ORDINANCE NO. 932

AN ORDINANCE of the City of Kent, Washington, amending Sections 3 and 4 of Ordinance No. 930, passed and approved August 6, 1956, providing for the issuance of $120,000 of sewer revenue bonds of the city for the purposes provided in and as authorized by said Ordinance No. 930 as amended, said bonds to be issued on a parity with previously issued outstanding sewer revenue bonds of the city, fixing the date, form, terms and maturities of said bonds, creating a special fund for the payment of the principal thereof and interest thereon and a Reserve Account, providing and adopting certain covenants and protective features safeguarding the payment of such principal and interest, creating a Sewer System Construction Fund, and providing for the delivery of said bonds to the purchaser thereof, and declaring an emergency.

WHEREAS, by Ordinance No. 930 of the city, passed and approved August 6, 1956, the issuance of sewer revenue bonds of the city in the principal sum of $160,000 was authorized in order to provide funds to pay the cost of acquiring, constructing and installing certain additions and improvements to and extensions of the sanitary sewage collection and disposal system of the city; and

WHEREAS, after bids were received for the acquisition, construction and installation of such additions, improvements and extensions it was determined that only $120,000 of such bonds need be issued and sold and that the proceeds thereof, with approximately $25,000 of other available moneys which the city then had and now has on hand in its Sewer Revenue Fund, be used for such purposes; and

WHEREAS, pursuant to a notice of sale of said $120,000 of sewer revenue bonds being distributed to all municipal investment houses in the area, five bids were submitted for the purchase of said bonds to the City Council at a special meeting thereof held
on September 7, 1956 after notice thereof duly and regularly given as required by law; and

WHEREAS, after due consideration of said bids it was determined that the bid of McLean & Company of Tacoma, Washington, was the best bid submitted therefor and the Council duly accepted the same; and

WHEREAS, pursuant to Ordinance No. 871 of the city, passed and approved February 1, 1954, the city issued and sold $270,000 of its sewer revenue bonds under date of April 1, 1954, and provided in Section 8 (d) that additional sewer revenue bonds of the city could be issued on a parity with the outstanding bonds of said April 1, 1954 issue if certain conditions were met; and

WHEREAS, it is to the best interest of the city and its inhabitants that the sewer revenue bonds authorized herein be issued on a parity with said outstanding sewer revenue bonds of the city issued under date of April 1, 1954, and it appears to the Council and the Council does hereby find that the conditions required in Section 8 (d) of said Ordinance No. 871 have been and at the time of the issuance of the bonds authorized herein will be met and that such $120,000 of sewer revenue bonds may now be issued on a parity with such outstanding sewer revenue bonds of the city previously issued;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Kent, Washington, as follows:

Section 1. That Section 3 of Ordinance No. 930, passed and approved August 6, 1956, is hereby amended to read as follows:

2.
Section 3. That the estimated cost of the acquisition, construction and installation of the above described plan of additions and improvements to and extensions of the sanitary sewage collection and disposal system of the city is hereby declared to be, as nearly as may be, the sum of $145,000, which cost shall be paid from the proceeds of the sale of $120,000 of sewer revenue bonds of the city hereinafter provided for and from not to exceed $25,000 of money in the Sewer Revenue Fund of the city.

Section 2. That Section 4 of Ordinance No. 930 of the city, passed and approved August 6, 1956, is hereby amended to read as follows:

Section 4. The city does hereby propose and adopt as an integral part of the plans of the acquisition, construction and installation of said additions and improvements to and extensions of its sanitary sewage collection and disposal system that it shall issue and sell its sewer revenue bonds in the principal sum of $120,000.

The exact date, form, terms, maturities and covenants of said bonds shall be as hereafter fixed by ordinance.

Section 3. As used in this ordinance, the following words shall have the meanings hereinafter set forth:

(a) The word "Bonds" shall mean the $120,000 of sewer revenue bonds issued pursuant to and for the purposes provided in Ordinance No. 930 of the city as amended by this ordinance.

