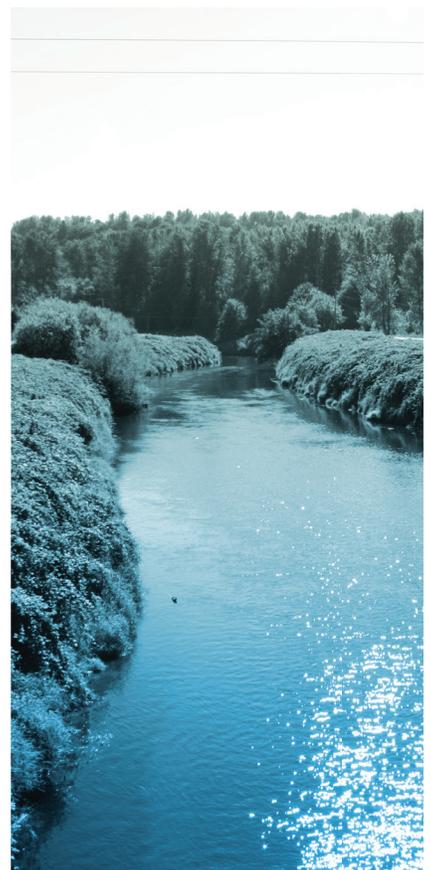




# 2018 DEBT MANUAL

City of Kent, Washington





# **City of Kent, Washington**

## **2018 DEBT MANUAL**

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# 2018 Debt Manual

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# Kent's Vision

Kent is a **safe, connected** and **beautiful** city, **culturally vibrant** with richly **diverse** urban centers.

## Mission

The City of Kent is dedicated to building a thriving, sustainable, and inclusive community through innovative leadership, inspired teamwork, and unwavering devotion to responsibly advancing our quality of life.



## Goals

Innovative Government

Authentic Connectivity and Communication

Thriving Neighborhoods and Urban Centers

Sustainable Funding

Inclusive Community

## Values

Integrity

Communication

Caring

Teamwork

Innovation



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# OVERVIEW

The purpose of the City of Kent's debt manual is to provide the City's elected officials, staff, and residents with information on the City's outstanding debt obligations. This manual includes listings of our current debt, their maturity and debt service schedules, and narrative information relating the purpose and history of our outstanding debt. The City issues debt in accordance with the Revised Code of Washington (RCW), in particular chapters 39.36, 39.46, and 39.53, and through compliance with City policy concerning indebtedness.

Throughout the debt manual a number of terms are used to describe individual debt financing. The City is permitted to issue the types of debt listed below, subject to City Council approval via Ordinance or Resolution. *Note: It is the practice of the current finance director to seek City Council approval to enter into debt using an Ordinance and placing that Ordinance on the Other Business section of the Council agenda so it can be discussed and voted on independently of other agenda items.*

**Limited Tax General Obligation Bonds (LTGO):** LTGO debt is backed by the full faith and credit of the City. These bonds can be issued without a vote of registered voters but are limited in that debt service payments must be paid from existing city revenue sources. Furthermore, LTGO's are also limited in the amount and percentage of assessed valuation as defined by the City's debt capacity in accordance with state law.

**Unlimited Tax General Obligation Bonds (UTGO):** UTGO debt is backed by the full faith and credit of the City. These bonds can only be issued when authorized by a 60% majority vote of registered voters (meeting the minimum voter turnout requirement). The purpose of the vote is to approve an excess tax levy (as a completely new source of revenue) to pay the debt service.

**Lease Obligation:** Lease debt can be in the form of a lease-purchase arrangement or a certificate of participation. With this type of contractual obligation a third party, typically the lessor, issues certificates or bonds where the principal and interest payments to investors are guaranteed by the lease payments made by the City. Depending on the security for the lease payments, lease debt may be repaid from existing City revenue sources, voter-approved property tax, or revenues of an enterprise.

**Revenue Bonds:** Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Program and are generally payable from the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required.

**Special Assessment Bond:** Also referred to as Local Improvement District (LID) bonds, this type of debt is used to finance capital improvements that benefit property owners within the LID. LID debt is repaid from annual assessments paid to the City. LIDs are formed by the Council following the process outlined in State statutes. The cost is borne only by those who will benefit from the improvement. LID debt is not part of the debt capacity calculation.

**Other Debt Instruments:** Instruments such as Public Works Trust Fund loans or other financing contracts issued through the State of Washington, bond anticipation notes (BAN's), tax anticipation notes (TAN's), bank qualified loans, and/or other legal debt issues as allowed by law.

Additionally, the City may issue interfund loans rather than outside debt instruments to fund capital projects or meet short-term cash flow needs.

Throughout this manual all numbers presented represent the total amount outstanding for debt service. For purposes of this debt manual, Debt Service is defined as the total repayment necessary to cover both the interest and principal amounts on a debt for a particular period. In some cases (i.e. the debt service charts presented later in this manual), principal and interest payments are broken out for illustrative purposes. In those cases, the amount is stated as either principal or interest.

# City-wide Debt

The City's total outstanding debt as of January 1, 2018 is \$221,325,504. The outstanding debt is made up from:

**LTGO debt** = \$120,199,590

**Revenue bonds** = \$42,363,125 (Includes both 2009 Revenue Bonds and 2017 Revenue Refunding Bonds)

**PW Trust Fund loans** = \$7,148,866

**Long-term contract obligations** = \$40,553,574 (including the Events Center Management (SMG) loan of \$173,569)

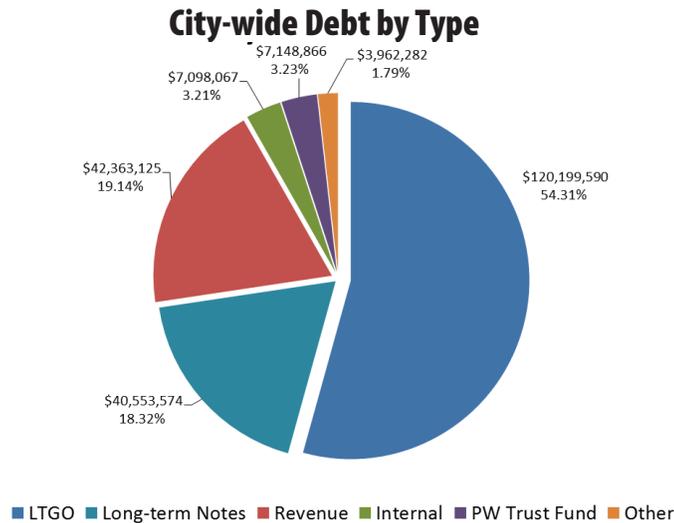
**Special assessments** = \$287,788

**Internal loans** = \$7,098,067

**Public Facilities District revenue bond** = \$3,674,494

Included in the City's debt amount is the outstanding obligation of the City of Kent Public Facilities District (PFD) revenue bond of \$3,674,494. The PFD, an independent entity from the City, issued bonds in 2008 to construct the City of Kent Event Center (ShoWare Center) and through agreement the City is financially responsible for debt service payments the PFD is unable to pay. To date, the PFD has not contributed to the payment of this bond and the City assumes that trend to continue through the life of the bond which will be retired in December 2020.

The pie chart below demonstrates the total outstanding debt for the City by debt type and percent. The City's LTGO debt accounts for over half (54%) of outstanding debt. LTGO debt increased in 2016 as a result of the 2016 refunding the City overtook on behalf of the PFD. To maximize on the low interest rate of municipal bonds, the City refunded the PFD 2008 sales tax bonds and formally added that debt obligation, \$100.3 million (principal and interest), to the city's debt profile. The refunding resulted in over \$8.4 million in savings on interest costs for the PFD bond. By agreement, the PFD is responsible for the debt service payments and the City is responsible for any debt service payments the PFD is unable to make. To date, the PFD has paid only a small portion of the annual debt service and the City assumes this trend will continue. All debt service paid by the city on behalf of the PFD is a loan to the PFD and must be repaid to the City.



In 2017, the City did a crossover refunding of the Series B revenue bonds, which resulted in interest savings of \$871,357. The pie chart shows that revenue bonds account for over 19% of current City debt. During a crossover refunding the resources placed in escrow are dedicated to the repayment of principal and interest on the refunding debt until maturity or call date. The crossover refunding benefits the City in two ways: 1) the City will continue to receive the "BABs" interest subsidy from the IRS and 2) we lock in a lower interest rate for the bonds being refunded. Meanwhile, the City will continue to use its pledged revenue stream to pay interest payments (no principal payments due until 12/1/19) on the 2009 Revenue Bonds. It is only when the 2009 Revenue Bonds are called or mature (crossover date) that the pledged revenue stream legally "crosses over" to secure the repayment of the refunding debt (crossover refunding). Both Bonds are shown in their entirety until the call date on 12/1/2019.

Other debt, which accounts for nearly 2% of outstanding debt, is comprised of the PFD revenue bonds (\$3.6M) discussed previously and LID special assessment debt (\$.3M).

The chart on the next page provides details on the outstanding balance on each debt type. The chart includes the issue date, debt name, the fund responsible for debt payment and the maturity date.

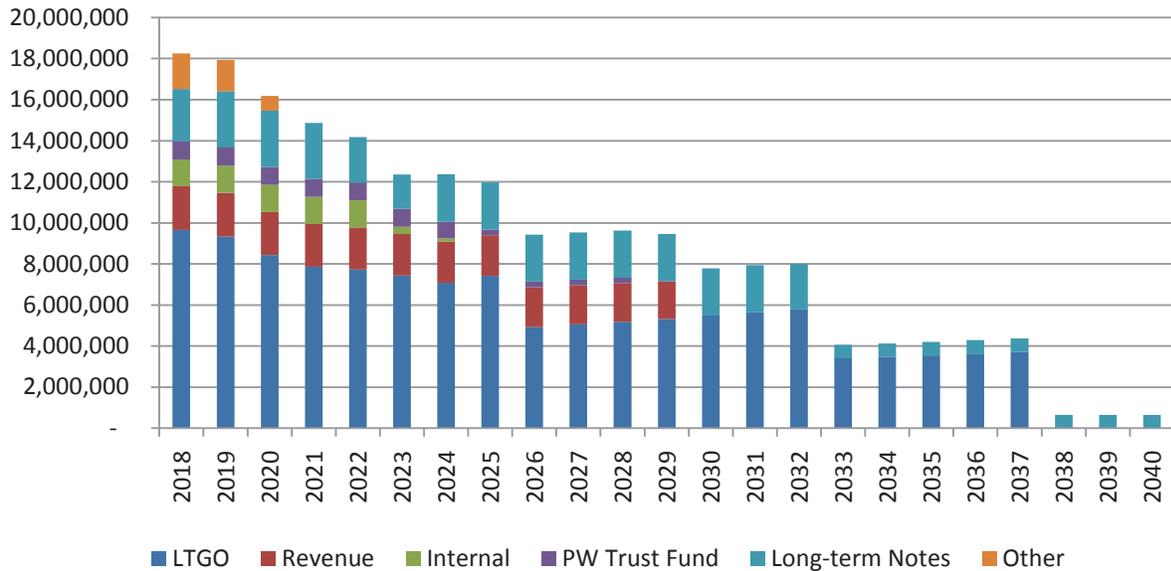
## Total City Debt Service as of December 31, 2017 (By Debt Type)

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>LTGO Bonds:</b>				
2003	LTGO - Series A (Taxable)	Capital Resources	\$ 186,647	2018
2005	LTGO (2000 Refunding)	Street/Capital Resources	\$ 995,383	2020
2008	LTGO - Series A	Street/Capital Resources	\$ 834,750	2018
2009	LTGO (1999 Refunding) (Taxable)	Misc. Funds	\$ 2,094,200	2019
2012	LTGO - Series A (2000 & 2002 Refunding)	Street/Capital Resources	\$ 5,692,000	2022
2014	LTGO (2004 Refunding)	Misc. Funds	\$ 5,928,800	2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 2,694,010	2021
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 4,946,350	2024
2016	Series A (2008A Refunding)	Misc. Funds	\$ 19,506,000	2025
2016	Series B (2008 PFD Sales Tax)	Misc. Funds	\$ 77,321,450	2037
			<u>\$ 120,199,590</u>	
<b>Long-term Notes:</b>				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,137,500	2021
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 2,696,094	2022
2010	Series A - Second Supply Project	Water Fund	\$ 2,598,200	2024
2010	Series B - Second Supply Project (Build America Bond)	Water Fund	\$ 12,536,861	2040
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 20,411,350	2032
2015	SMG Capital Loan	General Fund	\$ 173,569	2024
			<u>\$ 40,553,574</u>	
<b>Revenue Bonds:</b>				
2009	Revenue Bond, Series A	Water/Sewer Funds	\$ 1,197,000	2018
2009	Revenue Bond, Series B (BAB's)	Water/Sewer Funds	\$ 22,841,050	2029
2017	Revenue Refunding Bonds (2009B)*	Water/Sewer Funds	\$ 18,325,075	2029
			<u>\$ 42,363,125</u>	
<b>Interfund Loans:</b>				
2012	Sewerage to Capital Resources	Capital Resources	\$ 1,668,947	2022
2012	Water to Capital Resources	Capital Resources	\$ 1,668,947	2022
2012	Insurance to Capital Resources	Capital Resources	\$ 1,495,682	2022
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	General Fund	\$ 1,441,804	2024
2016	Sewer to Street Capital Projects	Street Fund	\$ 822,687	2024
			<u>\$ 7,098,067</u>	
<b>WA State Public Works Trust Fund Loans (General Obligation):</b>				
2003	South 228th Street Extension	Street Fund	\$ 325,779	2023
2004	South 228th Street Extension	Street/Sewer Funds	\$ 3,785,603	2024
2008	South 228th RR Grade Separations	Street Fund	\$ 3,037,484	2028
			<u>\$ 7,148,866</u>	
<b>Other Debt:</b>				
2004	LID - Special Assessment	LID	\$ 287,788	2018
2008	Public Facilities District Revenue Bond	Event Center	\$ 3,674,494	2020
			<u>\$ 3,962,282</u>	
			<u><u>\$ 221,325,504</u></u>	

\*The refunded and refunding debt are both shown here as required for a crossover refunding.

The following graph shows the City’s total annual debt service amounts by year. Assuming no additional borrowings, the City will have paid off almost 25% of our outstanding debt at the end of 2020 and just over 50% by the end of 2024. The City will have retired all LTGO debt at the end of 2025, save for the remaining debt associated with the 2016 PFD refunding which will be retired in 2037. At the end of 2029 the City will have retired all but two outstanding obligations, the 2016 LTGO refunding and the long-term contract with the City of Tacoma, WA for the second water supply line.

### Total Annual Debt Service by Debt Type



Further information on each debt category listed above will be discussed at the beginning of each debt section. Additionally, each debt section provides a detailed presentation of the uses and debt service schedule for each debt.

