

CITY OF REDMOND, WASHINGTON

ORDINANCE NO. 294

AN ORDINANCE providing for the issuance and sale of \$625,000.00 par value of "Water and Sewer Revenue Bonds, 1962, Series A" to obtain the funds with which to pay the cost of carrying out a portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City of Redmond, Washington, including the system of sewerage as a part thereof, adopted by Ordinance No. 260, and the cost of carrying out a portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City, including the system of sewerage as a part thereof, adopted by Ordinance No. 289, as amended by Ordinance No. 293, herein ordered to be carried out; fixing the date, form, denomination, maturities, interest rates, terms and covenants of said bonds; and providing for the sale and delivery of said bonds to McLean & Company, Inc., of Tacoma, Washington.

WHEREAS, the City of Redmond, Washington (now a City of the third class, having advanced in classification from a fourth class town), by Ordinance No. 200, passed by the Town Council and approved by the Mayor on March 27, 1957, specified and adopted a system or plan for a system of sewerage for the Town and provided that the system of sewerage to be acquired, including all additions, betterments and extensions thereof, should become a part of the waterworks utility of the Town, said combined waterworks system and sewerage system, including all additions thereto and betterments and extensions thereof at any time made, being hereinafter referred to as the "waterworks utility of the City," and authorized the issuance and sale of water and sewer revenue bonds in an amount not to exceed \$305,000.00 par value, which bonds were issued pursuant to Ordinance No. 206, adopted November 13, 1957, under date of December 1, 1957, as "Water and Sewer Revenue Bonds, 1957"; and

WHEREAS, by Section 11 of said Ordinance No. 206, the Town (now City) of Redmond reserved the right to issue additional water and sewer revenue bonds, which shall constitute a charge and lien upon the gross revenues of the waterworks utility, including the sewerage system to be acquired as a part thereof, and including all additions, betterments and extensions thereof at any time made on a parity with said "Water and Sewer Revenue Bonds, 1957," provided the following conditions shall be met and complied with at the time of the issuance of such additional bonds:

"a. That all payments required to be made into the bond redemption fund for the outstanding 'Water Revenue Bonds, 1951,' dated August 1, 1951, shall have been made;

"b. That all payments required by this ordinance and any ordinance hereafter enacted pertaining to said 'Water and Sewer Revenue Bonds, 1957,' shall have been made into the Bond Fund;

"c. That the revenues of the said waterworks utility, including the sewerage system to be acquired as a part thereof, plus the additional revenues reasonably anticipated to be received as a result of the making of the improvements in connection with which the additional revenue bonds are proposed to be issued, shall be and be deemed sufficient, after the payment of normal operation and maintenance costs and taxes, to equal at least 1.40 times the average annual principal and interest requirements of all then outstanding water revenue bonds and/or water and sewer revenue bonds, including the bonds of the issue authorized herein and of the additional water and sewer revenue bonds proposed to be so issued. Such determination of the sufficiency of the revenues shall be made and certified to by either a professional engineer or a certified public accountant experienced in municipal utilities and licensed to practice in the State of Washington; provided, however, that this certificate shall not be required in the event that the additional bonds proposed to be so issued are issued for the purpose of refunding outstanding water and sewer revenue bonds

and the average annual debt service requirements of such proposed additional revenue bonds are not increased over the requirements for the bonds being so refunded; and

"d. That the ordinance authorizing issuance of such additional bonds shall provide that an amount equal to the average annual debt service of the additional bonds proposed to be issued shall be accumulated as a reserve in the bond redemption fund created for such additional bonds or in a separate reserve fund, such amount to be accumulated by monthly deposits commencing not later than one month after the date of issuance of the bonds and to be accumulated within five years after the date of issuance; provided, however, that in the case of refunding bonds the ordinance authorizing the issuance of such refunding bonds shall provide that the moneys in the Reserve Account for the bonds to be refunded shall be transferred to the Reserve Account or a separate reserve fund for the refunding bonds or that the moneys in the Reserve Account for the bonds to be refunded shall be used to redeem such bonds, in which event an amount equal to the average annual debt service for the refunding bonds proposed to be issued shall be accumulated as a reserve in the same manner and within the same times as set forth herein for additional revenue bonds."; and