(b) The word "System" shall mean the sanitary sewage collection and disposal system of the city as the same now exists, as
it shall be added to, improved and extended out of the proceeds of the sale of the Bonds, and as it may later be added to, improved and extended, and/or as it may be combined with the water supply and distribution system of the city, for as long as any of the Bonds are outstanding.

(c) The words "Outstanding Sewer Revenue Bonds" shall mean the sewer revenue bonds of the city issued under date of April 1, 1954, of which there are now outstanding bonds in the amount of $262,000, and with which the Bonds will be on a parity.

The Outstanding Sewer Revenue Bonds are the only revenue bonds of the city outstanding at this time with the principal thereof and interest thereon payable out of the Sewer Revenue Fund created by Ordinance No. 871.

(d) The words "Sewer Revenue Fund" shall mean the Sewer Revenue Fund of the city created by Ordinance No. 871, into which Fund all gross earnings and revenue of the System must be paid.

(e) The words "1954 Sewer Revenue Bond Redemption Fund" shall mean the Bond Redemption Fund and Reserve Account therein created by Ordinance No. 871 for the purpose of paying and guaranteeing the payment of the principal of and interest on the Outstanding Sewer Revenue Bonds.

Section 4. The Council hereby finds and determines, as required by Section 8 (d) of Ordinance No. 871, as follows:

First, that the Bonds are issued for the purpose of acquiring, constructing and installing additions and improvements to and extensions of the System;

Second, that at the time of the adoption of this ordinance and at the time of the issuance and delivery of the Bonds there
is not nor will there be any deficiency in the 1954 Sewer Revenue Bond Redemption Fund and the Reserve Account therein;

Third, that at the time of the adoption of this ordinance the city has on file a certificate from Frederick M. Drake, an independent licensed professional engineer not then employed by the city except for the purpose of giving such certificate, showing that in his professional opinion the net income of the System for each future calendar year will equal at least 1.3 times the average annual debt service required for the payment of the principal of and interest on the Outstanding Sewer Revenue Bonds and the Bonds, "net income" being computed as the gross revenue of the System less expenses of maintenance and operation thereof but before depreciation.

The limitations contained in Section 8 (d) of Ordinance No. 871 having been complied with in the issuance of the Bonds, the payments into the 1956 Sewer Revenue Bond Redemption Fund created in this ordinance for the payment of the principal of and interest on the Bonds and the payments into the Reserve Account in said 1956 Bond Redemption Fund required by this ordinance shall constitute a lien and charge upon the moneys in the Sewer Revenue Fund equal in rank with the lien and charge upon the moneys in such Fund for the payments required to be made into the 1954 Sewer Revenue Bond Redemption Fund for the purpose of paying and guaranteeing the payment of the principal of and interest on the Outstanding Sewer Revenue Bonds.

Section 5. That for the purpose of providing part of the funds necessary to acquire, construct and install the additions and improvements to and extensions of the System authorized in Ordinance

5.
No. 930 of the city as amended herein, the city shall issue the Bonds in the total principal sum of $120,000.

The Bonds shall be dated October 1, 1956, shall be in denominations of $1,000 each, and shall be numbered, mature in order of their number, and bear interest payable semiannually on the first days of April and October of each year as follows:

<table>
<thead>
<tr>
<th>Bond Nos.</th>
<th>Maturity Date</th>
<th>Amount</th>
<th>Interest Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>October 1, 1957</td>
<td>$3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>4-6</td>
<td>October 1, 1958</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>7-9</td>
<td>October 1, 1959</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>10-12</td>
<td>October 1, 1960</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>13-15</td>
<td>October 1, 1961</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>16-18</td>
<td>October 1, 1962</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>19-21</td>
<td>October 1, 1963</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>22-24</td>
<td>October 1, 1964</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>25-27</td>
<td>October 1, 1965</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>28-30</td>
<td>October 1, 1966</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>31-33</td>
<td>October 1, 1967</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>34-36</td>
<td>October 1, 1968</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>37-39</td>
<td>October 1, 1969</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>40-42</td>
<td>October 1, 1970</td>
<td>3,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>43-46</td>
<td>October 1, 1971</td>
<td>4,000</td>
<td>3.50%</td>
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<tr>
<td>47-50</td>
<td>October 1, 1972</td>
<td>4,000</td>
<td>3.50%</td>
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<tr>
<td>51-54</td>
<td>October 1, 1973</td>
<td>4,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>55-58</td>
<td>October 1, 1974</td>
<td>4,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>59-62</td>
<td>October 1, 1975</td>
<td>4,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>63-66</td>
<td>October 1, 1976</td>
<td>4,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>67-70</td>
<td>October 1, 1977</td>
<td>4,000</td>
<td>3.50%</td>
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<tr>
<td>71-74</td>
<td>October 1, 1978</td>
<td>4,000</td>
<td>3.50%</td>
</tr>
<tr>
<td>75-78</td>
<td>October 1, 1979</td>
<td>4,000</td>
<td>4.20%</td>
</tr>
<tr>
<td>79-82</td>
<td>October 1, 1980</td>
<td>4,000</td>
<td>4.20%</td>
</tr>
<tr>
<td>83-86</td>
<td>October 1, 1981</td>
<td>4,000</td>
<td>4.20%</td>
</tr>
<tr>
<td>87-90</td>
<td>October 1, 1982</td>
<td>4,000</td>
<td>4.20%</td>
</tr>
<tr>
<td>91-94</td>
<td>October 1, 1983</td>
<td>4,000</td>
<td>4.20%</td>
</tr>
<tr>
<td>95-102</td>
<td>October 1, 1984</td>
<td>8,000</td>
<td>4.20%</td>
</tr>
<tr>
<td>103-111</td>
<td>October 1, 1985</td>
<td>9,000</td>
<td>4.20%</td>
</tr>
<tr>
<td>112-120</td>
<td>October 1, 1986</td>
<td>$6,000</td>
<td>4.20%</td>
</tr>
</tbody>
</table>

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 in Kent, Washington, and shall be obligations only of the 1956 Bond Redemption Fund created by this ordinance.

Section 6. The city hereby reserves the right to redeem
Bonds numbered 16 to 120 inclusive in inverse numerical order at the following times and prices:

- On October 1, 1961 and April 1, 1962, at $102.50 per $100 par value
- On October 1, 1962 and April 1, 1963, at $102.00 per $100 par value
- On October 1, 1963 and April 1, 1964, at $101.50 per $100 par value
- On October 1, 1964 and April 1, 1965, at $101.00 per $100 par value
- On October 1, 1965 and April 1, 1966, at $100.50 per $100 par value
- On October 1, 1966 and any interest payment date thereafter, at par.

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 McLean & Company at its main office in Tacoma, Washington, or to the successor in business, if any, of said company at its main office. Interest on any Bond or 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 7. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF WASHINGTON

NO. ______  $1,000

CITY OF KENT
SEWER REVENUE BOND, 1956

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

7.
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 1956 Sewer Revenue Bond Redemption Fund" created by
Ordinance No. 932 of the city.

The city has reserved the right to redeem bonds numbered
16 to 120 inclusive, in inverse numerical order, at the following
times and prices:

- On October 1, 1961 and April 1, 1962, at 102.50 per 100 par value
- On October 1, 1962 and April 1, 1963, at 102.00 per 100 par value
- On October 1, 1963 and April 1, 1964, at 101.50 per 100 par value
- On October 1, 1964 and April 1, 1965, at 101.00 per 100 par value
- On October 1, 1965 and April 1, 1966, at 101.50 per 100 par value
- On October 1, 1966 and any interest payment date thereafter, at par.

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 McLean & Company at its
main office in Tacoma, Washington, or to the successor in business,
if any, of said company at its main office.