	Governmental Activities		Business Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 9,263,794	\$ 4,251,846	\$ 3,047,698	\$ 2,161,946	\$ 18,725,284
2018	9,179,673	3,955,278	3,025,133	2,703,371	18,863,455
2019	8,983,693	3,640,477	3,313,678	2,661,710	18,599,558
2020 - 2024	32,409,887	14,412,243	20,727,675	11,019,398	78,569,203
2025 - 2029	19,987,370	9,023,904	23,685,000	5,833,796	58,530,070
2030 - 2034	19,340,000	4,494,750	6,830,000	1,280,704	31,945,454
2035 - 2040	10,205,000	688,700	3,455,000	469,064	14,817,764
<b>Total</b>	<b>\$ 100,105,622</b>	<b>\$ 36,215,352</b>	<b>\$ 61,036,486</b>	<b>\$ 23,968,043</b>	<b>\$ 221,325,504</b>

The chart above represents the total outstanding City debt by principal and interest for both governmental and business activities through the life of the debt. Governmental activities include those things that are generally paid for through tax collection while business activities are those things that are typically enterprise related and would be paid for by user fees.

The following two charts provide an additional high level view of the City’s outstanding debt. The first chart is organized by final maturity year, or the year in which the debt will be fully repaid, and the second is organized by the fund responsible for the debt payment. These charts, along with the chart on page 3, work together to provide multiple views of our overall debt profile.

## Total City Debt Service as of December 31, 2017 (By Maturity Date)

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>Maturity Date: 2018</b>				
2003	LTGO - Series A (Taxable)	Capital Resources	\$ 186,647	2018
2004	LID - Special Assessment	LID	\$ 287,788	2018
2008	LTGO - Series A	Street/Capital Resources	\$ 834,750	2018
2009	Revenue Bond, Series A	Water/Sewer Funds	\$ 1,197,000	2018
			<u>\$ 2,506,185</u>	
<b>Maturity Date: 2019</b>				
2009	LTGO (1999 Refunding) (Taxable)	Misc. Funds	\$ 2,094,200	2019
			<u>\$ 2,094,200</u>	
<b>Maturity Date: 2020</b>				
2005	LTGO (2000 Refunding)	Street/Capital Resources	\$ 995,383	2020
2008	Public Facilities District Revenue Bond	Event Center	\$ 3,674,494	2020
			<u>\$ 4,669,877</u>	
<b>Maturity Date: 2021</b>				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,137,500	2021
2014	LTGO (2004 Refunding)	Misc. Funds	\$ 5,928,800	2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 2,694,010	2021
			<u>\$ 10,760,310</u>	
<b>Maturity Date: 2022</b>				
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 2,696,094	2022
2012	LTGO - Series A (2000 & 2002 Refunding)	Street/Capital Resources	\$ 5,692,000	2022
2012	Interfund Loan from Sewerage	Capital Resources	\$ 1,668,947	2022
2012	Interfund Loan from Water	Capital Resources	\$ 1,668,947	2022
2012	Interfund Loan from Insurance	Capital Resources	\$ 1,495,682	2022
			<u>\$ 13,221,670</u>	
<b>Maturity Date: 2023</b>				
2003	South 228th Street Extension	Street Fund	\$ 325,779	2023
			<u>\$ 325,779</u>	
<b>Maturity Date: 2024</b>				
2004	South 228th Street Extension	Street/Sewer Funds	\$ 3,785,603	2024
2010	Series A - Second Supply Project	Water Fund	\$ 2,598,200	2024
2015	SMG Capital Loan	General Fund	\$ 173,569	2024
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 4,946,350	2024
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	General Fund	\$ 1,441,804	2024
2016	Sewer to Streets Cap. Proj.	Street Fund	\$ 822,687	2024
			<u>\$ 13,768,213</u>	
<b>Maturity Date: 2025</b>				
2016	Series A (2008A Refunding)	Misc. Funds	\$ 19,506,000	2025
<b>Maturity Date: 2028</b>				
2008	South 228th RR Grade Separations	Street Fund	\$ 3,037,484	2028
<b>Maturity Date: 2029</b>				
2009	Revenue Bond, Series B	Water/Sewer Funds	\$ 22,841,050	2029
2017	Revenue Refunding Bonds (2009B)*	Water/Sewer Funds	\$ 18,325,075	2029
			<u>\$ 41,166,125</u>	
<b>Maturity Date: 2032</b>				
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 20,411,350	2032
<b>Maturity Date: 2037</b>				
2016	Series B (Refunding 2008 PFD Sales Tax)	Misc. Funds	\$ 77,321,450	2037
<b>Maturity Date: 2040</b>				
2010	Series B - Second Supply Project (Build America Bond)	Water Fund	\$ 12,536,861	2040
			<u>\$ 221,325,504</u>	

\*The refunded and refunding debt are both shown here as required for a crossover refunding.

## Total City Debt Service as of December 31, 2017 (By Fund)

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>Capital Resources Fund:</b>				
2003	LTGO - Series A	Capital Resource Fund	\$ 186,647	2018
2005	LTGO (2000 Refunding) <b>(62.55%)</b>	Street/Capital Resources	\$ 622,588	2020
2008	LTGO - Series A <b>(86.4%)</b>	Street/Capital Resources	\$ 721,156	2018
2009	LTGO (1999 Refunding)(Taxable) <b>(68.81%)</b>	Misc. Funds	\$ 1,441,112	2019
2012	LTGO - Series A <b>(47.5%)</b> (2000 and 2002 Refunding)	Street/Capital Resources	\$ 2,703,819	2022
2012	Interfund Loan from Sewerage	Capital Resources	\$ 1,668,947	2022
2012	Interfund Loan from Water	Capital Resources	\$ 1,668,947	2022
2012	Interfund Loan from Insurance	Capital Resources	\$ 1,495,682	2022
2014	LTGO (2004 Refunding) <b>(64.9%)</b>	Misc. Funds	\$ 3,841,862	2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 2,694,010	2021
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 4,946,350	2024
2016	Series A (2008A Refunding)	Misc. Funds	\$ 14,122,851	2025
2016	Series B (Refunding 2008 PFD Sales Tax)	Misc. Funds	\$ 55,503,577	2037
			<u>\$ 91,617,548</u>	
<b>Drainage Fund:</b>				
2014	LTGO (2004 Refunding) <b>(29.1%)</b>	Misc. Funds	\$ 1,725,281	2021
<b>General Fund:</b>				
2015	SMG Capital Loan	General Fund	\$ 173,569	2024
<b>Sewer Fund:</b>				
2004	South 228th Street Extension <b>(15%)</b>	Street/Sewer Funds	\$ 536,118	2024
2009	LTGO (1999 Refunding)(Taxable) <b>(6.95%)</b>	Misc. Funds	\$ 145,488	2019
2009	Revenue Bond, Series A <b>(50%)</b>	Water/Sewer Funds	\$ 598,500	2018
2009	Revenue Bond, Series B <b>(50%)</b>	Water/Sewer Funds	\$ 11,420,525	2029
2017	Revenue Refunding Bonds (2009B)*	Water/Sewer Funds	\$ 9,162,537	2029
			<u>\$ 21,863,168</u>	
<b>Street Fund:</b>				
2003	South 228th Street Extension	Street Fund	\$ 325,779	2023
2004	South 228th Street Extension <b>(85%)</b>	Street/Sewer Funds	\$ 3,249,485	2024
2005	LTGO (2000 Refunding) <b>(37.45%)</b>	Street/Capital Resources	\$ 372,795	2020
2008	South 228th RR Grade Separations	Street Fund	\$ 3,037,484	2028
2008	LTGO - Series A <b>(13.6%)</b>	Street/Capital Resources	\$ 113,594	2018
2009	LTGO (1999 Refunding)(Taxable) <b>(19.76%)</b>	Misc. Funds	\$ 413,803	2019
2012	LTGO - Series A <b>(52.5%)</b> (2000 and 2002 Refunding)	Street/Capital Resources	\$ 2,988,181	2022
2014	LTGO (2004 Refunding) <b>(6.1%)</b>	Misc. Funds	\$ 361,657	2021
2016	Series A (2008A Refunding)	Misc. Funds	\$ 5,383,149	2025
			<u>\$ 16,245,927</u>	
<b>Street Capital Projects:</b>				
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	General Fund	\$ 1,441,804	2024
2016	Sewer to Streets Cap. Proj.	Street Fund	\$ 822,687	2024
			<u>\$ 2,264,491</u>	
<b>Water Fund:</b>				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,137,500	2021
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 2,696,094	2022
2009	LTGO (1999 Refunding)(Taxable) <b>(4.48%)</b>	Misc. Funds	\$ 93,797	2019
2009	Revenue Bond, Series A <b>(50%)</b>	Water/Sewer Funds	\$ 598,500	2018
2009	Revenue Bond, Series B <b>(50%)</b>	Water/Sewer Funds	\$ 11,420,525	2029
2017	Revenue Refunding Bonds (2009B)*	Water/Sewer Funds	\$ 9,162,538	2029
2010	Series A - Second Supply Project	Water Fund	\$ 2,598,200	2024
2010	Series B - Sec.Sup.Proj.(Build America)	Water Fund	\$ 12,536,861	2040
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 20,411,350	2032
			<u>\$ 61,655,365</u>	
<b>Other Debt:</b>				
2004	LID - Special Assessment	LID	\$ 287,788	2018
2008	Public Facilities District Revenue Bond	Event Center	\$ 3,674,494	2020
2016	Series B (Refunding 2008 PFD Sales Tax)	Misc. Funds	\$ 21,817,873	2037
			<u>\$ 25,780,155</u>	
<b>Total City Debt by Fund</b>			<u><u>\$ 221,325,503</u></u>	

\*The refunded and refunding debt are both shown here as required for a crossover refunding.

## Debt Capacity

The City's debt capacity, also referred to as its legal debt limit, applies to the general obligation debt of the city (debt for which the full faith and credit of the City is pledged to repay the loan). Importantly, the legal debt limit applies only to the principal balance outstanding and does not consider interest costs. Furthermore, while the City has capacity under the legal debt limit to incur more debt, a careful evaluation of the City's current and forecasted revenue and expense trends are analyzed to ensure the City has the financial means to repay any debt, both principal and interest.

State law allows for the issuance general obligation (GO) debt up to 7.5% of the City's assessed property valuation. The limit of 7.5% of assessed valuation for GO debt is divided between three different use types: 1). 2.5% for municipally owned water, sewer, or electric facilities; 2). 2.5% for open space and parks; and 3). 2.5% for general government purposes.

Except as described later in this paragraph, all GO debt requires a vote of the public. To validate a voted General Obligation Debt issuance, the jurisdictions voter turnout must be at least 40% of those who voted in the most recent state general election and, at least 60% of those voting must be in the affirmative. However, within the 2.5% limit for general government purposes, state law allows the Council to issue debt without a vote of the people. This non-voted debt (also called councilmanic debt) cannot be greater than 1.5% of the assessed property valuation of the jurisdiction. The Council can decide to use non-voted capacity for any of the purposes listed above. Any use of councilmanic debt is applied to the 2.5% general government purpose regardless of how the debt is used.

### Legal Debt Limit

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Assessed Value	\$ 14,068,213,406	\$ 15,046,306,884	\$ 16,402,977,700
Legal debt limit restrictions:			
2.5% of General purpose limit, voted & non-voted	\$ 351,705,335	\$ 376,157,672	\$ 410,074,443
2.5% Utility purpose limit, voted	351,705,335	376,157,672	410,074,443
2.5% Open Space, Park Facilities, voted	351,705,335	376,157,672	410,074,443
Total legal debt limit	1,055,116,005	1,128,473,016	1,230,223,329
Total net debt applicable to limit	49,078,000	90,740,000	84,656,000
Legal debt margin	\$ 1,006,038,005	\$ 1,037,733,016	\$ 1,145,567,329
Total net LTGO debt applicable to the limit			
as a percentage of debt limit	4.65%	8.04%	6.88%
Total net LTGO debt as a percentage of			
assessed value	0.35%	0.60%	0.52%
City of Kent Population	122,900	124,500	127,100
Total net LTGO debt per capita	\$ 399	\$ 729	\$ 666

The chart above represents the City's LTGO debt against the City's legal debt limit. Per state law, the City's legal debt limit is just over \$1.2 billion (7.5% of the City's assessed property valuation) split equally between each of the three GO types described above, or just over \$410 million each. The councilmanic debt limit of 1.5% calculates to nearly \$246.0 million (1.5% of the City's assessed property value). Currently, the City has no voted GO debt and \$84.7 million in councilmanic GO bond debt, well below the legal limit of \$246.0 million. The City has issued GO debt of almost 6.9% of our legal limit. The total current per capita amount of GO debt outstanding is \$666 and the current total GO debt as compared to the total assessed property valuation is 0.52%. The significant increase in GO debt between 2015 and 2016 is the refunding of the PFD Sales Tax bond and bringing that debt onto the city's debt profile.

Beginning in 2015, the City's finance department began including additional long-term obligations as part of the legal debt limit calculation. The inclusion of these long-term obligations, which include state loan contracts, interest on outstanding principal, as well as compensated absences, provides a truer picture of the City's LTGO debt and calculates a more conservative debt ratio than does the legal debt limit alone. As can be seen in the chart below, the City's internal debt limit shows \$131.3 million in long-term LTGO debt obligations or just under eleven percent (11%) of our legal limit. The per capita ratio decreased to \$1,033 and the overall net debt as compared to assessed property valuation decreases to .80%.

### City of Kent Internal Debt Limit

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net debt applicable to legal debt limit	\$ 49,078,000	\$ 90,740,000	\$ 84,656,000
Interest on Outstanding Debt	11,168,487	39,402,192	35,545,110
Add: State loan contracts	8,001,804	7,225,937	6,450,071
Compensated absences	4,337,445	4,413,051	4,639,656
<b>Total debt applicable to internal debt calculation</b>	<b>72,585,736</b>	<b>141,781,180</b>	<b>131,290,837</b>
1.5% councilmanic legal debt limit	211,023,201	225,694,603	246,044,666
<b>Legal councilmanic debt margin</b>	<b>138,437,465</b>	<b>83,913,423</b>	<b>114,753,829</b>
Total net debt applicable to the internal debt calculation as a percentage of debt limit	6.88%	12.56%	10.67%
Total net debt applicable to the internal debt calculation as a percentage of assessed value	0.52%	0.94%	0.80%
City of Kent population	122,900	124,500	127,100
Total net internal LTGO debt per capita	\$ 591	\$ 1,139	\$ 1,033

### Bond Rating

Bond ratings are assigned to bond issues based on a determination of that bond's credit worthiness and helps investors determine the risk associated with investing in a particular bond issue. The bond rating attached to a bond issue serves as notice to the entity of their credit risk. The ratings are determined by private independent rating services (i.e. Standard and Poor's, Moody's, Fitch) and are based on the entity's financial standing and the rating agency's perception of its ability to pay the bond principal and interest payments timely. The ratings themselves can be viewed as a status report for the entity regarding their financial health.

The City of Kent is rated by both Standard and Poor's (S&P) and Moody's Investment Services. The City's general obligation rating from S&P is an AA+ rating. Our S&P rating is equivalent to their 2nd highest rating and puts the City at the top of the range as a "very low credit risk". The next rating upgrade for S&P would be an AAA rating and would put us in the "minimal risk" category. During 2017 Moody's upgraded the City's rating to Aa3 from A1. Our new Aa3 rating from Moody's is the fourth highest rating. The Aa3 ratings are judged to be of high quality and are subject to very low credit risk.

