

CITY OF REDMOND, WASHINGTON

ORDINANCE NO. 590

AN ORDINANCE providing for the issuance of \$560,417.83 par value of "Water and Sewer Revenue Bonds, 1972," for the purpose of obtaining funds to pay part of the cost of carrying out 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, specified and adopted in Ordinance No. 520, and relating to Utility Local Improvement District No. 70-SS-16; fixing the form, date, maturities, interest rates, covenants and terms of such bonds; and providing for the sale of such bonds to Seattle-Northwest Securities Corporation of Seattle, Washington.

WHEREAS, Ordinance No. 520, passed and approved March 17, 1970, specified and adopted a system or plan of additions to and betterments and extensions of the waterworks utility of the City, estimated the cost thereof at \$967,932.00, created Utility Local Improvement District No. 70-SS-16 to pay part of the cost of such improvement and authorized the issuance of not to exceed \$719,572.00 of water and sewer revenue bonds; and

WHEREAS, the total cost of the improvement constructed in Utility Local Improvement District No. 70-SS-16 was approximately \$952,000.00, and the City contributed \$296,800.00 from proceeds received from Federal and State grants and from other available moneys as its share of such costs, and the assessment roll in that district was confirmed at \$560,417.83; and

WHEREAS, the City Council hereby finds and declares that 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, 1962, Series A," into the "Water and Sewer Refunding and Construction Revenue Bond Fund, 1967," for the outstanding "Water and Sewer Refunding and Construction Revenue Bonds, 1967," and "Water and Sewer Revenue Bonds, 1968,"

and into the "Water and Sewer Revenue Bond Fund, 1970," for the outstanding Water and Sewer Revenue Bonds, 1970," have been made into the respective bond redemption funds; NOW, THEREFORE,

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

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

(a) "Bonds" shall mean the "Water and Sewer Revenue Bonds, 1972," authorized to be issued by this ordinance, and which were originally designated in Ordinance No. 520 as the "Water and Sewer Revenue Bonds, 1970."

(b) "Bond Fund" shall mean the "Water and Sewer Revenue Bond Fund, 1970," created by Ordinance No. 535 in the office of the City Treasurer.

(c) "City" shall mean the City of Redmond, Washington.

(d) "Future Parity Bonds" shall mean any and all water and sewer revenue bonds of the City issued after the date of the issuance of the Bonds, the payment of the principal of and interest on which constitutes a lien and charge on the revenue of the waterworks utility of the City equal in rank with the lien and charge upon such revenue required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on the 1970 Bonds and the Bonds.

(e) "1970 Bonds" shall mean the "Water and Sewer Revenue Bonds, 1970" of the City authorized by Ordinance No. 535.

(f) "Operating and maintenance expenses" shall mean all reasonable expenses incurred by the City in causing the waterworks utility of the City to be operated and maintained in good repair, working order and condition, but shall not include any depreciation.

(g) "Prior Lien Bonds" shall mean the outstanding "Water and Sewer Revenue Bonds, 1962, Series A," the outstanding "Water and Sewer Refunding and Construction Revenue Bonds, 1967," the

outstanding "Water and Sewer Revenue Bonds, 1968," and any additional water and sewer revenue bonds hereafter issued on a parity of lien therewith in accordance with the provisions of Section 11 of Ordinance No. 206 and Section 13 of Ordinance No. 420.

(h) "Revenue of the waterworks utility of the City" shall mean all the earnings and revenue received by the waterworks utility of the City from any source whatsoever, except general ad valorem taxes, U.L.I.D. assessments, proceeds from the sale of City property, and bond proceeds.

(i) "Term Bond Maturity Year" shall mean any last calendar year in which the bonds of any one issue or series now or hereafter scheduled to mature (regardless of any reservation of prior redemption rights) is more than 1.25 times the average annual principal maturity on the bonds of such issue or series for the three maturity years immediately preceding such term bond maturity year.

(j) "Term Bonds" shall mean those outstanding bonds of any single issue or series scheduled to mature in any term bond maturity year.

