

## Ordinance Table

405	Budget for 1983 (Special)	449	Adds Ch. 14.10, storm drainage billing policy and collection (14.10)
406	Amends § 2 of Ord. 389, sewer system service charges (Repealed by 437)	450	Amends Ord. 231, zoning (Repealed by 573)
407	Amends § 4 and 6 of Ord. 388, water service charges (Repealed by 471)	451	1985 ad valorem tax (Special)
408	Amends § 5 of Ord. 129, business and occupations tax (3.16)	452	Budget for 1985 (Special)
409	Sewer revenue bonds (Special)	453	Repeals and replaces Ch. 13.32, sewer rates and charges (Repealed by 472)
410	Tax levy for 1983 (Special)	454	Sewerage addition plan adoption (Special)
411	Employee benefit plan (2.44)	455	Bond issuance (Special)
412	Amends Ord. 382, 1982 budget (Special)	456	Bond issuance (Special)
413	Liquor license application processing fee (3.48)	457	Amends 1984 budget (Special)
414	Fees for researching property assessment information (3.48)	458	Amends § 2 of Ord. 453, sewer rates and charges (Repealed by 472)
415	Amends § 6 of Ord. 399, additional sales and use tax (3.22)	459	Reserve police unit (2.48)
416	Adds § 10.04.011 and amends § 10.04.010, inattentive driving (10.04)	460	General penalty; amends § 5.20.150, 5.24.020, 5.28.080, 5.28.130, 6.04.050, 8.04.080, 8.08.040, 8.20.150, 8.24.040, 8.28.070(D), 10.04.011, 10.04.020, 10.04.060, 10.08.040, 10.16.050, 10.20.020, 10.24.030, 12.04.060, 12.08.270, 13.02.370, 13.12.040, 13.16.030, 15.28.080, 15.36.140, 16.36.020 and 16.44.090; repeals and replaces § 1.16.010 (1.16, 5.12, 5.16, 5.20, 5.24, 5.28, 6.04, 6.08, 8.04, 8.08, 8.20, 8.24, 8.28, 10.04, 10.08, 10.12, 10.20, 10.24, 12.04, 12.08, 13.02, 13.08, 13.12, 13.16, 13.24, 13.28, 15.20, 15.24, 15.28, 15.36, 16.36, 16.44, 17.102)
417	Repeals Ord. 22 (Repealer)	461	Annexation (Special)
418	Fireworks (8.20)	462	Address and grid system adoption (12.12)
419	Repeals Ord. 12 (Repealer)	463	Rezone (Special)
420	Taxicabs (5.20)	464	Street vacation (Special)
421	Assaults and menacing (Repealed by 529)	465	Amends § 2.08.010, city hall business hours (2.08)
422	Adds § 15.20.025; amends § 15.20.020, gasoline service stations (15.20)	466	Adds Ch. 8.29, dock moorage fees (3.28)
423	K-9 special revenue fund (Repealed by 503)	467	Adds § 13.28.260, sewer system rules and regulations (13.28)
424	Adds § 15 to Ord. 400, temporary businesses (5.16, 5.28)	468	Water and sewer revenue bonds (Special)
425	Rezone (Special)	469	1986 budget (Special)
426	Rezone (Special)	470	Amends § 17.04.280, 17.16.020, 17.20.020, 17.24.150 and adds subsection 13 to § 17.64.040, zoning (Repealed by 573)
427	Regulations on special events (5.28)	471	Water service charges; repeals Ord. 388 (Repealed by 498)
428	Movement of buildings (15.36)	472	Sewer rates and charges; repeals Ord. 453 (Repealed by 499)
429	Amends Ord. 424 § 1, temporary businesses (5.28)	473	Adds Ch. 3.26, real estate excise tax (3.26)
430	Annexation (Special)	474	Amends 1985 budget (Special)
431	Adds § 17.04.085 and 17.64.040A12, zoning (Repealed by 573)	475	Annexation (Special)
432	Adds to § 10 of Ord. 427, special events (5.28)	476	Annexation (Special)
433	Disbursement of Federal Revenue Sharing funds (Special)	477	Repeals and replaces § 15.32.010, energy code (15.32)
434	Budget for 1984 (Repealed by 440)	478	Adds § 8.28.065, public docks (8.28)
435	Tax levy for 1984 (Repealed by 441)	479	Amends § 17.72.050 and 17.76.020, zoning (17.76)
436	Amends Ord. 408 § 1, business and occupations tax (3.16)	480	Adds Ch. 3.01, financial reporting (3.01)
437	Repeals and replaces Ch. 13.32, sewer rates and charges (Repealed by 453)	481	Budget emergency (Special)
438	Annexation (Special)	482	Adds § 16.24.050(D) and 16.40.130, subdivisions (16.24)
439	Combination of funds (3.32)		
440	Budget for 1984; repeals Ord. 434 (Special)		
441	Tax levy for 1984; repeals Ord. 435 (Special)		
442	Compensation for elected city officials; repeals Ord. 230 (2.40)		
443	Amends Ord. 405, budget for 1983 (Special)		
444	Rezone (Special)		
445	Rezone (Special)		
446	Rezone (Special)		
447	Creation of municipal court system (Not codified)		
448	Adds Ch. 14.00, storm drainage utility (14.00)		

ORDINANCE NO. 467

AN ORDINANCE of the City of Gig Harbor, Washington, allowing for temporary installation of approved septic tank systems.

The City Council of the City of Gig Harbor, DO ORDAIN as follows:

Chapter 13.28

SEWER SYSTEM RULES AND REGULATIONS

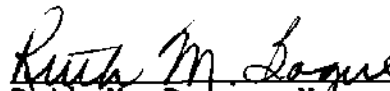
Sections:

13.28.260 Septic tank systems - When permitted.


13.28.260 Septic tank systems - When permitted.

It shall be permitted during the term of the Department of Ecology sewer connection moratorium (Order DE 84-311, First Amendment, August 22, 1985) for an owner of a building/structure intended for occupancy, to construct a temporary septic tank system which has been approved by the City of Gig Harbor and the Pierce County Environmental Health Department and/or appropriate state agency; provided, within ninety (90) days of receipt of written notice from the City of Gig Harbor upon lifting of the moratorium by the Department of Ecology: a) such approved septic tank system shall be abandoned by the owner, and b) the owner shall connect such building/structure directly with the City of Gig Harbor sewer system at the owner's expense in accordance with the connection charges set forth under Chapter 13.32, "Sewer Rates and Charges", as amended. Failure or refusal of the owner to connect to the public sewer within the time specified above will subject the owner to the lien and assessment provisions contained within Section 13.28.130.

PASSED at a regular meeting of the City Council held on the 12th day of November, 1985.

  
Ruth M. Boque, Mayor

ATTEST:

  
Michael R. Wilson  
City Administrator

CITY OF GIG HARBOR, WASHINGTON

WATER AND SEWER REVENUE REFUNDING BONDS, SERIES 1985

ORDINANCE NO. 468

AN ORDINANCE of the City of Gig Harbor, Washington adopting a plan of refunding the outstanding indebtedness of the City payable from the revenues of the water and sewer utilities, authorizing the issuance of up to \$740,000 principal amount of water and sewer revenue refunding bonds for the purpose of refunding certain outstanding water and sewer revenue bonds of the City; fixing the date, form, terms, maturities and covenants of said refunding bonds to be issued; authorizing the application and use of certain available moneys of the City; providing for the acquisition and safekeeping of government obligations to accomplish such refunding; authorizing the execution of an agreement with Seattle-First National Bank to serve as Refunding Agent for the bonds to be refunded; accepting the offer of Boettcher & Company, Inc. to purchase the refunding bonds; and combining the water and sewer utilities of the City.

INTRODUCED ON: November 25, 1985  
PASSED ON: December 9, 1985

Prepared by:

PRESTON, THORGRIMSON, ELLIS & HOLMAN  
5400 Columbia Seafirst Center  
Seattle, Washington 98104-7011

TABLE OF CONTENTS\*

	<u>Page</u>
RECITALS .....	1
Section 1. Definitions .....	4
Section 2. Refunding Plan .....	7
Section 3. Combined Water and Sewer System .....	11
Section 4. Description of Bonds .....	11
Section 5. Payment of Principal and Interest .....	13
Section 6. Redemption in Advance of Maturity .....	13
Section 7. Notice of Redemption .....	13
Section 8. Exchange and Transfer .....	14
Section 9. Execution of Bonds .....	14
Section 10. Bond Registration .....	15
Section 11. Form of Bonds .....	16
Section 12. Priority of Payments from Revenue of the System .....	16
Section 13. Bond Fund .....	17
Section 14. Debt Service Account .....	18
Section 15. Reserve Account .....	18
Section 16. Lien of Bonds .....	20
Section 17. Investment of Moneys in the Bond Fund .....	21
Section 18. Adequacy of Revenue .....	21
Section 19. Defeasance .....	22
Section 20. Covenants .....	22
Section 21. Issuance of Future Parity Bonds .....	28
Section 22. Arbitrage Covenant .....	31
Section 23. Purchase Contract .....	32
Section 24. Additional Actions .....	33
Section 25. Severability .....	33
Section 26. Effective Date .....	33
Exhibit A - Form of the Bonds	
Exhibit B - Safekeeping Agreement	

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\* This Table of Contents is provided for convenience only and is not a part of this ordinance.

ORDINANCE NO. 468

AN ORDINANCE of the City of Gig Harbor, Washington adopting a plan of refunding the outstanding indebtedness of the City payable from the revenues of the water and sewer utilities, authorizing the issuance of up to \$740,000 principal amount of water and sewer revenue refunding bonds for the purpose of refunding certain outstanding water and sewer revenue bonds of the City; fixing the date, form, terms, maturities and covenants of said refunding bonds to be issued; authorizing the application and use of certain available moneys of the City; providing for the acquisition and safekeeping of government obligations to accomplish such refunding; authorizing the execution of an agreement with Seattle-First National Bank to serve as Refunding Agent for the bonds to be refunded; accepting the offer of Boettcher & Company, Inc. to purchase the refunding bonds; and combining the water and sewer utilities of the City.

WHEREAS, the City now has outstanding its Water Revenue Bonds, 1973, dated November 1, 1973 in the principal amount of \$37,000 maturing on December 1 of each year as follows (hereinafter called the "1973 Water Bonds"):

<u>Bond Nos.</u>	<u>Maturity Years</u>	<u>Amount</u>	<u>Interest Rate</u>
54-62	1986	\$ 9,000	5.625%
63-71	1987	9,000	5.625
72-80	1988	9,000	5.625
81-90	1989	10,000	5.625

and

WHEREAS, the City now has outstanding its Water Revenue Bonds, 1978, dated April 1, 1978 in the principal amount of \$220,000 maturing on April 1 of each year as follows (hereinafter called the "1978 Water Bonds"):

<u>Bond Nos.</u>	<u>Maturity Years</u>	<u>Amount</u>	<u>Interest Rate</u>
1-2	1989	\$10,000	6.00%
3-4	1990	10,000	6.00
5-6	1991	10,000	6.00
7-9	1992	15,000	6.25
10-12	1993	15,000	6.25
13-15	1994	15,000	6.25
16-18	1995	15,000	6.25

19-21	1996	15,000	6.25
22-24	1997	15,000	6.25
25-28	1998	20,000	6.375
29-32	1999	20,000	6.375
33-36	2000	20,000	6.375
37-40	2001	20,000	6.375
41-44	2002	20,000	6.375

and

WHEREAS, the City now has outstanding its Sewer Revenue Bonds, 1973, dated December 1, 1973 in the principal amount of \$680,000 maturing on December 1 of each year as follows (hereinafter called the "1973 Sewer Bonds"):