WHEREAS, pursuant to Ordinance No. 238, \$47,000.00 par value of "Water and Sewer Revenue Bonds, 1960," were issued and sold under date of March 1, 1960, on a parity of lien with said "Water and Sewer Revenue Bonds, 1957," in accordance with the provisions of Section 11 of said Ordinance No. 206, to provide the funds necessary to carry out the system or plan of additions to and betterments and extensions of the waterworks utility of the City, as adopted in said Ordinance No. 238; and

WHEREAS, by Ordinance No. 260, passed by the City Council and approved by the Mayor on July 12, 1961, the City specified and adopted a system or plan of additions to and betterments and extensions of the waterworks utility of the City to provide for the purchase from Highland Service Inc., a

Washington corporation, of the privately installed sewerage system serving a portion of the area commonly known as "Overlake Park," pursuant to an agreement dated July 12, 1961, and authorized the issuance of not to exceed \$250,000.00 par value of "Water and Sewer Revenue Bonds, 1961," to obtain the funds with which to pay the cost thereof, created a special fund to provide for the payment of said bonds, and created a special construction fund against which interest-bearing warrants would be issued; and

WHEREAS, interest-bearing warrants have been issued against said "Water and Sewer Construction Fund, 1961," created by said Ordinance No. 260, in the total principal amount of \$165,000.00, bearing interest at the rate of 5% per annum from date of issuance, for the purpose of paying the cost and expense connected with carrying out a portion of said system or plan of additions to and betterments and extensions of the waterworks utility of the City, but said authorized "Water and Sewer Revenue Bonds, 1961," have not as yet been issued; and

WHEREAS, by Ordinance No. 289, passed by the City Council and approved by the Mayor on July 12, 1962, as amended by Ordinance No. 293, passed by the City Council and approved by the Mayor on September 11, 1962, the City specified and adopted a system or plan of additions to and betterments and extensions of the waterworks utility of the City and provided for the issuance and sale of not to exceed \$625,000.00 par value of water and sewer revenue bonds to obtain the funds with which to pay the cost thereof, said bonds to be combined with the unissued but authorized not to exceed \$250,000.00 of "Water and Sewer Revenue Bonds, 1961," authorized by Ordinance No. 260, and such combined issues to bear such single issue designation as the City Council may determine; and

WHEREAS, it is necessary to issue and sell \$171,500.00 of said authorized not to exceed \$250,000.00 par value of "Water and Sewer Revenue Bonds, 1961," to pay the principal and interest of said outstanding interest-bearing warrants drawn on the "Water and Sewer Construction Fund, 1961," to pay the cost and expense connected with carrying out a portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City, adopted by said Ordinance No. 260, and \$453,500.00 par value of the total authorized not to exceed \$625,000.00 of water and sewer revenue bonds to carry out the portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City adopted by Ordinance No. 289, as amended by Ordinance No. 293, hereinafter ordered to be carried out; and

WHEREAS, the City Council hereby finds and declares that all payments required to be made into the bond redemption fund for the outstanding "Water Revenue Bonds, 1951," and all payments required to be made into the "Town of Redmond Water and Sewer Revenue Bond Fund, 1957," for the outstanding "Water and Sewer Revenue Bonds, 1957," and the outstanding "Water and Sewer Revenue Bonds, 1960," have been made into the respective bond redemption funds and that W. B. Moore of Livingston & Moore, consulting engineers, a professional engineer experienced in municipal utilities and licensed to practice in the State of Washington, has certified that said revenues are sufficient to meet the said 1.40 coverage requirement as evidenced by his certificate to such effect on file with the City Clerk, and provision is hereinafter made for the accumulation of the necessary reserve for the water and sewer revenue bonds now proposed to be issued, NOW, THEREFORE,

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

Section 1. The following portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City of Redmond, Washington, including the system of sewerage as a part thereof adopted by Ordinance No. 289, as amended by Ordinance No. 293, is hereby ordered to be carried out, to-wit:

SEWER COLLECTION SYSTEM

(a) CAMELOT PARK

(Now known as TALLY HO No. 2, 3 and 4; following streets with new appropriate designations.)