(k) "U.L.I.D." shall mean utility local improvement district.

(l) "U.L.I.D. assessments" shall mean the assessments levied in such utility local improvement districts of the City as may have heretofore and hereafter be created under state law which may authorize the creation of the same and shall include installments thereof and interest and any penalties thereon.

Section 2. Of the total of \$719,572.00 of water and sewer revenue bonds authorized by Ordinance No. 520, the authorization of \$159,154.17 thereof is not needed and is hereby cancelled.

Section 3. For the purpose of providing the funds with which to carry out the systems or plans of additions to and

betterments and extensions of the waterworks utility specified and adopted in Ordinance No. 520, there shall be issued and sold \$560,417.83 par value of the Bonds (originally designated in Ordinance No. 520 as "Water and Sewer Revenue Bonds, 1970," and by this ordinance now designated as "Water and Sewer Revenue Bonds, 1972"). The Bonds shall be dated September 1, 1972, shall bear interest at the rate of 5.75% per annum payable semiannually on March 1 and September 1 of each year, 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 bond rate from and after the maturity dates until the Bonds with interest are paid in full; and shall be in denominations of \$5,000.00 each, except that Bond No. 1 shall be in the denomination of \$5,417.83. 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 Bond Fund. The Bonds shall be a valid claim of the holders 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 be numbered and shall mature in accordance with the following schedule:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Maturities</u>
1 to 7	\$35,417.83	September 1, 1974
8 to 17	50,000.00	September 1, 1975
18 to 27	50,000.00	September 1, 1976
28 to 37	50,000.00	September 1, 1977
38 to 47	50,000.00	September 1, 1978
48 to 57	50,000.00	September 1, 1979
58 to 67	50,000.00	September 1, 1980
68 to 77	50,000.00	September 1, 1981
78 to 90	65,000.00	September 1, 1982
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91 to 112	110,000.00	September 1, 1984

Bonds numbered 1 to 77, inclusive, maturing September 1, 1974, to September 1, 1981, inclusive, shall be issued without the right or option of the City to call the same for redemption prior to their stated maturity dates.

Bonds numbered 78 to 112, inclusive, maturing September 1, 1982, to September 1, 1984, inclusive, may be redeemed as a whole prior to their stated maturity dates on or after March 1, 1982, at par plus accrued interest to the date fixed for such redemption solely from the proceeds of a refunding bond issue.

The City reserves the right and option to redeem bonds numbered 91 to 112, inclusive, maturing on September 1, 1984, prior to their stated maturity date as a whole, or in part in inverse numerical order, on any interest payment date on or after September 1, 1973, at par plus accrued interest to the date fixed for such redemption from surplus revenue of the waterworks utility of the City or from U.L.I.D. assessments paid into the Bond Fund, but assessments may be used for such prior redemption only if (1) provision is made within the Principal and Interest Account of the Bond Fund for the mandatory principal and interest payments due within six months next after the date fixed for such redemption on the then outstanding 1970 Bonds and the Bonds; and (2) the total amount required to be deposited into the Reserve Account of the Bond Fund has been so accumulated.

Notice of any call for the redemption of any of the Bonds prior to their respective 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 interest coupon due date on which the Bonds would be redeemed. Notice of such call for redemption shall also be mailed to Seattle-Northwest Securities Corporation, at its principal place of business in Seattle, Washington, or its successors, not less than 30 nor more than 45 days prior to the interest coupon due date upon which the Bonds would be redeemed. In addition, such redemption notices shall also be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their offices in New York, New York, but such notices shall not be a condition precedent to any such redemption. Interest on any Bonds so called for redemption shall cease on such interest coupon

due date upon payment of the call price into the Bond Fund.

The City further reserves the right to purchase any or all of the Bonds in the open market at any time at a price not in excess of the redemption price payable on the next call date after such purchase.