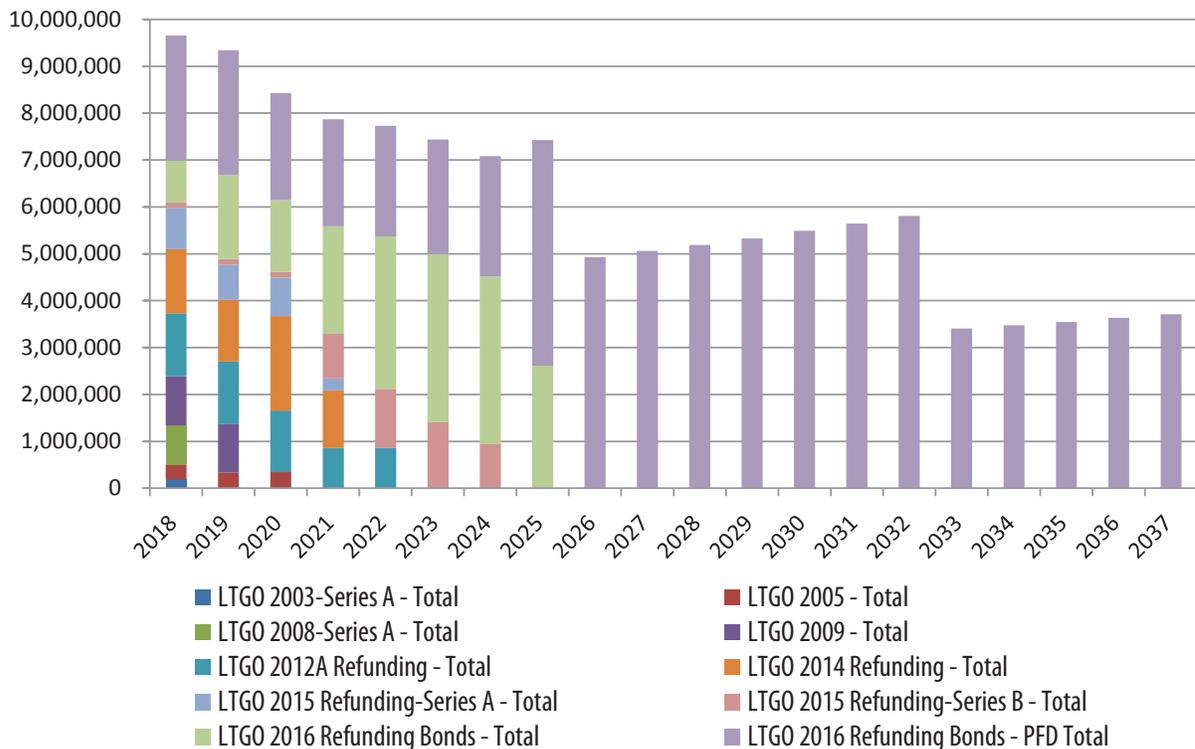


# LIMITED TAX GENERAL OBLIGATION

The outstanding debt service on the City's LTGO debt is \$120,199,590 with debt service (principal and interest) payments currently scheduled to expire in 2037. LTGO debt is backed by the full faith and credit of the City. These bonds can be issued without a vote of registered voters but are limited in that debt service payments must be paid from existing City revenue sources. Furthermore, LTGO's are also limited in the amount and percentage of assessed valuation as defined by the City's debt capacity in accordance with state law.

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>LTGO Bonds:</b>				
2003	LTGO - Series A (Taxable)	Capital Resources	\$ 186,647	2018
2005	LTGO (2000 Refunding)	Street/Capital Resources	\$ 995,383	2020
2008	LTGO - Series A	Street/Capital Resources	\$ 834,750	2018
2009	LTGO (1999 Refunding) (Taxable)	Misc. Funds	\$ 2,094,200	2019
2012	LTGO - Series A (2000 & 2002 Refunding)	Street/Capital Resources	\$ 5,692,000	2022
2014	LTGO (2004 Refunding)	Misc. Funds	\$ 5,928,800	2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 2,694,010	2021
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 4,946,350	2024
2016	Series A (2008A Refunding)	Misc. Funds	\$ 19,506,000	2025
2016	Series B (2008 PFD Sales Tax)	Misc. Funds	\$ 77,321,450	2037
			<u>\$ 120,199,590</u>	

The chart below shows the annual debt service payment by debt issue. By the end of 2025 the City will have retired all outstanding LTGO debt save for the 2016 Refunding bond which is an obligation of the Public Facilities District. By agreement, the PFD is responsible for these debt service payments and the City is responsible for any debt service payments the PFD is unable to make.



The following chart represents the City’s outstanding LTGO debt by payment year and details the debt service amount by principal and interest and by the type of activity for which the debt was issued.

### General Obligation Bonds

Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2018	5,633,895	3,625,111	336,105	62,565	9,657,676
2019	5,545,350	3,413,587	334,650	49,121	9,342,708
2020	4,621,010	3,219,471	549,990	35,735	8,426,206
2021	4,476,620	3,036,665	343,380	13,735	7,870,400
2022-2026	22,565,000	12,035,700	-	-	34,600,700
2027-2031	19,425,000	7,289,750	-	-	26,714,750
2032-2036	17,220,000	2,654,000	-	-	19,874,000
2037-2041	3,605,000	108,150	-	-	3,713,150
2042-2046	-	-	-	-	-
<b>Total</b>	<b>83,091,875</b>	<b>35,382,434</b>	<b>1,564,125</b>	<b>161,156</b>	<b>120,199,590</b>

The following pages provide individual detail including the purpose and history of the bond issuance and debt schedule on all of the City’s LTGO debt.

## 2003 LTGO Series A (Taxable)

**Purpose:** To reimburse City Water Fund for prior expenditures made to acquire land for the Kent Station and for the repayment and refinancing of the Kent Downtown Public Market Development Authority debt incurred for the Saturday Market building improvements.

### Debt Overview

<b>Issue Amount:</b>	\$1,878,000
<b>Issue Date:</b>	12/18/2003
<b>CUSIP:</b>	Private placement
<b>Ratings:</b>	NA
<b>Principal Pymt Dates:</b>	December 1, 2004 – 2018
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2004 – 2018
<b>Debt Service Balance:</b>	<b>Principal:</b> \$177,000 <b>Interest:</b> \$9,647 <b>Total:</b> \$186,647 (as of 12/31/2017)
<b>Purchaser:</b>	Bank of America, N.A.
<b>Bond Counsel:</b>	Foster Pepper & Shefelman PLLC

### Debt Service Balance by Funding Source

**Capital Resource Fund (1500) - \$186,647**

**Total Debt Service: \$186,647**

## Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
6/1/2004			46,342.26	46,342.26	
12/1/2004	81,000	5.45%	51,175.50	132,175.50	178,517.76
6/1/2005			48,968.25	48,968.25	
12/1/2005	89,000	5.45%	48,968.25	137,968.25	186,936.50
6/1/2006			46,543.00	46,543.00	
12/1/2006	94,000	5.45%	46,543.00	140,543.00	187,086.00
6/1/2007			43,981.50	43,981.50	
12/1/2007	99,000	5.45%	43,981.50	142,981.50	186,963.00
6/1/2008			41,283.75	41,283.75	
12/1/2008	104,000	5.45%	41,283.75	145,283.75	186,567.50
6/1/2009			38,449.75	38,449.75	
12/1/2009	110,000	5.45%	38,449.75	148,449.75	186,899.50
6/1/2010			35,452.25	35,452.25	
12/1/2010	116,000	5.45%	35,452.25	151,452.25	186,904.50
6/1/2011			32,291.25	32,291.25	
12/1/2011	122,000	5.45%	32,291.25	154,291.25	186,582.50
6/1/2012			28,966.75	28,966.75	
12/1/2012	129,000	5.45%	28,966.75	157,966.75	186,933.50
6/1/2013			25,451.50	25,451.50	
12/1/2013	136,000	5.45%	25,451.50	161,451.50	186,903.00
6/1/2014			21,745.50	21,745.50	
12/1/2014	143,000	5.45%	21,745.50	164,745.50	186,491.00
6/1/2015			17,848.75	17,848.75	
12/1/2015	151,000	5.45%	17,848.75	168,848.75	186,697.50
6/1/2016			13,734.00	13,734.00	
12/1/2016	159,000	5.45%	13,734.00	172,734.00	186,468.00
6/1/2017			9,401.25	9,401.25	
12/1/2017	168,000	5.45%	9,401.25	177,401.25	186,802.50
6/1/2018			4,823.25	4,823.25	
12/1/2018	177,000	5.45%	4,823.25	181,823.25	186,646.50
	<b>1,878,000.00</b>		<b>915,399.26</b>	<b>2,793,399.26</b>	<b>2,793,399.26</b>

## 2005 LTGO Refunding Bonds

**Purpose:** The Bonds are being issued to refund the 1993 Sewer System Improvement Bonds, 1995 LTGO Bonds for Golf, 2000 LTGO Bonds and Sewer Trust Fund Loan (1996 State of Washington, Department of Ecology Loan). At 12/31/2016 only the 2000 LTGO portion remains outstanding.

**History:** The Sewer Trust Fund loan was for the purpose of improving the water quality of Garrison Creek by reducing streambed and bank erosion due to high water velocities in the stream, the payment of the DOE Loan to be a claim and charge on Gross Revenues of the Utility junior and inferior to the Senior Lien Obligations.

### Debt Overview

<b>Issue Amount:</b>	\$7,369,000
<b>Issue Date:</b>	5/03/2005
<b>CUSIP:</b>	Private Placement
<b>Ratings:</b>	Standard & Poor's: AA+
<b>Principal Pymt Dates:</b>	December 1, 2005 – 2020
<b>Interest Pymt Dates:</b>	December 1, 2005, June 1 and December 1, 2006 – 2020
<b>Debt Service Balance:</b>	<b>Principal:</b> \$919,000 <b>Interest:</b> \$76,383 <b>Total:</b> \$995,383 (as of 12/31/2017)
<b>Call Date:</b>	Not Callable
<b>Purchaser:</b>	Bank of America, N.A.
<b>Bond Counsel:</b>	Foster Pepper & Shefelman PLLC

### Debt Service Balance by Funding Source

<b>Street Fund</b> (1110) - \$372,795
<b>Capital Resources Fund</b> (1500) - \$622,588
<b>Total Debt Service:</b> <u>\$995,383</u>

### Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2005	52,000	4.05%	52,696.80	104,696.80	327,434.60
6/1/2006			44,550.00	44,550.00	
12/1/2006	12,000	4.05%	44,550.00	56,550.00	1,167,167.00
6/1/2007			44,307.00	44,307.00	
12/1/2007	12,000	4.05%	44,307.00	56,307.00	1,168,729.50
6/1/2008			44,064.00	44,064.00	
12/1/2008	13,000	4.05%	44,064.00	57,064.00	1,167,793.50
6/1/2009			43,800.75	43,800.75	
12/1/2009	13,000	4.05%	43,800.75	56,800.75	622,399.50
6/1/2010			43,537.50	43,537.50	
12/1/2010	14,000	4.05%	43,537.50	57,537.50	621,539.00
6/1/2011			43,254.00	43,254.00	
12/1/2011	15,000	4.05%	43,254.00	58,254.00	623,990.00
6/1/2012			42,950.25	42,950.25	
12/1/2012	15,000	4.05%	42,950.25	57,950.25	620,590.50
6/1/2013			42,646.50	42,646.50	
12/1/2013	221,000	4.05%	42,646.50	263,646.50	826,543.00
6/1/2014			38,171.25	38,171.25	
12/1/2014	224,000	4.05%	38,171.25	262,171.25	300,342.50
6/1/2015			33,635.25	33,635.25	
12/1/2015	232,000	4.05%	33,635.25	265,635.25	299,270.50
6/1/2016			28,937.25	28,937.25	
12/1/2016	244,000	4.05%	28,937.25	272,937.25	301,874.50
6/1/2017			23,996.25	23,996.25	
12/1/2017	266,000	4.05%	23,996.25	289,996.25	313,992.50
6/1/2018			18,609.75	18,609.75	
12/1/2018	283,000	4.05%	18,609.75	301,609.75	320,219.50
6/1/2019			12,879.00	12,879.00	
12/1/2019	305,000	4.05%	12,879.00	317,879.00	330,758.00
6/1/2020			6,702.75	6,702.75	
12/1/2020	331,000	4.05%	6,702.75	337,702.75	344,405.50
	<b>2,252,000</b>		<b>1,076,779.80</b>	<b>9,357,049.60</b>	<b>9,357,049.60</b>

## 2008 LTGO Series A

**Purpose:** The 2008A Bonds were issued to (i) design and construct a public works maintenance facility on the East Hill of Kent; (ii) renovate municipal court facilities; (iii) implement capital components of the City's 2008 technology plan. \$16,945,000 was refunded by 2016 Bonds.

### Debt Overview

<b>Issue Amount:</b>	\$22,700,000
<b>Issue Date:</b>	11/04/2008
<b>CUSIP:</b>	490746VC5, 490746VD3, 490746VE1, 490746VF8, 490746VG6, 490746VH4, 490746VJ0, 490746VK7, 490746VL5, 490746VM3, 490746VN1, 490746VP6, 490746VQ4, 490746VR2, 490746VS0
<b>Ratings:</b>	Standard & Poor's: AA- Moody's: A1
<b>Principal Pymt Dates:</b>	December 1, 2009 – 2018
<b>Interest Pymt Dates:</b>	December 1, 2008, June 1 and December 1, 2009 – 2018
<b>Debt Service Balance:</b>	<b>Principal:</b> \$795,000 <b>Interest:</b> \$39,750 <b>Total:</b> \$834,750 (as of 12/31/2017)
<b>Call Date:</b>	12/1/2019 with no premium
<b>Bond Underwriters:</b>	Siebert Brandford Shank & Co., LLC and Piper Jaffray & Co.
<b>Bond Counsel:</b>	K&L Preston Gates Ellis LLP
<b>Financial Advisor:</b>	Seattle-Northwest Securities Corporation

### Debt Service Balance by Funding Source

**Street Fund** (1110) - \$113,594

**Capital Resource Fund** (1500 & 1510) - \$721,156

**Total Debt Service:** \$834,750

## Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>12/1/2008</b>			86,310.00	86,310.00	86,310.00
<b>6/1/2009</b>			575,400.00	575,400.00	
<b>12/1/2009</b>			575,400.00	575,400.00	1,150,800.00
<b>6/1/2010</b>			575,400.00	575,400.00	
<b>12/1/2010</b>			575,400.00	575,400.00	1,150,800.00
<b>6/1/2011</b>			575,400.00	575,400.00	
<b>12/1/2011</b>	535,000	4.00%	575,400.00	1,110,400.00	1,685,800.00
<b>6/1/2012</b>			564,700.00	564,700.00	
<b>12/1/2012</b>	770,000	4.00%	564,700.00	1,334,700.00	1,899,400.00
<b>6/1/2013</b>			549,300.00	549,300.00	
<b>12/1/2013</b>	675,000	4.00%	549,300.00	1,224,300.00	1,773,600.00
<b>6/1/2014</b>			535,800.00	535,800.00	
<b>12/1/2014</b>	725,000	4.50%	535,800.00	1,260,800.00	1,796,600.00
<b>6/1/2015</b>			519,487.50	519,487.50	
<b>12/1/2015</b>	730,000	4.50%	519,487.50	1,249,487.50	1,768,975.00
<b>6/1/2016</b>			503,062.50	503,062.50	
<b>12/1/2016</b>	735,000	5.00%	58,000.00	793,000.00	1,296,062.50
<b>6/1/2017</b>			39,625.00	39,625.00	
<b>12/1/2017</b>	790,000	5.00%	39,625.00	829,625.00	869,250.00
<b>6/1/2018</b>			19,875.00	19,875.00	
<b>12/1/2018</b>	795,000	5.00%	19,875.00	814,875.00	834,750.00
	<b>5,755,000.00</b>		<b>8,557,347.50</b>	<b>14,312,347.50</b>	<b>14,312,347.50</b>

## 2009 LTGO (Taxable)

**Purpose:** The proceeds from the sale of the Bonds were used to advance refund and defease \$8,410,000 of the City's Limited Tax General Obligation Bonds, 1999 maturing on December 1 in the years 2010 through 2013 and 2019.

