

ORIGINAL

ORDINANCE NO. 173

AN ORDINANCE of the Town of Gig Harbor, Washington, providing for the issuance of sewer revenue bonds of the Town; fixing the date, form, terms, maturities and covenants of said bonds; creating a Bond Redemption Fund for the payment of the principal of and interest on such bonds and any other revenue bonds which may be issued on a parity therewith; creating a Reserve Account in said Bond Redemption Fund; providing certain covenants and protective features safeguarding the payment of such principal and interest; reserving the right in the Town to issue revenue bonds on a parity with such bonds to be issued in compliance with certain conditions; and confirming the sale of such bonds to McLean & Company, Inc.

WHEREAS, the Town of Gig Harbor, Washington, has been duly authorized to acquire, construct, install, operate and maintain a sanitary sewer system by Ordinance No. 147, adopted April 10, 1972, and by the affirmative vote of the qualified electors of the Town at an election duly held on May 23, 1972; and

WHEREAS, said Ordinance No. 147 adopted a plan for the acquisition, construction and installation of a system of public sanitary sewers; and

WHEREAS, by Ordinance No. 158, adopted November 13, 1972, the Town created Utility Local Improvement District No. 1 and ordered the acquisition, construction and installation of the improvements described therein to carry out part of the plan for a sanitary sewerage system for the Town; and

WHEREAS, in order to pay part of the cost of acquiring, constructing and installing such sanitary sewerage system it is deemed necessary that the Town issue and sell \$1,200,000 of its

sewer revenue bonds out of the \$1,300,000 of such bonds authorized by Ordinance No. 147 of the Town; and

WHEREAS, the Town desires to enter into an agreement with McLean & Company, Inc. of Tacoma, Washington to sell said revenue bonds to said Company under the terms and covenants therefor as provided herein:

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Gig Harbor, Washington, as follows:

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

a. The word "Town" shall mean the Town of Gig Harbor, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

b. The word "Bonds" shall mean the \$1,200,000 of sewer revenue bonds of the Town issued for the purposes authorized in this ordinance.

c. The word "System" shall mean the sanitary sewerage system of the Town as authorized by Ordinance No. 147 and Ordinance No. 158 of the Town and as the same may be added to, improved and extended for as long as any of the Bonds and any Parity Bonds are outstanding. In the event that the Town shall determine at any time hereafter to operate a combined water and sewer system, the term "System" as defined herein shall be deemed to include all facilities of the water system of the Town.

d. The words "Revenue Fund" shall mean the special fund of the Town created by this ordinance

and designated as the "Gig Harbor Sewer Revenue Fund".

e. The words "Bond Redemption Fund" shall mean the special fund of the Town created by this ordinance for the purpose of paying the principal of, premium if any, and interest on the Bonds and any Parity Bonds and designated "Gig Harbor Sewer Revenue Bond Redemption Fund".

f. The words "Reserve Account" shall mean the account of that name created in the Bond Redemption Fund by this ordinance for the purpose of securing the payment of the principal of and interest on the Bonds and any Parity Bonds.

g. The words "Term Bond Maturity Year" shall mean any last calendar year in which the bonds of any one issue or series are scheduled to mature (without regard to any reservation of prior redemption rights) in which the amount of such bonds scheduled to mature is more than 1.25 times the average annual principal maturity of the bonds of such issue or series for the three years preceding such term bond maturity year.

h. The words "Parity Bonds" shall mean any sewer revenue bonds of the Town issued after the date of the issuance of the Bonds and having a lien upon the money in the Revenue Fund for the payment of the principal thereof, premium if any, and interest thereon equal to the lien upon the money

in such Fund for the payment of the principal of, premium if any, and interest on the Bonds.

i. The word "Assessments" shall mean assessments levied in any utility local improvement district of the Town created for the acquisition and construction of additions and betterments to or extensions of the System, including Utility Local Improvement District No. 1, now or hereafter required by law and ordinances of the Town to be paid into the Bond Redemption Fund and shall include installments thereof and any interest and penalties due or which may come due thereon.

j. The term "ULID No. 1" shall mean Utility Local Improvement District No. 1 of the Town.