This bond is one of an issue of sewer revenue bonds of the
city of like amount, date and tenor in the total principal sum of
$120,000, which bonds are issued for the purpose of acquiring, con-
structing and installing certain additions and improvements to and
extensions of the sanitary sewage collection and disposal system
of the city, and is payable solely from the gross revenue of said 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. 871, No. 930 and No. 932 to be by it kept and performed.

The city does hereby pledge and bind itself to set aside from the money in its Sewer Revenue Fund created by Ordinance No. 871, and to pay into said Bond Redemption Fund and into the Reserve Account created therein, the various amounts required by Ordinance No. 932 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 on 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 sanitary sewage collection and disposal system, and equal in rank with the charges upon the money in said Sewer Revenue Fund for the payment of the principal of and interest on the outstanding sewer revenue bonds of the city issued under date of April 1, 1954.

The City of Kent has further bound itself to maintain said sanitary sewage collection and disposal 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 sanitary sewage disposal service for as long as any of the 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 April 1, 1954 sewer revenue bonds of the city, the bonds of this issue, and any
revenue bonds which may later 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.

IN WITNESS WHEREOF the City of Kent has caused this bond to be signed by its Mayor, to be attested by its Clerk, the corporate seal of the city to be impressed hereon, and the interest coupons attached hereto to be signed with the facsimile signatures of said officials, this first day of October, 1956.

CITY OF KENT, WASHINGTON

By __________________________  Mayor

ATTEST:

__________________________ City Clerk

The interest coupons attached to the 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 the sum of ________________ DOLLARS in lawful money of the United States of America out of the special fund of the city known as "Kent 1956 Sewer Revenue Bond Redemption Fund," said sum being the semiannual interest due that date on its
sewer revenue bond dated October 1, 1956, and numbered ____.

CITY OF KENT, WASHINGTON

By _____________________________ Mayor

ATTEST:

__________________________ City Clerk

Section 8. The Bonds shall be signed on behalf of the city by its Mayor, shall be attested by its Clerk, and shall have the corporate seal of the city impressed thereon. The interest coupons attached thereto shall be signed with the facsimile signatures of said officials.

Section 9. That there be and is hereby created a special fund of the city to be known as "Kent 1956 Sewer Revenue Bond Redemption Fund" (herein called the "1956 Bond Redemption Fund"), which Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bonds outstanding as the same shall become due.

The city hereby obligates and binds itself to set aside and pay into the 1956 Bond Redemption Fund out of the money in the Sewer Revenue Fund (or possibly the Water and Sewer Revenue Fund defined in Ordinance No. 871) certain fixed amounts necessary to pay the principal of and interest on the Bonds as the same respectively become due and payable. Such payments shall be a charge upon the money in the Sewer Revenue Fund ranking equally and ratably and on a parity with the payments required by Ordinance No. 871 to be made into the 1954/Bond Redemption Fund.

Such payments shall be made into the 1956 Bond Redemption Fund on or before the twentieth day of each month in the amounts

11.
hereinafter specified:

(a) Beginning with October, 1956 and continuing as long as any of the 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-months period on all of the Bonds outstanding.

(b) Beginning with October, 1956 and continuing as long as any of the Bonds are outstanding and unpaid, an amount equal to at least one-twelfth of the principal of the Bonds to become due and payable on the next principal payment date.

When there is sufficient money in the 1956 Bond Redemption Fund and the Reserve Account hereinafter created to redeem and retire all of the Bonds outstanding and to pay the interest due thereon on such redemption date, then no further payments need be made into the 1956 Bond Redemption Fund.

Said amounts so pledged to be paid into the 1956 Bond Redemption Fund and the Reserve Account hereinafter created therein are hereby declared to be a prior lien and charge upon the money in the Sewer Revenue Fund (or possibly said Water and Sewer Revenue Fund) superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of the System, and equal in rank to the charges upon the money in such Sewer Revenue Fund for the payments required to be made into the 1954 Sewer Revenue Bond Redemption Fund.