Approx. Pipe Size	On	From	To
8"	Seneschal Ave.	220' N. of Bellicent St.	NE 76th St.
8"	Mordred Ave.	250' S. of Bellicent St.	NE 76th St.
8"	Bellicent St.	160' W. of Mordred Ave.	Mordred Ave.
8"	NE 76th St.	Seneschal Ave.	Pellinore Ave.
8"	Pellinore Ave.	NE 76th St.	520' N. of NE 76th St.
8"	Easement	Pellinore Ave. 520' N. of NE 76th St.	Ctr. cul de sac extending NE from King Arthur Court
8"	King Arthur Court	160' N. of NE 76th St.	Sagamore Ave.
8"	cul de sac extending NW from King Arthur Court	King Arthur Ct.	Ctr. cul de sac
8"	Sagamore Ave.	King Arthur Ct.	Lionel Court
8"	Nimue Place	Sagamore Ave.	Ctr. cul de sac
8"	Lionel Court	Lancelot Lane	450' W.
8"	Easement	Intersection Lionel Ct. & Lancelot Lane	140th Ave. NE
8"	Gareth Place	Camelot Park Dr.	Ctr. cul de sac

Approx. Pipe Size	On	From	To
8"	Camelot Park Drive	Gareth Place	Queen Guinevere Lane
8"	Queen Guinevere Lane	Camelot Park Drive	170' E. intersection of Camelot Park Dr. & Queen Guinevere Lane
8"	Camelot Park Drive	170' N. of Gareth Place	Dinadan Street
8"	Dinadan St.	Camelot Park Drive	Sagamore Ave.
8"	Sagamore Ave.	80' S. of Knight Place	Dinadan Street
8"	Knight Place	Sagamore Ave.	Ctr. cul de sac
8"	Easement	Dinadan St.	Queen Guinevere Lane
8"	cul de sac extending NE from Queen Guinevere Lane	Queen Guinevere Lane	Ctr. cul de sac
8"	Easement	Queen Guinevere Lane	NE 76th St.
8"	Camelot Park Drive	150' N. of Dinadan St.	NE 76th Street
8"	Morgan Place	Camelot Park Dr.	Ctr. cul de sac
8"	NE 76th St.	80' W. of King Arthur Ct.	120' W. of 140th Ave. NE
8"	Gawain Place	NE 76th St.	Ctr. cul de sac
8"	Easement	Ctr. cul de sac Gawain Pl.	Lancelot Lane
8"	Merlin Place	Sagamore Ave.	Ctr. cul de sac
8"	Sagamore Ave.	70' S. of Merlin Place	Lancelot Lane
8"	Lancelot Lane	Sagamore Ave.	Lionel Court

(b) RADTKE ADDITION

Approx. Pipe Size	On	From	To
8"	NE 89th St.	168th Ave. NE	166th Ave. NE

TRUNK SEWERS

(a) REDMOND SUNSET TERRACE
& ALLISON ADDITION

<u>Approx. Pipe Size</u>	<u>On</u>	<u>From</u>	<u>To</u>
8"	Easement Adja- cent to W. Bdy. of Valleyview Hilltop Addition Div. No. 1	NE 99th St.	NE 98th St.
8"	NE 98th St.	300' E. of Wood- inville-Redmond Road	Woodinville-Redmond Road
8"	Woodinville- Redmond Rd.	NE 98th St.	Existing Sewer Line on Woodinville- Redmond Road

(b) CAMELOT PARK, WELCOME ADDITION
& CEDARWOOD ADDITION

<u>Approx. Pipe Size</u>	<u>On</u>	<u>From</u>	<u>To</u>
10"	140th Ave. NE	300' S. of NE 80th St.	NE 80th St.
10"	NE 80th St.	140th Ave. NE	Kirkland-Redmond Road
10"	Kirkland- Redmond Rd.	NE 80th St.	Redmond Sewage Treatment Plant

(c) NEW HIGH SCHOOL

<u>Approx. Pipe Size</u>	<u>On</u>	<u>From</u>	<u>To</u>
8"	NE 104th St.	172nd Ave. NE	166th Ave. NE
8"	166th Ave. NE	NE 104th St.	Existing Sewer Line on 166th Ave. NE

(2) There shall be constructed and installed the following water lines:

<u>Approx. Pipe Size</u>	<u>Along</u>	<u>From</u>	<u>To</u>
8"	Easement	Redmond No. 1 Dam	NE 100th St. Extended E.