Section 2. For the purpose of paying part of the cost of acquiring, constructing and installing a sanitary sewerage system for the Town as authorized in Ordinance No. 147 and ordered by Ordinance No. 158, the Town shall issue its sewer revenue bonds (the "Bonds") in the principal amount of \$1,200,000.

The Bonds shall be dated December 1, 1973, shall be in the denomination of \$5,000 each, shall bear interest payable semiannually on the first days of June and December of each year, shall be numbered and mature on December 1 of each year in order of their number as follows:

<u>Bond Nos.</u>	<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
1-5	1974	\$25,000	6.00%
6-14	1975	45,000	6.00%
15-23	1976	45,000	6.00%
24-32	1977	45,000	6.00%
33-41	1978	45,000	6.00%

<u>Bond Nos.</u>	<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
42-50	1979	\$45,000	6.00%
51-59	1980	45,000	6.00%
60-68	1981	45,000	6.00%
69-77	1982	45,000	6.00%
78-86	1983	45,000	6.00%
87-95	1984	45,000	6.375%
96-104	1985	45,000	6.375%
105-114	1986	50,000	6.375%
115-124	1987	50,000	6.375%
125-134	1988	50,000	6.375%
135-144	1989	50,000	6.375%
145-154	1990	50,000	6.375%
155-164	1991	50,000	6.375%
165-174	1992	50,000	6.375%
175-184	1993	50,000	6.375%
185-186	1994	10,000	6.375%
187-188	1995	10,000	6.375%
189-191	1996	15,000	6.375%
192-194	1997	15,000	6.375%
195-197	1998	15,000	6.375%
198-200	1999	15,000	6.375%
201-203	2000	15,000	6.375%
204-207	2001	20,000	6.375%
208-211	2002	20,000	6.375%
212-215	2003	20,000	6.375%
216-219	2004	20,000	6.375%
220-224	2005	25,000	6.375%
225-229	2006	25,000	6.375%
230-234	2007	25,000	6.375%
235-240	2008	30,000	6.375%

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 Town Treasurer in Gig Harbor, Washington, and shall be obligations only of the Bond Redemption Fund.

Section 3. The Town hereby reserves the right to redeem Bonds numbered 185 to 240 inclusive 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 date of redemption:

On December 1, 1978 and June 1, 1979 at	102 1/2%
On December 1, 1979 and June 1, 1980 at	102%
On December 1, 1980 and June 1, 1981 at	101 1/2%

On December 1, 1981 and June 1, 1982 at	101%
On December 1, 1982 and June 1, 1983 at	100 1/2%
On December 1, 1983 and any interest payment date thereafter at	100%

The Town further reserves the right, after Bonds numbered 185 to 240, inclusive, shall have been redeemed, to redeem Bonds numbered 87 to 184, inclusive, 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 date of redemption:

On December 1, 1983 and June 1, 1984 at	102 1/2%
On December 1, 1984 and June 1, 1985 at	102%
On December 1, 1985 and June 1, 1986 at	101 1/2%
On December 1, 1986 and June 1, 1986 at	101%
On December 1, 1987 and June 1, 1988 at	100 1/2%
On December 1, 1988 and any interest payment date thereafter at	100%

Notice of any such intended redemption shall be given by one publication thereof in the official Town newspaper not more than forty nor less than thirty days prior to said redemption date and by mailing a like notice at the same time to McLean & Company, Inc., Tacoma, Washington, at its main place of business, or to the successor in business, if any, of said firm at its main place of business. Interest on any Bond or Bonds so called for redemption shall cease on such redemption date unless the same are not redeemed upon presentation made pursuant to such call.