**History:** Proceeds from the sale of the LTGO 1999 Bonds were used to finance a variety of capital projects, including 256<sup>th</sup> Street Improvements, Back-up Generator, Downtown Gateways, East Hill Maintenance Shop, Fire Station 75, Municipal Court Move, Par 3 Irrigation, Police-Corrections Improvements, Remodels-City Campus and Kent Memorial Park Bldg., and Russell Road Park Irrigation.

### Debt Overview

<b>Issue Amount:</b>	\$8,410,000
<b>Issue Date:</b>	5/7/2009
<b>CUSIP:</b>	490746VW1, 490746VX9, 490746VY7, 490746VZ4, 497046WA8, 497046WB6, 490746WC4, 490746WD2, 490746WE0, 490746WF7
<b>Ratings:</b>	Moody's: Aa2 – Insured, A1 - Underlying Standard & Poor's: AAA – Insured, AA1 - Underlying
<b>Principal Pymt Dates:</b>	December 1, 2010 – 2019
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2009 – 2019
<b>Debt Service Balance:</b>	<b>Principal:</b> \$1,975,000 <b>Interest:</b> \$119,200 <b>Total:</b> \$2,094,200 (as of 12/31/2017)
<b>Call Date:</b>	Not Callable
<b>Bond Underwriters:</b>	Barclays Capital Inc.
<b>Bond Counsel:</b>	K&L Gates
<b>Financial Advisor:</b>	Seattle-Northwest Securities Corporation

### Debt Service Balance by Funding Source

<b>Street Fund</b> (1110) - \$413,803
<b>Capital Resource Fund</b> (1500) - \$1,441,112
<b>Water Fund</b> (4100) - \$93,797
<b>Sewer Fund</b> (4400) - \$145,488
<b>Total Debt Service Balance</b> - <u>\$2,094,200</u>

### Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2009			171,770.83	171,770.83	171,770.83
6/1/2010			151,562.50	151,562.50	
12/1/2010	550,000	3.00%	151,562.50	701,562.50	853,125.00
6/1/2011			143,312.50	143,312.50	
12/1/2011	765,000	3.00%	143,312.50	908,312.50	1,051,625.00
6/1/2012			131,837.50	131,837.50	
12/1/2012	785,000	3.00%	131,837.50	916,837.50	1,048,675.00
6/1/2013			120,062.50	120,062.50	
12/1/2013	810,000	3.00%	120,062.50	930,062.50	1,050,125.00
6/1/2014			107,912.50	107,912.50	
12/1/2014	835,000	3.50%	107,912.50	942,912.50	1,050,825.00
6/1/2015			93,300.00	93,300.00	
12/1/2015	865,000	4.00%	93,300.00	958,300.00	1,051,600.00
6/1/2016			76,000.00	76,000.00	
12/1/2016	895,000	4.00%	76,000.00	971,000.00	1,047,000.00
6/1/2017			58,100.00	58,100.00	
12/1/2017	930,000	4.00%	58,100.00	988,100.00	1,046,200.00
6/1/2018			39,500.00	39,500.00	
12/1/2018	970,000	4.00%	39,500.00	1,009,500.00	1,049,000.00
6/1/2019			20,100.00	20,100.00	
12/1/2019	1,005,000	4.00%	20,100.00	1,025,100.00	1,045,200.00
	<b>8,410,000.00</b>		<b>2,055,145.83</b>	<b>10,465,145.83</b>	<b>10,465,145.83</b>

## 2012A LTGO Refunding Bonds

**Purpose:** The proceeds from the sale of the Bonds were used to refund on a current basis \$3,920,000 of the City’s Limited Tax General Obligation Various Purpose and Refunding Bonds, 2000 maturing on December 1, 2020 (the “2000 Refunded Bonds”) and \$7,070,000 of the City’s Limited Tax General Obligation Bonds, 2002 maturing on December 1 in the years 2013, 2014 and 2022.

**History:** Proceeds from the sale of the 2000 Refunded Bonds and LTGO 2002 Bonds were used to finance a variety of capital projects, including Various Facilities Projects, Fire Engines, Smith Street Parking Garage, Seismic Upgrades, Wilson Playfields, and 224/228 Corridor/Kent Station.

### Debt Overview

<b>Issue Amount:</b>	\$9,330,000
<b>Issue Date:</b>	10/25/2012
<b>CUSIP:</b>	490746WG5, 490746WH3, 490746WJ9, 490746WK6, 490746WL4, 490746WM2, 490746WNO, 490746WP5, 490746WQ3, 490746WR1
<b>Ratings:</b>	Moody’s: Baa2 Standard & Poor’s: A+
<b>Principal Pymt Dates:</b>	December 1, 2013 – 2022
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2012 – 2022
<b>Debt Service Balance:</b>	<b>Principal:</b> \$5,085,000 <b>Interest:</b> \$607,000 <b>Total:</b> \$5,692,000 (as of 12/31/2017)
<b>Call Date:</b>	Not Callable
<b>Bond Underwriters:</b>	KeyBanc Capital Markets Inc. and Piper Jaffray & Co.
<b>Bond Counsel:</b>	Pacifica Law Group LLP
<b>Financial Advisor:</b>	Seattle-Northwest Securities Corporation

### Debt Service Balance by Funding Source

<b>Street Fund</b> (1110) - \$2,988,181
<b>Capital Resource Fund</b> (1500 & 1510) - \$2,703,819
<b>Total Debt Service:</b> <u>\$5,692,000</u>

### Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2012			34,932.50	34,932.50	34,932.50
6/1/2013			174,662.50	174,662.50	
12/1/2013	35,000	2.00%	174,662.50	209,662.50	384,325.00
6/1/2014			174,312.50	174,312.50	
12/1/2014	1,010,000	3.00%	174,312.50	1,184,312.50	1,358,625.00
6/1/2015			159,162.50	159,162.50	
12/1/2015	1,040,000	3.00%	159,162.50	1,199,162.50	1,358,325.00
6/1/2016			143,562.50	143,562.50	
12/1/2016	1,070,000	3.00%	143,562.50	1,213,562.50	1,357,125.00
6/1/2017			127,512.50	127,512.50	
12/1/2017	1,090,000	4.00%	127,512.50	1,217,512.50	1,345,025.00
6/1/2018			105,712.50	105,712.50	
12/1/2018	1,125,000	4.00%	105,712.50	1,230,712.50	1,336,425.00
6/1/2019			83,212.50	83,212.50	
12/1/2019	1,160,000	4.00%	83,212.50	1,243,212.50	1,326,425.00
6/1/2020			60,012.50	60,012.50	
12/1/2020	1,195,000	4.00%	60,012.50	1,255,012.50	1,315,025.00
6/1/2021			36,112.50	36,112.50	
12/1/2021	785,000	4.50%	36,112.50	821,112.50	857,225.00
6/1/2022			18,450.00	18,450.00	
12/1/2022	820,000	4.50%	18,450.00	838,450.00	856,900.00
	<b>9,330,000.00</b>		<b>2,200,357.50</b>	<b>11,530,357.50</b>	<b>11,530,357.50</b>

## 2014 LTGO Refunding Bonds

**Purpose:** The proceeds of the sale of the Bonds were used (i) to refund a portion of the City's outstanding 2004 limited tax general obligation bonds to obtain the benefit of debt service savings and (ii) to pay costs of issuance for the Bonds.

**History:** The City used the proceeds of the 2004 Bonds to refund its outstanding Limited Tax General Obligation Bonds, 1996, Series A (Tax Exempt), and to pay the costs of issuing the Bonds and costs of the refunding.

### Debt Overview

<b>Issue Amount:</b>	\$12,230,000
<b>Issue Date:</b>	4/09/2014
<b>CUSIP:</b>	490746WU4, 490746WV2, 490746WW0, 490746WX8, 490746WY6, 490746WZ3, 490746XA7, 490746XB5
<b>Ratings:</b>	Standard & Poor's: AA-
<b>Principal Pymt Dates:</b>	December 1, 2014 – 2021
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2014 – 2021
<b>Debt Service Balance:</b>	<b>Principal:</b> \$5,375,000 <b>Interest:</b> \$553,800 <b>Total:</b> \$5,928,800 (as of 12/31/2017)
<b>Call Date:</b>	Not Callable
<b>Bond Underwriters:</b>	KeyBanc Capital Markets Inc.
<b>Bond Counsel:</b>	Pacifica Law Group LLP
<b>Financial Advisor:</b>	Piper Jaffray & Co.

### Debt Service Balance by Funding Source

<b>Street Fund (1110)</b> - \$361,657
<b>Capital Improvement Fund (1500)</b> - \$3,841,862
<b>Drainage Fund (4400)</b> - \$1,725,281
<b>Total Debt Service:</b> <u>\$5,928,800</u>

### Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>6/1/2014</b>			55,127.22	55,127.22	
<b>12/1/2014</b>	2,135,000	2.00%	190,825.00	2,325,825.00	2,380,952.22
<b>6/1/2015</b>			169,475.00	169,475.00	
<b>12/1/2015</b>	1,765,000	2.00%	169,475.00	1,934,475.00	2,103,950.00
<b>6/1/2016</b>			151,825.00	151,825.00	
<b>12/1/2016</b>	1,585,000	3.00%	151,825.00	1,736,825.00	1,888,650.00
<b>6/1/2017</b>			128,050.00	128,050.00	
<b>12/1/2017</b>	1,370,000	3.00%	128,050.00	1,498,050.00	1,626,100.00
<b>6/1/2018</b>			107,500.00	107,500.00	
<b>12/1/2018</b>	1,155,000	4.00%	107,500.00	1,262,500.00	1,370,000.00
<b>6/1/2019</b>			84,400.00	84,400.00	
<b>12/1/2019</b>	1,150,000	4.00%	84,400.00	1,234,400.00	1,318,800.00
<b>6/1/2020</b>			61,400.00	61,400.00	
<b>12/1/2020</b>	1,890,000	4.00%	61,400.00	1,951,400.00	2,012,800.00
<b>6/1/2021</b>			23,600.00	23,600.00	
<b>12/1/2021</b>	1,180,000	4.00%	23,600.00	1,203,600.00	1,227,200.00
	<b>12,230,000.00</b>		<b>1,698,452.22</b>	<b>13,928,452.22</b>	<b>13,928,452.22</b>

## 2015A (Taxable) & B LTGO Refunding Bonds

**Purpose:** The proceeds from the sale of the Bonds were used (i) to refund a portion of the City’s outstanding Limited Tax General Obligation Bonds, 2006 (the “2006 Bonds”) to obtain the benefit of debt service savings and (ii) to pay costs of issuance for the Bonds.

**History:** The original 2006 Bond was used to make improvements at certain existing City park facilities and to acquire land for future park development. Park improvement projects included the Services Club ball fields, the East Hill Skate Park, and the Town Square Plaza. Land purchased was Naden Property and others. 2015A Series was designated for the Naden Property and 2015B Series for Park Improvement Projects. The 2015A Series is taxable due to the City’s intent to sell for non-governmental use.

### Debt Overview

<b>Issue Amount:</b>	<b>2015A</b> - \$4,380,000 <b>2015B</b> - \$4,240,000
<b>Issue Date:</b>	9/9/2015
<b>CUSIP:</b>	<b>2015A</b> – 490746XC3, 490746XD1, 490746XE9, 490746XF6, 490746XG4, 490746XH2, 490746XJ8 <b>2015B</b> – 490746XK5, 490746XL3, 490746XM1, 490746XN9
<b>Ratings:</b>	Standard & Poor’s: AA+
<b>Principal Pymt Dates:</b>	December 1, 2015 – 2024
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2015 – 2024
<b>Debt Service Balance:</b>	<b>2015A</b> – Principal: \$2,560,000 Interest: \$134,010 Total: \$2,694,010 (as of 12/31/2017) <b>2015B</b> – Principal: \$4,240,000 Interest: \$324,750 Total: \$4,946,350 (as of 12/31/2017)
<b>Call Date:</b>	Not Callable
<b>Bond Underwriters:</b>	KeyBanc Capital Markets Inc.
<b>Bond Counsel:</b>	Pacifica Law Group LLP
<b>Financial Advisor:</b>	Piper Jaffray & Co.