<u>Bond Nos.</u>	<u>Maturity Years</u>	<u>Amount</u>	<u>Interest Rate</u>
105-114	1986	\$50,000	6.375%
115-124	1987	50,000	6.375
125-134	1988	50,000	6.375
135-144	1989	50,000	6.375
145-154	1990	50,000	6.375
155-164	1991	50,000	6.375
165-174	1992	50,000	6.375
175-184	1993	50,000	6.375
185-186	1994	10,000	6.375
187-188	1995	10,000	6.375
189-191	1996	15,000	6.375
192-194	1997	15,000	6.375
195-197	1998	15,000	6.375
198-200	1999	15,000	6.375
201-203	2000	15,000	6.375
204-207	2001	20,000	6.375
208-211	2002	20,000	6.375
212-215	2003	20,000	6.375
216-219	2004	20,000	6.375
220-224	2005	25,000	6.375
225-229	2006	25,000	6.375
230-234	2007	25,000	6.375
235-240	2008	30,000	6.375

and

WHEREAS, the City now has outstanding its Sewer Revenue Bonds, 1982, dated December 1, 1982 in the principal amount of \$80,000 maturing on December 1 of each year as follows (hereinafter called the "1982 Sewer Bonds"):

<u>Bond Nos.</u>	<u>Maturity Years</u>	<u>Amount</u>	<u>Interest Rate</u>
6	1986	\$5,000	10.00%
7	1987	5,000	10.00
8	1988	5,000	10.25
9	1989	5,000	10.25
10	1990	5,000	10.50

11	1991	5,000	10.75
12	1992	5,000	10.75
13	1993	5,000	10.75
14-21	1994	40,000	10.75

WHEREAS, after due consideration it appears to the City Council that the obligations of the City under the 1973 Water Bonds, the 1978 Water Bonds, the 1973 Sewer Bonds and the 1982 Sewer Bonds (hereinafter collectively called the "Refunded Bonds") their stated maturity dates by the issuance of Water and Sewer Revenue Refunding Bonds, Series 1985 of the City authorized herein in the principal amount of not to exceed \$740,000 (hereinafter called the "Bonds"); the proceeds of which Bonds and such other available moneys shall be used for the purchase of Government Obligations (as such obligations are now or may hereafter be defined in Ch. 39.53 RCW), to be deposited in escrow with Seattle-First National Bank, as Refunding Agent, in amounts sufficient for the payment of the principal of and interest on said Refunded Bonds at their stated maturities as provided hereinafter; and

WHEREAS, it appears that the advance refunding of said Refunded Bonds will effect a present value savings to the City and an advantageous restructuring of the outstanding debt of the City; and

WHEREAS, the City has received a written offer from Boettcher & Company, Inc. to purchase the Bonds under the terms set forth therein; and

WHEREAS, it is hereby found to be in the best interests of the City that said offer be accepted.

NOW, THEREFORE, THE CITY OF GIG HARBOR, WASHINGTON DOES ORDAIN AS FOLLOWS:

Section 1. Definitions.

"Acquired Obligations" means the investments now or hereafter acquired by the City to effect the refunding of the Refunded Bonds.

"Advance Refunding Fund" means the "1985 Water Revenue Bond and Sewer Revenue Bond Advance Refunding Fund" created by Section 2 of this ordinance.

"Annual Debt Service" means, for any fiscal year, the aggregate amount required in each year for the principal of and interest on the Parity Bonds then outstanding.

"Assessments" means any assessments which may be levied in any utility local improvement district of the City 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.

"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 of the City by Section 13 of this ordinance.

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

"Bonds" means the City of Gig Harbor Water and Sewer Revenue Refunding Bonds, Series 1985, to be issued in the aggregate principal amount of up to \$740,000 pursuant to this ordinance.

"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.

"Costs 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.

"Council" means the Council 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 Section 14 of this ordinance.

"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.

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

"Refunded Bonds" means the 1973 Water Bonds, the 1973 Sewer Bonds, the 1978 Water Bonds and the 1982 Sewer Bonds, as described in the recitals to this ordinance.

"Refunding Agent" means Seattle-First National Bank.

"Reserve" and "Reserve Account" means the Utility Reserve Account created in the Bond Fund by Section 15 of this ordinance and shall include any subaccount created therein.

"Revenue Fund" means the "City of Gig Harbor Utility Revenue Fund" created by Section 12 of this ordinance, 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.

Section 2. Refunding Plan.

A. Advance Refunding Fund. There is hereby created a special fund of the City to be known as the "1985 Water Revenue Bond and Sewer Revenue Bond Advance Refunding Fund" (the "Advance Refunding Fund") which fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Refunded Bonds, except as hereinafter provided.

The net proceeds of sale of the Bonds (exclusive of accrued interest thereon), if any, which shall be paid into the Bond Fund shall be credited to such Advance Refunding Fund and used immediately upon the receipt thereof to discharge the obligations of the City under Ordinance Nos. 170, 173, <sup>208</sup>268 and 409, respectively, authorizing the issuance of the Refunded Bonds by providing for the payment as hereinafter set forth in this section of the principal of and interest on the Refunded Bonds. The balance of the proceeds of the Bonds, if any, after payment of the costs incidental to the refunding and the issuance of the Bonds, shall be deposited in the Bond Fund.

B. 1973 and 1982 Sewer Bonds. There has heretofore been created by the City Treasurer, a special fund known as the "Gig Harbor Sewer Revenue Bond Redemption Fund" to be drawn upon for the sole purpose of paying the principal of and interest on the 1973 Sewer Bonds and 1982 Sewer Bonds. Out of the amounts on hand in the Advance Refunding Fund, there shall be deposited in the "Gig Harbor Sewer Revenue Bond Redemption Fund" at the times payments of principal of and interest on the 1973 and 1982 Sewer Bonds become due, until all of such bonds have been paid, amounts sufficient to make the following payments:

(1) The principal of and interest on the 1973 Sewer Bonds without redemption prior to maturity.

(2) The principal of and interest on the 1982 Sewer Bonds as the same become due on or before December 1, 1989.

(3) The amount necessary to redeem on December 1, 1989, the 1982 Sewer Bonds maturing after December 1, 1989.

C. 1973 and 1978 Water Bonds. There has heretofore been created by the City Treasurer a special account known as the "Gig Harbor 1961 Water Revenue Bond Redemption Fund" which is to be drawn upon for the sole purpose of paying the principal of and interest on the 1973 and 1978 Water Bonds. Out of amounts on hand in the Advanced Refunding Fund, there has been deposited in the "Gig Harbor 1961 Water Revenue Bond Redemption Fund" at the time payments of principal and interest on the 1973 and 1978 Water Bonds become due, until all of such bonds have been paid, amounts sufficient to make the following payments:

(1) The principal of and interest on the 1973 Water Bonds without redemption prior to maturity.

(2) The principal of and interest on the 1978 Water Bonds without redemption prior to maturity.

D. Redemption of 1982 Sewer Bonds. The City hereby calls for redemption on December 1, 1989, the 1982 Sewer Bonds maturing after such date in accordance with the provisions of Section 5 of Ordinance No. 409 of the City. Said call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchasers thereof. The Refunding Agent (as hereinafter defined), acting in concert with the City Treasurer, is hereby authorized and directed to provide notice of the redemption of said 1982 Sewer Bonds in accordance with the applicable provisions of said Ordinance No. 409.

E. Safekeeping of Acquired Obligation. The City shall discharge such obligations by the use of such moneys to purchase certain direct United States Government Obligations as now or

hereafter defined in Chapter 39.53 RCW or its successor statute, if any, the ("Acquired Obligations"), which, together with any necessary beginning cash balance, will be sufficient for the payments set within paragraphs B and C of this Section and, as more particularly described in the Safekeeping Agreement attached hereto and incorporated herein as Exhibit B.

Such Acquired Obligations that are purchased with funds subject to yield restrictions pursuant to Section 103(c) of the Internal Revenue Code and applicable regulations thereunder shall be purchased at a yield not materially higher than the yield on the Bonds, except during any temporary period.

Such money and Acquired Obligations shall be irrevocably deposited with Seattle-First National Bank, Seattle, Washington (hereinafter called the "Refunding Agent"). Such money and Acquired Obligations are hereby pledged to be held and applied solely for the payment of the principal, redemption price and interest due and to become due on the Refunded Bonds, provided, however, that the City may from time to time transfer, or cause to be transferred, from such Advance Refunding Fund to the Bond Fund any moneys not required for such purposes upon securing a verification from the Refunding Agent and opinion of bond counsel as set forth in the next succeeding paragraph.

The City reserves the right to substitute direct obligations of the United States of America for investments in the Advance Refunding Fund in the event it may do so pursuant to Section 103(c) of the Internal Revenue Code and applicable regulations thereunder, provided that at all times the moneys and Acquired Obligations in the Advance Refunding Fund shall be sufficient to accomplish the refunding of the Refunded Bonds as provided herein. Prior to each such substitution, the City shall obtain (1) a verification by the Refunding Agent which shall be satisfactory to

bond counsel to the City that the moneys and Acquired Obligations on deposit after such substitution will be sufficient to effect such refunding of the Refunded Bonds and (2) an opinion from bond counsel that such substitution shall not cause any of the Refunded Bonds and Bonds to lose their tax exempt status under Section 103(c) of the Internal Revenue Code of 1954, as amended, and the applicable regulations promulgated thereunder. When all of the Refunded Bonds shall have been redeemed and retired, the City may cause to be transferred from the Advance Refunding Fund to the Bond Fund all moneys remaining therein.

All moneys and Acquired Obligations deposited with the Refunding Agent and any income therefrom shall be held, invested and applied in accordance with the provisions of this ordinance and with the laws of the State of Washington.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Refunding Agent for the Refunded Bonds shall be paid when due. The proper officers and agents of the City are directed to obtain from the Refunding Agent an agreement setting forth the duties, obligations and responsibilities of the Refunding Agent in connection with the redemption and retirement of the Refunded Bonds as provided herein and stating that such provisions for the payment of the fees, compensation and expenses of such Refunding Agent are satisfactory to it.

In order to carry out the purposes of the preceding section of this ordinance and this section, the Mayor and City Administrator are authorized and directed to execute and deliver to Seattle-First National Bank, Seattle, Washington, a copy of such agreement when the provisions thereof have been fixed and determined. Such agreement, when finally executed, shall be marked "Exhibit B,"

shall be attached to this ordinance and by reference hereto is hereby made a part of this ordinance.

F. Determination of Benefits. The City Council hereby finds and determines that the refunding of the Refunded Bonds will be of substantial benefit to the City by permitting a consolidation of all outstanding indebtedness of the water and sewer utility systems into a single lien position and permitting the issuance of future water and sewer revenue bonds on a parity of lien therewith. The City Council hereby further finds and determines that the issuance and sale of the Bonds at this time will effect a benefit to the City. In making such finding and determination, the City Council has given consideration to the interest to the fixed maturities of the Bonds and the Refunded Bonds, the cost of issuance of the Bonds and the known earned income from the Acquired Obligations pending the maturity or redemption of the Refunded Bonds.

Section 3. Combined Water and Sewer System. There has heretofore been created by Section 14 of Ordinance No. 170 of the City a "Water Revenue Fund," and by Section 5 of Ordinance No. 173 of the City a "Gig Harbor Sewer Revenue Fund." From and after the time of the delivery of the Bonds to the initial purchasers thereof, the "Water Revenue Fund" and "Gig Harbor Sewer Revenue Fund" shall be replaced by the "Utility Revenue Fund" created by Section 12 of this ordinance. The existing water supply and distribution system of the City and the existing sanitary sewage collection and disposal system of the City shall after the implementation of the Refunding Plan set forth in Section 2 hereof and the delivery of the Bonds to the initial purchasers thereof, be operated as a single combined water and sewer system.

Section 4. Description of Bonds. The City shall issue the Bonds in the aggregate principal amount of not to exceed

\$740,000. The Bonds shall be designated "City of Gig Harbor, Washington, Water and Sewer Revenue Bonds, Series 1985"; shall be dated as of December 15, 1985; shall be issued in the denomination of \$5,000 each or any integral multiple of \$5,000, provided no Bond shall represent more than one maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar (hereinafter designated) deems necessary for purposes of identification; and shall bear interest calculated on the basis of a 360-day year and twelve 30-day months payable on June 1, 1986, and semiannually thereafter on the first days of each succeeding June and December.

