ORDINANCE NO. 982

AN ORDINANCE of the City of Kent, Washington, providing for the issuance of $145,000 of water revenue bonds of the city out of the $870,000 of such bonds authorized by Ordinance No. 949-A of the city as amended by Ordinance No. 956 of the city, for the purpose of providing funds to acquire, construct and install a certain extension of the water supply and distribution system of the city as authorized by said ordinances; providing the date, form, terms and maturities of said bonds to be issued; creating a Bond Redemption Fund for the payment of the principal thereof and interest thereon and a Reserve Account; providing certain covenants and protective features safeguarding the payment of the principal of and interest on such bonds; authorizing the issuance of revenue bonds of the city in the future on a parity with the bonds authorized herein upon compliance with certain conditions; confirming the sale of said bonds; amending Section 13 of said Ordinance No. 956; and declaring an emergency.

WHEREAS, by Ordinance No. 949-A of the city, passed and approved May 20, 1957, the issuance of water revenue bonds of the city in the total principal sum of $700,000 was authorized in order to provide funds to pay the cost of acquiring, constructing and installing certain particularly described additions and improvements to and extensions of the water supply and distribution system of the city; and

WHEREAS, by Ordinance No. 956 of the city, passed and approved July 1, 1957, said Ordinance No. 949-A was amended to authorize the issuance of $870,000 of water revenue bonds to provide the funds necessary for such purposes; and

WHEREAS, pursuant to said Ordinance No. 956, $725,000 of such bonds were issued to provide funds to pay the cost of acquiring, constructing and installing all of such particularly described
additions, improvements and extensions except for one extension of a 16" line from South 228th Street (Taylor Road) to the section corner common to Sections 1-22-4 and 6-22-5; and

WHEREAS, it has been found and determined that it is to the best interests of the city and its inhabitants that it acquire, construct and install such extension on South 228th Street as authorized by said Ordinance No. 949-A and that the $145,000 of water revenue bonds of the city remaining unissued out of such $870,000 authorization be now issued to provide the funds necessary to construct said extension; and

WHEREAS, the city has heretofore agreed to sell such $145,000 of bonds to McLean & Company, Inc., investment bankers of Tacoma, Washington, at $97 per $100 par value and under the terms and conditions of said bonds as set forth herein;

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

Section 1. As used in this ordinance the following words shall have the meanings hereinafter set forth:

(a) The word "Bonds" shall mean the $145,000 of water revenue bonds of the city issued pursuant to and for the purposes provided in Ordinance No. 949-A as amended by Ordinance No. 956 and this ordinance.

(b) The word "System" shall mean the existing water supply and distribution system of the city as the same will be added to, improved and extended out of the proceeds of the sale of the Bonds and as the same may later be added to, improved and extended for as long as any of the Bonds are outstanding, which additions, improvements
and extensions shall include the sanitary sewage disposal system of the city should the same ever be combined with its water supply and distribution system in the manner authorized by law.

(c) The words "Outstanding Prior Lien Bonds" shall mean (1) the water revenue bonds of the city issued under date of November 1, 1948, of which issue there are now outstanding bonds in the total principal sum of $134,000 (sometimes herein called the "1948 Outstanding Prior Lien Bonds"); and (2) the water revenue bonds of the city issued under date of July 1, 1957, of which issue there are now outstanding bonds in the total principal sum of $725,000 (sometimes herein called the "1957 Outstanding Prior Lien Bonds"). The Outstanding Prior Lien Bonds are the only revenue bonds of the city outstanding at this time for the payment of the principal of and interest on which the gross revenue of the System has been pledged.

(d) The words "1948 Bond Redemption Fund" shall mean the Kent 1948 Water Revenue Bond Redemption Fund created by Section 6 of Ordinance No. 802 for the payment of the principal of and interest on the 1948 Outstanding Prior Lien Bonds.

(e) The words "1957 Bond Redemption Fund" shall mean the Kent 1957 Water Revenue Bond Redemption Fund created by Section 8 of Ordinance No. 956, and the Reserve Account therein, to pay and secure the payment of the principal of and interest on the 1957 Outstanding Prior Lien Bonds.

