

CITY OF GIG HARBOR, WASHINGTON
WATER AND SEWER REVENUE BONDS, 1989
\$2,040,000

ORDINANCE NO. 553

AN ORDINANCE of the City of Gig Harbor, Washington, authorizing the issuance and sale of water and sewer revenue bonds of the City in the principal amount of \$2,040,000 for the purpose of providing funds to finance certain improvements to the City's water and sewer utilities; fixing the date, form, terms, maturities and covenants of said bonds; providing for the sale thereof; and providing for the disposition of the proceeds of the sale of the bonds.

Introduced: March 27th, 1989

Passed: April 10, 1989

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Seattle, Washington

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WHEREAS, the City of Gig Harbor, Washington (the "City") now owns, operates, and maintains a combined water and sewerage system, which System is in need of additions and improvements (herein described with more particularity as the "Project"); and

WHEREAS, by Ordinance No. 515, passed on August 10, 1987, the City created its Utility Local Improvement District No. 2 ("ULID No. 2"), for the purpose of undertaking a part of the Project; and

WHEREAS, the City has issued its water and sewer revenue bond anticipation notes in the aggregate principal amount of \$2,000,000 (the "Notes") in order to provide interim financing for the Project; and

WHEREAS, it is now deemed necessary and desirable to issue and sell water and sewer revenue bonds in order to provide permanent financing for the Project; and

WHEREAS, the City has previously issued and outstanding its Water and Sewer Revenue Refunding Bonds, Series 1985 (the "1985 Bonds") pursuant to Ordinance No. 468, in which the City has

retained the right to issue additional water and sewer revenue bonds on a parity of lien with the 1985 Bonds; and

WHEREAS, the City has determined that it is in the best interest of the City and its inhabitants that the City issue its Water and Sewer Revenue Bonds, 1989 (the "Bonds") to provide permanent financing for the Project;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GIG HARBOR, WASHINGTON, DOES ORDAIN, as follows:

Section 1. Definitions. As used in this ordinance, the following terms shall have the following meanings, unless a different meaning clearly appears from the context:

"Annual Debt Service" means, with respect to any issue of Parity Bonds, the amount required in a given calendar year for the payment of the principal of and interest on such Parity Bonds.

"Assessments" means any assessments levied in any utility local improvement district of the City (including ULID No. 2) created for the acquisition or construction of additions and improvements to and extensions of the System, if such assessments are pledged to be paid into the Bond Fund. The word "Assessments" shall also include any installments of assessments and any interest or penalties which may be due thereon.

"Assessment Income" means the principal of and interest on assessments levied in any utility local improvement district and pledged to be paid into the Bond Fund. In the case of assessments payable in installments, Assessment Income shall be allocated to

the years in which it would be received if the unpaid principal balance of each assessment roll were paid in equal principal amounts over the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll.

"Average Annual Debt Service" means the average amount of annual debt service which will become due in any fiscal year hereafter on all Parity Bonds then outstanding.

"Bond Fund" means the City of Gig Harbor Utility Bond Redemption Fund created in the office of the City Treasurer by Section 13 of Ordinance No. 468.

"Bond Register" means the records maintained on behalf of the city containing the name and mailing address of each owner of the Bonds or the nominee of such owner, and such other information as the Bond Registrar shall determine.

"Bond Registrar" means the fiscal agencies of the State of Washington in either Seattle, Washington, or New York, New York, for the purpose of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

"Bonds" means the \$2,040,000 water and sewer revenue bonds authorized by Section 4 of this ordinance for the purposes set forth herein.

"City" means the City of Gig Harbor, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

"Code" means the Internal Revenue Code of 1986, as amended, and shall include all applicable regulations thereunder.

"Costs of Maintenance and Operation" mean all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expenses with respect to the System, but excludes depreciation, payments for debt service or into reserve accounts, costs of capital additions to or replacements of the System, municipal taxes, or payments to the City in lieu of taxes.

"Council" means the general legislative authority of the City, as the same shall be duly and regularly constituted from time to time.

"Debt Service Account" means the account of that name created in the Bond Fund by Ordinance No. 468.

"Future Parity Bonds" means any water and sewer revenue bonds which the City may hereafter issue having a lien upon the Revenue of the System for the payment of the principal thereof and interest thereon equal to the lien upon the Revenue of the System of the Bonds.

"Net Revenue" means the Revenue of the System less the Costs of Maintenance and Operation.

"1985 Bonds" means the City of Gig Harbor, Washington, Water and Sewer Revenue Refunding Bonds, Series 1985, issued pursuant to Ordinance No. 468 of the City Council and outstanding in the principal amount of \$615,000.

"Notes" means the City of Gig Harbor, Washington, Water and Sewer Revenue Anticipation Notes, 1987, issued pursuant to Ordinance No. 522 under date of November 15, 1987 in the principal amount of \$2,000,000.

"Parity Bonds" means the 1985 Bonds, the Bonds and any Future Parity Bonds.

"Reserve Account" means the account created in the Bond Fund by Section 15 of Ordinance No. 468 and shall include any subaccount created therein.

"Revenue Fund" means the "City of Gig Harbor Utility Revenue Fund" created by Section 12 of Ordinance No. 468, into which fund all of the Revenue of the System is to be deposited, as collected.

"Revenue of the System" means all earnings, revenue and moneys received by the City from or on account of the operation of the System, including the income from investments of money in the Revenue Fund and the Bond Fund or from any other investment thereof. "Revenue of the System" shall also include any federal or state reimbursements of operating expenses to the extent such expenses are included as "Costs of Maintenance and Operation."