The Bonds shall be issued in the aggregate principal amount of \$740,000, shall mature on December 1 of the following years in the following principal amounts and shall bear interest at the following rates:

<u>Year Due</u> <u>(December 1)</u>	<u>Principal</u> <u>Amount</u> <u>Due</u>	<u>Interest</u> <u>Rate</u>
1986	\$ 40,000	6.25%
1987	40,000	6.75
1988	45,000	7.25
1989	50,000	7.50
1990	50,000	8.00
1991	55,000	8.20
1992	60,000	8.40
1993	65,000	8.60
1994	70,000	8.80
1995	35,000	9.00
1996	40,000	9.20
1997	40,000	9.40
1998	45,000	9.60
1999	50,000	9.75
2000	55,000	9.75

The Bonds shall be in registered form as to both principal and interest. The Bond Registrar (collectively, the fiscal agencies of the State of Washington in Seattle, Washington, and New York, New York) shall maintain the Bond Register. Such Bond Register shall contain the name and mailing address of the owner



of each Bond or nominee of such owner and the principal amount and number of Bonds held by each owner or nominee.

Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. The 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.

Section 5. Payment of Principal and Interest. 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 to the registered owners or nominees of such owners at the addresses appearing on the Bond Register on the 15th day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owner thereof or at the principal offices of either of the fiscal agencies of the State in the cities of Seattle, Washington, and New York, New York at the option of such owners.

Section 6. Redemption in Advance of Maturity. The City reserves the right to redeem any or all of the outstanding Bonds maturing on or after December 1, 1996, in inverse chronological order of maturity, and by lot within any maturity, on any interest payment date on or after December 1, 1995, at 100% of the principal amount thereof, plus accrued interest to the date of redemption.

Section 7. Notice of Redemption. Notice of any intended redemption of Bonds shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption 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 this section 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. The interest on the Bonds so called for redemption shall cease to accrue on the date fixed for redemption unless such Bond or Bonds so called are not redeemed upon presentation made pursuant to such call. In addition, such redemption notice shall also be mailed within the same time period, postage prepaid, to Boettcher & Company, Inc., Seattle, Washington, Moody's Investors Service, Inc. and Standard & Poor's Corporation at their offices in New York, New York, or their successors, but such mailings shall not be a condition precedent to the redemption of such Bonds.

Section 8. Exchange and Transfer. Portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple of \$5,000, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of such 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 amount thereof, a new Bond or Bonds, at the option of the registered owner, of like maturity and interest rate in any denomination authorized by this ordinance.

Section 9. Execution of Bonds. The Bonds shall be executed on behalf of the City by the Mayor, shall be attested by the City Administrator (both of which signatures may be executed by facsimile) and shall have the corporate seal of the City impressed or imprinted thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinafter 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.

If either of the officers who shall have executed the Bonds shall cease to be such 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 may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the City as though those who signed the same had continued to be such officers of the City. Any Bond may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond any such person shall not have been such officer of the City.

Section 10. Bond Registration. The City hereby specifies and adopts the system of registration for the Bonds approved by the Washington State Finance Commission. 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 the Bonds with the same

rights it would have it if were not the Bond Registrar, and to the extent permitted by law, may act as depositary 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 Bond owners.

Section 11. Form of Bonds. The City shall cause definitive Bonds to be prepared substantially in the form attached hereto as Exhibit A. Until the definitive Bonds are prepared, the City may execute a temporary Bond which shall be typewritten, and which shall be delivered to the bond purchaser or purchasers in lieu of definitive Bonds, but subject to the same provisions, limitations, and conditions as the definitive Bonds. A temporary Bond shall be dated as of the date of the Bonds, shall be in the denomination equal to the principal amount of the Bonds, shall be numbered T-1, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions, and variations as may be appropriate to temporary bonds, shall be issued in fully registered form, shall be signed by the Mayor and the City Administrator of the City, and shall have the seal of the City impressed thereon.

Upon surrender to the City of any such temporary Bond, the City, without charge to the registered owner, shall execute and deliver to the registered 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 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 12. Priority of Payments from Revenue of the System. There is hereby established in the office of the City Administrator a special fund of the City to be 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 13. Bond Fund. There is hereby created a special fund of the City known as the "Utility Bond Redemption Fund," (the "Bond Fund"), which Fund is to be drawn upon for the sole purpose

of paying and securing the principal of and interest on the Bonds and any Future Parity Bonds as the same shall become due.

Section 14. Debt Service Account. A Debt Service Account is hereby created in the Bond Fund. 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.

Section 15. Utility Reserve Account. A Utility Reserve Account is hereby 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.

The City hereby covenants and agrees to deposit into the Reserve Account out of moneys on hand in the funds established for the Refunded Bonds and the Revenue of the System and Assessments (or out of any other funds of the City on hand and legally available therefor), beginning not later than one month after the date of issuance of the Bonds, approximately 60 equal monthly payments so that by five (5) years from the date of issuance of the Bonds there will have been paid into the Reserve Account an

amount which, together with the money already on deposit therein, will be at least equal to the lesser of (i) Average Annual Debt Service on the Parity Bonds then outstanding or (ii) the maximum amount permitted to be deposited therein under Section 103(c) of the federal Internal Revenue Code of 1954, as amended, and the regulations promulgated thereunder (the "Reserve Requirement").

The deposits required to be made into the Reserve Account by this Section may be satisfied by cash deposits or in lieu thereof by an insurance policy or an irrevocable letter or letters of credit issued by a bank, the long term debt rating on which is rated AA (or equivalent) by Standard and Poor's Corporation or Moody's Investors Service, Inc., or a successor to either such corporations.

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. Such annual payments shall be made into the Reserve Account not later than December 20 of each year.

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 12 hereof.

Section 16. Lien of Bonds. Such amounts so pledged to be paid out of the Revenue of the System into the Debt Service



Account and the Reserve Account are hereby declared to be a prior lien and charge upon such Revenue superior to all other charges of any kind or nature except the Costs of Maintenance and Operation of the System, and equal in rank to the charges upon such Revenue to pay and secure the payment of the principal of and the interest on any Future Parity Bonds.

Section 17. Investment of Moneys in the Bond Fund. Moneys in the Debt Service Account and Reserve Account (not needed to pay the interest or principal next coming due on the outstanding Parity Bonds or to maintain required reserves) may be invested as permitted by law. Investments of moneys 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 of moneys in the Reserve Account shall mature not later than the last maturity of any then outstanding Parity Bonds. All interest earned and income or profits derived by virtue of investments of moneys in the Debt Service Account or the Reserve Account shall remain in the Bond Fund and be used to meet any of the required deposits therein.

Section 18. Adequacy of Revenues. The Council hereby finds and declares that, in fixing the amounts to be paid into the Bond Fund out of the Revenue of the System, as hereinbefore provided, that it has exercised due regard for the Costs of Maintenance and Operation of the System and has not obligated the City to set aside and pay into said Fund and Account a greater amount of the Revenue of the System than in its judgment will be available over and above such Costs of Maintenance and Operation and the charges necessary to pay the principal of and interest on the Bonds.

Section 19. Defeasance. In the event that money and/or "Government Obligations," as such obligations are defined in Ch. 39.53 RCW, as now or hereafter amended, the payment of the principal of and interest on which is unconditionally guaranteed by the United States of America or any agency thereof and maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire the Bonds in accordance with their terms, are set aside in to effect such redemption and retirement, and such moneys and the principal of and interest on such Government 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, and the Bonds shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the moneys so set aside and pledged, and the Bonds shall be deemed not to be outstanding hereunder.

Section 20. 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 12 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.

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 Revenue 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 any 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 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 holders 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 capital 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 or holder 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. 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 legally available.

Section 21. Issuance of 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 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 15 hereof shall be met.

(5) Prior to the delivery of any 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 22. Arbitrage Covenant. The City hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the City which may be deemed to be proceeds of such Bonds pursuant to Section 103(c) of the Internal Revenue Code and the applicable regulations thereunder which, if such use had 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 and said regulations. The City will comply with the requirements of subsection (c) of Section 103 of the Internal Revenue Code and the applicable regulations thereunder throughout the term of the Bonds.

This Council hereby finds and determines that the issuance and sale of the Bonds at this time will effect a saving to the City and its taxpayers. In making such finding and determination this Council has given consideration to the interest to the fixed maturities of the Bonds and the Refunded Bonds, the costs of the issuance of the Bonds and the known earned income from the investment of the proceeds of sale of the Bonds pending redemption of the Refunded Bonds.

This Council hereby further finds and determines that the moneys and Acquired Obligations to be deposited with the Refunding Agent for the Refunded Bonds in accordance with Section 2 of this ordinance will discharge and satisfy the obligations of the City under the ordinances of the City authorizing the issuance of the Refunded Bonds and the pledges, charges, trusts, covenants and agreements of the City therein made or provided for as to said Refunded Bonds, and that said Refunded Bonds shall no longer be deemed to be outstanding under said ordinance immediately upon the deposit of such moneys and the Acquired Obligations with the Refunding Agent.

Section 23. Purchase Contract. The Bonds shall be sold at negotiated sale. The offer of Boettcher & Company, Inc., Seattle, Washington to purchase the Bonds at a purchase price of 97% of par (\$717,800), as more fully set forth in the Purchase Contract presented to this Council on November 18, 1985, is hereby confirmed and accepted.

Section 24. Additional Actions. The proper City officials are hereby authorized and directed to execute the Purchase Contract and to do everything necessary for the prompt execution and delivery of the Bonds to said purchasers and for the proper application and use of the proceeds of sale thereof.

Section 25. Severability. If 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 the Bonds.

Section 26. Effective Date. This ordinance shall become effective five days from and after its final passage and publication as required by law.

Read for the first time on November 25, 1985 and Finally PASSED by the Council of the City of Gig Harbor, Washington, at a regular meeting held on the 9th day of December, 1985.

CITY OF GIG HARBOR, WASHINGTON

By Ruth M. Dague  
Mayor

ATTEST:

Paul R. L. L.  
City Administrator

Published: December 15, 1985

EXHIBIT A

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$ \_\_\_\_\_

STATE OF WASHINGTON

CITY OF GIG HARBOR

WATER AND SEWER REVENUE REFUNDING BOND, SERIES 1985

INTEREST RATE:

MATURITY DATE:

SEE REVERSE SIDE FOR ADDITIONAL PROVISIONS

REGISTERED OWNER:

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of Gig Harbor, Washington, a municipal corporation organized and existing under and by virtue of the laws and Constitution of the State of Washington (the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount specified above, unless redeemed prior thereto as provided herein, together with interest on such Principal Amount from the date hereof 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, 1986, and semiannually thereafter on each June 1 and December 1 until payment of the principal sum has been made or duly provided for. Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest on this bond is payable by check or draft of the Bond Registrar mailed (on the date such interest is due) to the Registered Owner hereof at the address appearing on the records maintained by the Bond Registrar as of the 15th day of the month prior to the interest payment date. Principal shall be paid to the Registered Owner hereof upon presentation and surrender of this bond at the principal offices of either of the fiscal agencies of the State of Washington in Seattle, Washington or 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

CERTIFICATE

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

1. That the attached Ordinance No. 468 (herein called the "Ordinance") is a true and correct copy of an ordinance of the City, as finally passed at a meeting of the Council held on the 9th day of December, 1985, 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 this 13<sup>th</sup> day of December, 1985.

Mark Wilson  
City Administrator, City of Gig  
Harbor, Washington

(SEAL)

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 refunding issue have happened, been done and performed and that this bond and the bonds of this refunding 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 executed by the facsimile signature of the Mayor and attested by the facsimile signature of the City's Administrator and a facsimile of the seal of the City to be impressed or imprinted hereon, as of this 15th day of November, 1985.

CITY OF GIG HARBOR, WASHINGTON

By /s/facsimile  
Mayor

ATTEST:

/s/facsimile  
City Administrator

CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within-referenced Bond Ordinance and is one of the Water and Sewer Revenue Refunding Bonds, Series 1985, of the City dated November 15, 1985.

WASHINGTON STATE FISCAL AGENCY,  
As 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, interest rate and date of maturity, in the aggregate principal amount of \$740,000, issued pursuant to Ordinance No. 468 of the City, passed on December 9, 1985 (the "Bond Ordinance"), to provide part of the moneys necessary to advance refund certain outstanding water revenue bonds and sewer revenue bonds of the City. Seattle-First National Bank, Seattle, Washington, has been appointed



Refunding Agent in connection with the refunding of such outstanding bonds. The bonds are payable solely from the special fund of the City known as the "Utility Bond Redemption Fund" created pursuant to the Bond Ordinance. The bonds of this issue are not general obligations 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 December 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 December 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.