Approx. Pipe Size	Along	From	To
8"	Easterly Ext. of NE 100th St.	Easement	171st Ave. NE
8"	172nd Ave. NE extended N.	NE 100th St.	NE 104th St.
8"	NE 104th St.	172nd Ave. NE	500' W. of 172nd Ave. NE
8"	171st Ave. NE	NE 100th St.	NE 95th St.
8"	Redmond Way	NE 77th St.	NE 79th St.
8"	Leary Way	159th Pl. NE	SSH 2-D
6"	171st Ave.	NE 88th St.	950' N. of NE 80th St.

(3) A 0.5 mgd water storage tank shall be constructed and installed at the No. 1 Dam and the City shall acquire by purchase of the following described real property, to-wit:

The East Half of the Northeast Quarter of the Southeast Quarter of the Southwest Quarter of Section 36, Township 26 North, Range 5 East, W.M., LESS the North 30 feet thereof for road,

all in King County, Washington,

and shall construct and install thereon a 2.0 mgd water storage tank.

(4) The pump station at No. 1 Dam shall be remodeled to include increased pump capacity.

(5) The City shall purchase and install all valves, meters, accessories and appurtenances necessary for the proper operation of the above-described water system improvement.

Section 2. For the purpose of providing the funds necessary to pay the cost of carrying out a portion of the system or plan for making additions to and betterments and extensions of the waterworks utility of the City, as adopted by Ordinance No. 260 and as evidenced by interest-bearing warrants heretofore issued against the "Water and Sewer Construction Fund, 1961,"

created by said Ordinance No. 260, and for the purpose of providing the funds necessary to carry out the portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City adopted by Ordinance No. 289, as amended by Ordinance No. 293, and ordered to be carried out by Section 1 above, there shall be issued and sold \$171,500.00 par value of the not to exceed \$250,000.00 par value of "Water and Sewer Revenue Bonds, 1961," authorized by said Ordinance No. 260, and \$453,500.00 par value of the total not to exceed \$625,000.00 par value of water and sewer revenue bonds authorized by Ordinance No. 289, as amended by Ordinance No. 293, said two issues of bonds to be combined and issued as a single series of bonds and to be designated as "Water and Sewer Revenue Bonds, 1962, Series A" (hereinafter called the "Bonds"), in the total principal amount of \$625,000.00 par value. The Bonds shall be dated October 1, 1962, shall bear interest at the rates hereinafter set forth, payable semiannually on June 1 and December 1 of each year with the first interest coupons becoming due on June 1, 1963, for interest covering the period October 1, 1962, through May 31, 1963, 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 rates after the bond maturity dates until the Bonds with interest are paid in full; shall be in denominations of \$1,000.00 each; and shall be numbered from 1 to 625, inclusive. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the City Treasurer of the City of Redmond, Washington. The Bonds shall be payable solely out of the special fund created and established in the office of the City Treasurer by Ordinance No. 260 and designated