"System" means the existing sanitary sewerage collection and treatment system of the City, as it now exists and as it may later

be added to, extended and improved, and the existing water supply and distribution system of the City, as it now exists and as it may later be added to, extended and improved for as long as any Parity Bonds remain outstanding.

"Term Bonds" means any Parity Bonds identified as such in the ordinance authorizing the issuance thereof, the payment of which is provided for by a requirement for mandatory deposits of money into a "sinking fund account" in the Bond Fund.

"Treasurer" means the City Administrator, Clerk-Treasurer.

"ULID No. 2" means Utility Local Improvement District No. 2 of the City, created pursuant to Ordinance No. 515 of the City Council.

Section 2. Authorization of Project. Pursuant to Ordinance No. 515, the City has heretofore authorized and approved the construction of the improvements within ULID No. 2. A portion of the proceeds of the Notes herein authorized shall be used to provide for the permanent financing of the costs of said improvements. Upon the completion of the improvements within ULID No. 2, an assessment roll shall be confirmed for all of the costs of said improvements and Assessments levied against the property owners within ULID No. 2 benefited by said improvements. All of said Assessments to be levied within ULID No. 2 shall be deposited upon receipt into the Bond Fund.

In addition, the City shall acquire, construct and install a 1.2 million gallon reservoir, water main and new well to provide

additional water capacity for the needs of the City. The foregoing plan for improvements to the System is hereby specified and adopted. The foregoing improvements to the System, including the improvements within ULID No. 2, are herein referred to as the "Project." The Project shall include all necessary equipment, appurtenances and facilities.

The City shall acquire all materials, equipment, real and personal property or interests therein, easements, franchises and rights-of-way necessary to construct the Project, which shall be as more particularly set forth in maps, plans and specifications prepared by the City's engineers and which shall be on file with the City, and such plans shall be subject to such additions or changes as to detail or other changes not affecting the main general plan for the Project as may be authorized by the City Council either prior to or during the actual course of construction. The estimated cost of acquiring, constructing and installing the Project, of issuing the Bonds, and of funding certain payments to the Reserve Account, is hereby declared to be, as near as may be estimated, the sum of \$2,792,308, of which \$2,040,000 shall be paid out of the proceeds of sale of the Bonds. The balance of said costs shall be provided by a cash contribution from the City.

Section 3. Compliance With Parity Conditions. The Council hereby finds and determines as required by Section 21 of Ordinance No. 468, as follows:

First: At the time of the issuance of the Bonds, there will be no deficiency in the Bond Fund or the Reserve Account.

Second: All of the Assessments to be levied in ULID No. 2 have been directed to be deposited into the Bond Fund by Section 2 of this ordinance.

Third: All Assessments levied within any utility improvement district of the City have been pledged to be paid into the Bond Fund pursuant to Section 11 B of this ordinance.

Fourth: Pursuant to Section 8 A of this ordinance, the principal of and interest on the Bonds is payable out of the Bond Fund, and the requirements for funding the Reserve Account pursuant to Section 15 of Ordinance No. 468 have been met in Section 8 B of this ordinance.

Fifth: Prior to the delivery of the Bonds, the City shall have on file a certificate of an independent professional engineer or certified public accountant dated not earlier than 90 days prior to the date of delivery of the Bonds and showing: that the Net Revenue determined and adjusted as provided in Ordinance No. 468 for each calendar or fiscal year after the issuance of the Bonds together with Assessment Income will equal at least 1.30 times the amount required in any such year for the payment of the principal of and interest on all Parity Bonds currently outstanding, including the Bonds.

The limitations contained and the conditions provided in Section 21 of Ordinance No. 468 having been complied with or

assured, the payments required herein to be made out of the Revenue of the System to pay and secure the payment of the principal of and interest on the Bonds shall constitute a lien and charge upon such Revenue equal in rank to the lien and charge thereon of the payments to be made into the Bond Fund and Reserve Account to pay and secure the payment of the principal of and interest on the 1985 Bonds.

Section 4. Authorization of Bonds. For the purposes of paying and redeeming the Notes and providing permanent financing for a portion of the Project, the City is hereby authorized to issue the Bonds in the principal amount of \$2,040,000.

The Bonds shall be designated the "City of Gig Harbor, Washington, Water and Sewer Revenue Bonds, 1989" and shall be in substantially the form set forth in Section 14 of this ordinance. The Bonds shall be dated as of May 1, 1989; shall be in the denomination of \$5,000 each or any integral multiple thereof, provided that no Bond shall represent more than one maturity; shall be fully registered as to both principal and interest; and shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification. The Bonds shall bear interest from their date at the following rates, payable on the first day of June, 1990 and semiannually thereafter on the first days of each succeeding June and December and shall mature on June 1 of the following years as follows:

<u>Years</u>	<u>Principal Amounts</u>	<u>Interest Rates</u>
1991	\$105,000	7.10%
1992	105,000	7.20
1993	105,000	7.30
1994	105,000	7.40
1995	105,000	7.50
1996	135,000	7.60
1997	140,000	7.65
1998	145,000	7.70
1999	145,000	7.75
2000	150,000	7.80
2001	155,000	7.90
2002	155,000	7.95
2003	160,000	8.00
2004	160,000	8.20
2005	170,000	8.20

The fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York, shall act as registrar for the Bonds (collectively, the "Bond Registrar"). The Bond Registrar shall maintain the Bond Register. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed on the date such interest is due to the registered owners or nominees of such owners at the addresses appearing on the Bond Register as of the 15th day of the month preceding the interest payment date. The principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners or nominees of such owners at the principal offices of either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington, or New York, New York, at the option of such owners.