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. In addition, such redemption notice shall be mailed within the same time period to Boettcher & Company, Inc., at its office in Seattle, Washington, or its successors, if any. Notice of redemption shall also be given to Moody's Investor Service, Inc. and Standard & Poor's Corporation at their offices in New York, New York, or their successors, but such mailing shall not be a condition precedent to the redemption of bonds.

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.

The City has irrevocably obligated and bound itself to pay into and maintain in the Debt Service Account and the Reserve Account created therein certain amounts necessary to pay and secure the payment of the bonds of this issue all within the times provided in the Bond Ordinance.

The amounts so pledged to be paid into the Bond Fund and the Reserve Account therein are hereby declared to be a prior lien and charge upon the Revenue of the System superior to all other charges of any kind or nature except the Costs of Maintenance and Operation of the System and equal in rank to the charges upon such Revenue to pay and secure the payment of the principal of and interest on any water and sewer revenue bonds which may be hereafter issued on a parity of lien with the bonds.

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 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 1954, 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 are issued in fully registered form in the denomination of \$5,000 each or any integral multiple thereof, provided that no bond shall represent more than one maturity. Upon surrender to the Bond Registrar, bonds are interchangeable for bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. This bond is transferable only on the records maintained by the Bond Registrar for that purpose upon the surrender of this bond by the registered owner hereof or his/her duly authorized agent and only if endorsed in the manner provided hereon, and thereupon a new fully registered bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Such exchange or transfer shall be without cost to the registered owner or transferee. The City may deem the person in whose name this bond is registered to be the absolute owner hereof for the purpose of receiving payment of the principal of and interest on the bond and for any and all other purposes whatsoever.

The Bond Registrar is not required to issue, register, transfer or exchange any of the bonds during a period beginning at the opening of business on the fifteenth (15th) day of the month next preceding any interest payment date and ending at the close of business on the interest payment date, or, in the case of any proposed redemption of the bonds, after the mailing of notice of the call of such bonds for redemption.

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 MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts 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 all rights thereunder and does hereby irrevocably constitute and appoint \_\_\_\_\_ of \_\_\_\_\_, or its successor, as Agent to transfer said bond on the books kept by the Bond Registrar for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_, 19 \_\_\_\_.

SIGNATURE GUARANTEED:

\_\_\_\_\_

NOTE: The signature of 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.

EXHIBIT B

SAFEKEEPING AGREEMENT

THIS AGREEMENT, made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 1985, by and between the City of Gig Harbor, Washington (the "City"), and Seattle-First National Bank, Seattle, Washington (the "Refunding Agent");

W I T N E S S E T H:

WHEREAS, pursuant to Ordinances Nos. \_\_\_\_\_ of the City, revenue bonds of the City are outstanding in the amount of \$ \_\_\_\_\_, described in Schedule 1 hereto (the "Refunded Bonds").

WHEREAS, the City by Ordinance No. 468, passed on December 9, 1985 (the "Bond Ordinance") has determined to refund the Refunded Bonds by the issuance of revenue refunding bonds (the "Bonds"); and

WHEREAS, the City has, pursuant to the Bond Ordinance, duly and validly authorized the execution and delivery of the documents necessary for the issuance of the Bonds and this Safekeeping Agreement;

NOW, THEREFORE, in consideration of the mutual covenants hereinafter contained, and for the benefit of the owners and holders of the Refunded Bonds, the parties hereto covenant and agree as follows:

Section 1. Provisions for Refunding the Outstanding Bonds.

The City, simultaneously with the delivery of the Bonds, agrees to purchase and irrevocably deposit with the Refunding Agent in trust for the security and benefit of the holders and owners of the Refunded Bonds sufficient obligations of evidence thereof (the "Acquired Obligations") as described in Appendix 1 attached hereto, and any money, if necessary, to provide for the payment of

the principal and interest due or to become due on the Refunded Bonds in accordance with the schedule set forth in Appendix 2 hereof, at maturity and upon the prior redemption thereof, as provided in the Bond Ordinance.

Such Acquired Obligations shall be paid for out of the proceeds of sale of the Bonds, and out of any other moneys now on hand in the bond funds for the Refunded Bonds.

On or before the delivery of the Bonds to the initial purchasers thereof, the City agrees that it will cause to be delivered to the Refunding Agent statements setting forth the maturity schedules of the Refunded Bonds by number, amount, date of maturity and interest rates, the amount of interest to be paid on each semiannual interest payment date, and the amount of principal to be paid on each annual principal payment date.

The City by the Bond Ordinance has directed to be set aside sufficient money to purchase Acquired Obligations which will be used to pay principal and interest on the Refunded Bonds at maturity. The City by the Bond Ordinance has irrevocably provided for the defeasance and payment of the Refunded Bonds. Said provisions for defeasance and payment of the Refunded Bonds shall be irrevocable upon the final establishment of the escrow account and delivery of the Acquired Obligations to the Refunding Agent. The City represents to the Refunding Agent that the maturing principal and interest on the Acquired Obligations (together with the necessary beginning cash balances), if paid when due, will be sufficient to pay, when due, all of the principal of and interest on the Refunded Bonds.

Section 2. Disbursements by Refunding Agent. The Refunding Agent shall present for payment on the due dates thereof any Acquired Obligations so deposited with it and shall apply the proceeds derived therefrom and the interest paid thereon in

accordance with the provisions of the Bond Ordinance and this Agreement. Moneys shall be transferred, in a timely manner, by the Refunding Agent to the City Administrator of the City, or at his direction, to the fiscal agents of the State of Washington, in amounts sufficient for the payments specified in Section 2 of the Bond Ordinance.

Section 3. Custody and Safekeeping of Obligations. For as long as any of the Refunded Bonds are outstanding, the Refunding Agent shall render a quarterly statement to the City, which statement shall set forth the cash and Acquired Obligations held by the Refunding Agent, any of such Acquired Obligations which have matured, and the amounts received by the Refunding Agent by reason of such maturity, the interest earned on any of such Acquired Obligations, a list of any investments or reinvestments made by the Refunding Agent in other obligations, and the interest and/or principal derived therefrom, the amounts of cash delivered to the City Administrator and/or the State fiscal agents, and the dates of the use thereof for the payment of the principal of and interest on the Refunded Bonds as the same shall become due and payable, and any other transactions of the Refunding Agent pertaining to its duties and obligations as set forth herein.

In the event the maturity of principal and interest of the Acquired Obligations and other money held by the Refunding Agent pursuant to this Safekeeping Agreement shall at any time be insufficient to make a payment described in Section 2, the Refunding Agent shall give the City prompt notice of such insufficiency, and shall deliver promptly to the City a written request to deposit with the Refunding Agent sums sufficient to make such payment.

All Acquired Obligations, moneys and investment income deposited with or received by the Refunding Agent pursuant to this

Safekeeping Agreement shall be held in trust for the specific purposes set forth herein and may not be used for any other purpose.

The City may, according to the terms of the Bond Ordinance, substitute other securities for the Acquired Obligations and withdraw funds from the trust hereby created. The Refunding Agent agrees to such substitution and withdrawal if the conditions precedent thereto contained in the Bond Ordinance are met.

Section 4. Duties and Obligations of the Refunding Agent.

The duties and obligations of the Refunding Agent shall be as prescribed by the provisions of this Safekeeping Agreement and the Bond Ordinance and the Refunding Agent shall only be responsible for the performance of its duties and obligations as so specifically set forth and to act in good faith in the performance thereof, and no implied duties or obligations shall be incurred by the Refunding Agent other than those specified herein.

None of the provisions contained in this Safekeeping Agreement shall require the Refunding Agent to use or advance its own funds or otherwise incur financial liability in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Refunding Agent shall be under no liability for interest on any funds or other property received by it hereunder, except as herein expressly provided.

The Refunding Agent may consult with counsel of its choice, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Refunding Agent shall not be responsible or liable for any promise, representation, agreement, condition or stipulation not herein set forth; for the sufficiency, correctness, genuineness or validity of any instruments deposited with it; for the form of execution thereof or the

identity, authority or rights of any person executing or depositing the same; or for the performance or compliance by any party other than the Refunding Agent with the terms or conditions of any such instruments; for any loss which may occur by reason of forgeries, false representations or the exercise of the Refunding Agent's discretion in any particular manner unless such exercise is negligent or constitutes willful misconduct. If any controversy arises between the parties hereto or with any third person, the Refunding Agent shall not be required to determine the same or to take any action in the premises, but it may, in its discretion, institute such interpleader or other proceedings in connection therewith as it may deem proper, and in following either course, it shall not be liable, except as provided above.

Section 5. Compensation of Refunding Agent. The arrangements heretofore made for the payment to the Refunding Agent of the sum of \$\_\_\_\_\_ for services rendered by it pursuant to the provisions of this Safekeeping Agreement are satisfactory to it and such payment is inclusive of all fees, compensation and expenses of the Refunding Agent; provided, however, that the Refunding Agent shall be separately compensated for services performed in connection with any substitution of Acquired Obligations pursuant to Section 2 of the Bond Ordinance.

In the event that the Refunding Agent renders any service hereunder not provided for in this Safekeeping Agreement, or the Refunding Agent is made a party to or intervenes in any litigation pertaining to this Safekeeping Agreement or institutes interpleader proceedings relative hereto, the Refunding Agent shall be reasonably compensated by the City for such extraordinary services and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby.



Section 6. Successor Refunding Agent. The obligations assumed by the Refunding Agent pursuant to this Safekeeping Agreement may be transferred by the Refunding Agent to a successor; provided, that the Refunding Agent has presented evidence satisfactory to the City and its bond counsel that the successor meets the requirements of RCW chapter 39.53, as now in effect or hereafter amended, and has assumed all the obligations of the Refunding Agent under this Safekeeping Agreement, and that all the Acquired Obligations and moneys held by the Refunding Agent pursuant to this Safekeeping Agreement have been duly transferred to such successor.

Section 7. Notices. All notices or requests required or permitted to be given hereunder shall, until further notice in writing, be given in writing at the following addresses:

City of Gig Harbor  
P. O. Box 145  
Gig Harbor, WA 98335

Seattle-First National Bank  
Corporate Trust Department  
P.O. Box 3586  
Seattle, WA 98154

Section 8. Miscellaneous. This Safekeeping Agreement is governed by Washington law and may not be modified except by a writing signed by the parties. In the event any one or more of the provisions contained in this Safekeeping Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Safekeeping Agreement, but this Safekeeping Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The headings of this Safekeeping Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

IN WITNESS WHEREOF, the parties have executed and delivered this Safekeeping Agreement, all as of the date and year first above written.

CITY OF GIG HARBOR, WASHINGTON

By \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Administrator

SEATTLE-FIRST NATIONAL BANK

By \_\_\_\_\_  
Its \_\_\_\_\_

**ORDINANCE NO. 469**

**AN ORDINANCE** adopting the budget for the City of Gig Harbor, Washington, for the 1986 fiscal year.

**WHEREAS**, the mayor of the City of Gig Harbor, Washington, completed and placed on file with the city administrator/ clerk a proposed budget and estimate of the amount of the moneys required to meet the public expenses, bond retirement and interest, reserve funds and expenses of government of said city for the 1986 fiscal year, and a notice was published that the Gig Harbor City Council would meet on November 12 and 25, 1985 at 7:00 p.m., in the council chambers in the city hall for the purpose of making and adopting a budget for 1986 and giving taxpayers an opportunity to be heard on the budget; and

**WHEREAS**, the said city council did meet at the established time and place and did consider the matter of the 1986 proposed budget; and

**WHEREAS**, the 1986 proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Gig Harbor for the purposes set forth in the budget, and the estimated expenditures set forth in the budget being all necessary to carry on the government of Gig Harbor for 1986 and being sufficient to meet the various needs of Gig Harbor during 1986.