### Debt Service Balance by Funding Source

**Capital Resource Fund** (1500 & 1510) - \$7,640,360

**Total Debt Service:** \$7,640,360

### Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/1/2015	115,000	0.60%	46,847.62	161,847.62	161,847.62
6/1/2016			102,491.25	102,491.25	
12/1/2016	865,000	0.95%	102,491.25	967,491.25	1,069,982.50
6/1/2017			98,382.50	98,382.50	
12/1/2017	840,000	1.45%	98,382.50	938,382.50	1,036,765.00
6/1/2018			92,292.50	92,292.50	
12/1/2018	820,000	1.80%	92,292.50	912,292.50	1,004,585.00
6/1/2019			84,912.50	84,912.50	
12/1/2019	700,000	2.25%	84,912.50	784,912.50	869,825.00
6/1/2020			77,037.50	77,037.50	
12/1/2020	790,000	2.50%	77,037.50	867,037.50	944,075.00
6/1/2021			67,162.50	67,162.50	
12/1/2021	1,075,000	2.85%	67,162.50	1,142,162.50	1,209,325.00
6/1/2022			51,225.00	51,225.00	
12/1/2022	1,160,000	3.00%	51,225.00	1,211,225.00	1,262,450.00
6/1/2023			33,825.00	33,825.00	
12/1/2023	1,340,000	3.00%	33,825.00	1,373,825.00	1,407,650.00
6/1/2024			13,725.00	13,725.00	
12/1/2024	915,000	3.00%	13,725.00	928,725.00	942,450.00
	<b>8,620,000.00</b>		<b>1,288,955.12</b>	<b>9,908,955.12</b>	<b>9,908,955.12</b>

## Bond Debt Service Schedule Split

Period Ending	2015A Taxable		2015B Non-Taxable		Debt Service	Annual Debt Service
	Principal	Interest	Principal	Interest		
12/1/2015	115,000	17,874.29		28,973.33	161,847.62	161,847.62
6/1/2016		38,891.25		63,600.00	102,491.25	
12/1/2016	865,000	38,891.25		63,600.00	967,491.25	1,069,982.50
6/1/2017		34,782.50		63,600.00	98,382.50	
12/1/2017	840,000	34,782.50		63,600.00	938,382.50	1,036,765.00
6/1/2018		28,692.50		63,600.00	92,292.50	
12/1/2018	820,000	28,692.50		63,600.00	912,292.50	1,004,585.00
6/1/2019		21,312.50		63,600.00	84,912.50	
12/1/2019	700,000	21,312.50		63,600.00	784,912.50	869,825.00
6/1/2020		13,437.50		63,600.00	77,037.50	
12/1/2020	790,000	13,437.50		63,600.00	867,037.50	944,075.00
6/1/2021		3,562.50		63,600.00	67,162.50	
12/1/2021	250,000	3,562.50	825,000	63,600.00	1,142,162.50	1,209,325.00
6/1/2022				51,225.00	51,225.00	
12/1/2022			1,160,000	51,225.00	1,211,225.00	1,262,450.00
6/1/2023				33,825.00	33,825.00	
12/1/2023			1,340,000	33,825.00	1,373,825.00	1,407,650.00
6/1/2024				13,725.00	13,725.00	
12/1/2024			915,000	13,725.00	928,725.00	942,450.00
	<b>4,380,000.00</b>	<b>299,231.79</b>	<b>4,240,000.00</b>	<b>989,723.33</b>	<b>9,908,955.12</b>	<b>9,908,955.12</b>

## 2016 LTGO Refunding Bonds

**Purpose:** The proceeds from the sale of the Bonds were used to (i) advance refund and defease a portion of the City’s outstanding Limited Tax General Obligation Bonds, 2008A (the “2008 Bonds”) to obtain the benefit of debt service savings; (ii) advance refund and defease all of the PFD’s outstanding Special Events Center Sales Tax Bonds, 2008 (the “Sales Tax Bonds”) to obtain the benefit of debt service savings; and (iii) pay costs of issuance for the Bonds.

**History:** The 2008A Bonds were used to (i) design and construct a public works maintenance facility on the East Hill of Kent; (ii) renovate municipal court facilities; (iii) implement capital components of the City’s 2008 technology plan.

### Debt Overview

<b>Issue Amount:</b>	<b>2016A</b> - \$15,470,000 (Refunding 2008A LTGO) <b>2016B</b> - \$49,105,000 (Refunding 2008 PFD Sales Tax)
<b>Issue Date:</b>	6/15/2016
<b>CUSIP:</b>	490746XP4, 490746XQ2, 490746XR0, 490746XS8, 490746XT6, 490746XU3, 490746XV1, 490746XW9, 490746XX7, 490746XY5, 490746XZ2, 490746YA6, 490746YB4, 490746YC2, 490746YD0, 490746YE8, 490746YF5, 490746YG3, 490746YH1, 490746YJ7
<b>Ratings:</b>	Standard & Poor’s: AA+
<b>Principal Pymt Dates:</b>	December 1, 2016 – 2037
<b>Interest Pymt Dates:</b>	December 1, 2016, June 1 and December 1, 2017 – 2037
<b>Debt Service Balance:</b>	<b>2016A</b> - Principal: \$15,235,000 Interest: \$4,271,000 Total: \$19,506,000 (as of 12/31/17) <b>2016B</b> - Principal: \$48,295,000 Interest: \$29,026,450 Total: \$77,321,450 (as of 12/31/17)
<b>Call Date:</b>	12/1/2026 with no premium
<b>Bond Underwriters:</b>	KeyBanc Capital Markets Inc.
<b>Bond Counsel:</b>	Pacifica Law Group LLP
<b>Financial Advisor:</b>	Piper Jaffray & Co.

### Debt Service Balance by Funding Source

<b>Street Fund</b> (1110) - \$5,383,149
<b>Capital Resource Fund</b> (1500 & 1510) - \$69,626,428
<b>Events Center</b> (7100) - \$21,817,873
<b>Total Debt Service:</b> <u>\$96,827,450</u>

## Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>12/1/2016</b>	415,000	2.00%	1,351,954.72	1,766,954.72	1,766,954.72
<b>6/1/2017</b>			1,461,825.00	1,461,825.00	
<b>12/1/2017</b>	630,000	2.00%	1,461,825.00	2,091,825.00	3,553,650.00
<b>6/1/2018</b>			1,455,525.00	1,455,525.00	
<b>12/1/2018</b>	645,000	3.00%	1,455,525.00	2,100,525.00	3,556,050.00
<b>6/1/2019</b>			1,445,850.00	1,445,850.00	
<b>12/1/2019</b>	1,560,000	3.00%	1,445,850.00	3,005,850.00	4,451,700.00
<b>6/1/2020</b>			1,422,450.00	1,422,450.00	
<b>12/1/2020</b>	965,000	5.00%	1,422,450.00	2,387,450.00	3,809,900.00
<b>6/1/2021</b>			1,398,325.00	1,398,325.00	
<b>12/1/2021</b>	1,780,000	5.00%	1,398,325.00	3,178,325.00	4,576,650.00
<b>6/1/2022</b>			1,353,825.00	1,353,825.00	
<b>12/1/2022</b>	2,905,000	5.00%	1,353,825.00	4,258,825.00	5,612,650.00
<b>6/1/2023</b>			1,281,200.00	1,281,200.00	
<b>12/1/2023</b>	3,465,000	5.00%	1,281,200.00	4,746,200.00	6,027,400.00
<b>6/1/2024</b>			1,194,575.00	1,194,575.00	
<b>12/1/2024</b>	3,750,000	5.00%	1,194,575.00	4,944,575.00	6,139,150.00
<b>6/1/2025</b>			1,100,825.00	1,100,825.00	
<b>12/1/2025</b>	5,225,000	5.00%	1,100,825.00	6,325,825.00	7,426,650.00
<b>6/1/2026</b>			970,200.00	970,200.00	
<b>12/1/2026</b>	2,985,000	5.00%	970,200.00	3,955,200.00	4,925,400.00
<b>6/1/2027</b>			895,575.00	895,575.00	
<b>12/1/2027</b>	3,270,000	5.00%	895,575.00	4,165,575.00	5,061,150.00
<b>6/1/2028</b>			813,825.00	813,825.00	
<b>12/1/2028</b>	3,560,000	5.00%	813,825.00	4,373,825.00	5,187,650.00
<b>6/1/2029</b>			724,825.00	724,825.00	
<b>12/1/2029</b>	3,875,000	4.00%	724,825.00	4,599,825.00	5,324,650.00
<b>6/1/2030</b>			647,325.00	647,325.00	
<b>12/1/2030</b>	4,200,000	4.00%	647,325.00	4,847,325.00	5,494,650.00
<b>6/1/2031</b>			563,325.00	563,325.00	
<b>12/1/2031</b>	4,520,000	5.00%	563,325.00	5,083,325.00	5,646,650.00
<b>6/1/2032</b>			450,325.00	450,325.00	
<b>12/1/2032</b>	4,910,000	5.00%	450,325.00	5,360,325.00	5,810,650.00
<b>6/1/2033</b>			327,575.00	327,575.00	
<b>12/1/2033</b>	2,750,000	5.00%	327,575.00	3,077,575.00	3,405,150.00

**Bond Debt Service Schedule (Cont.)**

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>6/1/2034</b>			258,825.00	258,825.00	
<b>12/1/2034</b>	2,960,000	5.00%	258,825.00	3,218,825.00	3,477,650.00
<b>6/1/2035</b>			184,825.00	184,825.00	
<b>12/1/2035</b>	3,175,000	5.00%	184,825.00	3,359,825.00	3,544,650.00
<b>6/1/2036</b>			105,450.00	105,450.00	
<b>12/1/2036</b>	3,425,000	3.00%	105,450.00	3,530,450.00	3,635,900.00
<b>6/1/2037</b>			54,075.00	54,075.00	
<b>12/1/2037</b>	3,605,000	3.00%	54,075.00	3,659,075.00	3,713,150.00
	<b>64,575,000.00</b>		<b>37,573,054.72</b>	<b>102,148,054.72</b>	<b>102,148,054.72</b>

## Bond Debt Service Schedule Split

Period Ending	2016A		2016B		Debt Service	Annual Debt Service
	Refunding 2008 LTGO		Refunding 2008 PFD Sales Tax			
	Principal	Interest	Principal	Interest		
6/1/2016		171,175.97		504,801.39	675,977.36	
12/1/2016	90,000	171,175.97	325,000	504,801.39	1,090,977.36	1,766,954.72
6/1/2017		370,325.00		1,091,500.00	1,461,825.00	
12/1/2017	145,000	370,325.00	485,000	1,091,500.00	2,091,825.00	3,553,650.00
6/1/2018		368,875.00		1,086,650.00	1,455,525.00	
12/1/2018	150,000	368,875.00	495,000	1,086,650.00	2,100,525.00	3,556,050.00
6/1/2019		366,625.00		1,079,225.00	1,445,850.00	
12/1/2019	1,050,000	366,625.00	510,000	1,079,225.00	3,005,850.00	4,451,700.00
6/1/2020		350,875.00		1,071,575.00	1,422,450.00	
12/1/2020	825,000	350,875.00	140,000	1,071,575.00	2,387,450.00	3,809,900.00
6/1/2021		330,250.00		1,068,075.00	1,398,325.00	
12/1/2021	1,630,000	330,250.00	150,000	1,068,075.00	3,178,325.00	4,576,650.00
6/1/2022		289,500.00		1,064,325.00	1,353,825.00	
12/1/2022	2,670,000	289,500.00	235,000	1,064,325.00	4,258,825.00	5,612,650.00
6/1/2023		222,750.00		1,058,450.00	1,281,200.00	
12/1/2023	3,135,000	222,750.00	330,000	1,058,450.00	4,746,200.00	6,027,400.00
6/1/2024		144,375.00		1,050,200.00	1,194,575.00	
12/1/2024	3,285,000	144,375.00	465,000	1,050,200.00	4,944,575.00	6,139,150.00
6/1/2025		62,250.00		1,038,575.00	1,100,825.00	
12/1/2025	2,490,000	62,250.00	2,735,000	1,038,575.00	6,325,825.00	7,426,650.00
6/1/2026				970,200.00	970,200.00	
12/1/2026			2,985,000	970,200.00	3,955,200.00	4,925,400.00
6/1/2027				895,575.00	895,575.00	
12/1/2027			3,270,000	895,575.00	4,165,575.00	5,061,150.00
6/1/2028				813,825.00	813,825.00	
12/1/2028			3,560,000	813,825.00	4,373,825.00	5,187,650.00
6/1/2029				724,825.00	724,825.00	
12/1/2029			3,875,000	724,825.00	4,599,825.00	5,324,650.00
6/1/2030				647,325.00	647,325.00	
12/1/2030			4,200,000	647,325.00	4,847,325.00	5,494,650.00
6/1/2031				563,325.00	563,325.00	
12/1/2031			4,520,000	563,325.00	5,083,325.00	5,646,650.00
6/1/2032				450,325.00	450,325.00	
12/1/2032			4,910,000	450,325.00	5,360,325.00	5,810,650.00
6/1/2033				327,575.00	327,575.00	
12/1/2033			2,750,000	327,575.00	3,077,575.00	3,405,150.00

## Bond Debt Service Schedule Split (Cont.)

### LTGO DEBT

Period Ending	2016A		2016B		Debt Service	Annual Debt Service
	Refunding 2008 LTGO		Refunding 2008 PFD Sales Tax			
	Principal	Interest	Principal	Interest		
6/1/2034				258,825.00	258,825.00	
12/1/2034			2,960,000	258,825.00	3,218,825.00	3,477,650.00
6/1/2035				184,825.00	184,825.00	
12/1/2035			3,175,000	184,825.00	3,359,825.00	3,544,650.00
6/1/2036				105,450.00	105,450.00	
12/1/2036			3,425,000	105,450.00	3,530,450.00	3,635,900.00
6/1/2037				54,075.00	54,075.00	
12/1/2037			3,605,000	54,075.00	3,659,075.00	3,713,150.00
	<b>15,470,000</b>	<b>5,354,001.94</b>	<b>49,105,000</b>	<b>32,219,052.78</b>	<b>102,148,054.72</b>	<b>102,148,054.72</b>

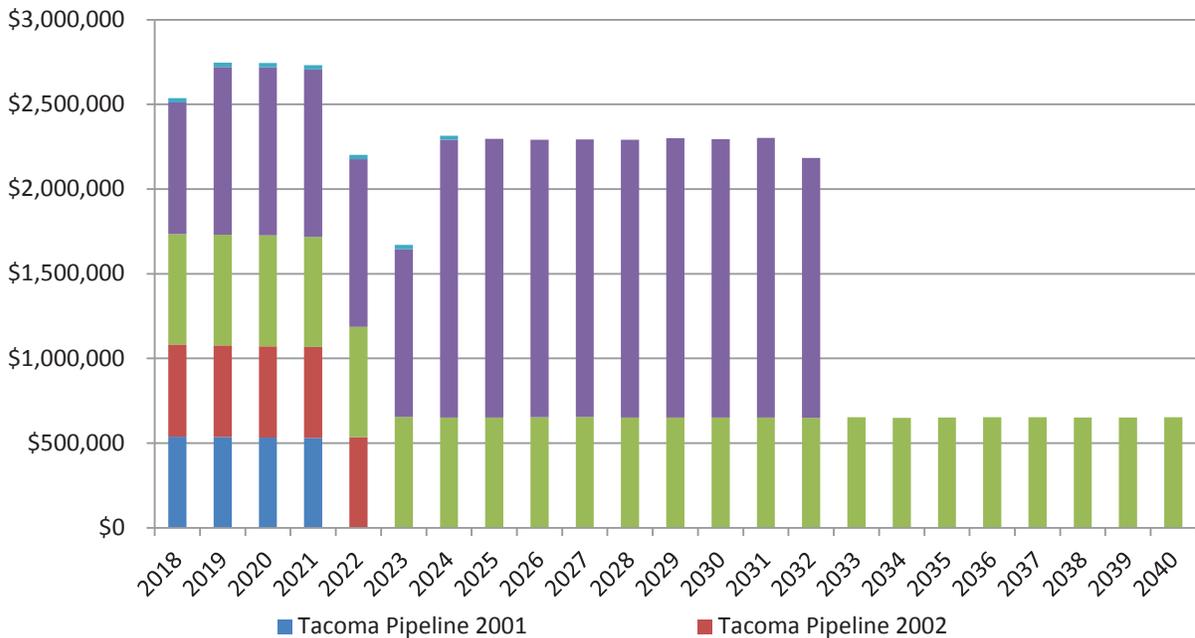


# LONG-TERM NOTES

The outstanding balance on the City’s long-term notes is \$40,553,574. Long-term notes are very similar to bonded debt in that they both carry a stated or implied interest rate and have a known maturity date. However, long-term notes are not issued to the public or traded. Rather, long-term notes are agreements entered into by the City with another party and include a formal written promise to pay pre-determined amounts on set dates. The City’s long term notes can be seen in the chart below.