Upon the surrender thereof to the Bond Registrar, the Bonds are interchangeable for other Bonds of any authorized denomination in an equal aggregate principal amount and of the same interest rate and maturity date. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Such exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be required to register, transfer or exchange any Bonds which have been called for redemption within a period of 15 days next preceding the date fixed for redemption.

The Bonds shall be obligations only of the Bond Fund and shall be payable and secured as provided herein. The Bonds shall not be general obligations of the City.

Section 5. Bond Registration. The City hereby specifies and adopts the system of registration for the Bonds approved by the Washington State Finance Committee. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the City. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance.

The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds.

The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the owners of the Bonds.

Section 6. Redemption Prior to Maturity.

A. Optional Redemption. The Bonds maturing on or prior to June 1, 1995 are not subject to optional redemption. The City hereby reserves the right to redeem the outstanding Bonds maturing on or after June 1, 1996, in whole or in part in inverse order of maturity and by lot within each maturity on June 1, 1995, or on any interest payment date thereafter, at par plus accrued interest to the date of redemption. In addition, the City reserves the right to redeem the outstanding Bonds maturing on June 1, 2004 in whole or in part and if in part, by lot, on June 1, 1990, or on any interest payment date thereafter, at par plus accrued interest to the date of redemption.

B. Notice of Call. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner(s) of the Bond or Bonds to be redeemed at the address shown on the Bond Register

or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state:

(1) the redemption date,

(2) the redemption price,

(3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar.

On or prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all or portions of Bonds which are to be redeemed on that date. The requirements of this section shall be deemed to be complied with when notice is mailed as provided, whether or not it is actually received by the owner of any Bond.

C. Effect of Call. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to

be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

D. Additional Redemption Notice. In addition to the foregoing notice, further notice shall be given by the Bond Registrar on behalf of the City as set forth below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above described.

(1) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers, if any, of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed;

and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption may be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and shall be sent to Moody's Investors Service and Standard & Poor's Corporation at their respective offices in New York, New York and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(3) Each such further notice shall be published one time in the Bond Buyer of New York, New York, or, if such publication is impractical or unlikely to reach a substantial number of the owners of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

(4) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Priority of Payments from Revenue Fund. There has heretofore been established in the office of the City Adminis-

trator a special fund of the City known as the "City of Gig Harbor Utility Revenue Fund" (the "Revenue Fund"), as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the City, the Revenue of the System shall be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation of the System;

Second, to make all payments required to be made into the Bond Fund to pay the interest on any Parity Bonds;

Third, to make all payments required to be made into the Bond Fund to pay the maturing principal of any Parity Bonds;

Fourth, to make all payments required to be made into the Reserve Account created to secure the payment of the Parity Bonds;

Fifth, to make all payments required to be made into any revenue bond redemption fund or revenue warrant redemption fund and debt service account or reserve account created to pay and secure the payment of the principal of and interest on any revenue bonds or revenue warrants of the City having a lien upon the Revenue of the System junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

Sixth, to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the City, to make necessary additions, betterments and improvements and

repairs to or extensions and replacements of the System, or for any other lawful City purposes.

Section 8. Bond Fund. A special fund of the City known as the "Utility Bond Redemption Fund" (the "Bond Fund") has heretofore been created by the City for the sole purpose of paying and securing the payment of Parity Bonds.

A. Payments into Debt Service Account. A special account to be known as the "Debt Service Account" has heretofore been created in the Bond Fund for the purpose of paying the principal of, premium, if any, and interest on Parity Bonds.

As long as any Parity Bonds remain outstanding, the City hereby obligates and binds itself to set aside and pay from the Bond Fund into the Debt Service Account those amounts necessary, together with such other funds as are on hand and available in the Debt Service Account, to pay the principal of and the interest on such Parity Bonds as the same respectively become due and payable. Such payments from the Bond Fund shall be made in a fixed amount without regard to any fixed proportion on or before the twentieth day of each month, an amount such that, if the same amount were so set aside and paid into said Debt Service Account on the twentieth day of each succeeding calendar month thereafter prior to the next date upon which an installment of interest or principal and interest falls due on the Bonds, the aggregate of the amounts so set aside and paid into the Debt Service Account will on such date be equal to the installment of interest or principal and interest.

B. Payments into Reserve Account. A Utility Reserve Account has heretofore been created in the Bond Fund for the purpose of securing the payment of the principal of and the interest on all bonds payable out of such Fund.

Upon the issuance and delivery of the Bonds, the City shall deposit into the Reserve Account the sum of \$167,000 which is an amount, together with money already on deposit therein, at least equal to the lesser of (i) Average Annual Debt Service on the Bonds and the 1985 Bonds or (ii) the maximum amount permitted to be deposited therein under Section 148 of the Code (the "Reserve Requirement").

In the event that the City issues any Term Bonds in the future and provides for the payment thereof by a mandatory schedule of payments into a sinking fund account in the Bond Fund, the term Average Annual Debt Service shall be deemed to exclude from principal an amount of Term Bonds equal to such mandatory payments, and from interest, the interest on such Term Bonds subsequent to the date of the respective deposits, and to include in lieu thereof the mandatory sinking fund deposits as of the date required and interest on Term Bonds provided for by such deposits only to the dates of the respective deposits.

The City hereby further covenants and agrees that in the event it issues any Future Parity Bonds that it will provide in the ordinance authorizing the issuance of the same that it will pay into the Reserve Account out of the Revenue of the System or

Assessments (or, at the option of the City, out of any other funds on hand legally available for such purpose) not less than approximately equal additional annual payments so that by five years from the date of such Future Parity Bonds there will have been paid into the Reserve Account an amount which, with the money already on deposit therein, (or insurance policy or letter(s) of credit), will be equal to the Reserve Requirement.