**NOW, THEREFORE**, the City Council of the City of Gig Harbor **DO ORDAIN** as follows:

Section 1. The budget for the City of Gig Harbor, Washington, for the year 1986 is hereby adopted in its final form and content as set forth in the document entitled City of Gig Harbor 1986 Budget, 3 copies of which are on file in the Office of the City Administrator/Clerk.

Section 2. Estimated resources, including fund balances or working capital for each separate fund of the City of Gig Harbor, and aggregate totals (net of transactions between funds) for all funds combined, for the year 1986 are set forth in summary form below, and are hereby appropriated for expenditure during the year 1986 as set forth below:

<u>Fund</u>	<u>Department</u>	<u>Amount</u>
General (001)	Legislative	\$ 9,100
	Judicial	69,878
	Administration/Finance	92,845
	Legal Services	14,500
	Police	297,279
	Planning and Community Devel.	102,264
	Parks and Recreation	115,160
	Building	14,780
	Non-departmental	419,760
	Ending Fund Balance	125,030
	Total General Fund	\$1,260,596
Street Operating Fund (101)		345,810
Arterial Street Fund (102)		101,000
Special Revenue (K-9) Fund (104)		130
Federal Revenue Sharing (199)		59,000
G.O. Fire - Debt Service (200)		19,198
G.O. Sewer - Debt Service (201)		44,100
G.O. P.W. Bldg. - Debt Serv. (202)		25,850
Gen. Govt. Imp. (Gen. Govt. Cap. Proj.) (301)		205,630
Gen. Govt. Repl. (Equip. Res.) (302)		16,125
Water Cap. Imp. (Water Cap. Projects) (304)		44,000
Water Cap. Repl. (305)		9,000
Sewer Cap. Imp. (Sewer Cap. Proj.) (306)		11,500
Sewer Cap. Repl. (307)		0
Street Cap. Imp. (303)		9,500
Street Cap. Repl. (308)		1,200
Water Operating Fund (401)		369,750
Sewer Operating Fund (402)		397,000
Storm Drainage Operating Fund (411)		150,500
Sewer Const. Fund (Sewer Cap. Proj.) (410)		2,336,000
Water Bond Redemption (403)		0
Water Bond Reserve (404)		66,975
Sewer ULID Redemption (406)		468,600
Sewer ULID Reserve (Utility Reserve) (407)		235,260
Sewer Bond Redemption (409)		7,700
Storm Drainage Redemption (412)		19,100
Sewer Bond Redem. (Utility Bond Redem.) (413)		101,100
Trust - LID Guaranty (601)		2,700
Trust Fund - Misc. (Performance Pay) (602)		4,000
Trust Fund - Unemployment (603)		16,000
General Govt. Contingency (604)		33,000
Water Contingency (606)		15,000
Total All Funds		\$6,375,324

Section 3. Attachment "A" is adopted as the 1986 personnel salary schedule.

Section 4. The City Administrator/Clerk is directed to transmit a certified copy of the 1986 budget hereby adopted to the Division of Municipal Corporations in the Office of the State Auditor and to the Association of Washington Cities.

## 1986 SALARY SCHEDULE

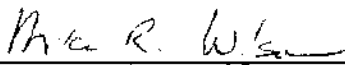
<u>POSITION</u>	<u>RANGE</u>	
	<u>Minimum</u>	<u>Maximum</u>
City Administrator	\$ 2,848	\$ 3,816
Public Works Director	2,582	3,461
Chief of Police	2,231	2,990
Planning Director	2,125	2,848
Public Works Supervisor	2,024	2,712
Finance Officer	1,836	2,460
Sewer Plant Operator	1,927	2,583
Fire Marshal/ Building Official	1,836	2,460
Police Sergeant	1,891	2,533
Public Works Foreman	1,836	2,460
Equipment Operator	1,748	2,343
Maintenance Worker	1,665	2,231
Police Officer	1,633	2,187
Laborer	1,438	1,927
Asst. City Clerk	1,183	1,586
Court Clerk	1,183	1,586
Police Clerk	1,161	1,555
Utility Clerk	1,127	1,510
Receptionist	750	1,084

Section 5. This ordinance shall be in force and take effect five (5) days after its publication according to law.

**PASSED** by the council and approved by the mayor this 23rd day of December, 1985.

  
\_\_\_\_\_  
Ruth M. Bogue, Mayor

ATTEST:

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

Filed with the city clerk: 11/7/85  
Passed by the city council: 12/23/85  
Published: 1/2/86  
Effective date: 1/7/86

NOTE:

- Underlines \_\_\_\_\_ denote words to be added
- Brackets [ ] denote words to be deleted

**ORDINANCE NO. 470**

**AN ORDINANCE** relating to Home Occupations of the City of Gig Harbor: Amending Sections 17.16.020 and 17.20.020, "Permitted Uses"; Sections 17.24.150 and 17.64.040, "Conditional Uses"; and Chapter 17.04 "Short Title Definitions".

The City Council of the City of Gig Harbor, Washington, DO **ORDAIN** as follows:

Section 1. Section 17.16.020 is hereby amended to read as follows:

17.16.020 Permitted uses. The following uses are permitted in an R-1 zone:

- A. One family dwellings;
- B. Agricultural uses, including nurseries and truck gardens, as long as no odors or dust are created;
- [C. Home Occupations;]
- [D.]C. Golf courses, excluding commercially operated driving ranges or miniature golf courses, provided that no clubhouse shall be located within three hundred feet of any other property;
- [E.]D. Libraries, public;
- [F.]E. Nursery schools, nonboarding;
- [G.]F. Parks and playgrounds, publicly owned and operated;
- [H.]G. Schools, elementary and high, nonboarding, and including playgrounds and athletic fields incidental thereto;
- [I.]H. Temporary buildings for and during construction;
- [J.]I. Accessory uses;
- [K.]J. Transitional uses provided in Chapter 17.60;
- [L.]K. Conditional uses as provided in Chapter 17.64 and subject to the conditions and requirements prescribed.

Section 2. Section 17.20.020 is hereby amended to read as follows:

17.20.020 Permitted uses. The following uses are permitted in an R-2 zone:

- A. One family dwellings;
- B. Detached multi-family dwelling units containing not more than four living units per detached building (See subsection A of Section 17.20.030 for the maximum number of dwelling units permitted without first obtaining a conditional use permit);
- [C. Home Occupations;]
- [D.]C. Libraries, public;
- [E.]D. Nursery schools, nonboarding;
- [F.]E. Parks and playgrounds, publicly owned and operated;
- [G.]F. Clinics, hospitals, convalescent homes;
- [H.]G. Rest homes, nursing homes;
- [I.]H. Temporary buildings for and during construction;
- [J.]I. Accessory uses;
- [K.]J. Transitional uses provided in Chapter 17.60;
- [L.]K. Conditional uses as provided in Chapter 17.64 and subject to the conditions and requirements prescribed.

Section 3. Section 17.24.150 add the following:

3. Home Occupations (See Section 17.64.040 for criteria).

Section 4. Section 17.64.040 add the following:

13. Home Occupations. Additionally home occupations shall meet the following criteria:

- A. The activity is conducted in a manner that will not alter the normal residential character of the premises and in no way be a nuisance to adjoining residences. This means there should be no outside storage or window display and no noise, dust, odors, noxious fumes or vibrations emanating from the premises which would exceed that normally produced by a single residence. Mechanical or electronic equipment which is incidental to the home occupation may be used provided it will not create visible or audible interference in radio or television receivers or cause fluctuations in the line voltage off the premises.
- B. The home occupation does not generate greater traffic volumes than would normally be expected in a residential neighborhood. This means that delivery of materials or commodities to and from the premises by commercial vehicles shall not normally exceed two per week. Only one (1) commercial vehicle owned by the practitioner and related to the occupation may be parked on street near the premises at any time. If the occupation requires that customers or clients visit the premises, required parking will be a condition of the permit.
- C. Any materials used in conducting the business shall be stored entirely within the residence or in an accessory building.
- D. The home occupation does not increase water or sewer use so that combined total use for the dwelling and home occupation is significantly more than the average for residences in the neighborhood.
- E. The home occupation shall be conducted primarily by members of the family residing in the dwelling. Persons in building trades or similar fields using their homes or apartments as an office for business activities carried on off the premises may have other employees provided they are not employed on the premises and they do not routinely visit the residence during the normal course of business.
- F. Class Size. If the home occupation is a type in which classes are held or instruction given, there shall be no more than four (4) students or pupils at any one time provided that this requirement shall not be construed to prohibit occasional exception (for example, recitals) which are in no way a nuisance to adjoining residences.



- G. The total number of home occupations conducted within a dwelling unit shall not be regulated. However, the cumulative impact of all home occupations conducted within the dwelling unit shall not be greater than for one home occupation.
- H. Once a home occupation conditional use permit has been issued it shall not be transferable to another person or to a location other than stated in the permit; nor shall the specified conditions be changed.
- I. Home occupations shall comply with all other local, state or federal regulations pertinent to the activity pursued and the requirements or permission granted or implied by this chapter shall not be construed as an exemption of such regulations.

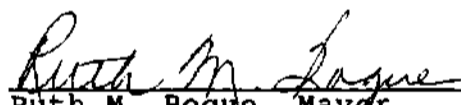
Section 5. Section 17.04.280 is hereby amended to read:

17.040.280 [Home Occupation means an occupation or profession customarily carried on by an occupant of a dwelling unit as a secondary use which is clearly incidental to the use of the dwelling unit for residential purposes, and which does not include storage or sale of stock in trade.]


17.040.280 Home Occupation means: An accessory use of the dwelling unit involving the manufacture, provision or sale of goods and/or services which is carried on primarily by members of the family residing on the premises.

Section 6. This ordinance, being an exercise of a power specifically delegated to the city legislative body, is not subject to referendum, and shall take effect five (5) days after its passage and publication as provided by law.

**PASSED** by the City Council and **APPROVED** by the Mayor at a regular open public meeting this 23rd day of December, 1985.

  
Ruth M. Bogue, Mayor

**ATTEST:**

  
Michael R. Wilson  
City Administrator

Filed with the city clerk: 12/5/85  
Passed by the city council: 12/23/85  
Published: 1/8/86  
Effective date: 1/13/86

**ORDINANCE NO. 471**

**AN ORDINANCE** relating to the Municipal Water System of the City of Gig Harbor: Repealing Ordinance No. 388 Fixing Rates and Charging for Water Service; Providing a Method of Collecting Fees and Charges; and Providing Penalties for Violations.

**WHEREAS**, it is recommended to the Gig Harbor City Council that Ordinance #388, codified as Section 13.04 of the Municipal Code, concerning Use Charges be repealed; and,

**WHEREAS**, it is further recommended to the Gig Harbor City Council that Ordinance #388 be replaced with a new rate schedule; and

**WHEREAS**, the Gig Harbor City Council determined that a rate change is necessary to provide for the proper operation and maintenance of the city water utility system; and,

**WHEREAS**, the Gig Harbor City Council has found that the monthly rates proposed hereinafter are equitable to users and adequate to meet the public needs; and,

**WHEREAS**, it has been determined by the Gig Harbor City Council that a revised use charge is in the best interest of the health, safety and welfare of the residents of the City of Gig Harbor,

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Gig Harbor that Ordinance #388, codified as Section 13.04 of the Municipal Code shall hereby be repealed; and

**BE IT FURTHER ORDAINED** by the City Council of the City of Gig Harbor that Ordinance No. 471 be adopted to read as follows:

Section 1. Metered Residential Uses. The water service charge for all metered residential uses shall be \$9.93 per month per individual residential unit for the first 1,000 cubic feet consumed, and \$.76 per each 100 cubic feet or part thereof consumed per unit over the first 1,000 cubic feet for all meter sizes.

Section 2. Non-metered Residential Uses. Until a water meter has been installed to measure water consumed by a residential unit or a multiple residential building, the water service charge applicable to such unmetered residential unit shall be \$9.93 per month per unit.

Section 3. Industrial and Commercial Uses. The water service charge for each industrial and commercial user per month for the first 1,000 cubic feet consumed by such use shall be as follows:

**SERVICE CONNECTION (METER)**

SIZE	RATE
5/8" & 3/4"	\$10.55 for first 1,000 cu. ft.
1 inch	13.40 for first 1,000 cu. ft.
1-1/2 inch	19.80 for first 1,000 cu. ft.
2 inch	28.05 for first 1,000 cu. ft.
3 inch	60.70 for first 1,000 cu. ft.
4 inch	74.75 for first 1,000 cu. ft.

