

ORDINANCE NO. 3/6

AN ORDINANCE of the Town of Gig Harbor, Washington establishing and designating a local improvement guaranty fund of the Town and prescribing rules and regulations for the maintenance and operation of said guaranty fund.

WHEREAS, the Town of Gig Harbor, Washington (herein called the "Town") intends to establish from time to time local improvement districts pursuant to the authority granted to the Town by RCW Ch. 35.43; and

WHEREAS, Chapter 35.54 RCW has established in every town a fund to be designated the local improvement guaranty fund and provided that each town shall prescribe rules and regulations for the maintenance and operation of such fund;

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

Section 1. Guaranty Fund. There is hereby established a special fund of the Town to be known as the "Town of Gig Harbor Local Improvement Guaranty Fund" (herein called the "Guaranty Fund"), which fund is to be drawn for the purpose of guaranteeing to the extent of said fund the payment of its local improvement bonds, interest coupons pertaining thereto, and warrants issued to pay for any local improvement ordered in the Town or in any area wholly or partly outside its corporate boundaries. The money in the Guaranty Fund shall be kept separate from all other moneys and funds of the Town and shall be held in trust for the uses and purposes herein provided.

Section 2. Payments to the Guaranty Fund. If local improvement district bonds and/or warrants have been issued by the Town and guaranteed by the Guaranty Fund, all moneys remaining in any local improvement district fund created to secure such bonds and/or warrants after all costs of improvements in such district including the redemption of all warrants and bonds of such district have been paid shall be paid into the Guaranty Fund. All interest

and earnings derived from the investment of moneys in the Guaranty Fund shall be credited to said Fund.

Section 3. Levy of Taxes for Guaranty Fund. The Town shall at the time of making its annual budget and levy, provide for the levy of a sum sufficient, with other sources of the Guaranty Fund, to pay any warrants issued against the Guaranty Fund during the preceding fiscal year pursuant to Section 6 herein and establish a balance therein.

Section 4. Use of Guaranty Fund. Defaulted bonds, interest coupons pertaining thereto, and warrants against local improvement funds shall be purchased out of the Guaranty Fund, and as between the several issues of bonds, coupons or warrants no preference shall exist, but they shall be purchased in the order of their presentation.

Whenever any sum is paid out of the Guaranty Fund on account of principal or interest on a local improvement district bond or warrant, the Town as trustee of said Fund, shall be subrogated to all the rights of the holder of such bond, interest coupon or warrant so paid, and the proceeds thereof, including proceeds of the underlying assessment, shall become a part of the Guaranty Fund.

Money remaining in the Guaranty Fund after all bonds and warrants guaranteed and protected by said Fund have been paid, and moneys in such fund exceeding the principal amount of bonds or warrants guaranteed by such fund, may be transferred by resolution of the Council to a current expense fund of the Town.

Section 5. Purchase of Tax Certificates. For the purpose of protecting the Guaranty Fund, so much of the Guaranty Fund as is necessary may be used to purchase certificates of delinquency for general taxes on property subject to local improvement assessments which underlie local improvement bonds, interest coupons pertaining thereto, or warrants guaranteed by the fund, or to

purchase such property at county tax foreclosures, or from the county after foreclosure.

The Town, as trustee of the fund, may foreclose the lien of general tax certificates of delinquency and purchase the property at foreclosure sale and the costs of such foreclosures shall be charged to and paid from the Guaranty Fund.

After acquiring title of property by purchase at general tax foreclosure sale or from the county after foreclosure, the Town may lease it or sell it at public or private sale at such price on such terms as may be determined by resolution of the Town Council. All proceeds shall belong to and be paid into the Guaranty Fund.

Section 6. Warrants Against Guaranty Fund. Warrants shall be issued by the Town against the Guaranty Fund to meet any liability accruing against it. Said warrants shall be authorized by the Council upon such terms as the Council deems reasonable; provided, however, that such warrants shall bear interest at a rate not exceeding that permitted by law. Warrants authorized pursuant to the provisions of this section shall not be issued and outstanding in a principal amount exceeding five percent of the outstanding obligations protected and guaranteed by the Guaranty Fund.

Section 7. Investment for Surplus Town Funds. Local improvement district bonds and warrants which are within the protection of the Guaranty Fund of the Town shall be considered legal investments for any available surplus funds of the Town which now or hereafter may be authorized by the Council to be invested in such bonds or warrants.

Section 8. Effective Date. This ordinance shall become effective from and after its passage, approval and publication as required by law.

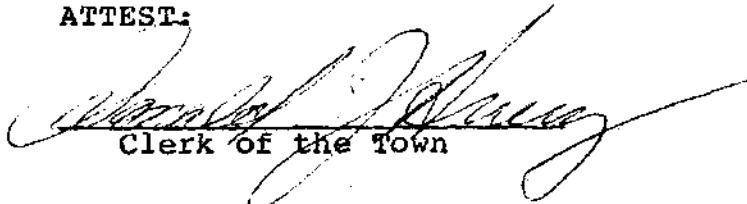
Introduced and first read by the Council of the Town of Gig Harbor, Washington at its regular meeting on the 17 day of Aug, 1979.

Finally passed by said Council at its regular meeting on the 27 day of Aug, 1979, and approved by its Mayor on the 21 day of Aug, 1979.

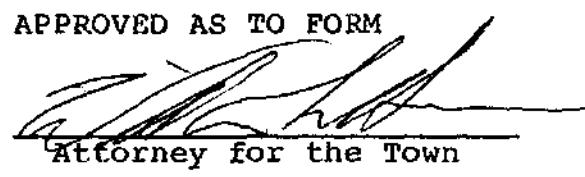
TOWN OF GIG HARBOR, WASHINGTON

By: Ruth M. Doane
Mayor

ATTEST:


Clerk of the Town

APPROVED AS TO FORM


Attorney for the Town