Section 10. A Reserve Account is hereby created in the 1956 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 (or possibly such Water and Sewer Revenue Fund)
and out of any other moneys which it may now or later have on hand and available for such purpose, monthly payments in the sum of $180 beginning with the month of January, 1957 until the total amount of $10,000 has been paid therein. The city further agrees, when said sum of $10,000 has been paid into such Reserve Account, that it will at all times maintain that amount therein until there is a sufficient amount in the 1956 Bond Redemption Fund and this Reserve Account to redeem and retire all of the Bonds outstanding with accrued interest to such date of redemption.

In the event there shall be a deficiency in the 1956 Bond Redemption Fund to meet maturing installments of either interest on or principal of and interest on the Bonds outstanding, 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 possibly such Water and Sewer Revenue Fund) first available after making necessary provision for the required payments into the 1956 Bond Redemption Fund.

All money in the Reserve Account 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 later than the last maturity of the Bonds outstanding at the time of such purchase. Interest earned on any such investments shall be deposited in and become a part of the 1956 Bond Redemption Fund.

Section 11. The corporate authorities of the City of Kent hereby declare, in fixing the amounts to be paid into the 1956 Bond Redemption Fund and the Reserve Account therein as aforesaid, that
they have exercised due regard to the cost of maintenance and operation of the System and the amounts necessary to pay the principal of and interest on the Outstanding Sewer Revenue Bonds, and have not obligated the city to set aside and pay into said Fund and Account a greater amount of the revenue of the System than in their judgment will be available over and above such cost of maintenance and operation and the charges necessary to pay the principal of and interest on such Outstanding Sewer Revenue Bonds.

Section 12. The City of Kent hereby covenants with the owner and holder of each of the Bonds as follows:

The provisions of Sections 4 and 3 of Ordinance No. 871 of the city are hereby incorporated in this ordinance as if set forth herein, and by such incorporation are made applicable to the Bonds and shall inure to the benefit of the holders from time to time of the Bonds and are hereby made a part of this ordinance with respect to the Bonds as though fully set forth herein.

The city hereby reserves the right to incur additional indebtedness and issue additional revenue bonds therefor, to issue refunding revenue bonds, and to create special funds and accounts for the purpose of paying or guaranteeing the payment of the principal of and interest on such bonds, into which funds and accounts payments may be made from the Sewer Revenue Fund (or possibly such Water and Sewer Revenue Fund) of fixed amounts to pay and to guarantee the payment of the principal of and interest on such additional or refunding revenue bonds which payments may rank equally with the payments into the 1954 Sewer Revenue Bond Redemption Fund upon the same terms, conditions and requirements and with the same limitations.
and restrictions as provided in Section 8 (d) of Ordinance No. 871 for the issuance of additional or refunding revenue bonds of equal rank with the Outstanding Sewer Revenue Bonds and the Bonds.

Section 13. That there be and is hereby created another special fund of the city to be known as the "Sewer System Construction Fund," which Fund shall be drawn upon for the sole purpose of paying the cost of the additions and improvements to and extensions of the System authorized in Ordinance No. 930. The proceeds of the sale of the Bonds (exclusive of accrued interest, which shall be paid into the 1956 Bond Redemption Fund) and moneys in the Sewer Revenue Fund up to the sum of $25,000.00 shall be paid into such Construction Fund.

Section 14. The city officials are hereby authorized and directed to do everything necessary for the immediate execution and delivery of the Bonds to McLean & Company of Tacoma, Washington, and for the proper use and application of the proceeds of their sale for the purposes set forth in said Ordinance No. 930.

Section 15. This ordinance is declared to be one for the immediate preservation of the public property, health, welfare 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 Council of the City of Kent and approved by its Mayor at a regular meeting of said Council held this first day
of October, 1956.

CITY OF KENT, WASHINGTON

By [Signature]
Mayor

ATTEST:

[Signature]
City Clerk

APPROVED AS TO FORM

[Signature]
Emerson B. Thatcher, City Attorney
ORDINANCE
No. 932

$100,000

Sewer Revenue Bond Issue
Street Improvement

Amending
Bid 930