The City further covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Requirement. Whenever there is a sufficient amount in the Revenue Bond Fund, including the Reserve Account and the Debt Service Account, to pay the principal of, premium if any, and interest on all outstanding Parity Bonds, the money in the Reserve Account may be used to pay such principal, premium and interest. Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on any outstanding Parity Bonds, as long as the monies left remaining on deposit in the Reserve Account are equal to the Reserve Requirement.

In the event there shall be a deficiency in the Debt Service Account to meet maturing installments of either interest on or principal of and interest on the outstanding bonds payable out of such Account, such deficiency shall be made up from the Reserve Account by the withdrawal of monies therefrom. Any deficiency

created in the Reserve Account by reason of any such withdrawal shall then be made up out of Revenue of the System or Assessments after making necessary provision for the payments required to be made by subparagraphs First, Second, Third, Fourth and Fifth of Section 7 hereof.

C. Priority of Lien of Payments into Bond Fund. The amounts so pledged to be paid into the Bond Fund are hereby declared to be a lien and charge upon the Revenue of the System junior in lien to the Costs of Maintenance and Operation, equal to the lien of the charges upon such Revenue to pay and secure the payment of the principal of and interest on 1985 Bonds and any bonds which may be issued in the future on a parity therewith, and prior and superior to all other charges of any kind or nature whatsoever.

D. Application and Investment of Money in the Bond Fund. Moneys in the Bond Fund shall be invested in any investments that are permitted by law. Investments in the Debt Service Account shall mature prior to the date on which such money shall be needed for required interest or principal payments. Investments in the Reserve Account shall mature not later than the last maturity of the Parity Bonds secured thereby. All interest earned and income derived by virtue of such investments shall remain in the Bond Fund and be used to meet the required deposits into any account therein.

E. Sufficiency of Revenues. The Council hereby finds that in fixing the amounts to be paid into the Bond Fund out of

the Revenue of the System, it has exercised due regard for the Costs of Maintenance and Operation and has not obligated the City to set aside and pay into such Fund a greater amount of such Revenue than in its judgment will be available over and above the Costs of Maintenance and Operation.

Section 9. Application of Bond Proceeds. The proceeds of the sale of the Bonds shall be used and applied as follows:

A. The amount equal to the interest accruing, if any, on the Bonds from May 1, 1989 to the date of their delivery shall be deposited into the Debt Service Account of the Bond Fund.

B. The balance of the proceeds of the Bonds shall be paid into the Water and Sewer Revenue Bond Anticipation Note Fund, 1987, created pursuant to Ordinance No. 522 and shall be used, together with other available funds of the City, to pay and redeem the Notes on May 15, 1989.

Section 10. Defeasance. In the event that money (other than bond insurance proceeds) and/or "Government Obligations," as such obligations are now or may hereafter be defined in Chapter 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bonds or any of them in accordance with their terms are set aside in a special account to effect such redemption or retirement 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 Fund for the payment of the

principal of and interest on the Bonds so provided for and such Bonds 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 such Bonds shall be deemed not to be outstanding hereunder.

Section 11. Bond Covenants.

A. Maintenance of System. The City shall at all time maintain, preserve and keep the properties of the System in good repair, working order and condition and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto, so that at all times the business carried on in connection therewith will be properly and advantageously conducted and said properties of the System and the business in connection therewith administered in an efficient manner and at a reasonable cost.

B. Collection and Application of Assessments. The City will promptly collect all Assessments levied in utility local improvement districts that have been heretofore created by the City and all Assessments levied in utility local improvement districts that are hereafter created to secure the payment of the principal of and interest on Parity Bonds and will pay the same into the Bond Fund. The same may be used to meet required payments into any Account of the Bond Fund and may be used to pay the principal of and interest on any Parity Bonds without said Assessments being particularly allocated to the payment of any particular series of bonds payable

out of such Fund. It is hereby further provided, however, that nothing in this ordinance or in this subsection shall be construed to prohibit the City from issuing revenue bonds having a lien on the Revenue of the System and the money in the Revenue Fund junior to the lien on such revenue and money for the payment of the principal of and interest on the Bonds and pledging as security for the payment of such junior lien bonds assessments levied in any utility local improvement district that may have been created to pay part or all of the cost of improvements to the System for which such junior revenue bonds were specifically issued.

C. Rates and Charges. The City shall fix, maintain and collect rates and charges for the use of the services and facilities and all commodities sold, furnished or supplied by the System, which shall be fair and nondiscriminatory and shall adjust such rates and charges from time to time so that:

(1) the Revenue of the System derived therefrom, together with Assessments collected, will at all times be sufficient (a) to pay the Costs of Maintenance and Operation, (b) to pay the principal of and interest on all Parity Bonds, as and when the same shall become due and payable, (c) to make adequate provision for the payment of the any Term Bonds, (d) to make when due all payments which the City is obligated to make into the Reserve Account and all other payments which the City is obligated to make pursuant to this ordinance, and (f) to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue

therefrom or payments in lieu thereof and any and all other amounts which the City may now or hereafter become obligated to pay from the Revenue of the System by law or contract; and

(2) the Net Revenue together with Assessment Income in each calendar year will equal at least 1.30 times the maximum amount required to be paid in any succeeding calendar year for the principal of and interest on all Parity Bonds then outstanding. In the event the City issues any Term Bonds, and provides for the payment thereof by a mandatory schedule of payments into a sinking fund account in the Bond Fund, the words "principal of and interest on all outstanding Parity Bonds" in the preceding sentence shall be deemed to exclude from "principal" an amount of Term Bonds equal to such mandatory payments, and from "interest" the interest on such Term Bonds subsequent to the date of the respective deposits, and to include in lieu thereof the mandatory sinking fund deposits as of the date required and interest on Term Bonds provided for by such deposits only to the date of the respective deposits.