(f) The words "Parity Revenue Bonds" shall mean any revenue bonds of the city other than the Bonds issued under an ordinance wherein the city pledges that the payments to be made out of the gross revenue of the System into the 1958 Bond Redemption Fund and the Reserve Account therein hereinafter created to pay and secure the payment of the principal of and interest on such revenue bonds to be issued, will be on a parity with the payments required to be made out of such gross...
revenue into such 1958 Bond Redemption Fund and Reserve Account to pay and secure the payment of the principal of and interest on the Bonds.

(g) The words "Term Bond Year" shall mean any calendar year or years in which 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 principal maturities of the outstanding bonds of said issue or series for the three calendar years immediately preceding such calendar year or years.

Section 2. That for the purpose of providing funds to acquire, construct and install a 16" line extension to the System from South 228th Street (Taylor Road) to the section corner common to Sections 1-22-4 and 6-22-5 as authorized by Ordinance No. 949-A and Ordinance No. 956, the city shall issue the Bonds.

The Bonds shall be dated June 1, 1958, shall be in denominations of $1,000 each, shall bear interest at the rate of 4 1/4% per annum payable semiannually on the first days of June and December of each year as evidenced by coupons to be attached thereto, and shall be numbered and mature in order of their number as follows:

<table>
<thead>
<tr>
<th>Bond Nos.</th>
<th>Maturity Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>June 1, 1962</td>
<td>$3,000</td>
</tr>
<tr>
<td>4-6</td>
<td>June 1, 1963</td>
<td>3,000</td>
</tr>
<tr>
<td>7-9</td>
<td>June 1, 1964</td>
<td>3,000</td>
</tr>
<tr>
<td>10-12</td>
<td>June 1, 1965</td>
<td>3,000</td>
</tr>
<tr>
<td>13-19</td>
<td>June 1, 1966</td>
<td>7,000</td>
</tr>
<tr>
<td>20-21</td>
<td>June 1, 1967</td>
<td>2,000</td>
</tr>
<tr>
<td>22-23</td>
<td>June 1, 1968</td>
<td>2,000</td>
</tr>
<tr>
<td>24-25</td>
<td>June 1, 1969</td>
<td>2,000</td>
</tr>
<tr>
<td>26-30</td>
<td>June 1, 1970</td>
<td>5,000</td>
</tr>
<tr>
<td>31-36</td>
<td>June 1, 1971</td>
<td>6,000</td>
</tr>
<tr>
<td>37-42</td>
<td>June 1, 1972</td>
<td>6,000</td>
</tr>
<tr>
<td>43-48</td>
<td>June 1, 1973</td>
<td>6,000</td>
</tr>
<tr>
<td>49-55</td>
<td>June 1, 1974</td>
<td>7,000</td>
</tr>
<tr>
<td>Bond Nos.</td>
<td>Maturity Date</td>
<td>Amount</td>
</tr>
<tr>
<td>----------</td>
<td>--------------------</td>
<td>--------</td>
</tr>
<tr>
<td>56-62</td>
<td>June 1, 1975</td>
<td>$7,000</td>
</tr>
<tr>
<td>63-69</td>
<td>June 1, 1976</td>
<td>7,000</td>
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<tr>
<td>70-77</td>
<td>June 1, 1977</td>
<td>8,000</td>
</tr>
<tr>
<td>78-85</td>
<td>June 1, 1978</td>
<td>8,000</td>
</tr>
<tr>
<td>86-93</td>
<td>June 1, 1979</td>
<td>8,000</td>
</tr>
<tr>
<td>94-102</td>
<td>June 1, 1980</td>
<td>9,000</td>
</tr>
<tr>
<td>103-112</td>
<td>June 1, 1981</td>
<td>10,000</td>
</tr>
<tr>
<td>113-122</td>
<td>June 1, 1982</td>
<td>10,000</td>
</tr>
<tr>
<td>123-133</td>
<td>June 1, 1983</td>
<td>11,000</td>
</tr>
<tr>
<td>134-145</td>
<td>June 1, 1984</td>
<td>12,000</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 special 1958 Bond Redemption Fund hereinafter created.