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>Long-term Notes:</b>				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,137,500	2021
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 2,696,094	2022
2010	Series A - Second Supply Project	Water Fund	\$ 2,598,200	2024
2010	Series B - Second Supply Project (Build America Bond)	Water Fund	\$ 12,536,861	2040
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 20,411,350	2032
2015	SMG Capital Loan	General Fund	\$ 173,569	2024
			<u>\$ 40,553,574</u>	

The chart below represents the annual debt service for the City’s long-term notes.



The following pages provide individual detail on all of the City’s long-term notes and contracts.

## 2001 Tacoma Second Supply Pipeline

**Purpose:** Tacoma's Second Supply Pipeline (Pipeline #5)

The project consists of installing all or a portion of approximately 34 miles of 48 – 72 inch diameter transmission main, metering stations and an additional storage project at the Howard Hanson Dam. Included are:

- The Second Diversion Water Right (up to 65 mgd)
- The Second Supply Pipeline, commencing at the Headworks and continuing to Tacoma's pipeline No. 4 near the Portland Avenue reservoir (approximately 34 miles with a nominal capacity of 72 mgd);
- A portion of the improvements at the headworks diversion dam and intake (associated with the Second Diversion Water Right);
- The Intertie connecting the Second Supply Pipeline with the Seattle water distribution system (approximately 8 miles with a nominal capacity of 25 mgd);
- A portion of the Project fisheries and environmental enhancement costs;
- The Howard Hanson Dam Additional Storage Project (up to 20,000 acre-feet per year of municipal water supply storage in Phase I and options to participate in Phase II);
- A portion of the costs of expanding existing or constructing additional chlorination, fluoridation and corrosion control facilities.

**History:** The City secured this loan from the WA State Public Works Trust Fund Board in 2001.

### Debt Overview

<b>Issue Amount:</b>	\$10,000,000
<b>Date of Loan:</b>	5/4/2001
<b>Interest Rate:</b>	0.5000% (Simple)
<b>Principal Pymt Dates:</b>	June 1, 2002 – 2021
<b>Interest Pymt Dates:</b>	June 1, 2002 – 2021
<b>Debt Service Balance:</b>	<b>Principal:</b> \$2,111,111 <b>Interest:</b> \$26,389 <b>Total:</b> \$2,137,500 (as of 12/31/2017)

### Debt Service Balance by Funding Source

**Water Fund (4100) – \$2,137,500**

**Total Debt Service Balance:** \$2,137,500

## Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
7/1/2002		44,993.06	44,993.06
7/1/2003	500,000.00	47,500.00	547,500.00
7/1/2004	527,777.78	46,770.83	574,548.61
7/1/2005	527,777.78	44,861.11	572,638.89
7/1/2006	527,777.78	42,222.22	570,000.00
7/1/2007	527,777.78	39,583.33	567,361.11
7/1/2008	527,777.77	36,944.44	564,722.21
7/1/2009	527,777.78	34,305.56	562,083.34
7/1/2010	527,777.78	31,666.67	559,444.45
7/1/2011	527,777.78	29,027.78	556,805.56
7/1/2012	527,777.78	26,388.89	554,166.67
7/1/2013	527,777.78	23,750.00	551,527.78
7/1/2014	527,777.78	21,111.11	548,888.89
6/1/2015	527,777.78	16,932.87	544,710.65
6/1/2016	527,777.78	15,833.33	543,611.11
6/1/2017	527,777.77	13,194.44	540,972.21
6/1/2018	527,777.78	10,555.56	538,333.34
6/1/2019	527,777.77	7,916.67	535,694.44
6/1/2020	527,777.78	5,277.78	533,055.56
6/1/2021	527,777.77	2,638.89	530,416.66
	<b>10,000,000.00</b>	<b>541,474.54</b>	<b>10,541,474.54</b>

## 2002 Tacoma Second Supply Pipeline

**Purpose:** Tacoma's Second Supply Pipeline (Pipeline #5)

The project consists of installing all or a portion of approximately 34 miles of 48 – 72 inch diameter transmission main, metering stations and an additional storage project at the Howard Hanson Dam. Included are:

- The Second Diversion Water Right (up to 65 mgd)
- The Second Supply Pipeline, commencing at the Headworks and continuing to Tacoma's pipeline No. 4 near the Portland Avenue reservoir (approximately 34 miles with a nominal capacity of 72 mgd);
- A portion of the improvements at the headworks diversion dam and intake (associated with the Second Diversion Water Right);
- The Intertie connecting the Second Supply Pipeline with the Seattle water distribution system (approximately 8 miles with a nominal capacity of 25 mgd);
- A portion of the Project fisheries and environmental enhancement costs;
- The Howard Hanson Dam Additional Storage Project (up to 20,000 acre-feet per year of municipal water supply storage in Phase I and options to participate in Phase II);
- A portion of the costs of expanding existing or constructing additional chlorination, fluoridation and corrosion control facilities.

**History:** The City secured this loan from the WA State Public Works Trust Fund Board in 2002.

### Debt Overview

<b>Issue Amount:</b>	\$10,000,000
<b>Date of Loan:</b>	3/28/2002
<b>Interest Rate:</b>	0.5000% (Simple)
<b>Principal Pymt Dates:</b>	June 1, 2003 – 2022
<b>Interest Pymt Dates:</b>	June 1, 2003 – 2022
<b>Debt Service Balance:</b>	<b>Principal:</b> \$2,656,250 <b>Interest:</b> \$39,844 <b>Total:</b> \$2,696,094 (as of 12/31/2017)

### Debt Service Balance by Funding Source

**Water Fund (4100) – \$2,696,094**

**Total Debt Service Balance:** \$2,696,094

## Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
<b>7/1/2003</b>		35,493.06	35,493.06
<b>7/1/2004</b>	500,000.01	47,500.00	547,500.01
<b>7/1/2005</b>	500,000.01	45,000.00	545,000.01
<b>7/1/2006</b>	500,000.01	42,500.01	542,500.02
<b>7/1/2007</b>	531,250.01	40,590.29	571,840.30
<b>7/1/2008</b>	531,249.96	39,843.75	571,093.71
<b>7/1/2009</b>	531,250.00	37,187.50	568,437.50
<b>7/1/2010</b>	531,250.00	34,531.25	565,781.25
<b>7/1/2011</b>	531,250.00	31,875.00	563,125.00
<b>7/1/2012</b>	531,250.00	29,218.75	560,468.75
<b>7/1/2013</b>	531,250.00	26,562.50	557,812.50
<b>7/1/2014</b>	531,250.00	23,906.25	555,156.25
<b>6/1/2015</b>	531,250.00	19,479.17	550,729.17
<b>6/1/2016</b>	531,250.00	18,593.75	549,843.75
<b>6/1/2017</b>	531,250.00	15,937.50	547,187.50
<b>6/1/2018</b>	531,250.00	13,281.25	544,531.25
<b>6/1/2019</b>	531,250.00	10,625.00	541,875.00
<b>6/1/2020</b>	531,250.00	7,968.75	539,218.75
<b>6/1/2021</b>	531,250.00	5,312.50	536,562.50
<b>6/1/2022</b>	531,250.00	2,656.25	533,906.25
	<b>10,000,000.00</b>	<b>528,062.53</b>	<b>10,528,062.53</b>

## 2010 A & B – Tacoma Bonds

**Purpose:** The Bonds are being issued to provide a portion of the funds required for the construction of a filtration treatment system (the “Filtration Treatment Project”) for the Second Supply Project.

The Second Supply Project consists of the following components:

- (i) Water from the exercise of Tacoma Water’s Second Diversion Water Right (up to 100 cfs);
- (ii) the Second Supply Pipeline commencing at the Headworks and continuing to Tacoma’s Pipeline no. 4 near the Portland Avenue Reservoir (approximately thirty-four miles with a nominal capacity of seventy-two mgd);
- (iii) Improvements made at the headworks diversion dam and intake
- (iv) Second Supply Project fisheries and environmental enhancements
- (v) the right to store water as a result of the Howard Hanson Dam Additional Storage Project (up to 20,000 acre-feet per year of municipal water supply storage available for withdrawal during each Operating Year in Phase I and options to participate in Phase II); and
- (vi) the expansion of existing or the construction of additional Treatment Facilities (disinfection, pH adjustment, fluoridation, and ozone)

In addition to increasing water supply, the Second Supply Project increases flexibility and reliability of water delivery in both Tacoma Water’s and the other Participants’ service areas.

### Debt Overview

<b>Issue Amount:</b>	<b>Series A</b> - \$3,595,000 (Non-Taxable) <b>Series B</b> - \$7,805,000 (Taxable – Build America Bonds)
<b>Issue Date:</b>	8/24/2010
<b>CUSIP:</b>	<b>Series A</b> – 87354TAT2, 87354TAU9, 87354TAV7, 87354TAW5, 87354TAX3, 87354TAY1, 87354TAZ8, 87354TBA2, 87354TBB0, 87354TBC8, 87354TBD6, 87354TBE4 <b>Series B</b> – 87354TBF1, 87354TBG9
<b>Ratings:</b>	Moody’s: Aa2 Standard & Poor’s: AA
<b>Principal Pymt Dates:</b>	December 1, 2011 – 2040
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2011 – 2040
<b>Debt Service Balance:</b>	<b>Series A</b> – Principal: \$2,245,000 Interest: \$353,200 Total: \$2,598,200 (as of 12/31/2017) <b>Series B</b> – Principal: \$7,805,000 Interest: \$4,731,861* Total: \$12,536,861 (as of 12/31/2017) *Federal subsidy rate max 35%. Rate varies year to year. Future amounts projected using previous year’s rate. Total debt service remaining excluding the federal subsidy: Principal: \$7,805,000 Interest: \$7,062,479 Total: \$14,867,479.
<b>Call Date:</b>	<b>Series A</b> – Callable after 12/01/2020 with no premium <b>Series B</b> – Callable with a premium (See booklet for additional information)
<b>Bond Underwriters:</b>	Citigroup Global Markets Inc.
<b>Bond Counsel:</b>	Foster Pepper PLLC
<b>Financial Advisor:</b>	DashenMusselman Inc.

### Debt Service Balance by Funding Source

**Water Fund** (4100) – \$15,135,061

**Total Debt Service Balance:** \$15,135,061

## Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Federal BABs Subsidy Rate	Federal Subsidy	Debt Service	Annual Debt Service
6/1/2011			420,112.09	35%	(116,513.45)	303,598.64	
12/1/2011			272,997.03	35%	(75,712.71)	197,284.32	500,882.96
6/1/2012			272,997.03	35%	(75,712.71)	197,284.32	
12/1/2012			272,997.03	35%	(75,712.71)	197,284.32	394,568.64
6/1/2013			272,997.03	35%	(75,712.71)	197,284.32	
12/1/2013	260,000	2.00%	272,997.03	32%	(70,261.41)	462,735.62	660,019.94
6/1/2014			270,397.03	32%	(70,261.41)	200,135.62	
12/1/2014	265,000	2.00%	270,397.03	32%	(70,185.68)	465,211.35	665,346.97
6/1/2015			267,747.03	32%	(70,185.68)	197,561.35	
12/1/2015	270,000	2.00%	267,747.03	33%	(70,564.25)	467,182.78	664,744.13
6/1/2016			265,047.03	33%	(70,564.25)	194,482.78	
12/1/2016	275,000	3.00%	265,047.03	33%	(70,488.53)	469,558.50	664,041.28
6/1/2017			260,922.03	33%	(70,488.53)	190,433.50	
12/1/2017	280,000	3.00%	260,922.03	33%	(70,715.67)	470,206.36	660,639.86
6/1/2018			256,722.03	33%	(71,386.27)	185,335.76	
12/1/2018	290,000	3.00%	256,722.03	33%	(71,386.27)	475,335.76	660,671.52
6/1/2019			252,372.03	33%	(71,386.27)	180,985.76	
12/1/2019	300,000	3.00%	252,372.03	33%	(71,386.27)	480,985.76	661,971.52
6/1/2020			247,872.03	33%	(71,386.27)	176,485.76	
12/1/2020	310,000	3.00%	247,872.03	33%	(71,386.27)	486,485.76	662,971.52
6/1/2021			243,222.03	33%	(71,386.27)	171,835.76	
12/1/2021	315,000	4.00%	243,222.03	33%	(71,386.27)	486,835.76	658,671.52
6/1/2022			236,922.03	33%	(71,386.27)	165,535.76	
12/1/2022	330,000	4.00%	236,922.03	33%	(71,386.27)	495,535.76	661,071.52
6/1/2023			230,322.03	33%	(71,386.27)	158,935.76	
12/1/2023	345,000	4.00%	230,322.03	33%	(71,386.27)	503,935.76	662,871.52
6/1/2024			223,422.03	33%	(71,386.27)	152,035.76	
12/1/2024	355,000	4.00%	223,422.03	33%	(71,386.27)	507,035.76	659,071.52
6/1/2025			216,322.03	33%	(71,386.27)	144,935.76	
12/1/2025	370,000	5.37%	216,322.03	33%	(71,386.27)	514,935.76	659,871.52

## Debt Service Schedule (Cont.)

Period Ending	Principal	Coupon	Interest	Federal BABs Subsidy Rate	Federal Subsidy	Debt Service	Annual Debt Service
6/1/2026			206,385.68	33%	(68,107.27)	138,278.41	
12/1/2026	385,000	5.37%	206,385.68	33%	(68,107.27)	523,278.41	661,556.81
6/1/2027			196,046.50	33%	(64,695.35)	131,351.16	
12/1/2027	400,000	5.37%	196,046.50	33%	(64,695.35)	531,351.16	662,702.31
6/1/2028			185,304.50	33%	(61,150.49)	124,154.02	
12/1/2028	410,000	5.37%	185,304.50	33%	(61,150.49)	534,154.02	658,308.03
6/1/2029			174,293.95	33%	(57,517.00)	116,776.95	
12/1/2029	425,000	5.37%	174,293.95	33%	(57,517.00)	541,776.95	658,553.89
6/1/2030			162,880.58	33%	(53,750.59)	109,129.99	
12/1/2030	440,000	5.37%	162,880.58	33%	(53,750.59)	549,129.99	658,259.98
6/1/2031			151,064.38	33%	(49,851.25)	101,213.13	
12/1/2031	455,000	5.62%	151,064.38	33%	(49,851.25)	556,213.13	657,426.27
6/1/2032			138,276.60	33%	(45,631.28)	92,645.32	
12/1/2032	470,000	5.62%	138,276.60	33%	(45,631.28)	562,645.32	655,290.64
6/1/2033			125,067.25	33%	(41,272.19)	83,795.06	
12/1/2033	490,000	5.62%	125,067.25	33%	(41,272.19)	573,795.06	657,590.12
6/1/2034			111,295.80	33%	(36,727.61)	74,568.19	
12/1/2034	505,000	5.62%	111,295.80	33%	(36,727.61)	579,568.19	654,136.37
6/1/2035			97,102.78	33%	(32,043.92)	65,058.86	
12/1/2035	525,000	5.62%	97,102.78	33%	(32,043.92)	590,058.86	655,117.73
6/1/2036			82,347.65	33%	(27,174.72)	55,172.93	
12/1/2036	545,000	5.62%	82,347.65	33%	(27,174.72)	600,172.93	655,345.85
6/1/2037			67,030.43	33%	(22,120.04)	44,910.39	
12/1/2037	565,000	5.62%	67,030.43	33%	(22,120.04)	609,910.39	654,820.78
6/1/2038			51,151.10	33%	(16,879.86)	34,271.24	
12/1/2038	585,000	5.62%	51,151.10	33%	(16,879.86)	619,271.24	653,542.47
6/1/2039			34,709.68	33%	(11,454.19)	23,255.49	
12/1/2039	605,000	5.62%	34,709.68	33%	(11,454.19)	628,255.49	651,510.97
6/1/2040			17,706.15	33%	(5,843.03)	11,863.12	
12/1/2040	630,000	5.62%	17,706.15	33%	(5,843.03)	641,863.12	653,726.24
	<b>11,400,000.00</b>		<b>11,329,002.02</b>		<b>(3,383,697.62)</b>	<b>19,345,304.40</b>	<b>19,345,304.40</b>