D. Net Revenue. After making or providing for the monthly payments from the Revenue Fund as required by Section 7 hereof, there shall be maintained in the Revenue Fund sufficient moneys to enable the City to meet the Costs of Maintenance and Operation of the System on a current basis. The City shall not change any rate or charge for service of the System as now established by the existing rate ordinance or ordinances that will reduce sub-

stantially the annual Net Revenues below that which would have been obtained before such change, unless the City shall have on file a certificate from a licensed professional engineer experienced in the design, construction and operation of municipal utilities stating that the rates and charges as so changed will provide Net Revenues sufficient to comply with all the covenants and requirements of this ordinance.

E. Sale of Properties. The City will not sell or otherwise dispose of the System in its entirety unless simultaneously with such sale or other disposition, provision is made for the payment into the Bond Fund of cash or Government Obligations (as now or hereafter defined in RCW 39.53) sufficient (taking into account interest to be earned on any such Government Obligations) to pay the principal of and interest on all then outstanding Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the System unless such facilities are replaced or provision is made for payment into the Bond Fund of the greatest of the following:

(1) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and Accounts therein) that the Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Revenue of the System for such period; or

(2) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and Accounts therein) that the Net Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Net Revenue of the System for such period; or

(3) An amount which will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the depreciated cost value of the facilities sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties of the System (to the extent required above) shall be paid into the Reserve Account in the Bond Fund.

Notwithstanding any other provision of this paragraph, the City may sell or otherwise dispose of any of the works, plant, properties and facilities of the System or any real or personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful in such operation, without making any deposit into the Bond Fund.

F. No Encumbrances. The City will not at any time create or permit to accrue or to exist any lien or other encumbrance or

indebtedness upon the System or the Revenue of the System, or any part thereof, prior or superior to the lien thereon for the payment of Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Revenue of the System, or any part thereof, or upon any funds in the hands of the City, prior to or superior to the lien of Parity Bonds, or which might impair the security of Parity Bonds.

G. Insurance. The City will keep the works, plants and facilities comprising the System insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by private corporations operating like properties, or will implement a self-insurance program with reserves adequate, in the judgment of the Council, to protect City and the owners of the Bonds against loss. In the event of any loss or damage, the City will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the System, the proceeds of such insurance shall be paid into the Reserve Account to the extent that such transfer shall be necessary to make up any deficiency in said Reserve Account and the balance, if any, shall at the option of the City, be used either for repairs, renewals, replacements, or capi-

tal additions to the System, for the redemption of Parity Bonds, or for deposit into the Reserve Account.

H. Books and Accounts. The City shall keep proper books of account which shall be kept in accordance with any applicable rules and regulations prescribed by the State of Washington. The City shall prepare, and any owner of Parity Bonds may obtain copies of, balance sheets and profit and loss statements showing in reasonable detail the financial condition of the System as of the close of each year, and the income and expenses of such year, including the amounts paid into the Revenue Fund, the Bond Fund, and into any and all special funds or accounts created pursuant to the provisions of this ordinance, and the amounts expended for maintenance, renewals, replacements, and capital additions to the System.

I. No Free Service. The City will not furnish or supply or permit the furnishing or supplying of any commodity, service or facility furnished by or in connection with the operation of the System, free of charge to any person, firm or corporation, public or private, so long as any Bonds are outstanding and unpaid.

J. Sound Expenditures. The City will not expend any of the Revenues derived by it from the operation of the System or the proceeds of any indebtedness payable from Revenue of the System for any extensions, betterments and improvements to the System which are not legally required or economically sound, and which will not properly and advantageously contribute to the conduct of the business of the System in an efficient manner.

K. Enforcement of Collection of Service Charges and Assessments. The City shall promptly take action to enforce the payment of delinquent service charges and Assessments by such means as are

L. Covenants Regarding Tax-Exempt Status of the Bonds. The City hereby covenants that it will not make any use of the proceeds from the sale of the Bonds or any other moneys or obligation of the City which may be deemed to be proceeds of such Bonds pursuant to Section 148(a) of the Code which, if such use has been reasonably expected on the date of delivery of the Bonds to the initial purchasers thereof, would have caused the Bonds to be "arbitrage bonds" within the meaning of said Section. The City will comply with the applicable requirements of Section 148(a) of the Code. The City covenants that it will not act or fail to act in a manner which will cause the Bonds to be considered obligations not described in Section 103(a) of the Code. The City covenants and agrees to calculate and to pay to the United States such Rebate Amount in the manner and at the times required by Section 148 of the Code and the applicable regulations thereunder.

The City will take no actions and will make no use of the proceeds of the Bonds or any Parity Bonds, or any other funds held under this ordinance which would cause any Bond to be treated as a "private activity bond" (as defined in Section 141(b) of the Code, as then in effect) subject to treatment under said Section 141(b) as an obligation not described in subsection (a) of said Section 141, unless the tax exemption thereof is not affected.

M. Designation as Qualified Tax Exempt Obligations. The City hereby designates the Bonds as "qualified tax exempt obligations" for purchase by financial institutions pursuant to Section 265 of the Code. The City does not anticipate that it will issue more than \$5,000,000 in "qualified tax-exempt obligations" during the year 1989.