Section 3. The city hereby reserves the right to redeem any or all of the Bonds outstanding in inverse numerical order on the following interest payment dates and at the following prices expressed as a percentage of the principal amount, plus accrued interest to the date of redemption:

- On June 1 and December 1, 1963, at 102 1/2
- On June 1 and December 1, 1964, at 102
- On June 1 and December 1, 1965, at 101 1/2
- On June 1 and December 1, 1966, at 101
- On June 1 and December 1, 1967, at 100 1/2
- On June 1, 1968 and any interest payment date thereafter, at par.

Notice of any such intended redemption shall be given by one publication thereof in a newspaper of general circulation within the city not more than forty nor less than thirty days prior to such redemption date and by mailing a like notice at the same time to McLean & Company, Inc. at its main office in Tacoma, Washington, or to the successor in business of said company, if any, at its main or local place of business. "Local place of business" is hereby defined as the main office of such business successor in the State of Washington. Interest on any Bond or Bonds so called for redemption shall cease on such redemption date unless such Bond or Bonds are not redeemed upon presentation made pursuant to such call.
Section 4. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA
STATE OF WASHINGTON

NO. ______  $1,000

CITY OF KENT
WATER REVENUE BOND, 1958

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 June, 19____, the principal sum of

ONE THOUSAND DOLLARS

together with interest thereon at the rate of 4 1/4% per annum payable semiannually on the first days of June and December of each year as evidenced by and upon presentation and surrender of the attached interest coupons as they severally become due and until the payment of such principal sum shall be duly provided for. Both principal of and interest on this bond 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 1958 Water Revenue Bond Redemption Fund" created by Ordinance No. _____ of the city.

The city has reserved the right to redeem any or all of the bonds of this issue outstanding in inverse numerical order on the following interest payment dates and at the following prices expressed as a percentage of the principal amount, plus accrued interest to the date of redemption:
On June 1 and December 1, 1963, at 102 1/2
On June 1 and December 1, 1964, at 102
On June 1 and December 1, 1965, at 101 1/2
On June 1 and December 1, 1966, at 101
On June 1 and December 1, 1967, at 100 1/2
On June 1, 1968 and any interest payment date thereafter, at par.

Notice of any such intended redemption shall be given by one publication thereof in a newspaper of general circulation within the city not more than forty nor less than thirty days prior to such redemption date and by mailing a like notice at the same time to McLean & Company, Inc. at its main office in Tacoma, Washington, or to the successor in business of said company, if any, at its main or local place of business. "Local place of business" is hereby defined as the main office of such business successor in the State of Washington.

This bond is one of an issue of water revenue bonds of the city of like amount, date and tenor except as to number and date of maturity, in the total principal sum of $145,000, which bonds are issued for the purpose of providing funds to acquire, construct and install a certain extension of the water supply and distribution system of the city and are payable solely out of the gross revenue of said system.

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

The city does hereby pledge and bind itself to set aside from the gross revenue of said water supply and distribution system as such system is defined in said Ordinance No. _____, and to pay into said 1958 Bond Redemption Fund and the Reserve Account created therein by said Ordinance No. _____, 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 gross revenue of said water supply and distribution system as the same is so defined, superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of said system and except the charges necessary for the payment of the principal of and interest on the outstanding water revenue bonds of the city issued under dates of November 1, 1948 and July 1, 1957, and equal in rank to any charges that may be made on said revenues for the payment of the principal of and interest on any revenue bonds that it may issue later on a parity with the bonds of this issue.

The city has further bound itself to maintain said system as the same is so defined 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 water (and for sanitary sewage disposal service should the sewerage system of the city ever be combined with the water system) for as long as any of the bonds of this issue and any revenue bonds which may be issued later on a parity therewith are outstanding, that will make available for the payment of principal of and interest on all of such outstanding bonds as the same shall become due an amount equal to at least 1.5 times the average annual amount required hereafter (exclusive of any year during which any of such bonds shall mature which year is a "Term Bond Year" as such words are defined in Ordinance No. ____) for the payment of all of such principal and interest.
after necessary costs of maintenance and operation of such system and principal of and interest on such outstanding water revenue bonds of the city issued under dates of November 1, 1948 and July 1, 1957 have been paid, but before depreciation.

