

CITY OF LACEY

WATER AND SEWER REVENUE BONDS, 1981

ORDINANCE NO. 623

AN ORDINANCE of the City of Lacey, Washington, authorizing the issuance and sale of water and sewer revenue bonds of the City in the principal amount of \$1,380,000, for the purpose of providing permanent financing for the acquisition, construction and installation of certain additions and improvements to the combined water and sewerage system of the City; providing that said bonds will be issued on a parity with certain outstanding water revenue refunding bonds of the City; providing the date, form, terms, maturities and covenants of said bonds; providing and adopting certain covenants and protective features safeguarding the payment of the principal of and interest on said bonds; and amending Ordinance 619 of the City.

PASSED: July 7, 1981

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ORDINANCE 623

AN ORDINANCE of the City of Lacey, Washington, authorizing the issuance and sale of water and sewer revenue bonds of the City in the principal amount of \$1,380,000, for the purpose of providing permanent financing for the acquisition, construction and installation of certain additions and improvements to the combined water and sewerage system of the City; providing that said bonds will be issued on a parity with certain outstanding water revenue refunding bonds of the City; providing the date, form, terms, maturities and covenants of said bonds; providing and adopting certain covenants and protective features safeguarding the payment of the principal of and interest on said bonds; and amending Ordinance 619 of the City.

WHEREAS, the City Council of the City of Lacey, Washington (the "City"), has by Ordinance 565, passed on January 24, 1980, created Utility Local Improvement District No. 9 ("ULID No. 9") and ordered the carrying out of water distribution and sewerage collection improvements therein; and

WHEREAS, the improvements have been completed and the assessment roll for their cost and expense has been confirmed by Ordinance 619, passed by the City Council on May 28, 1981; and

WHEREAS, the City Council deems it necessary and in the best interests of the City that water and sewer revenue bonds of the City be issued and sold payable from and secured by the assessments within ULID No. 9 and the revenues of the City's combined system of water and sewerage; and

WHEREAS, the City has issued its water and sewer revenue refunding bonds under date of August 1, 1977, and outstanding in the principal amount of \$3,100,000; and

WHEREAS, the City has received the offer of Seattle-Northwest Securities Corporation to purchase the water and sewer revenue bonds of the City, in the principal amount of \$1,380,000; and

WHEREAS, the City Council has reviewed the offer and deems it in the best interest of the City that the \$1,380,000 of water and sewer revenue bonds be sold to Seattle-Northwest Securities Corporation, on a parity of lien with the outstanding refunding bonds, in accordance with its offer dated July 7, 1981;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, DO ORDAIN as follows:

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

(a) "Assessment Income" means the principal of and interest on assessments levied in utility local improvement districts, including ULID No. 9, and pledged to be paid into the Bond Fund. Assessment Income shall be allocated to the years in which it would be received if the unpaid balance of each assessment roll were paid in 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.

(b) "Assessments" means all assessments levied in any utility local improvement district of the City, including ULID No. 9, 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. "Assessments" includes any installments of Assessments and any interest or penalties which may be due thereon.

(c) "Bonds" means the \$1,380,000 principal amount of water and sewer revenue bonds of the City issued pursuant to this ordinance for the purposes herein provided.

(d) "Reserve Account" means the Bond Reserve Account created in the Bond Fund by Section 6 of Ordinance 460 of the City.

(e) "City" means the City of Lacey, Washington, a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington.

(f) "Cost of Maintenance and Operation" means all necessary operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, and insurance and administrative expense, 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.

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

(h) "Debt Service Account" means the account of that name created in the Bond Fund by Section 6 of Ordinance 460 of the City.

(i) "Future Parity Bonds" means any revenue bonds or revenue warrants which may be issued by the City in the future as Parity Bonds.

(j) "Net Revenue" means the Revenue of the System less the Cost of Maintenance and Operation.

(k) "Outstanding Bonds" means the water and sewer revenue refunding bonds of the City outstanding in the principal amount of \$3,100,000, dated August 1, 1977. The Outstanding Bonds are the only Parity Bonds of the City for which the revenues of the System have been pledged for repayment.

(l) "Parity Bonds" means any revenue bonds or revenue warrants issued by the City which have a lien upon the Revenue of the System for the payment of the principal thereof and interest thereon equal to the lien created upon the Revenue of the System for the payment of the principal of and interest on the Outstanding Bonds and the Bonds.

(m) "Revenue of the System" means all earnings, revenue and moneys, except Assessments, 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 Bond Fund, or from any other investment thereof, except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. "Revenue of the System" shall also include federal or state reimbursements of operating expenses to the extent such expenses are included as "Maintenance and Operation Costs of the System."

(n) "Bond Fund" means the 1977 City of Lacey Water and Sewer Revenue Bond Fund created in the office of the Finance Director of the City by Section 5 of Ordinance 460.

(o) "Revenue Fund" means the City of Lacey Water and Sewer Revenue Fund.