therein as the "Water and Sewer Revenue Bond Fund, 1961," which fund shall hereafter be known and designated as the "Water and Sewer Revenue Bond Fund, 1962," (hereinafter called the "Bond Fund"). The Bonds shall be a valid claim of the holder thereof only as against the Bond Fund and the fixed amount of the revenues of the waterworks utility of the City pledged to such fund and shall not be a general obligation of the City of Redmond. The Bonds shall mature and shall bear interest in accordance with the following schedule:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Interest Rates</u>	<u>Maturities</u>
1 to 5	\$5,000	4 %	December 1, 1964
6 to 10	\$5,000	4 %	December 1, 1965
11 to 16	\$6,000	4 %	December 1, 1966
17 to 22	\$6,000	4 %	December 1, 1967
23 to 28	\$6,000	4 %	December 1, 1968
29 to 35	\$7,000	4 %	December 1, 1969
36 to 42	\$7,000	4 %	December 1, 1970
43 to 49	\$7,000	4 %	December 1, 1971
50 to 57	\$8,000	4 %	December 1, 1972
58 to 64	\$7,000	4 1/4%	December 1, 1973
65 to 72	\$8,000	4 1/4%	December 1, 1974
73 to 80	\$8,000	4 1/4%	December 1, 1975
81 to 88	\$8,000	4 1/4%	December 1, 1976
89 to 97	\$9,000	4 1/4%	December 1, 1977
98 to 106	\$9,000	4 1/4%	December 1, 1978
107 to 115	\$9,000	4 1/4%	December 1, 1979
116 to 126	\$11,000	4 1/4%	December 1, 1980
127 to 137	\$11,000	4 1/4%	December 1, 1981
138 to 148	\$11,000	4 1/4%	December 1, 1982
149 to 159	\$11,000	4 1/4%	December 1, 1983
160 to 171	\$12,000	4 1/4%	December 1, 1984
172 to 184	\$13,000	4 1/4%	December 1, 1985
185 to 197	\$13,000	4 1/4%	December 1, 1986
198 to 211	\$14,000	4 1/4%	December 1, 1987
212 to 226	\$15,000	4 1/4%	December 1, 1988
227 to 241	\$15,000	4 1/4%	December 1, 1989
242 to 282	\$41,000	4 1/4%	December 1, 1990
283 to 325	\$43,000	4 1/4%	December 1, 1991
326 to 370	\$45,000	4 1/4%	December 1, 1992
371 to 417	\$47,000	4 1/4%	December 1, 1993
418 to 466	\$49,000	4 1/4%	December 1, 1994
467 to 517	\$51,000	4 1/4%	December 1, 1995
518 to 570	\$53,000	4 1/4%	December 1, 1996
571 to 625	\$55,000	4 1/4%	December 1, 1997

The City of Redmond reserves the right to redeem any or all of the outstanding Bonds as a whole or in part, in inverse numerical order, on December 1, 1967, or on any

semiannual interest payment date thereafter upon terms of par and accrued interest plus a premium of 2 1/2% of the principal amount thereof if called for redemption on December 1, 1967, and thereafter the amount of such premium shall be reduced 1/4 of 1% for each full year that the redemption is subsequent to December 1, 1967, so that on and after December 1, 1977, the terms of such redemption will be par and accrued interest.

Notice of any call for redemption of the Bonds prior to their stated maturity dates shall be published once in the official newspaper of the City not less than 30 or more than 45 days prior to the date of redemption. Notice of such call for redemption shall also be mailed to McLean & Company, Inc., 772 Commerce Street, Tacoma, Washington, or its successors, within the same period. Interest on any Bonds so called for redemption shall cease on the date fixed for such redemption upon payment of the redemption price into the Bond Fund.

Section 3. The Bond Fund is hereby divided into a "Principal and Interest Account" and a "Reserve Account." So long as Bonds are outstanding against the Bond Fund, the Treasurer of the City of Redmond shall set aside and pay into the Bond Fund, out of the gross revenues of the waterworks utility of the City, a fixed amount without regard to any fixed proportion, on or before the 20th day of each month, namely:

(a) Into the "Principal and Interest Account," beginning with the month of December, 1963, and continuing thereafter, 1/12th of the next ensuing twelve months' requirements of both principal and interest on the Bonds; and

(b) Into the "Reserve Account," beginning with the month of October, 1962, 1/60th of an amount equal to the average annual debt service requirements for the Bonds, which total reserve requirement equal to the average annual debt service requirements for the Bonds shall be accumulated in substantially equal monthly amounts over a period of five years until the total reserve shall have been accumulated therein by no later than October, 1, 1967.

The "Reserve Account" may be accumulated from any other moneys which the City of Redmond may have available for such purpose, in addition to using said revenues therefor. The "Reserve Account" shall, except for withdrawals therefrom as authorized herein, after the said sum equal to the average annual debt service requirements for the Bonds has been accumulated therein, be maintained in such amount at all times so long as any of the Bonds is outstanding, PROVIDED, HOWEVER, that when the total amount in the Bond Fund shall equal the total amount of the principal and interest on all outstanding Bonds to the last maturity thereof, no further payments need be made into the Bond Fund.

In the event that there shall be a deficiency in the "Principal and Interest Account" in the Bond Fund to meet maturing installments of either principal or interest as the case may be, such deficiency shall be made up from the "Reserve Account" by the withdrawal of cash therefrom for that purpose. Any deficiency created in the "Reserve Account" by reason of any such withdrawal shall then be made up from the moneys from the revenues of the waterworks utility of the City first available after making necessary provisions for the required payment into the "Principal and Interest Account." The moneys in the "Reserve Account" shall otherwise be held intact, and may be applied against the last outstanding Bonds.