It is hereby certified and declared that this bond and the bonds of this issue 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, Washington, 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 June, 1958.

CITY OF KENT, WASHINGTON

By ____________________________
Mayor

ATTEST:
______________________________
City Clerk

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

NO. _____ $21.25

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 TWENTY-ONE AND 25/100 DOLLARS in lawful money of the United States of America out of the special fund of the city known as "Kent 1958 Water Revenue Bond Redemption Fund," said sum being the semiannual interest due that day on its water revenue bond dated June 1, 1958, and numbered ____.

CITY OF KENT, WASHINGTON

By _______________________
Mayor

ATTEST:

______________________________
City Clerk

Section 5. The Bonds shall be signed on behalf of the city by its Mayor, shall be attested by the City Clerk, and shall have the corporate seal of the city impressed thereon. Each of the interest coupons attached thereto shall be signed with the facsimile signatures of said officials.

Section 6. That there be and is hereby created a special fund of the city to be known as the "Kent 1958 Water Revenue Bond Redemption Fund" (herein called the "1958 Bond Redemption Fund"), which Fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bonds and of and on any Parity Revenue Bonds outstanding as the same shall become due.

The city hereby obligates and binds itself to set aside and pay into the 1958 Bond Redemption Fund out of the gross revenue of the System the following 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 made into the 1958 Bond

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Redemption Fund on or before the twentieth day of each month in
the amounts hereinafter specified:

(a) Beginning with the month of June, 1958, 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
on the next interest payment date on all of the Bonds then outstanding.

(b) Beginning with the month of June, 1961, 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.

Said amounts so pledged to be paid into the 1958 Bond Re-
demption Fund and the Reserve Account therein hereinafter created
are hereby declared to be a prior lien and charge upon the gross
revenue of the System superior to all other charges of any kind or
nature except the necessary cost of maintenance and operation of the
System and the charges necessary for the payment of the principal of
and interest on the Outstanding Prior Lien Bonds, and equal in rank
to any charges which may later be made on such gross revenue to pay
the principal of and interest on any Parity Revenue Bonds.

Section 7. A Reserve Account is hereby created in the
1958 Bond Redemption Fund, and the city hereby agrees that it will
set aside and pay into the Reserve Account out of the gross revenue
of the System and out of any other moneys which it may now or later
have on hand and available for such purpose, the sum of $10,300 by
May 31, 1963. The city further agrees that on or before May 31 of
each of the years 1959 through 1963 it will set aside and pay into such
Account such an amount (whether more or less than one-fifth of such
total amount) so that by each such May 31 at least one-fifth of such
total amount of $10,300 shall have been set aside and paid therein.
The city further covenants and agrees that in the event it issues any Parity Revenue Bonds it will provide in each ordinance authorizing the issuance of the same for payments into the Reserve Account within five years from the date of the issuance of such Parity Revenue Bonds of 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 1958 Bond Redemption 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 said five-year period an amount at least equal to the next succeeding year's debt service on all bonds payable out of such Fund.

The city further agrees that when said required amounts have been paid into the Reserve Account it will at all times maintain those amounts therein until there is a sufficient amount in the 1958 Bond Redemption Fund and Reserve Account to pay the principal of, premium if any, and interest on all bonds payable out of the 1958 Bond Redemption Fund outstanding, at which time the money in the Reserve Account may be used to pay such principal, premium if any, and interest.

In the event there shall be a deficiency in the 1958 Bond Redemption Fund to meet maturing installments of either interest on or principal of and interest on the Bonds and any Parity Revenue Bonds, 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 the gross revenue of the System first available therefor.
All money in the Reserve Account above provided for may be kept in cash or 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 or any Parity Revenue Bonds outstanding at the time of such purchase. Interest earned on or any profits made from the sale of any such investments shall be deposited in and become a part of the 1958 Bond Redemption Fund.