(p) "System" means the combined water and sewer system of the City as it now exists and as it may be later added to, extended and improved for as long as the Outstanding Bonds, the Bonds and any Future Parity Bonds remain outstanding.

(q) "Term Bond Maturity Year" means any year in which the principal amount of Parity Bonds maturing exceeds an amount equal to 1.25 times the average amount of Parity Bonds maturing in each of the three preceding years.

(r) "Term Bonds" mean any Parity Bonds maturing in a Term Bond Maturity Year.

(s) "ULID No. 9" means Utility Local Improvement District No. 9, created by Ordinance 565 of the City, passed on January 24, 1980.

(t) "Refunding Warrant Fund" means the special fund of the City created by Section 6 of Ordinance 616 for the purpose of paying and redeeming the Refunding Warrant.

(u) "Refunding Warrant" means the ULID No. 9 Refunding Water and Sewer Revenue Warrant issued pursuant to Ordinance 619 of the City.

Section 2. Compliance With Parity Conditions. The Council hereby makes the following findings and determinations as required by Section 12 of Ordinance 460:

First, the Bonds are issued for the purpose of providing permanent financing for the acquisition, construction and installation of additions, betterments and capital improvements to the System;

Second, at the time of the passage of this ordinance and at the time of the issuance of the Bonds, there is not nor will there be any deficiency in the Bond Fund or the Reserve Account, and all payments to said Fund required to be made by Ordinance 460 shall have been made;

Third, the City has, by Sections 7 and 11(b) of this ordinance, required that all outstanding Assessments levied in Utility Local Improvement District Nos. 1, 3, 4, 6, 7 and 9 of the City will be paid directly into the Bond Fund;

Fourth, both the principal of and interest on the Bonds are payable out of the Bond Fund, and this ordinance provides for the payments into the Reserve Account required by Section 6 of said Ordinance 460 to be made therein; and

Fifth, The City will, prior to the time of delivery of the Bonds to the purchaser thereof, have on file in the office of the Clerk of the City a certificate from

Sigma Engineers, Inc., an independent engineer, showing (i) that the Net Revenue determined and adjusted as hereafter provided for each calendar or fiscal year after the issuance of the Bonds (the "Adjusted Net Revenue") together with Assessment Income will equal at least 1.20 times the maximum amount required to be paid out of the Revenue Fund in any such year (except any Term Bond Maturity Year) for the payment of the principal of and interest on all outstanding Parity Bonds, including the Bonds, and (ii) that Adjusted Net Revenue and Assessment Income remaining after the payment of the principal of and interest on Parity Bonds other than Term Bonds will be sufficient to retire (by redemption prior to maturity or when due) and to pay interest until such retirement on all outstanding Term Bonds.

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 the Bonds as adjusted by Sigma Engineers to take into consideration changes in Net Revenue estimated to occur under the following conditions for each year after delivery of the Bonds for so long as any Parity Bonds, including the Bonds, shall be outstanding:

- (a) The additional Net Revenue which would have been received if any change in rates and charges adopted prior to the date of the certificate and subsequent to the beginning of such twenty-four month period had been in force during the full twenty-four month period;
- (b) The additional Net Revenue which would have been received if any facility of the System which became fully operational after the beginning of such

twenty-four month period had been so operating for the entire period;

- (c) The additional Net Revenue estimated by Sigma Engineers to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System which are (i) under construction at the time of the certificate, or (ii) will be constructed from the proceeds of the Bonds;
- (d) The additional Net Revenue which would have been received if any customers added to the System during the twenty-four month period were customers for the entire period.

The certificate shall have attached thereto financial statements of the System certified by the City Finance Director showing income and expenses for said twenty-four month period.

The limitations and conditions contained in Section 12 of Ordinance 460 having been complied with in the matter of the issuance of the Bonds, the payments required by this ordinance to be made into the Bond Fund and accounts therein for the purpose of paying and securing the payment of the principal of and interest on the Bonds shall constitute a lien upon the Revenue of the System and money in the Revenue Fund equal in rank to the lien and charge thereon of the payments required to be made into the Bond Fund to pay and secure the payment of the principal of and interest on the Outstanding Bonds.

Section 3. Authorization of Bonds. The City shall issue the Bonds in the principal amount of \$1,380,000 for the purpose of providing part of the funds necessary to provide permanent financing for the acquisition, construction and

installation of the additions and improvements to the System within ULID No. 9 and to pay other incidental expenses related thereto including the costs of issuance of the Bonds.