Section 12. Issuance of Future Parity Bonds. The City hereby further covenants and agrees with the owners of each of the Bonds for as long as any of the same remain outstanding as follows:

The City will not issue any bonds having a greater or equal priority of lien upon the Revenue of the System to pay and secure the payment of the principal of and interest on such bonds than the priority of lien created on such bonds than the priority of lien created on such Revenue to pay and secure the payment of the principal of and interest on the Parity Bonds except as follows:

A. The City reserves the right to issue Future Parity Bonds for the purposes of

First, providing funds to acquire, construct, reconstruct, install, or replace any equipment, facilities, additions, betterments, or other capital improvements to the System for which it is authorized by law to issue revenue bonds, or

Second, refunding at or prior to their maturity, any revenue bond anticipation notes, or outstanding revenue bonds or other obligations payable out of the Revenue of the System and to pledge that payments will be made out of the Revenue of the System and

into the Bond Fund and the Reserve Account therein to pay and secure the payment of the principal of and interest on such Future Parity Bonds on a parity with the payments required herein to be made out of such Revenue into such Fund and Account to pay and secure the payment of the principal of and interest on any Parity Bonds then outstanding, upon compliance with the following conditions:

(1) At the time of the issuance of any Future Parity Bonds there is no deficiency in the Bond Fund or the Reserve Account.

(2) If there are Assessments levied in any utility local improvement district to pay for additions and improvements to and extensions of the System which will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require that such Assessments be paid into the Bond Fund.

(3) If there are Assessments pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing the Future Parity Bonds shall require such Assessments to be paid into the Bond Fund.

(4) The principal of and interest on the Future Parity Bonds shall be payable out of the Bond Fund and the requirements for Reserve Account payments in Section 8 B hereof shall be met.

(5) Prior to the delivery of any Future Parity Bonds the

City shall have on file a certificate of an independent professional engineer or certified public accountant dated not earlier than 90 days prior to the date of delivery of such Future Parity Bonds and showing: that the Net Revenue determined and adjusted as hereafter provided for each calendar or fiscal year after the issuance of such Parity Bonds (the "Adjusted Net Revenue") together with Assessment Income will equal at least 1.30 times the amount required in any such year for the payment of the principal of and interest on all Parity Bonds then outstanding, including the Future Parity Bonds proposed to be issued. In the event the City issues any Term Bonds, and provides for the payment thereof by a mandatory schedule of payments into a sinking fund account in the Bond Fund, the words "principal of and interest on all outstanding Parity Bonds" in the preceding sentence shall be deemed to exclude from "principal" an amount of Term Bonds equal to such mandatory payments, and from "interest" the interest on such Term Bonds subsequent to the date of the respective deposits, and to include in lieu thereof the mandatory sinking fund deposits as of the date required and interest on Term Bonds provided for by such deposits only to the dates of the respective deposits.

The Adjusted Net Revenue shall be the Net Revenue for a period of any twelve consecutive months out of the twenty-four months immediately preceding the date of delivery of such proposed Parity Bonds as adjusted by such engineer or accountant to take into consideration changes in Net Revenue estimated to occur under one

or more of the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, shall be outstanding:

(i) any increase or decrease in Net Revenue which would result if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such twelve-month period, had been in force during the full twelve-month period;

(ii) any increase or decrease in Net Revenue estimated by such Engineer or Accountant to result from any additions, betterments and improvements to and extensions of any facilities of the System which (a) became fully operational during such twelve-month period, (b) were under construction at the time of such certificate or (c) will be constructed from the proceeds of the Parity Bonds to be issued;

(iii) the additional Net Revenue which would have been received if any customers added to the System during such twelve-month period were customers for the entire period;

Such Engineer or Accountant shall base his certification upon, and his certificate shall have attached thereto, financial statements of the System audited by the State Examiner (unless such an audit is not available for a twelve-month period within the preceding twenty-four months) and certified by the City Administrator,

showing income and expenses for the period upon which the same is based.

The certificate of such Engineer or Accountant shall be conclusive and the only evidence required to show compliance with the provisions and requirements of this subsection (5).

Notwithstanding the foregoing requirement, if Future Parity Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of such refunding Parity Bonds results in a debt service savings and does not require an increase of more than \$5,000 in any year for principal and interest on such refunding Parity Bonds, the certificate required by subsection A(5) of this section need not be obtained.

B. Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations which are a charge upon the Revenue of the System junior or inferior to the payments required by this ordinance to be made out of such Revenue into the Bond Fund and Reserve Account to pay and secure the payment of any outstanding Parity Bonds.

C. Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Parity Bonds for the payment which moneys are not otherwise available.

Section 13. Lost or Destroyed Bonds. In case any Bonds shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, date and tenor to

the owner thereof upon the owner's paying the expenses and charges of the Bond Registrar and the City in connection therewith and upon his filing with the Bond Registrar and the City evidence satisfactory to both that such Bond or Bonds were actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the City and the Bond Registrar with indemnity satisfactory to both.

Section 14. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

No. _____ \$ _____

STATE OF WASHINGTON

CITY OF GIG HARBOR

WATER AND SEWER REVENUE BOND, 1989

INTEREST RATE: MATURITY DATE: CUSIP NO.:

SEE REVERSE SIDE FOR
CERTAIN DEFINITIONS

Registered Owner:

Principal Amount: _____ DOLLARS

The City of Gig Harbor, Washington, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (herein called the "City") hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from May 1, 1989, or the most recent date to which interest has been paid or duly provided for, at the Interest Rate set forth above, payable June 1, 1990, and semiannually thereafter on the first days of each June and December until such Principal Amount is paid or payment has been duly provided for.

Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by mailing a check or draft to the registered owner or assigns at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date. Principal shall be paid to the registered owner or assigns upon presentation and surrender of this bond at the principal office of either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York (collectively the "Bond Registrar").