Section 4. There has heretofore been created by Ordinance No. 166 a special fund of the Town known as the "Gig Harbor Sewer Construction Fund" (herein called the "Construction Fund"). All of the proceeds of sale of the Bonds (except for accrued interest, which shall be paid into the Bond Redemption Fund) shall be paid into such Construction Fund. Any other moneys which the Town may hereafter receive or now has on hand which are to be used for the same purposes for which the Bonds are issued shall also be paid into such Construction Fund. The money in such Fund shall be used for the sole purpose of paying the costs of acquiring, constructing and installing the System, redeeming any warrants issued to pay such costs and for paying all expenses incidental thereto and to the issuance of the Bonds.

Interest or profits received from the interim investment of such monies shall not exceed the applicable limits provided by federal statutes and regulations respecting arbitrage.

Section 5. A special fund of the Town is hereby created to be known as the "Gig Harbor Sewer Revenue Fund" (hereinafter called the "Revenue Fund"). All of the gross earnings and revenue of the System shall be paid into the Revenue Fund as collected, and the moneys in such Fund shall be kept segregated from any and all other moneys of the Town.

All costs of maintaining and operating the System, all costs of future additions, betterments, improvements and repairs to and replacements and extensions of the System (except when the same are financed by the issuance of bonds or coupon warrants), all payments required to be made into the Bond Redemption Fund and the Reserve Account therein, all payments which may be required by subsequent ordinances of the Town to be made

into any other fund or account created to pay and/or secure the payment of the principal of and interest on any subsequently issued sewer revenue bonds or sewer revenue coupon warrants of the Town, shall be paid out of the Revenue Fund.

Section 6. Another special fund of the Town is hereby created to be known as the "Gig Harbor Sewer Revenue Bond Redemption Fund" (herein called the "Bond Redemption Fund"), which Fund is to be drawn upon for the sole purpose of paying the principal of, premium, if any, and interest on the Bonds and any Parity Bonds outstanding as the same shall become due.

The Town hereby obligates and binds itself to set aside and pay into the Bond Redemption Fund out of the money in the Revenue Fund 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 Bond Redemption Fund on or before the twentieth day of each month in the following amounts:

a. Beginning with the month of December, 1973, and continuing for as long as any of the Bonds are outstanding and unpaid, an amount which, together with the monies on hand in such Fund and available for such purposes, is 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 December, 1973, and continuing for as long as any of the Bonds are outstanding and unpaid, an amount which, together with the monies on hand in such Fund and available for such purposes, is 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 out of the Revenue Fund into the Bond Redemption Fund and hereinafter pledged to be paid into the Reserve Account are hereby declared to be a prior lien and charge upon the money in the Revenue Fund superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of the System and equal in rank to any charges which may later be made upon the money in the Revenue Fund to pay and secure the payment of the principal of and interest on any Parity Bonds.

In the event that money and/or government obligations as that term is defined in Chapter 39.53 RCW as now or hereafter amended, maturing at such time or times and bearing interest to be earned thereon, in amounts sufficient to redeem and retire the Bonds in accordance with their terms, are set aside for such purpose in a special account in the Bond Redemption Fund and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Redemption Fund for the payment of the principal of and interest on the Bonds, and the Bonds and the appurtenant coupons shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the funds so set aside and pledged, and the Bonds and/or such coupons shall be deemed not to be outstanding hereunder.

Section 7. A Reserve Account (hereinbefore defined as the "Reserve Account") is hereby created in the Bond Redemption Fund, and the Town hereby covenants and agrees that it

will set aside and pay into the Reserve Account, out of the first principal payments received from assessments levied in ULID No. 1 an amount equal to at least the maximum annual amount required to pay the principal of and interest on the Bonds.

The Town hereby further covenants and agrees, in the event it issues any Parity Bonds, that it will require in each ordinance authorizing the issuance of the same that periodic payments be made out of the Revenue Fund into the Reserve Account or out of Assessments so that by five years from the date of the issuance of such Parity Bonds there will have been paid into the Reserve Account an amount which, with the money already on deposit or pledged to be paid therein, will be at least equal to the maximum annual amount required to pay the principal of and interest on all outstanding bonds then payable out of the Bond Redemption Fund in any year other than a Term Bond Maturity Year.