Section 4. Description of Bonds. The Bonds shall be designated the "City of Lacey Water and Sewer Revenue Bonds, 1981," shall be dated July 1, 1981, shall be in coupon form, shall be in the denomination of \$5,000 each, shall bear interest from their date payable April 1, 1982, and semi-annually thereafter on the first days of each April and October, and shall be numbered and mature in order of their number on April 1 of each year as follows:

<u>Bond Nos.</u>	<u>Maturity Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
1-20	1983	\$100,000	10.25%
21-40	1984	100,000	10.25%
41-60	1985	100,000	10.25%
61-80	1986	100,000	10.25%
81-100	1987	100,000	10.25%
101-190	1993	450,000	11.00%
191-276	2001	430,000	11.50%

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 Finance Director of the City of Lacey, Washington, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington or New York, New York. 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. Optional and Mandatory Redemption of Bonds Prior to Maturity. The City has not reserved the right to redeem Bonds maturing in the years 1983 through 1987 in advance of their scheduled maturities.

The Term Bonds of this issue which mature on April 1, 2001, are subject to redemption at the option of the City in

whole, or in part by lot, on any semiannual interest payment date on or after April 1, 1991, at the following times and prices expressed as a percentage of the principal amount plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
On April 1, 1991 and October 1, 1991	at 102.50%
On April 1, 1992 and October 1, 1992	at 102.00%
On April 1, 1993 and October 1, 1993	at 101.50%
On April 1, 1994 and October 1, 1994	at 101.00%
On April 1, 1995 and October 1, 1995	at 100.50%
On April 1, 1996 and on any interest payment date thereafter	at 100.00%

The Term Bonds of this issue which mature on April 1, 1993, are subject to mandatory redemption by lot in the following principal amounts and at the following times at a price of par plus accrued interest to date of redemption:

<u>Redemption Date</u>	<u>Redemption Amount</u>
April 1, 1988	\$75,000
April 1, 1989	75,000
April 1, 1990	75,000
April 1, 1991	75,000
April 1, 1992	75,000
April 1, 1993	75,000

Unless previously called under the foregoing paragraph of this Section 5 for optional redemption, the Term Bonds of this issue which mature on April 1, 2001, shall be called for redemption by lot in the following amounts and at the following times at a price of par plus accrued interest to date of redemption:

<u>Redemption Date</u>	<u>Redemption Amount</u>
April 1, 1994	\$75,000
April 1, 1995	55,000
April 1, 1996	50,000
April 1, 1997	50,000
April 1, 1998	50,000
April 1, 1999	50,000
April 1, 2000	50,000
April 1, 2001	50,000

Interest on any Bonds so called for optional or mandatory redemption shall cease on such redemption date unless the

same shall not be redeemed upon presentation made pursuant to such call.

Notice of any such intended optional or mandatory redemption shall be given by one publication thereof in the official City newspaper not more than forty nor less than twenty days prior to said redemption date, and by mailing a like notice at the same time to Seattle-Northwest Securities Corporation, Seattle, Washington, or to its successor in business, if any, at its main office.

In addition to such publication and mailing, notice shall also be mailed to Moody's Investors Service, Inc. or to its successor, if any. The mailing of such notice shall not, however, be a condition precedent to such redemption.

The City further reserves the right to use at any time any surplus Revenue of the System available after providing for the payments required by paragraphs First, Second, Third, Fourth, Fifth and Sixth of Section 6 of this ordinance, to purchase any of the Bonds in the open market for retirement only, if the same may be purchased at a price not exceeding that at which they could be called for redemption on the first succeeding date on which they may be called, plus accrued interest.

Section 6. Revenue Fund. There has heretofore been established in the office of the Finance Director of the City by Ordinance 102 a special fund of the City now designated as the "Water and Sewer Revenue Fund" (herein referred to as the "Revenue Fund"). The Revenue of the System shall be deposited in the Revenue Fund as collected. The Revenue Fund shall be held separate and apart from all other funds and accounts of the City and the Revenue of the System deposited therein shall be used only for the following purposes and in the following order of priority:

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

Second, to make all payments required to be made into the Debt Service Account to pay the interest on any Parity Bonds;

Third, to make all payments required to be made into the Debt Service Account to pay the principal of any Parity Bonds;

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

Fifth, to make all payments required to be made into any sinking fund or bond retirement account hereafter created for the payment of the principal of Parity Bonds;

Sixth, to make all payments required to be made into any other 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 and the money in the Revenue Fund junior and inferior to the lien thereon for the payment of the principal of and interest on Parity Bonds;

Seventh, to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the City or to make necessary additions, betterments, improvements and repairs to or extension and replacements of the System, or any other lawful City purposes.

Section 7. Bond Fund. A special fund of the City known as the "1977 City of Lacey Water and Sewer Revenue Bond Fund"

(the "Bond Fund") has heretofore been created in the office of the Finance Director of the City for the purpose of paying and securing the payment of Parity Bonds.

A. A 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.

The City Finance Director is hereby authorized and directed and the City hereby obligates and binds itself to set aside and pay into the Debt Service Account, as collected, all Assessments levied in ULID No. 9 of the City.