All moneys in the "Reserve Account," above provided for, may be kept on deposit in the official bank depository of the City of Redmond or in any national bank or may be invested in United States Government obligations maturing not later than twelve years from date of issue and in no event later than

November 1, 1997. Interest on any such investment or on such bank account shall be deposited in and become a part of the "Reserve Account" until there shall be a total reserve equal to the average annual debt service requirements for the Bonds accumulated therein.

The gross revenues from the waterworks utility of the City are hereby pledged to such payments and the Bonds shall constitute a charge or lien upon such gross revenues prior and superior to all other liens and charges whatsoever, excluding charges for maintenance and operation, except that the charge or lien upon such gross revenues for the said Bonds shall be on a parity with the charge or lien upon the same for the outstanding "Water and Sewer Revenue Bonds, 1957," dated December 1, 1957, the outstanding "Water and Sewer Revenue Bonds, 1960," dated March 1, 1960, and any additional revenue bonds, including any subsequent series of the total not to exceed \$875,000.00 par value of water and sewer revenue bonds authorized to be issued by Ordinance No. 260 and Ordinance No. 289, as amended by Ordinance No. 293, hereafter issued on a parity therewith in accordance with the provisions of Section 11 of Ordinance No. 206, but the said charge or lien upon such gross revenues shall be subordinate and inferior to the prior charge or lien upon the same for the payment of the outstanding "Water Revenue Bonds, 1951," dated August 1, 1951.

Section 4. The City Council and corporate authorities of the City of Redmond hereby declare that in creating the Bond Fund and in fixing the amounts to be paid into it as aforesaid they have considered and had due regard for the cost of operation and maintenance of the waterworks utility of the City and have not set aside into the Bond Fund a greater amount or proportion of the revenues and proceeds than in their judgement will be

available over and above the costs of maintenance and operation of said waterworks utility of the City, and the debt service requirements for the presently outstanding "Water Revenue Bonds, 1951," dated August 1, 1951, the outstanding "Water and Sewer Revenue Bonds, 1957," dated December 1, 1957, and the outstanding "Water and Sewer Revenue Bonds, 1960," dated March 1, 1960, heretofore referred to.

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

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

(b) That it will establish, maintain and collect such rates and charges for water and sanitary sewage disposal service so long as any Bonds are outstanding as will make available for the payment of the principal of and interest on such Bonds an amount equivalent to at least 1.40 times the average annual debt service

requirements, both principal and interest, of the Bonds and of the outstanding "Water Revenue Bonds, 1951," dated August 1, 1951, the outstanding "Water and Sewer Revenue Bonds, 1957," dated December 1, 1957, the outstanding "Water and Sewer Revenue Bonds, 1960," dated March 1, 1960, and for any bonds hereafter issued on a parity of lien with the Bonds, in accordance with the provisions of Section 11 of Ordinance No. 206, after deducting the cost of maintenance and operation and taxes from the revenues of the waterworks utility of the City.

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

(d) That it will pay all costs of maintenance and operation of the waterworks utility of the City and the debt service requirements of the outstanding "Water Revenue Bonds, 1951," dated August 1, 1951, the outstanding "Water and Sewer Revenue Bonds, 1957," dated December 1, 1957, and the outstanding "Water and Sewer Revenue Bonds, 1960," dated March 1, 1960, and otherwise meet the obligations of the City as herein set forth.

(e) That it will, while any of the Bonds remains outstanding, keep proper and separate accounts and records in which complete and correct entries shall be made of all transactions relating to the waterworks utility of the City, and it will furnish the original purchaser or purchasers of the Bonds or any subsequent holder or holders thereof, at the written request of such holder or holders, complete operating and income statements of said utility in reasonable detail covering any calendar year, showing the financial condition of the water and sewer departments and compliance with the terms and conditions of this Ordinance, not more than 120 days after the close of such calendar year, and it will grant any holder or holders of at least twenty-five per cent of the outstanding Bonds the right at all reasonable times to inspect the entire waterworks utility of the City and all records, accounts and data of the City relating thereto. Upon request of any holder of any of said Bonds, it will also furnish to such holder a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington or independent certified public accountant.