For each 100 cubic feet or part thereof consumed by such use over the first 1,000 cubic feet per month, there shall be water service charge of \$.76.

Section 4. A specified rate shall be in effect in those instances where water is not actually used upon the premises

but is only available for the purpose of affording fire protection. Said rate shall be as follows: As a standard charge only without regard to size of service, where no water is used \$6.50 per monthly period. In the event water is used from such a meter in any particular monthly period, the regular rates shall be charged for the particular monthly period.

Section 5. The minimum monthly rate for multiple unit dwellings and apartments shall be as follows: \$9.93 per month for each individual unit. The minimum monthly rate for hotels and motels shall be as follows: \$9.93 per month for residence office and \$4.97 per month per guest unit. For water furnished in excess of the minimum amounts above specified the usual rates shall apply.

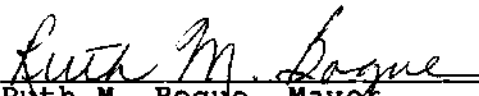
Section 6. The water use charges listed in Section 1 - 5 do not include state and city utility taxes.

Section 7. Water service charges shall be deemed delinquent if not paid within thirty (30) days following the billing date. A late charge equal to 10 percent of the delinquent service charge shall be imposed at the time of such delinquency, and interest at the rate of 12 percent per annum shall be charged on all delinquent service charges and late charges.

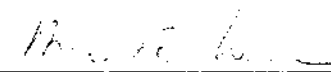
The City, as provided by law, shall have a lien against the premises to which water was furnished and may enforce such lien by cutting off service until all charges and interest thereon then due are paid.

Section 8. Effective Date. This ordinance shall take effect and be in full force five days following its approval and passage and publication in accordance with law.

**PASSED** by the City Council and **APPROVED** by the Mayor at a regular open public meeting this 23rd day of December, 1985.

  
Ruth M. Bogue, Mayor

**ATTEST:**

  
Michael R. Wilson, City Administrator

Filed with the city clerk: 12/5/85  
Passed by the city council: 12/23/85  
Published: 1/8/86  
Effective date: 1/13/86

**ORDINANCE NO. 472**

**AN ORDINANCE** relating to the Municipal Sewer System of the City of Gig Harbor: Repealing Ordinance No. 453 Fixing Rates and Charging for Sewer Service; Providing a Method of Collecting Fees and Charges; Providing Penalties for Violations; Providing for a Charge in Lieu of Assessment Hook-up Charges.

**WHEREAS**, it is recommended to the Gig Harbor City Council that Ordinance #453, codified as Section 13.32 of the Municipal Code, concerning Use Charges be repealed; and,

**WHEREAS**, it is further recommended to the City Council that Ordinance #453 be replaced with a new use rate schedule; and,

**WHEREAS**, the Gig Harbor City Council determined that a rate change is necessary to provide for the proper operation and maintenance of the city sewer utility system; and,

**WHEREAS**, the Gig Harbor City Council has found that the monthly rates proposed hereinafter are equitable to users and adequate to meet the public needs; and,

**WHEREAS**, it has also been determined by the Gig Harbor City Council that a revised use charge and new hook-up charge are in the best interests of the health, safety, and welfare of the citizens of the City of Gig Harbor,

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Gig Harbor that Ordinance #453, codified as Section 13.32 of the Municipal Code, be, and is hereby, repealed; and

**BE IF FURTHER ORDAINED** by the City Council of the City of Gig Harbor that Ordinance #472 be, and is hereby, adopted as follows and shall be codified as Section 13.32 of the Municipal Code:

**Section I. USE CHARGES:**

Classification of Users

Class 1 - Single family residences and churches	\$13.65 per dwelling or church
Class 2 - Single family residential units built in multiples of 2 residences or more per building.	\$13.65 per living unit
Class 3 - Motels, hotels	\$13.65 per month for residence office and \$6.83 for each guest unit
Class 4 - Nursing, Rest, or Convalescent Homes	\$27.30 per month plus \$3.65 per bed per month
Class 5 - Bowling Alleys If food service is included there will be an add'l charge of \$.60 per seat per month for the maximum seating capacity of restaurant	\$27.30 per month up to and including 8 lanes plus \$3.65 per lane per month for each add'l lane
Class 6 - Restaurants, Cafes, Taverns, Bakeries & Pizza Parlors	\$27.30 per month plus seventy six cents (\$.76) per seat, for the legal maximum seating capacity of such restaurant, cafe, tavern, bakery or pizza parlor
Class 7 - Shopping Centers, Supermarkets and Department Stores	\$27.30 per month plus \$.005 per month for area in excess of 1,000 square feet

Class 8 - Beauty Parlors, Barber Shops	\$27.30 per month for the first six working spaces plus \$3.65 per space over six
Class 9 - Offices and Small Retail shops	\$27.30 per month
Class 10 - Laundries or self service laundromats	\$.76 per month per pound of machine capacity
Class 11 - Schools - Public and Private	\$31.45 per month for pre and grade schools plus \$.76 per pupil and employed personnel per month. Middle, high, and other: \$.92 per pupil and employed personnel per month. (Per pupil charges will be based on a school year of 9 months, including the month of Sept. through the month of May.)
Class 12 - Service Stations	\$41.04 per month for two islands of pumps or less, plus \$13.24 per month for each additional island of pumps.

The sewer use charges listed above do not include state and city utility taxes.

Section 2. BILLING: Billing shall commence on the first available date, which date shall be the same as the water billing date. New users shall pay a pro rata charge on the first available billing date. The City shall have a lien against the user's real property for the delinquent unpaid rates and charges provided for herein together with a late charge equal to ten percent (10%) of the delinquent service charge and interest thereon at the rate of twelve per cent (12 per cent) per year from the date of delinquency and all costs and fees for foreclosing said lien or otherwise collecting the delinquent accounts. The account shall be delinquent twenty (20) days from the billing date.

Section 3. PROPERTY NOT ASSESSED: Properties which have not been specially assessed for all or a portion of the costs of the construction and installation of sewer pipelines of the City to which connection is desired may be permitted to connect onto any such pipeline and be served thereby if:

a. The City Engineer certifies that the pipe line to which the connection is made and the utility facilities serving that property have sufficient capacity to serve that property and all property which the City has the obligation to serve thereby because of the levying of special assessments, charges in lieu of agreement, contract, or other reason; and

b. There is paid to the City applicable charges for the service connection; and

1. If that property connects to a pipeline and facilities for which special assessments have been levied, there shall be paid into the applicable City utility fund a charge in lieu of assessment for such connection of an amount computed for that pipeline and related facilities (including applicable assessments for lateral or local service, trunk service, stub or service connection and any other charge assessed for like property); or

2. If that property connects to a pipeline and facilities for which special assessments were not levied, there shall be paid into the applicable City utility fund a connection charge representing the pro rata share of that property of the original cost of that pipe line and related facilities necessary to serve that pipeline, plus the cost of any improvement thereto, which pro rata share shall be calculated from a formula determined by the City Engineer and approved by the City Council by resolution as applicable to that pipeline and related facilities.

Section 4. HOOK-UP CHARGES

Class 1 - Single family residence	\$990.00 per unit
Class 2 - Single family residences and multiple units	\$990.00 per unit
Class 3 - Motels, residence office each unit	\$990.00 plus \$495.00 per guest unit
Class 4 - Churches	\$990.00
Class 5 - Nursing, Rest, or Convalescent Homes	\$1,985 plus \$188.00 per bed
Class 6 - Bowling Alleys	\$1,985 for first 8 lanes plus \$188.00 per additional lane. Any additional facilities within the building to be charged separately in accordance with the type of facility
Class 7 - Restaurants, Cafes, Taverns, Bakeries, and Pizza Parlors	\$1,985 plus \$50.00 per seat for the maximum legal capacity
Class 8 - Shopping Centers, Supermarkets, Department Stores, Stores, Shops and Offices	\$990.00 for first 500 square feet plus \$.33 per square foot over 500
Class 9 - Beauty Parlors & Barber Shops	\$1,985 for first 6 working spaces plus \$188 each additional space
Class 10 - Laundries & Laundromats	\$50.00 per pound of washing machine capacity
Class 11 - Schools, Public & Private	\$2,235.00
Plus:	
Pre & Grade (Per student and paid employee)	\$50.00
Middle, High School, and Beyond (Per student & paid emp.)	\$62.00
Class 12 - Service Stations	\$2,980 for two or less islands of pumps. \$990.00 for each add'l island of pumps
	Any business other than fuel and vehicle service to be charged under its own category

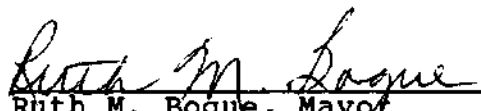
Class 13 - Remodels and/or Use Changes shall pay the difference between the new use charge rate and the existing rate if the new use rate exceeds or would exceed the existing rate. There shall be no refund for a change in use to a rate class of lesser unit charge.

Section 5. SEWAGE RELATED CHARGES OUTSIDE THE CITY.  
For services outside the City those rates set forth in  
Sections 1, 2, 3, and 4 shall be multiplied by 1.5.

Section 6. MULTIPLE CONNECTIONS TO SINGLE SERVICE:  
Whenever more than one user (customer) is served by a single  
sewer service each user shall be subject to the rate schedule  
contained in this ordinance.

Section 7. EFFECTIVE DATE. This ordinance shall  
take effect and be in force five days after the date of its  
posting in the manner required by law.

PASSED by the Council of the City of Gig Harbor,  
Washington, at a regular meeting thereof and approved by  
the Mayor this 23rd day of December, 1985.

  
Ruth M. Bogue, Mayor

ATTEST:

  
Michael R. Wilson  
City Administrator

Filed with the city clerk: 12/5/85  
Passed by the city council: 12/23/85  
Published: 1/8/86  
Effective date: 1/13/86

ORDINANCE NO. 473

AN ORDINANCE of the City of Gig Harbor, Washington, adding a new Chapter 3.26, Excise Tax on Real Property, to the Gig Harbor Municipal Code; imposing a one-quarter percent excise tax on real estate sales as authorized by Section 11(1), Chapter 49, First Ex. Sess., Laws of 1982; providing for the use of such revenue; specifying a date of imposition and an effective date; creating a lien on subject property; prescribing procedures for collection, forfeiture and refund; and adopting Chapter 82.45 RCW by reference.

The City Council of the City of Gig Harbor, Washington, DO ORDAIN as follows:

Section 1. There is hereby added to the Gig Harbor Municipal Code a new Chapter 3.26 entitled "Real Estate Excise Tax" to read as follows:

"CHAPTER 3.26

REAL ESTATE EXCISE TAX

Sections:

- 3.26.010 One-Quarter Percent Excise Tax on Real Estate Sales
- 3.26.020 County to Collect/Payment
- 3.26.030 Tax is Obligation of Seller
- 3.26.040 Tax Lien On Real Property
- 3.26.050 Duties of County Treasurer
- 3.26.060 Payment Due
- 3.26.070 Refunds
- 3.26.080 Clerk to Notify County
- 3.26.090 State Law Adopted by Reference
- 3.26.100 Severability

3.26.010 One-Quarter Percent Excise Tax on Real Estate Sales.

A. Imposition

There is imposed an excise tax on each sale of real property constituting a taxable event as defined in Chapter 82.45 RCW and occurring within the corporate limits of the City of Gig Harbor. The tax imposed under this section shall be collected from persons who are taxable by the State under Chapter 82.45 RCW and such tax shall comply with all applicable rules, regulations, laws and court decisions regarding real estate excise taxes as imposed by the State under Chapter 82.45 RCW.

B. Rate of Tax

The rate of tax imposed by Section 3.26.010A shall be one-quarter of one percent of the selling price of all real property upon which this tax is imposed by subsection A.