As long as any of the Bonds remain outstanding, the City further irrevocably obligates and binds itself to set aside and pay from the Revenue Fund into the Debt Service Account those amounts necessary, together with Assessments and such other funds as are on hand and available in the Debt Service Account, to pay the interest or principal and interest next coming due on the Bonds. Such payments from the Revenue Fund shall be made on or before the twentieth day of each month as follows:

1. Beginning with the month of August, 1981, one-eighth of the amount of interest to come due on the Bonds on April 1, 1982.

2. Beginning with the month of April, 1982 and continuing for as long as any of the Bonds remain outstanding and unpaid, an amount which together with other moneys available therefor in the Debt Service Account will be 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.

3. Beginning with the month of April, 1982 and continuing for as long as any of the Bonds (other than Term Bonds which mature on April 1, 1993 and on

April 1, 2001) are outstanding and unpaid, an amount which together with other moneys available therefor and on hand in the Debt Service Account will be equal to at least one-twelfth of the principal of the Bonds to become due and payable on the following April 1.

4. Beginning with the month of April, 1987 and continuing through the month of March, 1993, an amount equal to 1/12 of the lesser of (i) \$75,000 or (ii) the principal amount of the Term Bonds of this issue numbered 101 to 190, inclusive, and which are outstanding and subject to mandatory redemption on the following April 1 pursuant to Section 5 of this ordinance;

5. Beginning with the month of April, 1993, and continuing through the month of March, 1994, an amount equal to 1/12 of the lesser of (i) \$75,000 or (ii) the principal amount of the Term Bonds of this issue numbered 191 to 276, inclusive, and which are outstanding on April 1, 1993.

6. Beginning with the month of April, 1994 and continuing through the month of March, 1995, an amount equal to 1/12 of the lesser of (i) \$55,000 or (ii) the principal amount of the Term Bonds of this issue numbered 191 to 276, inclusive, and which are outstanding on April 1, 1994.

7. Beginning with the month of April, 1995, and continuing through the month of March, 2001, an amount equal to 1/12 of the lesser of (i) \$50,000 or (ii) the principal amount of the Term Bonds of this issue numbered 191 to 276, inclusive, and which are outstanding and subject to mandatory redemption on the following April 1 pursuant to Section 5 of this ordinance.

The amounts set aside pursuant to subsections A(3) through A(5) of this Section 7 shall be applied to the redemption of the then outstanding Term Bonds of this issue, and the Bonds numbered 101 to 276, inclusive, shall be called by lot on April 1 of each year beginning April 1, 1988, in accordance with the schedules set forth in Section 5 of this ordinance. The City Clerk is hereby instructed to give notices of such redemptions pursuant to Section 5 of this ordinance.

B. A Reserve Account has heretofore been created in the Bond Fund for the purpose of securing the payment of the principal of and interest on Parity Bonds. The City covenants and agrees that commencing with the month of June, 1982, and annually thereafter, it will pay into the Reserve Account out of Assessments and/or Revenue of the System (or, at the option of the City, out of any other funds on hand legally available for such purpose) not less than approximately equal annual payments sufficient with other money in the Reserve Account to have on deposit therein by July 1, 1986, a total amount which will be equal to the maximum amount required to be paid in any one calendar year (except for any Term Bond Maturity Year) thereafter for the principal of and interest on the outstanding Parity Bonds then outstanding.

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 Assessments and the Revenue of the System (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, will be equal to the maximum amount required in any calendar year (except any Term Bond Maturity Year) thereafter to pay the principal of and interest on all outstanding Parity Bonds.

The City further covenants and agrees that when said required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the maximum amount required in any subsequent calendar year (except any Term Bond Maturity Year) to pay the principal of and interest on all outstanding Parity Bonds. Whenever there is a sufficient amount in the 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, if any, and interest. Money in the Reserve Account may be withdrawn to redeem and retire, and to pay the interest due to such date of redemption and premium, if any, on any outstanding Parity Bonds, as long as the moneys left remaining on deposit in the Reserve Account are equal to the maximum amount required in any calendar year (except any Term Bond Maturity Year) thereafter to pay the principal of and interest on the remaining outstanding Parity Bonds.

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 Parity Bonds payable out of such Account, such deficiency shall be made up from the Reserve Account by the withdrawal of moneys therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up out of Assessments and Revenue of the System after making necessary provision for the payments required to be made by

subparagraphs First, Second, Third and Fourth of Section 6 hereof.

C. Money in the Bond Fund not needed to pay the interest on or principal of and interest on any outstanding Parity Bonds next coming due or to maintain required reserves therefor may be used to redeem and retire such Parity Bonds. Money in the Debt Service Account and Reserve Account may be invested as 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 any then outstanding Parity Bonds. 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.

Section 8. Defeasance. In the event that money and/or "Government Obligations," as such obligations are now or hereafter defined in Ch. 39.53 RCW, maturing or having guaranteed redemption prices at the option of the holder at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of and interest on the certain Bonds so provided for and such Bonds and appurtenant coupons shall then 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 and appurtenant coupons shall no longer be deemed to be outstanding hereunder, or under any ordinance authorizing the

issuance of bonds, warrants or other indebtedness of the City.