The Town further covenants and agrees, when said required amounts have been paid into the Reserve Account, that it will at all times maintain those amounts therein until there is a sufficient amount in the Bond Redemption Fund and the Reserve Account to pay the principal of, premium if any, and interest on all outstanding bonds payable out of such Fund, at which time the money in the Reserve Account may be used to pay such principal, premium, if any, and interest. It is hereby provided, however, that moneys in the Reserve Account may be withdrawn to pay the principal, premium if any, and interest on any or all of the outstanding bonds of any single issue or series of bonds payable out of the Bond Redemption Fund so long as the

moneys left remaining on deposit in the Reserve Account are at least equal to the maximum annual debt service (exclusive of any Term Bond Maturity Year) due thereafter on all of the remaining outstanding bonds payable out of the Bond Redemption Fund.

In the event the Bonds outstanding are ever refunded, the money set aside in the Reserve Account to secure the payment of the Bonds may be used to retire the Bonds or may be retained in the Reserve Account or may be transferred to any reserve account which may be created to secure the payment of the bonds issued to refund the Bonds outstanding.

In the event the money in the Bond Redemption Fund over and above the amount therein set aside and credited to the Reserve Account is insufficient to meet maturing installments of either interest on or principal of the outstanding bonds payable out of such Fund, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from the money in the Revenue Fund first available or out of Assessments available after making necessary provision for the payments required to be made into the Bond Redemption Fund to pay the principal of and interest on all outstanding bonds payable out of such Fund and next coming due.

The money in the Reserve Account above provided for may be kept in cash or invested in government obligations as that term is defined in Chapter 39.53 RCW as now or hereafter amended having a guaranteed redemption price or maturing not later than the last maturity of any outstanding bonds that are

payable out of the Bond Redemption Fund. Interest earned on or any profits made from the sale of any such investments may be retained in the Reserve Account or be deposited in and become a part of the Bond Redemption Fund.

Section 8. The monies in the Revenue Fund shall be used only for the following purposes and in the following order of priority:

First, to pay necessary costs of maintenance and operation of the system;

Second, to make the payments required to be made into the Bond Redemption Fund to pay the principal of and interest on the Bonds and any Parity Bonds outstanding;

Third, to make the payments required to be made into the Reserve Account;

Fourth, to retire by redemption before their fixed maturities or by purchase any outstanding revenue bonds issued to acquire, construct, install, improve or extend the System or for any other lawful purpose in the operation, development, improvement or extension of the System.

The corporate authorities of the Town hereby declare, in fixing the amounts to be paid into the 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 have not obligated the Town 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.

Section 9. The Town 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 sanitary sewage collection and disposal service furnished (and for water supplied if a combined water and sewer system shall be operated) for as long as the Bonds and any Parity Bonds are outstanding that will in each calendar year hereafter during which installments of assessments shall be payable into the Bond Redemption Fund without being delinquent (herein called the "Assessment Payment Period") make available for the payment of the principal of and interest on all of such bonds as the same shall become due an amount which, together with all other earnings, income and revenue of the System, Assessments paid into the Bond Redemption Fund and interest and profits earned on investments made of monies paid into the Bond Redemption Fund and the Reserve Account, is equal to at least 1.2 times the average amount required in each such calendar year to pay the principal of and interest on all of the outstanding Bonds and Parity Bonds after normal and necessary costs of maintenance and operation of the System have been paid but before depreciation.

b. That it will establish, maintain and collect rates and charges for sanitary sewage collection and disposal service furnished (and for water supplied if a combined water and sewer system shall be operated) for as long as the Bonds and any Parity Bonds are outstanding that will in each calendar year after the

expiration of the Assessment Payment Period make available for the payment of the principal of and interest on all of such bonds as the same shall become due an amount which, together with all other earnings, income and revenue of the System, Assessments paid into the Bond Redemption Fund and interest and profits earned on investments made of monies paid into the Bond Redemption Fund and the Reserve Account, is equal to at least 1.35 times the average amount required in each such calendar year to pay the principal of and interest on all of the outstanding Bonds and Parity Bonds after normal and necessary costs of maintenance and operation of the System have been paid but before depreciation.