C. Use of Proceeds

All proceeds from the tax imposed by this section shall be placed by the city treasurer in a capital improvement fund and shall be used for capital improvements, including those listed in RCW 35.43.040. This section shall not limit the existing authority of this city to impose special assessments on property benefited thereby in the manner prescribed by law.



### 3.26.020 County to Collect/Payment

The county treasurer shall place one percent of the proceeds of the taxes imposed herein in the county current expense fund to defray costs of collection. The remaining proceeds from city taxes imposed herein shall be distributed to the city each month.

### 3.26.030 Tax is Obligation of Seller

The taxes imposed herein are the obligation of the seller and may be enforced through the action of debt against the seller or in the manner prescribed for the foreclosure of mortgages.

### 3.26.040 Tax Lien on Real Property

The taxes imposed herein and any interest or penalties thereon are the specific lien upon each piece of real property sold from the time of sale or until the tax is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages. Resort to one course of enforcement is not an election not to pursue the other.

### 3.26.050 Duties of County Treasurer

The taxes imposed herein shall be paid to and collected by the treasurer of the county within which is located the real property which was sold. The county treasurer shall act as agent for the city within the county imposing the tax. The county treasurer shall cause a stamp evidencing satisfaction of the lien to be affixed to the instrument of sale or conveyance prior to its recording or to the real estate excise tax affidavit in the case of used mobile home sales. A receipt issued by the county treasurer for the payment of the tax imposed herein shall be evidence of the satisfaction of the lien imposed in Section 3.26.040 of this chapter and may be recorded in the manner prescribed for recording satisfactions or mortgages. No instrument of sale or conveyance evidencing a sale subject to the tax may be accepted by the county auditor for filing or recording until the tax is paid and the stamp affixed thereto; in case the tax is not due on the transfer, the instrument shall not be accepted until suitable notation of this fact is made on the instrument by the county treasurer.

### 3.26.060 Payment Due

The tax imposed hereunder shall become due and payable immediately at the time of sale and, if not so paid within thirty days thereafter, shall bear interest at the rate of one percent per month from the time of sale until the date of payment.

### 3.26.070 Refunds

If, upon written application by a taxpayer to the county treasurer for a refund, it appears a tax has been paid in excess of the amount actually due or upon a sale or other transfer declared to be exempt, such excess amount or improper amount was paid as a result of a miscalculation. Any refund made shall be withheld from the next monthly distribution to the city.

### 3.26.080 Clerk to Notify County

The city clerk is hereby directed to transmit a certified copy of this ordinance to the Pierce County Auditor's Office immediately upon passage and further notify that department of the effective date of this ordinance.

3.26.090 State Law Adopted by Reference

Chapter 82.45 RCW and any and all subsequent amendments to said statute are hereby adopted by reference as if set forth in full herein. The city clerk is hereby directed to maintain one copy of Chapter 82.45 as currently enacted or as subsequently amended on file for public use and examination during regular city business hours. Copies of said statute shall be attached to this ordinance and authenticated by the city clerk.

3.26.100 Severability

If any provision of this ordinance or its application to any person or circumstance is held invalid, the remainder of the ordinance or the application of the provision to other persons or circumstances shall not be affected."

Section 2. This ordinance, being an exercise of a power specifically delegated to the city legislative body, is not subject to referendum, and shall take effect five (5) days after its passage and publication as provided by law, provided, however, that the tax herein established shall be imposed on sales of real property from and after the first day of January, 1986.

**APPROVED:**

  
\_\_\_\_\_  
Mayor, Ruth M. Bogue

**ATTEST:**

  
\_\_\_\_\_  
City Administrator, Michael R. Wilson

Filed with the city clerk: 12/5/85  
Passed by the city council: 12/23/85  
Published: 1/8/86  
Effective date: 1/13/86

ORDINANCE NO. 474

**AN ORDINANCE** relating to the 1985 City Budget: adopting a budget emergency for the Sewer Operating Fund.

**WHEREAS**, the sewer operating fund (#402) has insufficient funds appropriated to cover anticipated expenditures for 1985; and,


**WHEREAS**, the sewer operating fund will need an additional \$7,000 appropriated to cover anticipated expenditures for 1985.

**NOW, THEREFORE**, the City Council of the City of Gig Harbor **DO ORDAIN** as follows:


The sewer operating fund (#402) shall be increased by \$7,000 to cover additional expenses in operating the sewer treatment facility.

An appropriation totaling \$7,000 is made as provided in EXHIBIT A.

**PASSED** by the Council and approved by the Mayor on this 23rd day of December, 1985.

  
Ruth M. Bogue, Mayor

**ATTEST:**

  
Michael R. Wilson, City Administrator

Filed with the city clerk: December 9, 1985  
Passed by the city council: December 23, 1985  
Published: 1/8/86  
Effective date: 1/13/86

EXHIBIT "A"

BUDGET EMERGENCY

FUND 402 - Sewer Operating Fund

Decrease:

308 00 Cash on Hand \$ 7,000

Increase:

501 357 46 Insurance 3,000

359 00 Taxes 4,000

TOTAL \$ 7,000

**ORDINANCE NO. 475**

**AN ORDINANCE** annexing to and incorporating within the City of Gig Harbor certain unincorporated territory lying contiguous to the City of Gig Harbor.

**BE IT ORDAINED** by the City Council of the City of Gig Harbor, that,

**WHEREAS**, it has been determined that the best interest and general welfare of the City of Gig Harbor would be served by the annexation of the following described property:

The North 112.5 feet of the South 230 feet of the West 150 feet of Government Lot 5 in Section 8, Township 21 North, Range 2 East of W.M. EXCEPT Wickersham County Road. Together with an easement for ingress and utilities over the North 9 feet of the South 239 feet of the West 239.13 feet of Government Lot 5 in Section 8, Township 21 North, Range 2 East of the W.M. EXCEPT from said easement, Wickersham County Road.

**WHEREAS**, the City Council of the City of Gig Harbor has determined that the city will require the assumption of existing city indebtedness by the area to be annexed, and;

**WHEREAS**, Notice of Intention to annex was filed with the Boundary Review Board of Pierce County Washington and pursuant to RCW 36.93.110, the case did not go before the Boundary Review Board because it met the requirement of size and assessed valuation, and;

**WHEREAS**, the City Council on August 12, 1985 fixed Monday, September 9, 1985 and September 23, 1986 at the hour of 7:00 p.m. in City Hall of the City of Gig Harbor as the times and place at which all interested persons should appear and voice their approval or disapproval of said annexation of said unincorporated territory, and;

**WHEREAS**, notice of said hearings were given as provided by law by publication thereof, and;

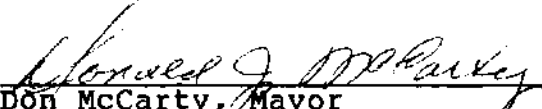
**WHEREAS**, at said hearings no one objected to the R-2 zoning or said annexation,

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GIG HARBOR DO ORDAIN AS FOLLOWS:**

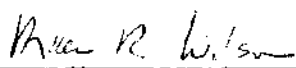
The same is hereby zoned R-2 and annexed into and incorporated within the City of Gig Harbor.

This ordinance shall become effective upon its passage and publication as provided by law.

**PASSED** this 24th day of February, 1986.

  
\_\_\_\_\_  
Don McCarty, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Michael R. Wilson  
City Administrator

Filed with city clerk: 2/5/86  
Passed by city council: 2/24/86  
Date Published: 3/5/86  
Effective date: 3/10/86

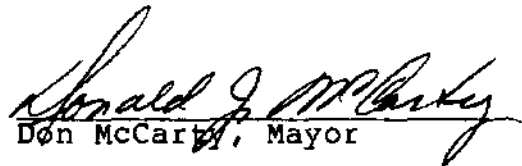
ADDENDUM TO  
ORDINANCE NO. 475

The City Council of the City of Gig Harbor adopts the following language to be inserted in Ordinance #475:


NOW, THEREFORE, the City Council of the City of Gig Harbor DO ORDAIN as follows:

Pursuant to the terms of the Annexation Petition, all property within this territory annexed hereby shall be assessed and taxed at the same rate and on the same basis as property within the City, including assessment or taxes in payment of any bonds issued or debts contracted prior to or existing at the date of annexation.

PASSED at a regular meeting of the City Council held on the 11th day of August, 1986.

  
Don McCarty, Mayor

ATTEST:

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

Filed with city clerk: 7/9/86  
Passed by city council: 8/11/86  
Date published:  
Date effective:

ORDINANCE NO. 476

**AN ORDINANCE** annexing to and incorporating within the City of Gig Harbor certain unincorporated territory lying contiguous to the City of Gig Harbor.

**BE IT ORDAINED** by the City Council of the City of Gig Harbor, that,

**WHEREAS**, it has been determined that the best interest and general welfare of the City of Gig Harbor would be served by the annexation of the following described property:

Beginning at the Southwest corner of Lot 5, Sect. 8, Township 21 North, Range 2 East of the W.M., running thence East on the South line thereof 40 rods: thence North and parallel with the West line thereof 40 rods: thence East and parallel with the South line of Lot 5, 285 feet which is the true point of beginning: running thence North and parallel with the said West line of said Lot 5, 100 feet: thence east and parallel with the South line of said Lot 5 to the shore of Puget Sound at the line of ordinary high tide: thence in a Southerly direction along the line of ordinary high tide, to a point opposite the true point of beginning: thence West and parallel with the South line of said Lot 5, to the true point of beginning. Also all the tide lands of the second class abutting upon the above described property. Together with a 16 foot easement for ingress, egress and utilities commencing at the Southwest corner of above described property thence South 89 deg 48'46" West to a point connecting the West line of said Lot 5.

**WHEREAS**, the City Council of the City of Gig Harbor has determined that the city will require the assumption of existing city indebtedness by the area to be annexed, and;

**WHEREAS**, Notice of Intention to annex was filed with the Boundary Review Board of Pierce County Washington and pursuant to RCW 36.93.110, the case did not go before the Boundary Review Board because it met the requirement of size and assessed valuation, and;

**WHEREAS**, the City Council on August 12, 1985 fixed Monday, September 9, 1985 at the hour of 7:00 p.m. in City Hall of the City of Gig Harbor as the time and place at which all interested persons should appear and voice their approval or disapproval of said annexation of said unincorporated territory, and;

**WHEREAS**, notice of said hearing was given as provided by law by publication thereof, and;

**WHEREAS**, at said hearing no one objected to the R-1 zoning or said annexation,



**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF GIG HARBOR DO  
ORDAIN AS FOLLOWS:**

The same is hereby zoned R-1 and annexed into and  
incorporated within the City of Gig Harbor.

This ordinance shall become effective upon its passage and  
publication as provided by law.

**PASSED** this 24th day of February, 1986.

  
Don McCarty, Mayor

**ATTEST:**

  
\_\_\_\_\_  
Michael R. Wilson  
City Administrator

Filed with city clerk: 2/5/86  
Passed by city council: 2/24/86  
Date Published: 3/5/86  
Effective date: 3/10/86

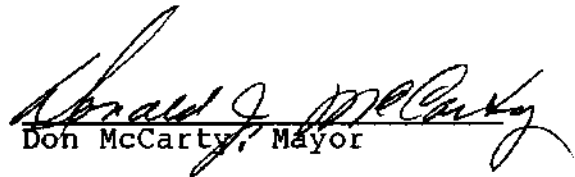
**ADDENDUM TO  
ORDINANCE NO. 476**

The City Council of the City of Gig Harbor adopts the following language to be inserted in Ordinance #476:

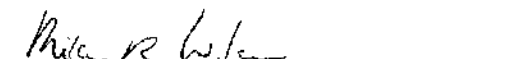
**NOW, THEREFORE, the City Council of the City of Gig Harbor DO ORDAIN as follows:**

Pursuant to the terms of the Annexation Petition, all property within this territory annexed hereby shall be assessed and taxed at the same rate and on the same basis as property within the City, including assessment or taxes in payment of any bonds issued or debts contracted prior to or existing at the date of annexation.

**PASSED** at a regular meeting of the City Council held on the 11th day of August, 1986.

  
Don McCarty, Mayor

**ATTEST:**

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

Filed with city clerk: 7/9/86  
Passed by city council: 8/11/86  
Date published:  
Date effective:

ORDINANCE NO. 477

AN ORDINANCE of the City of Gig Harbor City Council amending Chapter 15.32 of the Gig Harbor Municipal Code, Energy Code, to adopt the Washington State Energy Code, WAC 51-12.