Section 8. The corporate authorities of the city hereby declare, in fixing the amounts to be paid into the 1958 Bond Redemption Fund and the Reserve Account as hereinbefore provided, that they have exercised due regard to the cost of maintenance and operation of the System and the amount of the revenue of the System previously pledged for the payment of the principal of and interest on the Outstanding Prior Lien 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 amounts pledged to pay the principal of and interest on such outstanding bonds.

Section 9. The City of Kent hereby covenants and agrees with the owner and holder of each of the Bonds for as long as any of the same remain outstanding as follows:

(a) 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 System) for as long as any of the Bonds and any Parity
Revenue Bonds are outstanding, that will make available for the payment of the principal of and interest on all of such bonds as the same shall become due an amount equal to at least 1.5 times the average annual amount required hereafter, exclusive of any Term Bond Year, for the payment of all of such principal and interest after necessary costs of maintenance and operation of the System and amounts necessary to pay the principal of and interest on the Outstanding Prior Lien Bonds have been paid but before depreciation.

(b) That it will at all times keep and maintain the System in good repair, working order and condition, and will at all times operate the 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 any of the properties of the System (unless the same are no longer used, useful or necessary in the operation thereof and in the producing of revenues required to meet all obligations of the city payable out of such revenues) unless provision is made for payment into the 1958 Bond Redemption Fund of a sum sufficient to redeem and retire all of the Bonds then outstanding in accordance with the terms thereof.

(d) That it will not furnish any water (or possibly any sanitary sewage disposal service) to any customer whatsoever free of charge.

Section 10. The city hereby further covenants and agrees with the owner and holder of each of the Bonds for as long as any of the same remain outstanding that it will not issue any Parity Revenue Bonds except
A. That the city reserves the right for

First, the purpose of acquiring, constructing and installing additions, betterments and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements of or repairs or capital improvements to the System, or

Second, the purpose of refunding, by exchange or purchasing and retiring at or prior to their maturity, any outstanding revenue bonds or revenue coupon warrants of the city that may have a lien upon the gross revenue of the System for the payment of the principal thereof and interest thereon junior and inferior to the lien on such gross revenue for the payment of the principal of and interest on the Bonds,

to issue additional and/or refunding revenue bonds therefor (herein called "Parity Revenue Bonds" as hereinbefore defined) and to pledge that payments shall be made out of the gross revenue of the System into the 1958 Bond Redemption Fund and the Reserve Account to pay and secure the payment of the principal of and interest on such Parity Revenue Bonds on a parity with the payments required herein to be made out of such gross revenue into such Fund and Account to pay and secure the payment of the principal of and interest on the Bonds, upon compliance with the following conditions:

(1) That at the time of the issuance of such Parity Revenue Bonds there is no deficiency in the 1948 and 1957 Bond Redemption Funds or in the 1958 Bond Redemption Fund or Reserve Account therein created herein. And
(2) That the city will covenant 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 System) for as long as any of the Bonds and any Parity Revenue Bonds are outstanding that will make available for the payment of the principal of and interest on all of such bonds as the same shall become due, an amount equal to at least 1.5 times the average annual amount required thereafter, exclusive of any Term Bond Year, for the payment of all such principal and interest after necessary costs of maintenance and operation of the System and amounts necessary to pay the principal of and interest on the Outstanding Prior Lien Bonds then outstanding have been paid but before depreciation.

That the city will also covenant in each such ordinance authorizing the issuance of Parity Revenue Bonds that it will pay into and maintain in the Reserve Account within five years of the date of the issuance of such Parity Revenue Bonds the amounts required by the second paragraph of Section 7 of this ordinance to be paid into and maintained in said Account. 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 and interest on any revenue bonds or revenue coupon warrants being refunded by any such Parity Revenue Bonds may be transferred to the Reserve Account at the time such outstanding bonds or warrants are redeemed, to satisfy the above requirement.

And

(3) That at the time of the issuance of such Parity Revenue Bonds 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 System which will be available in each suc-
ceeding 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, will
equal at least 1.5 times the average annual amount required there-
after, exclusive of any Term Bond Year, for the payment of the prin-
cipal of and interest on all of such bonds.