Any Term Bond Maturity Year shall be excepted from the determination of "the average amount required in each such calendar year" pursuant to subsections a. and b. of this Section 9.

c. That it will at all times keep and maintain the System in good repair, working order and condition, will at all times operate the System and the business in connection therewith in an efficient manner and at a reasonable cost, will cause proper books of record and accounts of operation of such System and business to be kept and within ninety days following the end of each calendar year will furnish to McLean & Company, Inc., and to the holder of any Bond upon written request, a financial and operating statement for such preceding year's business and operation of the System.

d. That it will not sell or dispose of any of the properties of the System (unless the same are no longer used, useful or necessary in the operation thereof) unless provision

is made for payment into the Bond Redemption Fund of either a sum at least equal to the cost of such properties to the Town or a sum which will be at least in the same proportion to the amount of the outstanding sewer revenue bonds of the Town that the estimated amount of any resulting reduction in the revenue of the System for the twelve months following such sale or disposition bears to the estimated revenue of the System which would have been realized during such period if such sale or disposition had not been made. Such determination of cost or such estimate of revenue shall be made by a licensed professional engineer experienced in the design, construction and operation of municipal utilities.

e. That it will not furnish sanitary sewage collection and disposal service (or water service if a combined water and sewer system shall be operated) to any customer whatsoever free of charge, and will promptly take all legal action or actions necessary to enforce collection of any and all delinquent accounts and Assessments.

Section 10. The Town 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 as follows:

That it will not issue any Parity Bonds except that it reserves the right, for

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

Second, the purpose of refunding or funding any outstanding revenue bonds or revenue warrants (coupon or otherwise) of the Town payable out of the earnings and revenue of the System, to issue Parity Bonds and to pledge that payments shall be made out of the Revenue Fund into the Bond Redemption Fund and the Reserve Account therein to pay and secure the payment of the principal of and interest on such Parity Bonds on a parity with the payments required herein to be made out of the Revenue Fund 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:

- a. That at the time of the issuance of such Parity Bonds there is no deficiency in the Bond Redemption Fund or in the Reserve Account.
- b. That the Town will covenant and provide in each ordinance authorizing the issuance of Parity Bonds that it will pay into and maintain in the Reserve Account the amounts required by Section 7 of this ordinance to be paid into and maintained in said Account when Parity Bonds are issued and that the Town will also covenant and provide in each such ordinance that it will establish, maintain and collect rates and charges for water supplied and/or sanitary sewage collection and disposal service furnished sufficient to meet the same requirements contained in Section 9, subsection a. and b. of this ordinance.
- c. That each ordinance providing for the issuance of such additional Parity Bonds shall require that any assessments levied in any utility local improvement district or districts

created to construct additions, improvements or extensions of the System which will be paid in whole or in part from the proceeds of sale of such additional Parity Bonds, will be deposited in the Bond Redemption Fund.

d. That each ordinance providing for the issuance of such additional or refunding Parity Bonds shall provide for the payment of the principal thereof and interest thereon out of the Bond Redemption Fund.

e. That at the time of the issuance of such additional or refunding Parity Bonds the Town shall have on file a certificate from an independent licensed professional engineer experienced in the design, construction and operation of municipal utilities (which certificate may not be dated more than ninety days prior to the month of delivery of such additional or refunding Parity Bonds) showing that in his professional opinion: a) the adjusted net revenue of the System which will be available for the payment of the principal of and interest on Bonds and Parity Bonds in each succeeding year during the Assessment Payment Period will equal at least 1.2 times the average amount required to pay the principal and interest due in each such year of and on all outstanding bonds payable out of the Bond Redemption Fund and the Parity Bonds to be issued (exclusive of the principal due in any Term Bond Maturity Year), and b) the adjusted net revenue of the System which will be so available in each succeeding year after the expiration of the Assessment Payment Period will equal at least 1.35 times the average amount required to pay the principal and interest due in each such year of and on all outstanding Bonds payable out of the Bond Redemption Fund and the Parity Bonds to be issued (exclusive of the principal due in any Term Bond Maturity Year).