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

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

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

No. _____ \$1,000.00

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF REDMOND

WATER AND SEWER REVENUE BOND, 1962, SERIES A

_____%

KNOW ALL MEN BY THESE PRESENTS: That the City of Redmond, Washington, for value received hereby promises to pay to bearer on the 1ST DAY OF DECEMBER, 19____, the principal sum of

ONE THOUSAND DOLLARS

together with interest thereon at the rate of _____ PER CENT (____%) per annum from the date hereof until the said principal sum is paid in full or until this bond, if callable, shall have been duly called for redemption and the redemption price, including interest to such call date, deposited in the "Water and Sewer Revenue Bond Fund, 1962," of the City. Interest is payable semiannually on June 1 and December 1 of each year. Interest falling due on and prior to maturity is

evidenced by and payable upon the surrender of the attached interest coupons as they severally become due, with full obligation on the part of the City to pay interest at the same rate from and after the bond maturity date until this bond with interest is paid in full or moneys are available in the "Water and Sewer Revenue Bond Fund, 1962," for payment in full. 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 of Redmond, Washington, solely out of the special fund created by Ordinance No. 260 and designated, by Ordinance No. 294, as the "Water and Sewer Revenue Bond Fund, 1962," (hereinafter called the "Bond Fund"), into which fund the City of Redmond hereby irrevocably binds itself to pay certain fixed amounts out of the gross revenues of the waterworks utility of the City now belonging or which may hereafter belong to the City, including all additions, replacements, extensions and betterments now or at any time hereafter made or constructed, without regard to any fixed proportion, namely, an amount sufficient to pay the principal of and interest on the bonds of this issue as they respectively become due and to create a reserve, all at the times and in the manner set forth in Ordinance No. 294. The bonds of this issue are not a general obligation of the City.

This bond is one of a total authorized issue of not to exceed \$875,000.00 par value of water and sewer revenue bonds, none of which has heretofore been issued. The bonds of this series, denominated "Water and Sewer Revenue Bonds, 1962, Series A," are all of like date, tenor and effect, except as to maturities and interest rates, all payable from the Bond Fund and all issued by the City under and pursuant to the laws of the State of Washington and Ordinances Nos. 260 and 289, as amended by Ordinance No. 293, and Ordinance No. 294, of the City of Redmond, for the purpose of providing funds to pay the cost and expense of carrying out a portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City, including the sewerage system as a part thereof, adopted by Ordinance No. 260, and the cost and expense of carrying out a portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City, including the sewerage system as a part thereof, adopted by Ordinance No. 289,

as amended by Ordinance No. 293. Reference is made to said ordinances as more fully describing the covenants with and rights of holders of bonds of this issue.

The City of Redmond reserves the right to redeem any or all of the outstanding bonds of this series as a whole or in part, in inverse numerical order, on December 1, 1967, or on any semiannual interest payment date thereafter upon terms of par and accrued interest plus a premium of 2 1/2% of the principal amount thereof if called for redemption on December 1, 1967, and thereafter the amount of such premium shall be reduced 1/4 of 1% for each full year that the redemption is subsequent to December 1, 1967, so that on and after December 1, 1977, the terms of such redemption will be par and accrued interest.

Notice of any call for redemption of said bonds prior to their stated maturity dates shall be published once in the official newspaper of the City not less than 30 nor more than 45 days prior to the date of redemption. Notice of such call for redemption shall also be mailed to McLean & Company, Inc., 772 Commerce Street, Tacoma, Washington, or its successors, within the same period. 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 gross revenues from the waterworks utility, including the sewerage system as a part thereof, together with all additions thereto and betterments and extensions thereof at any time made, are hereby pledged for the payment of the bonds of this series at any time outstanding, both principal and interest, and such payment and pledge shall constitute a charge or lien upon such gross revenues prior and superior to all other charges and liens whatsoever, excluding charges for maintenance and operation, except that the charge or lien upon such gross revenues for the bonds of this series shall be on a parity with the charge or lien upon the same for the outstanding "Water and Sewer Revenue Bonds, 1957," dated December 1, 1957, the outstanding "Water and Sewer Revenue Bonds, 1960," dated March 1, 1960, and any additional revenue bonds, including any subsequent series of the total not to exceed \$875,000.00 par value of water and sewer revenue bonds authorized to be issued by Ordinance No. 260 and Ordinance No. 289, as amended by Ordinance No. 293,

hereafter issued on a parity therewith in accordance with the provisions of Section 11 of Ordinance No. 206, but the said charge or lien upon such gross revenues shall be subordinate and inferior to the prior charge or lien upon the same for the payment of the outstanding "Water Revenue Bonds, 1951," dated August 1, 1951.