Section 4. The Bond Fund has heretofore been created by Ordinance No. 535 in the office of the City Treasurer. 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 shall set aside and pay into the Bond Fund all U.L.I.D. assessments paid in U.L.I.D. Nos. 68-W-12, 69-SS-15 and 70-SS-16 and out of the revenue of the waterworks utility of the City, a fixed amount without regard to any fixed proportion, namely:

(a) Into the Principal and Interest Account, at least twenty days prior to each interest payment date and each principal payment date, an amount, together with U.L.I.D. assessments paid into the Bond Fund, sufficient to pay the interest payable on the Bonds on such interest payment date and the principal amount maturing on each maturity date of the 1970 Bonds and the Bonds.

(b) Into the Reserve Account, upon the adoption of this ordinance, all moneys now deposited in the Bond Fund and all U.L.I.D. assessments now and hereafter collected on the assessment roll of U.L.I.D. Nos. 68-W-12, 69-SS-15 and 70-SS-16 in excess of the amounts required by subparagraph (a) hereof to be paid into the Principal and Interest Account until a total reserve of \$64,448.00 shall be accumulated therein by no later than September 1, 1975. In the event that such assessment collections are inadequate to accumulate such reserve by September 1, 1975, any deficiency shall be made up from the revenue of the waterworks utility of the City.

The District further agrees that when the total required reserve has been paid into the Reserve Account, it will at all times, except for withdrawals therefrom as authorized herein, maintain such amount therein until there is a sufficient amount in the Principal and Interest Account and Reserve Account to pay the principal of and interest to maturity on all the outstanding 1970 Bonds and the Bonds. When the total amount in the Bond Fund shall equal the total amount of principal and interest requirements

of all outstanding 1970 Bonds and the Bonds to the last maturity thereof, no further payments need be made into the Bond Fund.

The Reserve Account shall be used for the sole purpose of making up any deficiency existing in the Principal and Interest Account to meet maturing installments of either principal or interest, as the case may be, of any or all outstanding 1970 Bonds and the Bonds. Any deficiency created in the Reserve Account by reason of any such withdrawal therefrom shall be made up from the revenue of the waterworks utility of the City and/or U.L.I.D. assessments payable into the Bond Fund first available after making necessary provisions for the required payments into the Principal and Interest Account. Moneys in the Reserve Account may also be used to pay the last maturing outstanding Bonds.

All moneys in the Bond Fund not needed to meet the payments of principal and interest when due may be kept on deposit in the official bank depository of the City or in any national bank or may be invested in United States Government obligations maturing not later than the interest or principal and interest payment date when such moneys will be needed. Interest on any such investment or on such bank account shall be deposited in and become a part of the Bond Fund.

The City Council and corporate authorities of the City hereby declare that in fixing the amounts to be paid into the Bond Fund 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 revenue of the waterworks utility of the City than in their judgment will be available over and above the cost of maintenance and operation of the waterworks utility of the City and the debt service and reserve requirements for the presently outstanding Prior Lien Bonds.

Section 5. All U.L.I.D. assessments in Utility Local Improvement Districts Nos. 68-W-12, 69-SS-15 and 70-SS-16 and all revenue of the waterworks utility of the City are hereby pledged to the payments required to be made into the Bond Fund, and the Bonds shall constitute a charge and lien upon such assessments and revenue prior and superior to all other charges and liens whatsoever, excluding charges for maintenance and operation of such utility, except that the charge and lien upon such assessments and revenue for the Bonds shall be on a parity with the charge and lien thereon for the 1970 Bonds and except further that the charge and lien upon such revenue for the Bonds shall be junior to the charge and lien upon such revenue for the outstanding Prior Lien Bonds and shall be on a parity with the charge and lien upon such revenues for any Future Parity Bonds.