1. The words "adjusted net revenue of the System" as used in the paragraph immediately above shall mean the gross earnings, income and revenue of the System after deducting therefrom all normal and necessary expenses of maintenance and operation, but before depreciation and annual debt service on any outstanding revenue bonds that may have a lien on the money in the Revenue Fund for such annual debt service junior and inferior to the lien for the payment of the principal of and interest on the Bonds. Such net revenue shall be determined from an audit of the Division of Municipal Corporations of the State Auditor's office, if available, or from a financial statement of the Town authenticated by a certified public accountant for a period of any twelve consecutive months out of the twenty-four months immediately preceding the month of delivery of such Parity Bonds. Such net revenue shall then be adjusted to reflect (a) any rate changes becoming effective subsequent to the commencement of such twelve-month period and prior to the date of delivery of such Parity Bonds, (b) revenue reasonably expected to be derived from customers to be served by improvements being constructed out of the proceeds of the bonds to be issued, (c) actual or reasonably anticipated changes in normal and necessary expenses of maintenance and operation occurring subsequent to such twelve-month period and (d) the amount of Assessments previously confirmed and estimated to be paid into the Bond Redemption Fund subsequent to the date of the certificate.

2. The "amount of Assessments previously confirmed and estimated to be paid into the Bond Redemption Fund subsequent to the date of the certificate" shall be determined as follows:

a. The amount of the unpaid balance of each assessment roll of any utility local improvement district or districts of the Town, where such assessments have been pledged to be paid into the Bond Redemption Fund and where the 30-day period for the payment of such assessments or any part thereof without penalty, interest or costs has elapsed, shall be obtained from the records of the Town Treasurer. The balance then remaining on each such assessment roll shall be divided by the number of remaining years in which the installments of such assessments on each such roll may be paid without becoming delinquent, and there shall be added to the amount found for each year the interest due and payable on such installments. The amount so due each year shall be added to the "adjusted net revenue of the System" for the particular year in which it is computed to become due.

b. The amount of each assessment roll of any utility local improvement district or districts of the Town, where such assessments have been pledged to be paid into the Bond Redemption Fund and where the 30-day period for the payment of such assessments or any part thereof without penalty, interest or costs has not elapsed, shall be obtained from

the records of the Town Treasurer. Fifteen percent of each such roll shall be deducted therefrom as the estimated amount of the assessments that would be paid during said 30-day period (hereinafter called "Estimated Prepayments"), and such 15% shall be treated as having been paid into the Bond Redemption Fund.

The balance then remaining on each such assessment roll shall then be divided by the number of years in which the installments of such assessments on each such roll may be paid without becoming delinquent, and there shall be added to the amount found for each year the interest due and payable on such installments. The amount so due each year shall be added to the "adjusted net revenue of the System" for the particular year in which it is computed to become due.

3. In the computation of the amounts of principal and interest coming due in each succeeding year, it may be assumed for the purposes of such certificate, that monies paid into the Bond Redemption Fund on the date of such certificate which are in excess of the sums required to be on deposit in said Fund (including the Reserve Account) as of such date, and Estimated Prepayments, will, together with earnings thereon at the assumed rate of 3% per annum, be applied to the redemption and retirement (plus call premiums) of any bonds payable out of the Bond Redemption Fund on the earliest dates on which such bonds may be called and redeemed.

f. In the event that any refunding Parity Bonds provided for in this Section 10 are issued for the sole purpose of exchanging with or providing funds to purchase or redeem and retire prior to their maturity any or all bonds payable out of the Bond Redemption Fund and the issuance of such refunding Parity Bonds and retirement of outstanding bonds results in a monetary saving to the Town and such refunding Parity Bonds will not require a greater amount (exclusive of costs incidental to such refunding, any call premium or premiums, and except as necessary to round out maturities to the nearest \$5,000) to be paid in any calendar year thereafter than would have been required to be paid in the same calendar year for the principal of and interest on the bonds being refunded, then the certificate required in subsection (e) of this Section 10 need not be obtained to permit such refunding Bonds to be issued on a parity with any Bonds and/or Parity Bonds then outstanding, although the provisions of subsections (a), (b), (c), and (d) of this Section 10 must still be complied with.