## Debt Service Schedule Split

Period Ending	2010A Non-Taxable		2010B - Taxable BABs				Annual Debt Service
	Principal	Interest	Principal	Interest	Federal BABs Subsidy Rate	Federal BABs Subsidy	
6/1/2011		87,216.53		332,895.56	35%	(116,513.45)	303,598.64
12/1/2011		56,675.00		216,322.03	35%	(75,712.71)	197,284.32
6/1/2012		56,675.00		216,322.03	35%	(75,712.71)	197,284.32
12/1/2012		56,675.00		216,322.03	35%	(75,712.71)	197,284.32
6/1/2013		56,675.00		216,322.03	35%	(75,712.71)	197,284.32
12/1/2013	260,000	56,675.00		216,322.03	32%	(70,261.41)	462,735.62
6/1/2014		54,075.00		216,322.03	32%	(70,261.41)	200,135.62
12/1/2014	265,000	54,075.00		216,322.03	32%	(70,185.68)	465,211.35
6/1/2015		51,425.00		216,322.03	32%	(70,185.68)	197,561.35
12/1/2015	270,000	51,425.00		216,322.03	33%	(70,564.25)	467,182.78
6/1/2016		48,725.00		216,322.03	33%	(70,564.25)	194,482.78
12/1/2016	275,000	48,725.00		216,322.03	33%	(70,488.53)	469,558.50
6/1/2017		44,600.00		216,322.03	33%	(70,488.53)	190,433.50
12/1/2017	280,000	44,600.00		216,322.03	33%	(70,715.67)	470,206.36
6/1/2018		40,400.00		216,322.03	33%	(71,386.27)	185,335.76
12/1/2018	290,000	40,400.00		216,322.03	33%	(71,386.27)	475,335.76
6/1/2019		36,050.00		216,322.03	33%	(71,386.27)	180,985.76
12/1/2019	300,000	36,050.00		216,322.03	33%	(71,386.27)	480,985.76
6/1/2020		31,550.00		216,322.03	33%	(71,386.27)	176,485.76
12/1/2020	310,000	31,550.00		216,322.03	33%	(71,386.27)	486,485.76
6/1/2021		26,900.00		216,322.03	33%	(71,386.27)	171,835.76
12/1/2021	315,000	26,900.00		216,322.03	33%	(71,386.27)	486,835.76
6/1/2022		20,600.00		216,322.03	33%	(71,386.27)	165,535.76
12/1/2022	330,000	20,600.00		216,322.03	33%	(71,386.27)	495,535.76
6/1/2023		14,000.00		216,322.03	33%	(71,386.27)	158,935.76
12/1/2023	345,000	14,000.00		216,322.03	33%	(71,386.27)	503,935.76
6/1/2024		7,100.00		216,322.03	33%	(71,386.27)	152,035.76
12/1/2024	355,000	7,100.00		216,322.03	33%	(71,386.27)	507,035.76
6/1/2025				216,322.03	33%	(71,386.27)	144,935.76
12/1/2025			370,000	216,322.03	33%	(71,386.27)	514,935.76

## Debt Service Schedule Split (Cont.)

LONG-TERM NOTES

Period Ending	2010A Non-Taxable		2010B - Taxable BABs				Debt Service	Annual Debt Service
	Principal	Interest	Principal	Interest	Federal BABs Subsidy Rate	Federal BABs Subsidy		
6/1/2026				206,385.68	33%	(68,107.27)	138,278.41	
12/1/2026			385,000	206,385.68	33%	(68,107.27)	523,278.41	661,556.81
6/1/2027				196,046.50	33%	(64,695.35)	131,351.16	
12/1/2027			400,000	196,046.50	33%	(64,695.35)	531,351.16	662,702.31
6/1/2028				185,304.50	33%	(61,150.49)	124,154.02	
12/1/2028			410,000	185,304.50	33%	(61,150.49)	534,154.02	658,308.03
6/1/2029				174,293.95	33%	(57,517.00)	116,776.95	
12/1/2029			425,000	174,293.95	33%	(57,517.00)	541,776.95	658,553.89
6/1/2030				162,880.58	33%	(53,750.59)	109,129.99	
12/1/2030			440,000	162,880.58	33%	(53,750.59)	549,129.99	658,259.98
6/1/2031				151,064.38	33%	(49,851.25)	101,213.13	
12/1/2031			455,000	151,064.38	33%	(49,851.25)	556,213.13	657,426.27
6/1/2032				138,276.60	33%	(45,631.28)	92,645.32	
12/1/2032			470,000	138,276.60	33%	(45,631.28)	562,645.32	655,290.64
6/1/2033				125,067.25	33%	(41,272.19)	83,795.06	
12/1/2033			490,000	125,067.25	33%	(41,272.19)	573,795.06	657,590.12
6/1/2034				111,295.80	33%	(36,727.61)	74,568.19	
12/1/2034			505,000	111,295.80	33%	(36,727.61)	579,568.19	654,136.37
6/1/2035				97,102.78	33%	(32,043.92)	65,058.86	
12/1/2035			525,000	97,102.78	33%	(32,043.92)	590,058.86	655,117.73
6/1/2036				82,347.65	33%	(27,174.72)	55,172.93	
12/1/2036			545,000	82,347.65	33%	(27,174.72)	600,172.93	655,345.85
6/1/2037				67,030.43	33%	(22,120.04)	44,910.39	
12/1/2037			565,000	67,030.43	33%	(22,120.04)	609,910.39	654,820.78
6/1/2038				51,151.10	33%	(16,879.86)	34,271.24	
12/1/2038			585,000	51,151.10	33%	(16,879.86)	619,271.24	653,542.47
6/1/2039				34,709.68	33%	(11,454.19)	23,255.49	
12/1/2039			605,000	34,709.68	33%	(11,454.19)	628,255.49	651,510.97
6/1/2040				17,706.15	33%	(5,843.03)	11,863.12	
12/1/2040			630,000	17,706.15	33%	(5,843.03)	641,863.12	653,726.24
	<b>3,595,000.00</b>	<b>1,121,441.53</b>	<b>7,805,000.00</b>	<b>10,207,560.49</b>		<b>(3,383,697.62)</b>	<b>19,345,304.40</b>	<b>19,345,304.40</b>

2018 DEBT MANUAL | CITY OF KENT, WASHINGTON

## 2013 Tacoma Bonds

**Purpose:** The Bonds are being issued to refund all of the 2002 Tacoma Bonds.

**History:** The proceeds from the 2002 Tacoma Bonds were used for the Second Supply Project.

The Second Supply Project consists of the following components:

- (i) Water from the exercise of Tacoma Water’s Second Diversion Water Right (up to 100 cfs);
- (ii) the Second Supply Pipeline commencing at the Headworks and continuing to Tacoma’s Pipeline no. 4 near the Portland Avenue Reservoir (approximately thirty-four miles with a nominal capacity of seventy-two mgd);
- (iii) Improvements made at the headworks diversion dam and intake
- (iv) Second Supply Project fisheries and environmental enhancements
- (v) the right to store water as a result of the Howard Hanson Dam Additional Storage Project (up to 20,000 acre-feet per year of municipal water supply storage available for withdrawal during each Operating Year in Phase I and options to participate in Phase II); and
- (vi) the expansion of existing or the construction of additional Treatment Facilities (disinfection, pH adjustment, fluoridation, and ozone)

In addition to increasing water supply, the Second Supply Project increases flexibility and reliability of water delivery in both Tacoma Water’s and the other Participants’ service areas.

### Debt Overview

<b>Issue Amount:</b>	\$14,790,000
<b>Issue Date:</b>	5/7/2013
<b>CUSIP:</b>	87354TBH7, 87354TBJ3, 87354TBK0, 87354TBL8, 87354TBM6, 87354TBN4, 87354TBP9, 87354TBQ7, 87354TBR5, 87354TBS3, 87354TBT1, 87354TBU8, 87354TBV6, 87354TBW4, 87354TBX2, 87354TBY0, 87354TBZ7, 87354TCA1, 87354TCB9, 87354TCC7
<b>Ratings:</b>	Moody’s: Aa2 Standard & Poor’s: AA
<b>Principal Pymt Dates:</b>	December 1, 2013 – 2032
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2014 – 2032
<b>Debt Service Balance:</b>	<b>Principal:</b> \$13,930,000 <b>Interest:</b> \$6,481,350 <b>Total:</b> \$20,411,350 (as of 12/31/2017)
<b>Call Date:</b>	Callable after 12/01/2023 with no premium
<b>Bond Underwriters:</b>	Goldman, Sachs & Co
<b>Bond Counsel:</b>	Foster Pepper PLLC
<b>Financial Advisor:</b>	A. Dashen & Associates and SDM Advisors Inc.

### Debt Service Balance by Funding Source

**Water Fund (4100) – \$20,411,350**

**Total Debt Service Balance: \$20,411,350**

## Debt Service Schedule

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
<b>6/1/2013</b>				
<b>12/1/2013</b>	175,000	434,250.00	609,250.00	609,250.00
<b>6/1/2014</b>		343,025.00	343,025.00	
<b>12/1/2014</b>	205,000	343,025.00	548,025.00	891,050.00
<b>6/1/2015</b>		337,900.00	337,900.00	
<b>12/1/2015</b>	235,000	337,900.00	572,900.00	910,800.00
<b>6/1/2016</b>		332,025.00	332,025.00	
<b>12/1/2016</b>	110,000	332,025.00	442,025.00	774,050.00
<b>6/1/2017</b>		329,275.00	329,275.00	
<b>12/1/2017</b>	135,000	329,275.00	464,275.00	793,550.00
<b>6/1/2018</b>		325,900.00	325,900.00	
<b>12/1/2018</b>	125,000	325,900.00	450,900.00	776,800.00
<b>6/1/2019</b>		322,775.00	322,775.00	
<b>12/1/2019</b>	345,000	322,775.00	667,775.00	990,550.00
<b>6/1/2020</b>		314,150.00	314,150.00	
<b>12/1/2020</b>	365,000	314,150.00	679,150.00	993,300.00
<b>6/1/2021</b>		305,025.00	305,025.00	
<b>12/1/2021</b>	380,000	305,025.00	685,025.00	990,050.00
<b>6/1/2022</b>		295,525.00	295,525.00	
<b>12/1/2022</b>	400,000	295,525.00	695,525.00	991,050.00
<b>6/1/2023</b>		285,525.00	285,525.00	
<b>12/1/2023</b>	420,000	285,525.00	705,525.00	991,050.00
<b>6/1/2024</b>		275,025.00	275,025.00	
<b>12/1/2024</b>	1,090,000	275,025.00	1,365,025.00	1,640,050.00
<b>6/1/2025</b>		247,775.00	247,775.00	
<b>12/1/2025</b>	1,150,000	247,775.00	1,397,775.00	1,645,550.00
<b>6/1/2026</b>		219,025.00	219,025.00	
<b>12/1/2026</b>	1,200,000	219,025.00	1,419,025.00	1,638,050.00
<b>6/1/2027</b>		189,025.00	189,025.00	
<b>12/1/2027</b>	1,260,000	189,025.00	1,449,025.00	1,638,050.00
<b>6/1/2028</b>		157,525.00	157,525.00	
<b>12/1/2028</b>	1,325,000	157,525.00	1,482,525.00	1,640,050.00
<b>6/1/2029</b>		124,400.00	124,400.00	
<b>12/1/2029</b>	1,400,000	124,400.00	1,524,400.00	1,648,800.00
<b>6/1/2030</b>		89,400.00	89,400.00	
<b>12/1/2030</b>	1,465,000	89,400.00	1,554,400.00	1,643,800.00
<b>6/1/2031</b>		60,100.00	60,100.00	
<b>12/1/2031</b>	1,530,000	60,100.00	1,590,100.00	1,650,200.00
<b>6/1/2032</b>		29,500.00	29,500.00	
<b>12/1/2032</b>	1,475,000	29,500.00	1,504,500.00	1,534,000.00
	<b>14,790,000.00</b>	<b>9,600,050.00</b>	<b>24,390,050</b>	<b>24,390,050</b>

## 2015 SMG Capital Loan

**Purpose:** SMG agrees to loan the City up to \$500,000 for capital improvement and capital purchases for the ShoWare Center. This loan is non-interest bearing and is to be repaid in equal installments over a ten year period (2015-2024) with an amortization schedule created for each funds installment from SMG.