Section 9. Adequacy of Revenues. The Council hereby declares, in fixing the amounts to be paid into the Bond Fund and the accounts therein out of money in the Revenue Fund and out of the Revenue of the System, that it has exercised due regard for Cost of Maintenance and Operation and charges necessary to pay the principal of and interest on the Outstanding Bonds and the Bonds and has not obligated the City to set aside and pay into said Fund and accounts a greater amount of the Revenue of the System than in its judgment will be available over and above such Cost of Maintenance and Operation and such principal and interest.

Section 10. Lien Position of Bondholders. The amounts so pledged to be paid by this ordinance out of the Revenue of the System and out of the Revenue Fund into the Bond Fund and the accounts created therein are hereby declared to be a prior lien and charge upon such Revenue of the System and money in such Fund superior to all other charges of any kind or nature except for the Cost of Maintenance and Operation of the System, except that the amounts so pledged are equal in rank to the lien and charge thereon which may hereafter be made to pay and secure the payment of the principal of and interest on any Future Parity Bonds.

Section 11. General Covenants. The City hereby covenants and agrees with the owners and holders of each of the Bonds for as long as any of the same remain outstanding as follows:

A. The City shall at all times 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, exten-

sions and betterments thereto, so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and the City will at all times operate or cause to be operated said properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

B. The City shall promptly collect all Assessments levied in Utility Local Improvement District Nos. 1, 3, 4, 6, 7 and 9 and in any utility local improvement districts hereafter created to secure the payment of the principal of and interest on Parity Bonds without allocation of such Assessments to any particular series of Parity Bonds.

The City shall determine by March 1 of each year all Assessments which have become delinquent during the preceding calendar year and bring the necessary actions of foreclosure upon the property against which such Assessments were levied by June 1 of such year. The City shall promptly take action to enforce the payment of delinquent service charges by such means as are legally available.

C. 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 all costs of and charges and expenses in connection with the proper operation and maintenance of the System, (b) to pay the principal of and interest on the outstanding Parity Bonds, as and when the same shall become due and payable, (c) 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 (d) 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 and 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 1.20 times the maximum amount required to be paid in any subsequent calendar year (except any Term Bond Maturity Year) for the principal of and interest on all Parity Bonds then outstanding.

D. After making or providing for the monthly payments from the Revenue Fund as required by Section 6 hereof, there shall be maintained in the Revenue Fund sufficient moneys to enable the City to meet continuously the Cost of Maintenance and Operation of the System on a current basis.

E. 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 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 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 out-

standing (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 (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 of the Bond Fund.

Notwithstanding the preceding paragraphs of this Section 11E, 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.

F. 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, 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. 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 municipal corporations operating like properties. 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 capital additions to the System or for the redemption of Parity Bonds.

H. 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 Bondholder 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. 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 Parity Bonds are outstanding and unpaid.

J. 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 economically sound, and which will not properly and advantageously contribute to the conduct of the business of the System in an efficient and economical manner.

K. The City will not make any use of the proceeds of the Bonds which would cause the Bonds to be "arbitrage bonds" as defined in the federal Internal Revenue Code, § 103 and the applicable regulations thereunder.

Section 12. Future Parity Bonds. The City hereby further covenants and agrees with the owners and holders 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 Revenue to pay and secure the payment of the principal of and interest on the Bonds or any outstanding 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, facili-

ties, 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 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 in which additions and improvements to and extensions of the System will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing such Future Parity Bonds requires that such Assessments shall 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 requires such Assessments shall be paid into the Bond Fund.

4. The principal of and interest on the Future Parity Bonds is payable out of the Bond Fund and the requirements for Reserve Account payments in Section 7 of this ordinance are met.

5. Prior to the delivery of any Parity Bonds the City shall have on file in the office of the Clerk a certificate of an independent engineer or certified public accountant showing (a) 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 1.20 times the maximum amount required to be paid out of the Revenue Fund in any such year (except any Term Bond Maturity Year) for the payment of the principal of and interest on all Parity Bonds then outstanding, including the Parity Bonds proposed to be issued, and (b) that Adjusted Net Revenue and Assessment Income remaining after the payment of the principal of and interest on Parity Bonds other than Term Bonds will be sufficient to retire (by redemption prior to maturity or when due) and to pay interest until such retirement on all then outstanding Term Bonds.