Section 11. Nothing herein contained shall prevent the Town from issuing revenue bonds which are a charge upon the earnings, income and revenue of the System and moneys in the Revenue Fund junior or inferior to the payments required to be made herein into the Bond Redemption Fund and the Reserve Account, or from pledging the payment of assessments into a fund or account created to pay and secure the payment of the principal of and interest on such junior lien bonds as long as such assessments are levied for improvements constructed from the proceeds of sale of such junior lien bonds, nor shall anything herein contained prevent the Town from issuing revenue bonds to refund maturing

sewer revenue bonds (or water and sewer revenue bonds if such systems are combined) of the Town for the payment of which monies are not otherwise available.

Section 12. All Assessments levied and collected in ULID No. 1 of the Town shall be paid into the Bond Redemption Fund and used for the purposes specified in this ordinance.

Section 13. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____ \$5,000

STATE OF WASHINGTON
TOWN OF GIG HARBOR

SEWER REVENUE BOND, 1973

The Town of Gig Harbor, 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 December, 19____, the principal sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of ____% 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 or until the payment of such principal sum shall be made or 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 Town Treasurer in Gig Harbor, Washington, solely out of the special fund of the Town

known as "Gig Harbor Sewer Revenue Bond Redemption Fund" created by Ordinance No. 173 of the Town.

The Town of Gig Harbor has reserved the right to redeem bonds numbered 185 to 240 inclusive of this issue 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 date of redemption:

On December 1, 1978 and June 1, 1979 at	102 1/2%
On December 1, 1979 and June 1, 1980 at	102%
On December 1, 1980 and June 1, 1981 at	101 1/2%
On December 1, 1981 and June 1, 1982 at	101%
On December 1, 1982 and June 1, 1983 at	100 1/2%
On December 1, 1983 and any interest payment date thereafter at	100%

The Town further reserves the right, after Bonds numbered 185 to 240, inclusive, shall have been redeemed, to redeem Bonds numbered 87 to 184, inclusive, 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 date of redemption:

On December 1, 1983 and June 1, 1984 at	102 1/2%
On December 1, 1984 and June 1, 1985 at	102%
On December 1, 1985 and June 1, 1986 at	101 1/2%

On December 1, 1986 and June 1, 1987 at	101%
On December 1, 1987 and June 1, 1988 at	100 1/2%
On December 1, 1988 and any interest payment date thereafter at	100%

Notice of any such intended redemption shall be given by one publication thereof in the official Town newspaper not more than forty nor less than thirty days prior to said redemption date and by mailing a like notice at the same time to McLean & Company, Inc., Tacoma, Washington, or to the successor in business of said firm, if any, at its main place of business.

This bond is one of an issue of two-hundred-forty bonds of the Town of Gig Harbor, Washington, of like amount, date and tenor except as to number, interest rate and maturity date, aggregating the total principal amount of \$1,200,000, which bonds are issued pursuant to the laws of the State of Washington and ordinances and resolutions of the Town duly and regularly adopted, for the purpose of providing funds to acquire, construct and install a sanitary sewerage system for the Town. All of the bonds of this issue are payable solely out of the gross earnings and revenue of such system and all additions and improvements thereto and extensions thereof, and out of assessments levied in Utility Local Improvement District No. 1 of the Town.

The Town of Gig Harbor 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. 173 to be by it kept and performed.

The Town of Gig Harbor does hereby pledge and bind itself to set aside from the money in its Revenue Fund, and to pay into and maintain in said Bond Redemption Fund and Reserve Account created therein the various amounts required by said Ordinance No. 173 to be paid into and maintained in said Fund and Account, all within the times provided by said ordinance. The Town has further pledged and bound itself to set aside and pay into said Revenue Fund as collected all of the gross earnings and revenue of its sewerage system and all additions and improvements thereto and extensions thereof.

