption Fund and the Reserve Account hereinafter created are hereby declared to be a prior lien and charge upon the money in said Sewer Revenue Fund superior to all other charges of any kind or nature except the necessary costs of maintenance and operation of said sewage disposal system.

Section 6. A Reserve Account is hereby created in said Bond Redemption Fund, and the city hereby agrees that it will set aside and pay into said Reserve Account, out of the money in the Sewer Revenue Fund and out of any other money which the city may now or later have on hand and available for such purpose, by October 1, 1959, a sum at least equal to the average annual debt service on the bonds authorized herein. At least one-sixtieth of such amount to be paid into said Reserve Account shall be paid therein each month commencing with the month of October, 1954.

The city further agrees, when said total sum has been paid into said Reserve Account, that it will at all times maintain that amount therein until there is a sufficient amount in the Bond Redemption Fund and Reserve Account to pay the principal and interest to maturity of all the outstanding bonds of this issue.

In the event there shall be a deficiency in said Bond Redemption Fund to meet maturing installments of either principal
or interest of the bonds authorized herein, such deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom.

Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from money in the Sewer Revenue Fund (or any successor fund) first available after making necessary provision for the required payments into said Bond Redemption Fund.

All money in the Reserve Account above provided for may be kept in cash or invested in direct obligations of the United States having a guaranteed redemption price or maturing not later than ten years from date of purchase and in no event maturing later than the last maturity of the outstanding bonds of the issue authorized herein. Interest earned on any such investments shall be deposited in and become a part of said Bond Redemption Fund.

Section 7. The corporate authorities of the city hereby declare, in fixing the amounts to be paid into said Bond Redemption Fund and Reserve Account, that they have exercised due regard to the cost of maintenance and operation of said sewage disposal system, and have not obligated the city to set aside and pay into said Fund and Account a greater amount or proportion of the revenue of said system than in their judgment will be available over and above such cost of maintenance and operation.

Section 8. The City of Kent hereby covenants with the owner and holder of each of the bonds authorized herein as follows:

(a) That it will establish, maintain and collect rates and charges for sanitary sewage disposal service (plus rates for water if the sewerage system is combined with the water system) for as long as any of the bonds authorized herein and any revenue bonds which may be
later issued on a parity therewith are outstanding, that will make available for the payment of the principal and interest of all 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 shall become due.

The amount "available for the payment of the principal and interest of all of such bonds as the same shall become due" is hereby defined as "the gross revenue of the sewage disposal system of the city and all additions and improvements thereto and extensions thereof (or the gross revenue of the combined water and sewerage system of the city and all additions and improvements thereto and extensions thereof) less expenses of maintenance and operation of such system (or combined system) but before depreciation."

(b) That it will at all times keep and maintain said sewage disposal system and all additions and improvements thereto and extensions thereof in good repair, working order and condition, and will at all times operate said system and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) That it will not sell or otherwise dispose of all of the properties of such sewage disposal system unless provision is made for payment into said Bond Redemption Fund of a sum sufficient to pay the principal and interest of all the outstanding bonds of the issue authorized herein in accordance with the terms thereof, nor will it sell or otherwise dispose of any portion of such system unless provision is made for payment into said Bond Redemption Fund of an amount which shall be in at least the same proportion to the principal amount of outstanding bonds of the issue authorized herein that the net revenue available for debt service of said bonds for the twelve months preceding such sale or disposal from the portion of the system sold or disposed.
of bears to the net revenue available for debt service of said bonds from the entire system for the same period. Any such money so paid into said Bond Redemption Fund shall be used to retire said outstanding bonds at the earliest possible date.

(d) That it will not combine said sewage disposal system with the water supply and distribution system of the city unless at such time there are no outstanding water revenue bonds of the city or any such outstanding bonds are refunded, so that the bonds authorized herein will have a first, but not necessarily an exclusive first, lien on the revenues of such combined system.

That it will not create any special fund or funds for the payment of any other revenue bonds which will rank on a parity with or have any priority over the payments out of the Sewer Revenue Fund (or any Water and Sewer Revenue Fund which might later be created if said two systems are combined) into the Bond Redemption Fund and Reserve Account created herein, except that the city hereby reserves the right, for

(1) the purpose of acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements of equipment or capital improvements to the sanitary sewage disposal system or a combined water and sewerage system, or

(2) the purpose of refunding or purchasing and retiring prior to their maturity any outstanding revenue bonds of the city, to issue additional or refunding revenue bonds therefor 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 (or any Water and Sewer Revenue Fund which may later be created) sufficient to pay the principal 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 (or such Water and Sewer Revenue Fund) Fund/into the Bond Redemption Fund created herein, 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 any 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 system 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.

(e) Nothing herein contained shall prevent the city from issuing any revenue bonds or warrants which are a charge upon the money in the Sewer Revenue Fund (or any Water and Sewer Revenue Fund which may be later created) junior or inferior to the payments required to be made into the Bond Redemption Fund and Reserve Account created herein or any bond redemption fund or reserve account created for the payment of the principal and interest of any revenue bonds which may be issued on a parity with these bonds.

Section 9. The bonds authorized herein shall be sold at public sale, and the bids therefor shall be received by the City Clerk at the Council Chambers in the City Hall until 8:00 o'clock p. m. on March 1, 1954, at which time all bids shall be publicly opened, read and considered by the Council. Notice of the sale of such bonds shall be published once a week for two consecutive weeks in the Seattle Daily Journal of Commerce and in the official city newspaper, such publications to be made in the second and third weeks of February.

The moneys derived from the sale of the bonds authorized herein shall be used solely for the purposes provided in Ordinance No. 868 of the city and as authorized herein.

Upon the sale of these bonds, the proper city officials are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of these bonds to the purchaser thereof and for the proper use and application of the funds derived from the sale thereof.

Section 10. The right of the city to issue the remaining
$55,000 of sewer revenue bonds authorized by Ordinance No. 868 of the city, passed and approved December 7, 1953, is hereby in all respects canceled and rescinded.

Section 11. This ordinance shall become effective five days from and after its passage, approval and publication as required by law.

PASSED by the Council of the City of Kent, Washington, and approved by its Mayor at a regular meeting of said Council held this 1st day of February, 1954.

CITY OF KENT, WASHINGTON
By  [Signature]
Mayor

ATTEST:
[Signature]
City Clerk

APPROVED AS TO FORM:
[Signature]
Preston, Thorowrimson & Horowitz
Special Counsel for the City
Providing for
Issuance & Sale
of
Revenue Bonds
$325,000