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 Future Parity Bonds as adjusted by such Engineer or Accountant to take into consideration changes in Net Revenue estimated to occur under 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) the additional Net Revenue which would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such twenty-

four month period, had been in force during the full twenty-four month period;

(ii) the additional Net Revenue which would have been received if any facility of the System which became fully operational after the beginning of such twenty-four month period had been so operating for the entire period;

(iii) the additional Net Revenue estimated by such Engineer or Accountant to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System which are (a) under construction at the time of such certificate or (b) will be constructed from the proceeds of the Parity Bonds to be issued;

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

Such Engineer or Accountant may rely upon, and his certificate shall have attached thereto, financial statements of the System, certified by the City Finance Director 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 Future Parity Bonds results in a debt service savings and

does not require an increase of more than \$5,000 in any fiscal or calendar year for principal and interest on such refunding Future Parity Bonds, the condition stated in subsection A(5) of this section need not be met.

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 of which moneys are not otherwise available.

Section 13. Disposition of Bond Proceeds. Amounts received as proceeds of sale of the Bonds shall be deposited and applied, as follows:

(a) To the Debt Service Account of the Bond Fund shall be paid the amount received on the date of delivery of the Bonds as accrued interest on the Bonds, which amount shall be applied to pay the interest coming due on the Bonds on April 1, 1982; and

(b) To the Refunding Warrant Fund shall be paid an amount sufficient, together with other legally available moneys of the City, to pay and redeem the outstanding Refunding Warrant heretofore issued pursuant to Ordinance 616 of the City; and

(c) To the Construction Fund created by Ordinance 590 of the City shall be paid the balance of the proceeds, if any. The moneys in the Construction Fund shall be used and applied to pay the costs of completing the improvements authorized to be constructed within ULID No. 9 and to pay all

costs incidental thereto, including the costs of the issuance of the Bonds.

When the improvements within ULID No. 9 have been completed, and all the costs thereof paid, including incidental costs and the costs of Bond issuance, the moneys remaining in the Construction Fund shall be transferred to the Bond Fund or used to construct other authorized improvements to the System, and the Construction Fund shall be closed.

The City Finance Director is hereby authorized and directed to call the Refunding Warrant for redemption and to pay and redeem said Warrant in accordance with its terms. Upon the payment and redemption of the Refunding Warrant, the Refunding Warrant Fund shall be closed.

Section 14. Lost or Destroyed Bonds or Coupons. In case any of the Bonds or any of the coupons thereof shall be lost, stolen or destroyed, the City may execute and the Finance Director of the City may deliver a new Bond or Bonds and a coupon or coupons of like date, number and tenor to the holder thereof upon the holder's paying the expenses and charges of the City in connection therewith and upon his filing with the Finance Director of the City evidence satisfactory to said Finance Director that such Bond or coupons were actually lost, stolen or destroyed and of his ownership thereof, and upon furnishing the City with indemnity satisfactory to the Finance Director.

Section 15. Bond Form. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____

\$5,000

STATE OF WASHINGTON

CITY OF LACEY

WATER AND SEWER REVENUE BOND, 1981

The City of Lacey, 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 indebted and for value received promises to pay to bearer, solely from the sources herein referred to, the principal sum of

FIVE THOUSAND DOLLARS

on the first day of April, _____, unless redeemed prior thereto as herein provided, with interest thereon from the date hereof at the rate of _____% per annum until such principal sum is paid or payment has been duly provided for, payable on April 1, 1982, and semiannually thereafter on the first days of each April and October. Payment of the interest due on or before the maturity of this bond shall be made only upon presentation and surrender of the coupons representing such interest as the same respectively become due.

Both principal of and interest on this bond are payable in lawful money of the United States of America, at the office of the Finance Director of the City in Lacey, Washington, or, at the option of the holder, at either of the fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York.

The bonds of this issue numbered 1 through 100 are not subject to redemption in advance of their scheduled maturities. The bonds of this issue which mature on April 1, 1993 and are numbered 101 through 190 are subject to mandatory redemption by lot by the City at a price of par plus accrued interest to the date of redemption, as follows:

<u>Principal</u> <u>Amounts</u>	<u>Call Date</u>	<u>Principal</u> <u>Amounts</u>	<u>Call Date</u>
\$75,000	April 1, 1988	\$75,000	April 1, 1991
75,000	April 1, 1989	75,000	April 1, 1992
75,000	April 1, 1990	75,000	April 1, 1993

The bonds of this issue maturing on April 1, 2001 may be redeemed at the option of the City in whole, or in part by lot, on any semiannual interest payment date on or after April 1, 1991, at the following dates and prices expressed as a percentage of the principal amount, plus accrued interest to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
April 1, 1991 and October 1, 1991	102.50%
April 1, 1992 and October 1, 1992	102.00%
April 1, 1993 and October 1, 1993	101.50%
April 1, 1994 and October 1, 1994	101.00%

April 1, 1995 and October 1, 1995	100.50%
April 1, 1996 and thereafter	100.00%

Unless previously called under the foregoing provision for optional redemption, the bonds of this issue numbered 101 through 276 and maturing April 1, 2001 are subject to mandatory redemption by lot by the City at a price of par plus accrued interest to the date of redemption, as follows:

<u>Principal Amounts</u>	<u>Call Date</u>	<u>Principal Amounts</u>	<u>Call Date</u>
\$75,000	April 1, 1994	\$50,000	April 1, 1998
55,000	April 1, 1995	50,000	April 1, 1999
50,000	April 1, 1996	50,000	April 1, 2000
50,000	April 1, 1997	50,000	April 1, 2001

Interest on any bonds so called for optional or mandatory redemption shall cease on such redemption date unless the same shall not be redeemed upon presentation made pursuant to such call.