Section 6. The Bonds and the interest coupons attached thereto shall be in substantially the following form:

No. _____ \$5,000.00
(\$5,417.83 on Bond No. 1)

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF REDMOND

WATER AND SEWER REVENUE BOND, 1972

5.75%

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

(FIVE THOUSAND FOUR HUNDRED SEVENTEEN AND 83/100 DOLLARS)

(FIVE THOUSAND DOLLARS)

together with interest thereon at the rate of FIVE AND SEVENTY-FIVE HUNDREDTHS PERCENT (5.75%) per annum from the date hereof until the 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, has been deposited in the "Water and Sewer Revenue Bond Fund, 1970," (hereinafter called the "Bond Fund") of the City. Interest is

payable semiannually on each March 1 and September 1. 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 Bond Fund 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 Bond Fund, into which fund the City of Redmond hereby irrevocably binds itself to pay all special assessments, installments thereof, and interest and penalties thereon, paid in Utility Local Improvement Districts Nos. 68-W-12, 69-SS-15 and 70-SS-16 of the City and certain fixed amounts out of the gross revenues of the waterworks utility of the City, including the sewerage system as a part thereof, 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, amounts, together with such assessments, sufficient to pay the principal of and interest on the bonds of this issue as they respectively become due in the manner set forth in Ordinance No. _____. The bonds of this issue are not a general obligation of the City.

This bond is one of a total issue of \$560,417.83 par value of bonds, all of like date, tenor and effect, except for denominations, maturities and redemption requirements, all payable from the Bond Fund and all issued by the City under and pursuant to the laws of the State of Washington and Ordinance No. _____ of the City for the purpose of providing funds to pay the cost and expense of carrying out portions 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. 520. Reference is hereby made to Ordinance No. _____ as more fully describing the covenants with and rights of holders of bonds of this issue.

Bonds numbered 1 to 77, inclusive, maturing September 1, 1974, to September 1, 1981, inclusive, are issued without the right or option of the City to call the same for redemption prior to their stated maturity dates.

Bonds numbered 78 to 112, inclusive, maturing September 1, 1982, to September 1, 1984, inclusive, may be redeemed as a whole prior to their stated maturity dates on or after March 1, 1982, at par plus accrued interest to the date fixed for such redemption solely from the proceeds of a refunding bond issue.

The City has reserved the right and option to redeem bonds numbered 91 to 112, inclusive, maturing on September 1, 1984, prior to their stated maturity date on any interest payment date as a whole, or in part in inverse numerical order at par plus accrued interest to the date fixed for such redemption from surplus revenue of the waterworks utility of the City or from U.L.I.D. assessments paid into the Bond Fund, but assessments may be used for such prior redemption only if (1) provision is made within the Principal and Interest Account of the Bond Fund for the mandatory principal and interest payments due within six months next after the date fixed for such redemption on the then outstanding "Water and Sewer Revenue Bonds, 1970," and the bonds of this issue; and (2) the total amount required to be deposited into the Reserve Account of the Bond Fund has been so accumulated.

Notice of any call for the redemption of any of the bonds prior to their respective 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 interest coupon due date on which the bonds would be redeemed. Notice of such call for redemption shall also be mailed to Seattle-Northwest Securities Corporation, at its principal place of business in Seattle, Washington, or its successors, not less than 30 nor more than 45 days prior to the interest coupon due date upon which the bonds would be redeemed. In addition, such redemption notices shall also be sent to Moody's Investors Service, Inc., and Standard & Poor's Corporation, at their offices in New York, New York, but such notices shall not be a condition precedent to any such redemption. Interest on any bonds so called for redemption shall cease on such interest coupon due date upon payment of the call price into the Bond Fund.

All special assessments, installments thereof and interest and penalties thereon, paid in Utility Local Improvement Districts Nos. 68-W-12, 69-SS-15 and 70-SS-16 of the City and the gross revenues from the waterworks utility of the City, 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 issue 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 of such utility, except that the charge or lien upon such assessments and revenues for the bonds of this issue shall be on a parity with the charge and lien thereon for the outstanding "Water and Sewer Revenue Bonds, 1970," and except further that the charge or lien upon such gross revenues for the bonds of this issue shall be junior to the charge or lien upon the same for the outstanding "Water and Sewer Revenue Bonds, 1962, Series A," the outstanding "Water and Sewer Refunding and Construction Revenue Bonds, 1967," the outstanding "Water and Sewer Revenue Bonds, 1968," and any additional revenue bonds hereafter issued on a parity

the office of the City Treasurer the amount shown hereon 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, 1970," that sum being six months' interest then due on its "Water and Sewer Revenue Bond, 1972," dated September 1, 1972, and numbered _____.