Reference is hereby made to additional provisions of this bond set forth on the reverse side hereof and such additional provisions shall for all purposes have the same effect as if set forth in this space. Reference also is made to the Bond Ordinance (hereinafter defined) as more fully describing the covenants with and the rights of registered owners of the bonds or registered assigns and the meanings of capitalized terms appearing on the bonds which are defined in such Bond Ordinance.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance (as hereinafter defined) until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City, that all acts, conditions and things required to be done precedent to and in the issuance of this bond and the bonds of this issue have happened, been done and performed and that this bond and the bonds of this issue do not exceed any constitutional or statutory limitations upon the amount of bonded indebtedness that the City may incur.

IN WITNESS WHEREOF, the City of Gig Harbor, Washington, has caused this bond to be signed with the facsimile signature of the Mayor, to be attested by the facsimile signature of the City Administrator and Clerk-Treasurer, and the corporate seal of the City to be imprinted hereon, all as of this first day of May, 1989.

CITY OF GIG HARBOR, WASHINGTON

By /s/ facsimile
Mayor

(SEAL)

ATTEST:

/s/ facsimile
City Administrator and
Clerk-Treasurer

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Water and Sewer Revenue Bonds, 1989, of the City of Gig Harbor, Washington, dated May 1, 1989.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By _____
Authorized Officer

ADDITIONAL BOND PROVISIONS

This bond is one of an authorized issue of bonds of the City of like date and tenor except as to number, amount, rate of interest and date of maturity in the aggregate principal amount of \$2,040,000. This issue of bonds is authorized by Ordinance No. _____ of the City, passed on April 10, 1989 (herein called the "Bond Ordinance") for the purpose of financing improvements to the City's combined system of water and sewerage (the "System"), all in conformity with the laws of the State of Washington and ordinances of the City.

The City has reserved the right to redeem any or all of the outstanding bonds of this issue maturing on or after June 1, 1996 in inverse order of maturities (and by lot within a maturity, in increments of \$5,000, with the manner of selection to be as chosen by the Bond Registrar) on June 1, 1995, or on any interest payment date thereafter, at a price of 100% of the principal amount thereof plus accrued interest to the date of redemption. In addition, the City has reserved the right to redeem the bonds of this issue which mature on June 1, 2004 in whole or in part and if in part, by lot, on June 1, 1990, or on any interest payment date thereafter, at a price of 100% of the principal amount thereof plus accrued interest to the date of redemption.

Notice of any such intended redemption shall be given not fewer than 30 nor more than 60 days prior to the redemption date by first class mail, postage prepaid, to the registered owner of any bond to be redeemed at the address appearing on the Bond Register. The requirements of the Bond Ordinance shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the owner of any bond. Interest on all of such bonds so called for redemption shall cease to accrue on the date fixed for redemption unless such bond or bonds so called for redemption are not redeemed upon presentation made pursuant to such call. The Bond Registrar shall not be required to register, transfer or exchange any bond called for redemption within 20 days next preceding the date fixed for such redemption.

Portions of the principal sum of this bond in installments of \$5,000 or any integral multiple thereof may also be redeemed in accordance with the provisions set forth above, and if less than all of the principal sum hereof is to be redeemed, upon the surrender of this bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum hereof, at the option of the Registered Owner, a bond or bonds of like maturity and interest rate in any of the denominations authorized by the Bond Ordinance.

This bond and the bonds of this issue are payable solely from the special fund of the City known as the "Utility Bond Redemption Fund" (herein called the ("Bond Fund") created by the Ordinance No. 468 of the City. The City has irrevocably obligated and bound itself to pay into the Bond Fund out of the Revenue of the System (as defined in the Bond Ordinance) or from such other moneys as may be provided therefor certain amounts necessary to pay and secure the payment of the principal and interest on the bonds of this issue.

The bonds of this issue are not general obligations of the City.

The bonds of this issue are not private activity bonds. The City has designated the bonds as qualified tax-exempt obligations for investment by financial institutions, pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and duly adopted ordinances of the City. The City hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept and performed, and reference

is hereby made to the Bond Ordinance for a complete statement of such covenants.

The City does hereby pledge and bind itself to set aside from the Revenue Fund out of the Revenue of the System and to pay into the Bond Fund and the accounts created therein the various amounts required by the Bond Ordinance to be paid into and maintained in such Fund and accounts, all within the times provided by the Bond Ordinance.

To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid from the Revenue Fund out of the Revenue of the System into the Bond Fund and the accounts therein shall be a lien and charge thereon equal in rank to the lien and charge upon said Revenue of the amounts required to pay and secure the payment of the City's Water and Sewer Revenue Refunding Bonds, Series 1985 and any revenue bonds of the City hereafter issued on a parity with the such outstanding bonds and the bonds of this issue and superior to all other liens and charges of any kind or nature, except the Costs of Maintenance and Operation of the System.

The City has further bound itself to maintain the System in good condition and repair, to operate the same in an efficient manner and at a reasonable cost, to establish, maintain and collect rates and charges for water supplied and sanitary and sewage service provided, for as long as any of the bonds remain outstanding that will make available for the payment of the principal of and the interest on all of such bonds as the same shall become due an amount equal to at least 1.30 times the amount required annually hereafter for the payment of all of such principal and interest after normal costs of maintenance and operation of the System have been paid, but before depreciation. Within five years of the issuance of parity revenue bonds, the Reserve Account must be at least equal to the maximum annual debt service (on such lesser amount as shall then be permitted under the federal Internal Revenue Code of 1986, as amended) on all outstanding parity revenue bonds.