Notice of any such redemption shall be given by one publication thereof in the official City newspaper not more than forty nor less than twenty days prior to said redemption date, and by mailing a like notice at the same time to Seattle-Northwest Securities Corporation, or its successor in business, if any, at its main office.

This bond is one of an issue of 276 bonds of the City of like denomination, date and tenor, except as to number, rate of interest and date of maturity in the aggregate principal amount of \$1,380,000. This issue of bonds is authorized by Ordinance 623 of the City (herein called the "Bond Ordinance") for the purpose of providing permanent financing for the acquisition, construction and installation of certain additions and improvements to the combined water and sewerage system of the City within Utility Local Improvement District No. 9.

This bond and the bonds of this issue are payable solely from the special fund of the City known as the "1977 City of Lacey Water and Sewer Revenue Bond Fund" (herein called the "Bond Fund") created in the office of the Finance Director 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 of and interest on such bonds.

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

The City 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 the Bond Ordinance to be by it kept and performed.

The City does hereby pledge and bind itself to set aside from the Revenue Fund (as defined in the Bond Ordinance) out of the Revenue of the System into said Bond Fund and the accounts created therein the various amounts required by the

Bond Ordinance to be paid into and maintained in said Fund and accounts, all within the times provided by said Ordinance.

To the extent more particularly provided by the Bond Ordinance the amounts so pledged to be paid out of the Revenue of the System into said Bond Fund and the accounts therein shall be a prior lien and charge upon the Revenue of the System superior to all other charges of any kind or nature whatsoever except the Cost of Maintenance and Operation of the System (as defined in the Bond Ordinance) and except that said amounts are equal in rank to the lien and charge upon such Revenue of the amounts required to pay and secure the payment of the outstanding water and sewer revenue refunding bonds dated August, 1977, and to any revenue bonds of the City hereafter issued on a parity with the bonds of this issue.

The City has further bound itself to maintain the System in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to fix, maintain and collect rates and charges for as long as any of the bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Net Revenue (as defined in the Bond Ordinance) in an amount which, together with Assessment Income (as defined in the Bond Ordinance) will be equal to at least 1.20 times the maximum amount required to be paid out of the Bond Fund in any year hereafter (except any Term Bond Maturity Year as defined in the Bond Ordinance) to pay the principal of and interest on all of such bonds and any Parity Bonds (as defined in the Bond Ordinance) then outstanding.

The pledge of Revenue of the System 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 provisions 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 thereof is made for a description of the nature and extent of the security for the bonds of this issue, the funds or revenues pledged, and the terms and conditions upon which such bonds are issued.

It is hereby certified and declared that this bond and 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 City, 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 City has caused this bond to be executed in its name by the manual or facsimile signature of the Mayor, to be attested by the manual or facsimile signature of the City Clerk (one of which signatures shall be manual), the corporate seal of the City to be impressed or imprinted hereon, and the interest coupons attached hereto to be signed

with the facsimile signatures of said officials, this first day of July, 1981.

CITY OF LACEY, WASHINGTON

By /s/ manual or facsimile signature
Mayor

ATTEST:

/s/ manual or facsimile signature
City Clerk

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

No. _____ \$ _____

On the first day of _____, _____, unless the bond to which this coupon is appurtenant shall have been duly called for prior redemption and the redemption price shall have been paid or duly provided for, the City of Lacey (the "City") will pay to bearer at the office of the City Finance Director in Lacey, Washington, or, at the option of the holder, at either of the fiscal agencies of the State of Washington, in the cities of Seattle, Washington or New York, New York, the amount shown hereon in lawful money of the United States of America, solely out of the sources referred to in said bond and Ordinance 623 of the City, being the special fund of the City entitled "1977 City of Lacey Water and Sewer Revenue Bond Fund," said amount being the interest due that day on its City of Lacey Water and Sewer Revenue Bond, 1981, dated July 1, 1981, and numbered _____.

CITY OF LACEY, WASHINGTON

By /s/ facsimile signature
Mayor

ATTEST:

/s/ facsimile signature
City Clerk

Section 16. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the City Clerk (one of which signatures shall be manual), and shall have the seal of the City imprinted or impressed thereon. The interest coupons attached thereto shall be signed with the facsimile signatures of said officials.

Section 17. Sale of Bonds. The Bonds shall be sold to Seattle-Northwest Securities Corporation in accordance with their proposal for the purchase of the Bonds dated July 7, 1981, and said proposal is hereby accepted.