CITY OF REDMOND, WASHINGTON

By _____ (facsimile signature)
Mayor

ATTEST:

(facsimile signature)
City Clerk

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

Section 8. In the event the City shall issue advance refunding bonds pursuant to the laws of the State of Washington to pay the principal of and interest on the Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding Bonds and to pay the costs of refunding, and shall have irrevocably set aside for and pledged to such payment and refunding, moneys and/or direct obligations of the United States of America sufficient in amount, together with known earned income from the investment thereof, to make such payments and to accomplish the refunding as scheduled, and shall irrevocably make provisions for redemption of such Bonds, then in that case all right and interest of the owners or holders of the Bonds to be so retired and refunded and the appurtenant coupons in the covenants of this Ordinance and in the revenue of the waterworks utility of the City, U.L.I.D. assessments, pledged to be paid into the Bond Fund, funds and accounts obligated to the payment of such Bonds, except the right to receive the funds

so set aside and pledged, shall thereupon cease and become void and the City may then apply any moneys in any fund or account established for the payment or redemption of such Bonds or coupons to any lawful purposes as it shall determine.

In the event that the refunding plan provides that the refunding bonds be secured by cash and/or direct obligations of the United States of America pending the prior redemption of those Bonds being refunded and if such refunding plan also provides that certain cash and/or direct obligations of the United States of America are irrevocably pledged for the prior redemption of those Bonds included in the refunding plan, then only the debt service on the Bonds and the refunding bonds payable from revenue of the waterworks utility of the City and U.L.I.D. assessments shall be included in the computation of coverage for determining compliance with the rate covenants.

Section 9. The City of Redmond hereby covenants and agrees with the owner and holder of each Bond at any time outstanding as follows:

(a) It will not sell, lease, mortgage, or in any manner encumber or dispose of all the properties of the waterworks utility of the City, unless provision is made for payment into the applicable bond redemption funds of a sum sufficient to pay the principal of and interest on all Prior Lien Bonds and the Bonds at that time outstanding, and it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the waterworks utility of the City that is used, useful and material to the operation thereof, unless provision is made for the replacement thereof, or for payment into each applicable bond redemption fund of an amount which shall bear the same ratio to the amount of respective aforesaid revenue bonds then outstanding, 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 those bond redemption funds shall be used to retire such outstanding bonds at the earliest possible dates.

(b) 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.

(c) 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 and sewer revenue bonds and otherwise meet the obligations of the City as herein set forth.

(d) It will, when money is available in the Principal and Interest Account of the Bond Fund after provision is made for the mandatory principal and interest payments due on bonds payable from the Bond Fund for the six month period thereafter, and if the required reserve is deposited in the Reserve Account, apply such surplus money in the maximum amount allowable with the surplus then in the Bond Fund to the retirement of the Term Bonds of the Bonds in accordance with the provisions of Section 3 of this ordinance.

(e) 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 the waterworks 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 percent 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 the 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) 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) It will carry the types of insurance on its properties of the waterworks 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 10. The City 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 create any special fund or funds for the payment of the principal of or interest on any other water and sewer revenue bonds or otherwise provide for the issuance of Future Parity Bonds, which would rank on a parity with the payments to be made out of the revenue of the waterworks utility of the City and U.L.I.D. assessments into the Bond Fund, except that it reserves the right for,

(a) The purpose of acquiring, constructing and installing additions and improvements to and extensions and betterments of, acquiring necessary equipment for or making necessary replacements of equipment or capital improvements to the waterworks utility of the City, or

(b) The purpose of exchanging or purchasing and retiring prior to or at their maturity any outstanding water and sewer revenue bonds of the City,

to issue additional and/or refunding sewer revenue bonds therefor, and to make payments into such special bond redemption fund created for the payment of such additional and/or refunding water and sewer revenue bonds from the revenue of the waterworks utility of the City, together with U.L.I.D. assessments collected in any utility local improvement districts hereafter created in connection with the issuance of such parity bonds sufficient to pay the principal of and interest on such additional and/or refunding water and sewer revenue bonds, which such payments may rank, equally out of such revenue of the waterworks utility of the City if the City complies with the following conditions:

(a) All payments required by any ordinance of the City pertaining to outstanding water and sewer revenue bonds of the City shall have been made into the respective bond redemption funds for the payment of such water and sewer revenue bonds and no deficiency exists therein;

(b) The ordinance providing for the issuance of such additional bonds shall provide that all U.L.I.D. assessments which may be levied in any utility local improvement districts hereafter created for the purpose of paying in whole or in part the principal of and interest on such additional bonds shall be paid directly into the special bond redemption fund created for the payment of such additional revenue bonds;

(c) There shall be on file with the City a certificate of a professional engineer experienced in municipal utilities and licensed to practice in the State of Washington to the net effect that net operating revenues, after payment of mandatory principal and interest payments on outstanding Prior Lien Bonds and after providing for retirement of any Term Bonds in accordance with such schedule as the City Council may adopt, will each year equal at least 1.30 times the principal and interest payable on all parity second lien bonds that are in fact paid from operating revenues (and not assessments). In determining the amount of debt service on second lien bonds subject to coverage, there shall be deducted from the annual principal and interest required to be paid each year the following:

An amount equal to the percentage of the debt service for each year on each series or issue of outstanding parity bonds equal to the percentage arrived at by dividing the original total amount of the assessments specifically pledged to the Bond Fund and to any special bond redemption fund hereafter created in connection with the issuance of such Future Parity Bonds in that series or issue by the original total principal amount of such series or issue.

The purpose of this paragraph is to require the consideration in determining debt coverage, where utility local improvement districts are involved, of only the debt service on that portion of any parity bond issue not covered by utility local improvement district assessments.

Section 11. Nothing contained in this ordinance shall prevent the City from issuing revenue bonds which are a charge upon the revenue of the waterworks utility of the City junior or inferior to the payments required to be made therefrom into the 1970 Bond Fund and the Reserve Account therein, or from pledging the payment of U.L.I.D. assessments into the bond redemption fund created for the payment of the principal of and interest on such junior lien bonds as long as such U.L.I.D. assessments are levied for improvements constructed from the proceeds of such junior lien bonds. Neither shall anything contained in this ordinance

prevent the City from issuing revenue bonds to refund maturing revenue bonds of the City for the payment of which moneys are not otherwise available.

Section 12. Seattle-Northwest Securities Corporation of Seattle, Washington, heretofore offered to purchase the Bonds at a price of \$97.50 for each \$100.00 par value thereof, plus accrued interest from the date of issuance to the date of delivery of the Bonds, if any, the City to furnish at its expense the Bonds, together with the approving legal opinion of Messrs. Roberts, Shefelman, Lawrence, Gay & Moch, municipal bond counsel of Seattle, Washington. The City Council, deeming that no better offer could be received for the Bonds and that it was in the best interests of the City to accept that offer, duly accepted the same on July 18, 1972, and such acceptance is now ratified and confirmed. The Bonds shall, therefore, immediately upon their execution be delivered to Seattle-Northwest Securities Corporation upon payment therefor in accordance with that offer. The accrued interest received, if any, shall be deposited in the Bond Fund and the principal proceeds shall be deposited in the "Water and Sewer Construction Fund" of the City, created by Ordinance No. 420, for the purpose of paying for the improvements ordered to be carried out by Ordinance No. 520 and paying for the expenses incurred in the issuance of the Bonds.

Section 13. This ordinance shall take effect and be in force five days after the date of its publication in the manner provided by law.

PASSED by the City Council of the City of Redmond,
Washington, at a regular open public meeting thereof and APPROVED
by the Mayor this 1st day of August, 1972.

CITY OF REDMOND, WASHINGTON

By

Stephen L. Young
Mayor

ATTEST:

Eleanor J. Hayden
City Clerk

FORM APPROVED:

John A. Pearson
City Attorney

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