The amounts pledged to be paid into and maintained in said Fund and Account are hereby declared to be a prior lien and charge upon the money in said Revenue Fund superior to all other charges of any kind or nature, except the necessary cost of maintenance and operation of said sewerage system and equal in rank to any charges that may be made thereafter upon the money in said Revenue Fund to pay and secure the payment of the principal of and interest on any revenue bond which the Town may later issue on a parity with the bonds of this issue.

The Town of Gig Harbor has further bound itself to maintain said sewerage system in good condition and repair, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges for sanitary sewage collection and disposal service furnished for as long as the bonds of this issue and any bonds issued on a parity therewith are outstanding that will, together with all other

revenue of said system and together with the assessments collected in utility local improvement districts of the Town pledged to be paid into said Bond Redemption Fund, make available for the payment of the principal of and interest on all of such bonds a) in each calendar year during the period when assessment installments may be paid without becoming delinquent an amount equal to at least 1.2 times the average amount required to be paid in each such calendar year to pay such principal and interest, and b) in each calendar year after the expiration of the period when assessment installments may be paid without becoming delinquent an amount equal to at least 1.35 times the average amount required to be paid in each such calendar year to pay such principal and interest, after necessary costs of maintenance and operation of the system have been paid, but before depreciation. Any Term Bond Maturity Year as defined in Ordinance No. 173 is excluded from the determination of such averages.

It is hereby certified and declared that 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 Town of Gig Harbor, 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 Town of Gig Harbor, Washington, has caused this bond to be signed with the facsimile signature of its Mayor, to be attested by

its Clerk, the corporate seal of the Town to be impressed hereon, and the interest coupons attached hereto to be signed with the facsimile signatures of said officials this first day of December, 1973.

TOWN OF GIG HARBOR, WASHINGTON

By _____
Mayor

ATTEST:

Town Clerk

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

NO. _____ \$ _____

ON THE FIRST DAY OF _____,

19 __, the Town of Gig Harbor, Washington, will pay to bearer at the office of the Town Treasurer in Gig Harbor, the amount shown hereon in lawful money of the United States of America out of a special fund of the Town known as the "Sewer Revenue Bond Redemption Fund", said amount being the semiannual interest due that day on its sewer revenue bond dated December 1, 1973, and numbered _____.

TOWN OF GIG HARBOR, WASHINGTON

By _____
Mayor

ATTEST:

Town Clerk

Section 14. The Bonds shall be signed on behalf of the Town with the facsimile signature of its Mayor, shall be attested by its Clerk, and shall have the corporate seal of the Town impressed thereon. The interest coupons attached thereto shall be executed with the facsimile signatures of said officials.

Section 15. The Bonds shall be sold to McLean & Company, Inc. on the terms set forth in this ordinance and the action of the Council in accepting the offer of said purchaser dated November 12, 1973, to purchase the Bonds with the interest rates and at the price set forth therein is hereby ratified and confirmed.

The proper Town officials are hereby authorized and directed to do everything necessary for the prompt printing, issuance and execution of the Bonds and their delivery to the purchaser thereof and for the proper use and application of the funds derived from such sale.

Section 16. This ordinance shall become effective upon its passage, approval and publication as provided by law.

Introduced and first read by the Council of the Town of Gig Harbor, Washington, at its regular meeting on the 12th day of November, 1973.

Finally passed by the Council of the Town of Gig Harbor, Washington, and approved by its Mayor at a regular meeting of said Council on the 26th day of November, 1973.

TOWN OF GIG HARBOR, WASHINGTON

By 
Jack D. Bujacich, Jr. Mayor Pro-Tem
E.A. Bunch.

ATTEST:

Donald J. Avery
Donald J. Avery, Town Clerk

APPROVED AS TO FORM:

David Johnson
David Johnson, Town Attorney