The words "net revenue of the System which will be
available . . . for the payment of the principal of and interest
on all of such bonds" as used in subparagraph (3) immediately above
shall mean the gross operating revenues and receipts of the System
after deducting therefrom all necessary expenses of maintenance and
operation thereof and amounts necessary to pay the principal of and
interest on the Outstanding Prior Lien Bonds, 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
System junior and inferior to the lien thereon for the payment of
the principal of and interest on the Bonds. Such 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 dis-
posal service) authorized by the City Council to be effective by the
time of delivery of any such Parity Revenue Bonds.

B. That it further reserves the right to issue Parity
Revenue Bonds for the purpose of refunding, by exchange or purchasing
and retiring at or prior to their maturity, an equal principal amount
of any part or all of the Outstanding Prior Lien Bonds, the Bonds,
and/or any Parity Revenue Bonds outstanding, and to pledge that
payments shall be made out of the gross revenue of the System into
the 1958 Bond Redemption Fund and Reserve Account therein to pay
and secure the payment of the principal of and interest on such
refunding Parity Revenue Bonds on a parity with the payments re-
quired herein to be made out of such gross revenue into such Fund
and Account to pay and secure the payment of the principal of and
interest on the Bonds, upon compliance with subparagraphs (1) and
(2) of subsection A of this section, and if the issuance of such
refunding Parity Revenue Bonds and retirement of outstanding bonds
does not require a greater amount to be paid out of the gross revenue
of the System in any calendar year thereafter for principal of and
interest on such refunding Parity Revenue Bonds than was required to
be paid out of such revenue in each of the same calendar years for
the payment of the principal of and interest on the bonds being re-
funded, and any premiums paid to effect such redemption shall not be
computed in determining any such annual amounts.

C. Nothing herein contained shall prevent the city from
issuing revenue bonds or warrants (coupon or otherwise) the payment
of the principal of and interest on which is a charge upon the gross
revenue of the System junior or inferior to the payments required to
be made out of such gross revenue into the 1958 Bond Redemption Fund
and the Reserve Account therein.

Section 11. That Section 13 of Ordinance No. 956 of the
city, passed and approved July 1, 1957, be and the same is hereby
amended to read as follows:

Section 13. The city hereby further covenants and agrees
with the owner and holder of each of the Bonds as follows:

A. That it will not create any special fund or funds for
the payment of any other revenue bonds or coupon warrants which
will rank on a parity with or have any priority over the payments
out of the gross revenue of the System into the Bond Redemption
Fund and Reserve Account therein created herein, except that the
city hereby reserves the right, for the purpose of refunding by exchange or purchasing and retiring at or prior to their maturity any outstanding revenue bonds or coupon warrants of the city that may have a lien upon the gross revenue of the System for the payment of the principal thereof and interest thereon junior and inferior to the lien on such gross revenue for the payment of the principal of and interest on the Bonds, to issue refunding revenue bonds therefor and to create a special fund or funds for the payment of the principal thereof and interest thereon into which fund or funds payments may be made from the gross revenue of the System sufficient to pay the principal of and interest on such refunding revenue bonds and to maintain the required reserves therefor, which payments may rank equally with the payments out of such gross revenue into the Bond Redemption Fund and Reserve Account therein created herein upon compliance with the following conditions:

(1) That at the time of the issuance of such refunding water revenue bonds there is no deficiency in the 1948 Bond Redemption Fund, the Bond Redemption Fund or Reserve Account created herein, or in any bond redemption fund or reserve account which may have been created for the purpose of paying or guaranteeing the payment of the principal of and interest on any revenue bonds issued on a parity with the Bonds and prior to the issuance of such refunding revenue bonds; and

(2) That each ordinance providing for the issuance of such refunding revenue bonds shall create a bond redemption fund for the payment of the principal thereof and interest thereon, and shall also create a reserve account in such bond redemption fund for the purpose of making up any deficiency
in such bond redemption fund, and each such ordinance shall provide for the payment into such reserve account within seven years from the date of the issuance of such refunding bonds of a sum at least equal to the next year's debt service on such bonds, and shall further provide for additional payments to be made into such account if necessary so that there shall be on deposit therein at all times after said first seven-year period an amount at least equal to the next succeeding year's debt service on such refunding revenue bonds; and

(3) That at the time of the issuance of such refunding revenue bonds 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 System for each succeeding year will equal at least 1.30 times the average annual amount required thereafter (exclusive of any term bond year or years as the same are defined in this ordinance) for the payment of the principal of and interest on the Bonds, any revenue bonds that may have been issued on a parity therewith, and such refunding revenue bonds.