The pledge of revenues and other obligations of the City under the Bond Ordinance may be discharged at or prior to the maturity or redemption of the bonds of this issue upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

Reference to the Bond Ordinance and any and all modifications and amendments thereto is made for a description of the nature and extent of the security for the bonds, the funds or revenues pledged, and the terms and conditions upon which the bonds are issued.

The bonds of this issue may be transferred only if endorsed in the manner provided hereon and surrendered to the Bond Registrar. The bonds are interchangeable for bonds of any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity upon presentation and surrender to the Bond Registrar. Such transfer or exchange shall be without cost to the Registered Owner.

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common

TEN ENT - as tenants by the entireties

JT TEN - as joint tenants with
right of survivorship and not as tenants in common

UNIF GIFT (TRANSFER) MIN ACT - _____ Custodian
(Cust)

(Minor)

under Uniform Gifts (Transfers)
to Minors Act _____
(State)

Additional abbreviations may also be used although not listed above.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR
TAXPAYER IDENTIFICATION NUMBER OF TRANSFeree
/ /

(Please print or typewrite name and address, including ZIP code,
of Transferee)
the within bond and does hereby irrevocably constitute and appoint
_____, or its successor, attorney-in-fact to transfer said bond on the registration books of the
Bond Registrar with full power of substitution in the premises.

DATED: _____.

SIGNATURE GUARANTEED:

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Section 15. Execution and Authentication of Bonds. The Bonds shall be signed on behalf of the City with the facsimile signature of the Mayor and attested by the facsimile signature of the City Administrator, Clerk-Treasurer. The seal of the City shall be impressed or a facsimile thereof imprinted on the face of each Bond.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated, and delivered hereunder and are entitled to the benefits of this ordinance.

In case either of the officers who shall have executed the Bonds shall cease to be an officer or officers of the City before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar, or issued by the City, such Bonds shall be

valid nevertheless and may be issued by the City with the same effect as though the persons who had executed such Bonds had not ceased to be such officers.

Section 16. Authorization of Temporary Bond. Until the definitive Bonds are prepared, the City may, if deemed necessary by the Treasurer, utilize a temporary Bond which shall be type-written, and which shall be delivered to the purchasers of the Bonds in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds. The temporary Bond shall be dated May 1, 1989, shall be in the denomination of \$2,040,000, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as may be appropriate to temporary bonds, and shall be signed by the Mayor and Administrator, Clerk-Treasurer of the City.

Upon surrender to the City of the temporary Bond, the City, without charge to the owner, shall execute and deliver to the owner of the temporary Bond, in exchange therefor, definitive Bonds of the same maturities, interest rates, redemption provisions and aggregate principal amount as the temporary Bond, if any, surrendered. Until so exchanged, the temporary Bond shall be in all respects entitled to the same benefit and security as definitive Bonds executed and issued pursuant to this ordinance.

Section 17. Purchase Contract. The Bonds shall be sold at negotiated sale. The offer of Security Pacific Bank Washington, N.A., Seattle, Washington, to purchase the Bonds at a purchase

price of \$2,008,584, as more fully set forth in the Purchase Contract presented to this Council on April 10, 1989, is hereby confirmed and accepted.

The Treasurer of the City is hereby authorized to review and approve on behalf of the City the preliminary and final Official Statements relative to the Bonds with such additions and changes as may be deemed necessary or advisable to him. The proper City officials are hereby authorized and directed to do everything necessary for the prompt execution and delivery of the Bonds to said purchaser and for the proper application and use of the proceeds of sale thereof.

Section 18. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of any Parity Bonds.

Section 19. General Authorization. The Mayor, the City Administrator and Clerk-Treasurer and the Finance Director of the City and each of the other appropriate officers, agents and representatives of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing state-

ments, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance.

Section 20. Prior Acts. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 21. Effective Date. This ordinance shall be effective five days after its passage and publication in the manner required by law.

Read for the first time on March 27, 1989 and finally passed by the Council of the City of Gig Harbor, Washington, at a regular meeting held on the 10th day of April, 1989.

CITY OF GIG HARBOR, WASHINGTON

By James F. Murphy
Mayor

ATTEST:

J. C. L.
City Clerk

Passed by City Council: 4/10/89
Date Published: 4/19/89
Date Effective: 4/24/89

CITY OF GIG HARBOR
WATER AND SEWER REVENUE BONDS, 1989
SUMMARY OF ORDINANCE #553

AN ORDINANCE OF THE CITY OF GIG HARBOR, WASHINGTON,
AUTHORIZING THE ISSUANCE AND SALE OF WATER AND SEWER REVENUE
BONDS IN THE SUM OF \$2,040,000.

This ordinance, which was passed by the City Council of Gig Harbor, Washington on April 10, 1989, provides for the issuance and sale of revenue bonds of the city in the principal sum of \$2,040,000 for the purpose of financing certain improvements to the city's water and sewer utilities; provides the dates, form, terms, maturities and covenants of such bonds; provides for the sale of such bonds; and provides for the disposition of the proceeds of the sale of the bonds.

The full text of this ordinance may be inspected during normal business hours Monday through Friday at Gig Harbor City Hall, 3105 Judson Street.

Approved by the City Council at their meeting of April 10, 1989.

Michael R. Wilson
Michael R. Wilson
City Administrator/Clerk

CLERK'S CERTIFICATE

I, the undersigned, the duly chosen, qualified and acting Clerk of the City of Gig Harbor, Washington, and keeper of the records of the Council of the City (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. _____ of the City (herein called the "Ordinance"), as finally passed at a regular meeting of the Council held on the 10th day of April, 1989, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City this 10th day of April, 1989.

City Clerk, City of Gig
Harbor, Washington

(SEAL)