The City of Redmond hereby covenants and agrees with the holder of this bond that it will keep and perform all the covenants of this bond and of Ordinance No. 294 to be by it kept and performed, and it further covenants and agrees to maintain in good condition and to operate said waterworks utility, including the sewerage system as a part thereof, and to establish, maintain and collect such rates and charges in connection therewith as will produce the gross revenues necessary to meet the obligations of the City, as herein set forth and as set forth in Ordinance No. 294.

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

IN WITNESS WHEREOF, the City of Redmond, Washington, has caused this bond to be signed by its Mayor and attested by its Clerk and its corporate seal to be hereto affixed and the interest coupons attached to be signed with the facsimile signatures of said officials this first day of October, 1962.

CITY OF REDMOND, WASHINGTON

By _____
MAYOR

ATTEST:

CITY CLERK

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

Coupon No. _____

\$ _____

On the FIRST DAY OF (JUNE) (DECEMBER), 19____, the CITY OF REDMOND, WASHINGTON, upon presentation and surrender of this coupon, will pay to bearer at the office of the City Treasurer the sum of _____ DOLLARS (\$ _____) in lawful money of the United States of America, from the special fund of the City known as the "Water and Sewer Revenue Bond Fund, 1962," said sum being six months' (eight months' on Coupon No. 1) interest then due on its "Water and Sewer Revenue Bond," dated October 1, 1962, and numbered _____.

CITY OF REDMOND, WASHINGTON

By _____
MAYOR

ATTEST:

CITY CLERK

Section 7. The Bonds shall be printed on lithographed forms, shall be signed by the Mayor and attested by the City Clerk, and shall have the seal of the City of Redmond, Washington, affixed thereto, and the coupons shall bear the facsimile signatures of the Mayor and the City Clerk.

Section 8. The proceeds from the sale of the Bonds shall be used for the sole purpose of paying and redeeming the outstanding \$165,000.00 principal amount of interest-bearing warrants issued against the "Water and Sewer Construction Fund, 1961," created by Ordinance No. 260 for the purpose of paying

the cost and expenses connected with carrying out a part of the system or plan of additions to and betterments and extensions of the waterworks utility of the City as adopted by said Ordinance No. 260, and of paying the cost of carrying out the portion of the system or plan of additions to and betterments and extensions of the waterworks utility of the City adopted by Ordinance No. 289, as amended by Ordinance No. 293, and ordered to be carried out in Section 1 above.

Section 9. McLean & Company, Inc., of Tacoma, Washington, heretofore submitted an offer to purchase the Bonds at a price of \$97.00 per each \$100.00 principal amount of said Bonds, together with accrued interest from the date of issuance to the date of delivery of the Bonds to said purchaser, the City to furnish the necessary legal proceedings, the printed Bonds, and the unqualified approving legal opinion of Roberts, Shefelman, Lawrence, Gay & Moch, municipal bond counsel of Seattle, Washington, at the expense of the City. The City Council, being of the opinion that no better price could be obtained for the Bonds and that it was in the best interest of the City that said offer be accepted, duly accepted the same on September 11, 1962, and said acceptance is hereby ratified and confirmed. The proper City officers are, therefore, hereby directed to issue and deliver the Bonds to McLean & Company, Inc., in accordance with said offer upon payment therefor as stated. The City Treasurer shall deposit the accrued interest received, together with a sufficient amount of the principal proceeds to equal \$30,825.00, being the interest payable on the Bonds on June 1, 1963, and December 1, 1963, in the Bond Fund, and the balance of the principal proceeds received from the sale of the Bonds in the "Water and Sewer Construction Fund" of the City.

PASSED by the City Council and APPROVED by the Mayor
at a recessed regular meeting thereof in the City of Redmond,
Washington, this 27th day of September, 1962.


MAYOR

ATTEST:


CITY CLERK

APPROVED AS TO FORM:


City Attorney