The words "net revenue" as used in subparagraph (3) immediately above shall mean the gross operating revenues and receipts of the System after deducting therefrom all necessary expenses of maintenance and operation thereof but before depreciation and annual debt service on any outstanding junior lien revenue bonds or coupon warrants, and such "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) authorized by the City.
Council to be effective by the time of delivery of such refunding revenue bonds.

B. That it further reserves the right to issue refunding revenue bonds and to create a special fund or funds for the payment of the principal thereof and interest thereon into which fund or funds payments may be made out of the gross revenue of the System sufficient to pay the principal thereof and interest thereon and to maintain the required reserves therefor, which such payments may rank equally with the payments out of such gross revenue into the Bond Redemption Fund and Reserve Account therein created herein upon compliance with the following conditions:

(1) Such refunding revenue bonds or their proceeds are used to exchange with prior to their maturity or purchase and retire prior to their maturity an equal principal amount of the Outstanding Prior Lien Revenue Bonds, the Bonds, and/or any and all other revenue bonds of the city which may be hereafter issued on a parity with the Bonds, or any part thereof; and

(2) The issuance of such refunding bonds and retirement of outstanding bonds does not require a greater amount to be paid out of the gross revenue of the System for the principal and interest over the life of the refunding revenue bonds to be issued than required to be paid out of such revenue for the principal and interest due over the life of the bonds being redeemed; and

(3) That the city will require in the ordinance providing for the issuance of such refunding revenue bonds for payments into a reserve account which must be created in the bond redemption fund created to pay the principal of and interest on such refunding bonds within seven years from the date of issue.
of such refunding revenue bonds of a sum at least equal to
the next year's debt service on such refunding bonds, and
shall further provide for additional amounts to be paid into
such account if necessary so that there shall be on deposit
therein at all times after said first seven-year period an
amount at least equal to the next succeeding year's debt
service on such refunding revenue bonds. Any moneys on
deposit in any reserve account created to guarantee the
payment of any such bonds being refunded may be used to
retire part of such bonds or may be transferred to the reserve
account required by this subparagraph to be created to guar­
antee the payment of such refunding revenue bonds.

C. Nothing herein contained shall prevent the city from
issuing revenue bonds or warrants (coupon or otherwise) which
are a charge upon the gross revenue of the System junior or
inferior to the payments to be made into the Bond Redemption
Fund and Reserve Account therein created herein or from issuing
revenue bonds to refund maturing revenue bonds or coupon war­
rants for the payment of which moneys are not otherwise available.

Section 12. The action of the City Council on May 5, 1958
in accepting the written offer of even date of McLean & Company, Inc.,
investment bankers of Tacoma, Washington, to purchase the Bonds under
the terms and conditions thereof as set forth herein and at the price
of $97 per $100 par value, is hereby in all respects ratified and con­
firmed. The proper city officials are hereby authorized and directed
to do everything necessary for the prompt issuance and execution of
the Bonds, for the prompt delivery thereof to said purchaser, and for
the proper use and application of the proceeds of their sale.
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 Council of the City of Kent, Washington, and approved by its Mayor at a regular meeting of said Council held this 19th day of May, 1958.

CITY OF KENT, WASHINGTON

By [Signature]
Mayor

ATTEST:
[Signature]
City Clerk

APPROVED AS TO FORM:
[Signature]
Partner
Of PRESTON, THORGRINSON & HOROWITZ
Special Bond Counsel for the City
Ordinance No. 982

Proceeding for issuance of Water Bonds

$145,000.00

Amending Sec. 13
of Ord. 956