The proper officials of the City are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Bonds and for the proper use and application of the proceeds of sale thereof.

Section 18. Additional or Supplemental Ordinances.

A. The Council from time to time and at any time may pass an ordinance or ordinances supplemental hereof, which ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more or all of the following purposes:

1. To add to the covenants and agreements of the City in this ordinance contained other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of the holders of any Parity Bonds, or to surrender any right or power herein reserved to or conferred upon the City.

2. To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance or any ordinance authorizing Future Parity Bonds in regard to matters or questions arising under such ordinances as the Council may deem necessary or desirable and not inconsistent with such ordinances and which shall not adversely affect the interest of the holders of the Parity Bonds.

Any such supplemental ordinance of the City may be passed without the consent of the holders of any Parity Bonds

at any time outstanding, notwithstanding any of the provisions of subsection B of this section.

B. With the consent of the holders of not less than 65% in aggregate principal amount of the Parity Bonds at the time outstanding, the Council of the City may pass an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

1. Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the holder of each bond so affected; or

2. Reduce the aforesaid percentage of bondholders required to approve any such supplemental ordinance, without the consent of the holders of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of bondholders under this subsection B to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

C. Upon the passage of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and all holders of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and

conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

D. Parity Bonds executed and delivered after the execution of any supplemental ordinance passed pursuant to the provisions of this section may have a notation as to any matter provided for in such supplemental ordinance, and if such supplemental ordinance shall so provide, new bonds so modified as to conform in the opinion of the Council, to any modification of this ordinance contained in any such supplemental ordinance, may be prepared by the City and delivered without cost to the holders of any affected Parity Bonds then outstanding, upon surrender for cancellation of such bonds with all unmatured coupons and all matured coupons not fully paid, in equal aggregate principal amounts.

Section 19. 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 other provisions of this ordinance or of any Parity Bonds.

Section 20. Amendment of Ordinance 619 of the City.
Section 3 of Ordinance 619 of the City, passed on May 28, 1981, which presently reads as follows:

"Section 3. Each assessment or any portion thereof may be paid at any time within thirty (30) days from the date of the first publication of notice that the assessment roll has been placed in the City Finance Director's hands for collection without penalty, interest or costs and thereafter the sum remaining unpaid, if any, shall be payable in twenty (20) equal annual installments with interest on the whole unpaid sum at the rate of 14 percent per annum; provided, however, that at the time

of passage of the ordinance authorizing the revenue bonds of the City to be secured by the assessments levied within ULID No. 9, the City Council may, within such ordinance, reduce the foregoing interest rate to a rate which is not less than one percent (1%) greater than the rate borne by said revenue bonds. One year from the expiration of such 30-day prepayment period, and annually thereafter, one of the installments, together with interest on the unpaid installments, shall become due and shall be collected as provided by law. All assessments levied within ULID No. 9 shall be paid into such revenue bond fund as may be specified by the City Council for the payment of such revenue bond to defray the cost of the improvements within ULID No. 9. Annual installments may be prepaid in the manner provided by law."

is hereby amended to read as follows:

"Section 3. Each assessment or any portion thereof may be paid at any time within thirty (30) days from the date of the first publication of notice that the assessment roll has been placed in the City Finance Director's hands for collection without penalty, interest or costs and thereafter the sum remaining unpaid, if any, shall be payable in twenty (20) equal annual installments with interest on the whole unpaid sum at the rate of 12.5% percent per annum. One year from the expiration of such 30-day prepayment period, and annually thereafter, one of the installments, together with interest on the unpaid installments, shall become due and shall be collected as provided by law. All assessments levied within ULID No. 9 shall be paid into such revenue bond fund as may be specified by the City Council for the payment of such revenue bond to defray the cost of the improvements within ULID No. 9. Annual installments may be prepaid in the manner provided by law."

Section 21. Effective Date. This ordinance shall be effective five days from and after its passage and publication as provided by law.

PASSED by the Council of the City of Lacey at a special meeting thereof, held this 7th day of July, 1981.

CITY OF LACEY, WASHINGTON

By

Richard D. Bower
Mayor pro Tem.

ATTEST:

Timothy McGuire
City Clerk

APPROVED AS TO FORM:

[Signature]
City Attorney

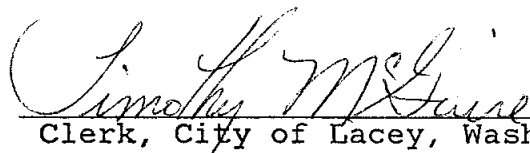
CLERK'S CERTIFICATE

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

1. That the attached Ordinance 623 (herein called the "Ordinance") is a true and correct copy of an ordinance of the City, as finally passed at a special meeting of the Council held on the 7th day of July, 1981, 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 adoption of the ordinance; that all other requirements and proceedings incident to the proper adoption or 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 15th day of July, 1981.


Clerk, City of Lacey, Washington

[CITY SEAL]