WHEREAS, the Gig Harbor City Council adopted the 1980 edition of the Washington State Energy Code as Chapter 15.32 of the Gig Harbor Municipal Code by Ordinance 348 (1980); and

WHEREAS, the State of Washington agreed to comply with the requirements of the State Energy Conservation Program as enacted in the Federal Energy Policy and Conservation Act, by implementing thermal and lighting efficiency standards no less stringent than the ASHRAE 90-75 Standards; and

WHEREAS, to comply with this requirement, the State Building Code Advisory Council adopted the Washington State Energy Code, which was adopted as WAC 51-12; and

WHEREAS, it is intended that these provisions provided flexibility to permit the use of innovative approaches and techniques to achieve effective utilization. This Code is not intended to abridge any safety or health required under any other applicable codes or ordinance.

WHEREAS, the Gig Harbor City Council now deems it to be necessary for the health, safety and convenience of the inhabitants of the City of Gig Harbor to adopt the Washington State Energy Code;

NOW, THEREFORE, THE City Council of the City of Gig Harbor DO ORDAIN as follows:

Section 1. Section 15.32.010 "Adopted", of the City of Gig Harbor Municipal Code as adopted by Ordinance #348 is hereby repealed.

Section 2. A new energy code is hereby adopted as follows:

CHAPTER 15.32

WASHINGTON STATE ENERGY CODE

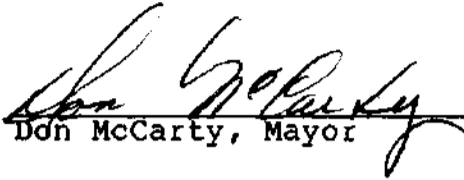
Sections:

15.32.010            Code Adopted.

15.32.010            Code Adopted. The Washington State Energy Code, WAC 51-12, as adopted by the State Building Code Advisory Council on November 10, 1983, is hereby adopted for use within the City of Gig Harbor. (Ord. No. 477 , 1986.)

Section 3. This ordinance shall take effect April 1, 1986.

**PASSED** at a regular meeting of the City Council held on the 24th day of March, 1986.

  
Don McCarty, Mayor

**ATTEST:**

  
Michael R. Wilson  
City Administrator

Filed with the city clerk: 3/5/86  
Passed by the city council: 3/24/86  
Date Published: 3/26/86  
Date effective: 4/1/86

ORDINANCE NO. 478

AN ORDINANCE OF THE CITY OF GIG HARBOR, WASHINGTON,  
ADDING A NEW SECTION 8.28.065 OF THE GIG HARBOR  
MUNICIPAL CODE, PROVIDING FOR AN UNLOADING/LOADING ZONE  
ON THE GIG HARBOR CITY DOCK.

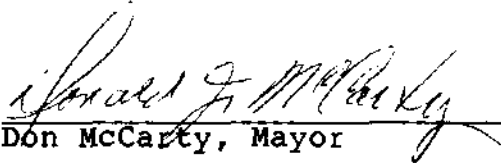
THE CITY COUNCIL OF THE CITY OF GIG HARBOR DO ORDAIN AS FOLLOWS:

Section 1. A new section 8.28.065 of the Gig Harbor  
Municipal Code is hereby enacted to read as follows:

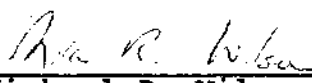
8.28.065 Unloading/loading zones. A portion of the  
dock not to exceed sixty-five (65) feet shall be set  
aside and clearly marked and signed on the City dock for  
unloading and loading of watercraft passengers.  
Watercraft may use the unloading/loading zone only for  
the purpose of unloading and loading of watercraft  
passengers; a person responsible for navigating such  
watercraft must remain on board while temporarily  
moored at the City dock; and such watercraft shall be  
moved from the unloading/loading zone either immediately  
after passengers have disembarked or if another  
watercraft needs to use the unloading/loading area.

Section 2. This ordinance or a summary thereof shall be  
published in the official newspaper of the City and shall  
take effect and be in full force five (5) days after the date  
of publication.

PASSED at a regular meeting of the City Council held on  
the 24th day of March, 1986.

  
Don McCarty, Mayor

ATTEST:

  
\_\_\_\_\_  
Michael R. Wilson  
City Administrator

Filed with the city clerk: 3/5/86  
Passed by the city council: 3/24/86  
Date Published: 4/2/86  
Date effective: 4/7/86

[ ] denotes deletions  
\_\_\_ denotes additions

ORDINANCE NO. 479

**AN ORDINANCE** relating to Marina Parking: adding a new provision to Section 17.72.050 and amending Section 17.76.020 D.

The City Council of the City of Gig Harbor, Washington, DO **ORDAIN** as follows:

Section 1. New provisions of Section 17.72.050 of the Gig Harbor Municipal Code are hereby enacted to read as follows:

17.72.050

- G. If commercial or residential development is to be combined with a watercraft usage requiring parking, the usage which generates the larger number of spaces shall satisfy the requirements of the other usage.
- H. Relative to the waterfront district parking areas not located on the same property as the use they serve shall have no parking spaces located further than 400 feet from Mean Higher High Water (MHHW) of the water development.

Section 2. Section 17.76.020 is hereby amended to read as follows:

17.76.020 Standards for moorages and launching ramps.

[D. One space for each boat moorage stall.]

D. Parking for activities related to watercraft shall be provided with the following ratio of off-street automobile spaces to moorages:

- 1) Moorages/slips less than 45 feet - one space for every two berths.
- 2) Moorages/slips 45 feet or longer - one space for every berth.
- 3) All moorage facilities shall provide a minimum of two parking spaces.

Section 3. This ordinance shall take effect five (5) days after its passage and publication as provided by law.

**PASSED** at a regular meeting of the City Council held on the 14th day of April, 1986.

  
Don McCarty, Mayor

**ATTEST:**

  
Michael R. Wilson  
City Administrator

Filed with city clerk: 3/5/86  
Passed by city council: 4/14/86  
Date published: 4/23/86  
Date effective: 4/28/86

ORDINANCE NO. 480

AN ORDINANCE relating to Financial Reporting: adding a new chapter to Title 3 of the Gig Harbor Municipal Code.

WHEREAS, it is the desire of the City Council to be kept informed and up-to-date on the financial status of the city's budget and fund investment activity.

The City Council of the City of Gig Harbor, Washington, DO ORDAIN as follows:

Section 1.

A new chapter 3.01 of the Gig Harbor Municipal Code is hereby enacted to read as follows:

"Chapter 3.01

Financial Reporting

Sections:

- 3.01.010 Financial Status Reporting.
- 3.01.020 Presentation Contents.

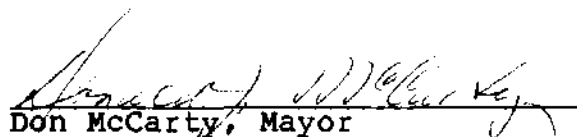
**3.01.010 Financial Status Reporting.** The Finance Officer, or the City Administrator in the absence of the Finance Officer, shall present to the City Council at the second council meeting following the end of each budget quarter a financial status report on the current year's budget and fund investment portfolio.

**3.01.020 Presentation Contents.** The report shall consist of an oral overview and a printout of the city's budget status from the prior quarter's records, which shall include the actual quarterly expenditures and revenues of all discretionary and state-mandated, budgeted funds; fund balances; and projected revenues and expenditures for the fiscal year for all operating and reserve budgets. Reserves required by state law and/or city ordinance shall be indicated by fund as unique line items. Each fund shall indicate the source of its revenue. The report shall also include a review and printout of the city's investment portfolio which shall consist of all investment funds by investment amount, term, rate or return, form of security and location of investment."

Section 2.

This ordinance shall take effect five (5) days after its passage and publication as provided by law.

PASSED at a regular meeting of the City Council held on the 12th day of May, 1986.

  
Don McCarty, Mayor

ATTEST:

  
Michael R. Wilson  
City Administrator

Filed with city clerk: 4/25/86  
Passed by city council: 5/12/86  
Date published: 5/28/86  
Date effective: 6/2/86

ORDINANCE NO. 481

**AN ORDINANCE** relating to the 1986 City Budget: adopting a budget emergency for the Street Operating Fund (#101).

**WHEREAS**, it is the intent of the city to construct sidewalks as outlined and prioritized by the city council in the comprehensive sidewalk construction plan, and

**WHEREAS**, the Street Operating Fund will need an additional \$105,000 appropriated to cover the cost of constructing the top two priority sidewalk projects (Rosedale Street and Stinson Street),

**NOW, THEREFORE**, the City Council of the City of Gig Harbor **DO ORDAIN** as follows:

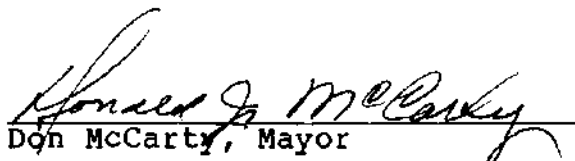
Section 1.

The Street Operating Fund (#101) shall be increased by \$105,000 to cover the cost for constructing the top two priority sidewalk projects.

An appropriation totaling \$105,000 is made as provided in EXHIBIT "A".

Section 2. This ordinance shall be in force and take effect five (5) days after its publication according to law.

**PASSED** by the Council and approved by the Mayor on this 27th day of May, 1986.

  
Don McCarty, Mayor

**ATTEST:**

  
Michael R. Wilson  
City Administrator

Filed with city clerk: 5/7/86  
Passed by city council: 5/27/86  
Date published: 6/4/86  
Date effective: 6/9/86



EXHIBIT "A"

BUDGET EMERGENCY

Fund 001 - General Government Fund

001-05 Non-Departmental:

Decrease:  
508 00 Ending Fund Balance \$ 19,000

Increase: Expenditures  
597 101 Transfer to Street \$ 55,000

001-15 Parks

Decrease: Expenditures  
576 80 41 Professional Services \$ 33,500  
594 76 63 Improvements (Dock fire  
protection system) \$ 2,500

Fund 301 - General Government Capital Projects

Decrease:  
508 00 Ending Fund Balance \$ 50,000

Increase: Expenditures  
597 101 Transfer to Street \$ 50,000

Fund 101 - Street Operating

Increase: Revenue  
397 001 Transfer from Gen. Govt. \$105,000

Increase: Expenditures  
541 00 63 Improvements - Sidewalks \$105,000

ORDINANCE NO. 482

AN ORDINANCE relating to subdivisions and short plats of the City of Gig Harbor: Adding a new subsection to 16.24.050, "Survey Monuments"; and adding new section 16.40.130 "Survey Staking" to the Gig Harbor Municipal Code.

NOW, THEREFORE, the City Council of the City of Gig Harbor DO ORDAIN as follows:

Section 1. A new subsection D to Section 16.24.050 of the Gig Harbor Municipal Code is hereby enacted to read as follows:

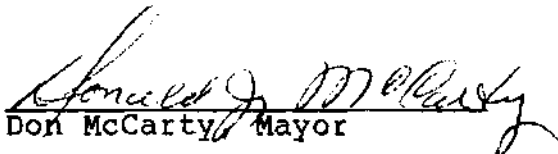
- D. Each lot corner shall be staked with an iron pin topped with a plastic cap marked with the Registered Land Surveyor's name and license number.

Section 2. A new section 16.40.130 of the Gig Harbor Municipal Code is hereby enacted to read as follows:

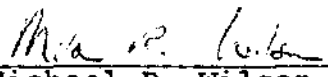
16.40.130 Survey Staking. Each short subdivision lot corner shall be staked with an iron pin topped with a plastic cap marked with the Registered Land Surveyor's name and license number.

Section 3. This ordinance shall be in force and take effect five (5) days after its publication according to law.

PASSED at a regular meeting of the City Council held on the 9th day of June, 1986.

  
Don McCarty Mayor

ATTEST:

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

Filed with city clerk: 5/22/86  
Passed by city council: 6/9/86  
Date published: 6/18/86  
Date effective: 6/23/86