- Menu Boards	\$57,676.56
- LED Lighting	107,685.80
- Carving Station	<u>35,060.81</u>
TOTAL	<u>\$200,423.17</u>

### Debt Overview

<b>Issue Amount:</b>	\$200,423.17 (Up to \$500,000)
<b>Date of Loan:</b>	1/1/2015
<b>Interest Rate:</b>	0.00%
<b>Principal Pymt Dates:</b>	December 31, 2015 – 2024
<b>Debt Service Balance:</b>	<b>Principal:</b> \$173,569 <b>Total:</b> \$173,569 (as of 12/31/2017)

### Debt Service Balance by Funding Source

**Events Center (1950) – \$173,569**

**Total Debt Service Balance: \$173,569**

### Debt Service Schedule

Period Ending	Beginning Balance	Principal Payment	New Balance
<b>12/31/2016</b>	18,523.62	2,058.18	16,465.44
<b>12/31/2017</b>	198,364.99	24,795.62	173,569.37
<b>12/31/2018</b>	173,569.37	24,795.62	148,773.75
<b>12/31/2019</b>	148,773.75	24,795.62	123,978.13
<b>12/31/2020</b>	123,978.13	24,795.62	99,182.51
<b>12/31/2021</b>	99,182.51	24,795.62	74,386.89
<b>12/31/2022</b>	74,386.89	24,795.62	49,591.27
<b>12/31/2023</b>	49,591.27	24,795.62	24,795.65
<b>12/31/2024</b>	24,795.65	24,795.62	-
		<b>200,423.17</b>	

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# REVENUE DEBT

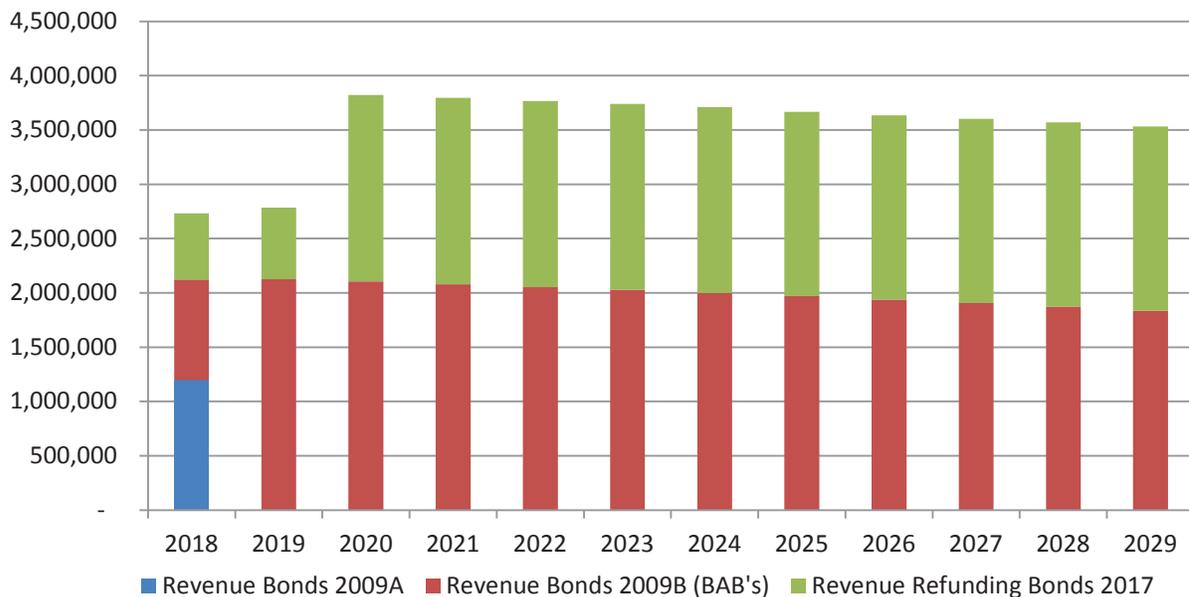
The outstanding debt service on the City’s revenue bond debt is \$42,363,125. The additional debt is due to the crossover refunding that processed in 2017. During a crossover refunding the resources placed in escrow are dedicated to the repayment of principal and interest on the refunding debt until maturity or call date. The crossover refunding benefits the City in two ways: 1) the City will continue to receive the “BABs” interest subsidy from the IRS and 2) we lock in a lower interest rate for the bonds being refunded. Meanwhile, the City will continue to use its pledged revenue stream to pay interest payments (no principal payments due until 12/1/19) on the 2009 Revenue Bonds. It is only when the 2009 Revenue Bonds are called or mature (crossover date) that the pledged revenue stream legally “crosses over” to secure the repayment of the refunding debt (crossover refunding). Both Bonds are shown in their entirety until the call date on 12/1/2019. The last table in this section shows the City liability and payments once the refunding occurs on 12/1/2019.

Revenue bonds are typically issued to fund improvements to facilities or systems and can be either a voted or non-voted type of debt. The debt is secured solely by the pledge of a specific revenue stream, such as utility user fees, and is not part of the debt capacity calculation

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>Revenue Bonds:</b>				
2009	Revenue Bond, Series A	Water/Sewer Funds	\$ 1,197,000	2018
2009	Revenue Bond, Series B (BAB's)	Water/Sewer Funds	\$ 22,841,050	2029
2017	Revenue Refunding Bonds (2009B)*	Water/Sewer Funds	\$ 18,325,075	2029
			<u>\$ 42,363,125</u>	

\*The refunded and refunding debt are both shown here as required for a crossover refunding.

The following chart shows the annual debt service payment by debt issuance.



The next two tables represent the City's outstanding revenue debt by payment year and detail the debt service amount by principal and interest and the responsible fund for making debt payments. The first table includes 2009 Revenue A&B Series Bonds and the 2017 Revenue Refunding Bonds. Although we are processing a crossover refunding, both bonds need to be shown in their entirety until the call date on 12/1/2019. The second table shows the City liability and payments once the refunding occurs in 12/1/2019.

#### Revenue Bonds

Year	<u>Water Revenue Bonds</u>		<u>Sewerage Revenue Bonds</u>		Total
	Principal	Interest	Principal	Interest	
2018	570,000	795,860	570,000	795,860	2,731,720
2019	600,000	792,072	600,000	792,072	2,784,145
2020	1,150,000	761,712	1,150,000	761,712	3,823,425
2021	1,197,500	700,430	1,197,500	700,430	3,795,861
2022	1,247,500	636,636	1,247,500	636,636	3,768,272
2023-2027	7,060,000	2,118,777	7,060,000	2,118,777	18,357,554
2028-2032	3,275,000	276,075	3,275,000	276,075	7,102,150
2033-2037	-	-	-	-	-
Total	15,100,000	6,081,563	15,100,000	6,081,563	42,363,125

#### Revenue Bonds

Year	<u>Water Revenue Bonds</u>		<u>Sewerage Revenue Bonds</u>		Total
	Principal	Interest	Principal	Interest	
2018	570,000	795,860	570,000	795,860	2,731,720
2019	600,000	792,072	600,000	792,072	2,784,145
2020	530,000	329,500	530,000	329,500	1,719,000
2021	555,000	303,000	555,000	303,000	1,716,000
2022	582,500	275,250	582,500	275,250	1,715,500
2023-2027	3,345,000	911,250	3,345,000	911,250	8,512,500
2028-2032	1,577,500	119,250	1,577,500	119,250	3,393,500
2033-2037	-	-	-	-	-
Total	7,760,000	3,526,182	7,760,000	3,526,182	22,572,364

The following pages provide individual detail including the purpose and history of the bond issuance and debt schedule on all of the City's revenue bond debt.

## 2009 Revenue Bonds, Series A

**Purpose:** The proceeds of the Bonds will be used (a) to finance capital improvements to the City's water collection and distribution system, the sanitary sewerage collection and disposal system, and the storm and surface water utility, and (b) to pay costs of issuance of the Bonds. The capital improvement projects to be financed with proceeds of the Bonds include, but are not limited to, levee improvements, pipe replacements, roadway and storm drainage improvements, National Pollutant Discharge Elimination System ("NPDES") Phase II Permit implementation, flood control projects, wetland and habitat improvements, pump station improvements, detention dam improvements, sewer and drainage infrastructure replacements and improvements, and other capital improvements to the System.

### Debt Overview

<b>Issue Amount:</b>	\$9,120,000
<b>Issue Date:</b>	9/03/2009
<b>CUSIP:</b>	490748AA8, 490748AB6, 490748AC4, 490748AD2, 490748AE0 490748AF7, 490748AG5, 490748AH3, 490748AJ9, 490748AK6
<b>Ratings:</b>	Standard & Poor's: AA
<b>Principal Pymt Dates:</b>	December 1, 2009 – 2018
<b>Interest Pymt Dates:</b>	December 1, 2009, June 1 and December 1, 2010 – 2018
<b>Debt Service Balance:</b>	<b>Principal:</b> 1,140,000 <b>Interest:</b> \$57,000 <b>Total:</b> \$1,197,000 (as of 12/31/2017)
<b>Call Date:</b>	Not Callable
<b>Bond Underwriters:</b>	Piper Jaffray & Co., Barclays Capital Inc. & Siebert Brandford Shank & Co., LLC
<b>Bond Counsel:</b>	K&L Gates LLP
<b>Financial Advisor:</b>	Seattle-Northwest Securities Corporation

### Debt Service Balance by Funding Source

**Water Fund** (4100) - \$598,500

**Sewer Fund** (4400) - \$598,500

**Total Debt Service:** \$1,197,000

## Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>12/1/2009</b>	210,000	3.00%	82,585.56	292,585.56	292,585.56
<b>6/1/2010</b>			165,775.00	165,775.00	
<b>12/1/2010</b>	865,000	3.00%	165,775.00	1,030,775.00	1,196,550.00
<b>6/1/2011</b>			152,800.00	152,800.00	
<b>12/1/2011</b>	895,000	3.00%	152,800.00	1,047,800.00	1,200,600.00
<b>6/1/2012</b>			139,375.00	139,375.00	
<b>12/1/2012</b>	920,000	3.00%	139,375.00	1,059,375.00	1,198,750.00
<b>6/1/2013</b>			125,575.00	125,575.00	
<b>12/1/2013</b>	945,000	3.00%	125,575.00	1,070,575.00	1,196,150.00
<b>6/1/2014</b>			111,400.00	111,400.00	
<b>12/1/2014</b>	975,000	4.00%	111,400.00	1,086,400.00	1,197,800.00
<b>6/1/2015</b>			91,900.00	91,900.00	
<b>12/1/2015</b>	1,015,000	4.00%	91,900.00	1,106,900.00	1,198,800.00
<b>6/1/2016</b>			71,600.00	71,600.00	
<b>12/1/2016</b>	1,055,000	4.00%	71,600.00	1,126,600.00	1,198,200.00
<b>6/1/2017</b>			50,500.00	50,500.00	
<b>12/1/2017</b>	1,100,000	4.00%	50,500.00	1,150,500.00	1,201,000.00
<b>6/1/2018</b>			28,500.00	28,500.00	
<b>12/1/2018</b>	1,140,000	5.00%	28,500.00	1,168,500.00	1,197,000.00
	<b>9,120,000.00</b>		<b>1,957,435.56</b>	<b>11,077,435.56</b>	<b>11,077,435.56</b>

## 2009 Revenue Bonds, Series B

**Purpose:** The City has elected to treat the Series B bonds as “Build America Bonds”. The proceeds of the Bonds will be used (a) to finance capital improvements to the City’s water collection and distribution system, the sanitary sewerage collection and disposal system, and the storm and surface water utility, and (b) to pay costs of issuance of the Bonds. The capital improvement projects to be financed with proceeds of the Bonds include, but are not limited to, levee improvements, pipe replacements, roadway and storm drainage improvements, National Pollutant Discharge Elimination System (“NPDES”) Phase II Permit implementation, flood control projects, wetland and habitat improvements, pump station improvements, detention dam improvements, sewer and drainage infrastructure replacements and improvements, and other capital improvements to the System.

**Crossover Refunding:** During a crossover refunding the resources placed in escrow are dedicated to the repayment of principal and interest on the refunding debt until maturity or call date. The crossover refunding benefits the City in two ways: 1) the City will continue to receive the “BABs” interest subsidy from the IRS and 2) we lock in a lower interest rate for the bonds being refunded. Meanwhile, the City will continue to use its pledged revenue stream to pay interest payments (no principal payments due until 12/1/19) on the 2009 Revenue Bonds. It is only when the 2009 Revenue Bonds are called or mature (crossover date) that the pledged revenue stream legally “crosses over” to secure the repayment of the refunding debt (crossover refunding).

### Debt Overview

<b>Issue Amount:</b>	\$15,880,000 (Taxable – Build America Bonds)
<b>Issue Date:</b>	9/03/2009
<b>CUSIP:</b>	490748AL4, 490748AM2, 490748AN0
<b>Ratings:</b>	Standard & Poor’s: AA
<b>Principal Pymt Dates:</b>	December 1, 2019 – 2029
<b>Interest Pymt Dates:</b>	December 1, 2009, June 1 and December 1, 2010 – 2029
<b>Debt Service Balance:</b>	<b>Principal:</b> \$15,880,000 <b>Interest:</b> \$6,961,050 <b>Total:</b> \$22,841,050 (as of 12/31/2017)
<b>Call Date:</b>	12/1/2019
<b>Bond Underwriters:</b>	Piper Jaffray & Co., Barclays Capital Inc. & Siebert Brandford Shank & Co., LLC
<b>Bond Counsel:</b>	K&L Gates LLP
<b>Financial Advisor:</b>	Seattle-Northwest Securities Corporation

### Debt Service Balance by Funding Source

**Water Fund (4100)** – \$11,420,525

**Sewer Fund (4400)** – \$11,420,525

**Total Debt Service Balance:** \$22,841,050

## Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>12/1/2009</b>			226,146.43	226,146.43	226,146.43
<b>6/1/2010</b>			462,572.25	462,572.25	
<b>12/1/2010</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2011</b>			462,572.25	462,572.25	
<b>12/1/2011</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2012</b>			462,572.25	462,572.25	
<b>12/1/2012</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2013</b>			462,572.25	462,572.25	
<b>12/1/2013</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2014</b>			462,572.25	462,572.25	
<b>12/1/2014</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2015</b>			462,572.25	462,572.25	
<b>12/1/2015</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2016</b>			462,572.25	462,572.25	
<b>12/1/2016</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2017</b>			462,572.25	462,572.25	
<b>12/1/2017</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2018</b>			462,572.25	462,572.25	
<b>12/1/2018</b>			462,572.25	462,572.25	925,144.50
<b>6/1/2019</b>			462,572.25	462,572.25	
<b>12/1/2019</b>	1,200,000	5.06%	462,572.25	1,662,572.25	2,125,144.50
<b>6/1/2020</b>			432,212.25	432,212.25	
<b>12/1/2020</b>	1,240,000	5.61%	432,212.25	1,672,212.25	2,104,424.50
<b>6/1/2021</b>			397,430.25	397,430.25	
<b>12/1/2021</b>	1,285,000	5.61%	397,430.25	1,682,430.25	2,079,860.50
<b>6/1/2022</b>			361,386.00	361,386.00	
<b>12/1/2022</b>	1,330,000	5.61%	361,386.00	1,691,386.00	2,052,772.00
<b>6/1/2023</b>			324,079.50	324,079.50	
<b>12/1/2023</b>	1,380,000	5.61%	324,079.50	1,704,079.50	2,028,159.00
<b>6/1/2024</b>			285,370.50	285,370.50	
<b>12/1/2024</b>	1,430,000	5.61%	285,370.50	1,715,370.50	2,000,741.00

## Bond Debt Service Schedule (Cont.)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>6/1/2025</b>			245,259.00	245,259.00	
<b>12/1/2025</b>	1,480,000	6.12%	245,259.00	1,725,259.00	1,970,518.00
<b>6/1/2026</b>			199,971.00	199,971.00	
<b>12/1/2026</b>	1,540,000	6.12%	199,971.00	1,739,971.00	1,939,942.00
<b>6/1/2027</b>			152,847.00	152,847.00	
<b>12/1/2027</b>	1,600,000	6.12%	152,847.00	1,752,847.00	1,905,694.00
<b>6/1/2028</b>			103,887.00	103,887.00	
<b>12/1/2028</b>	1,665,000	6.12%	103,887.00	1,768,887.00	1,872,774.00
<b>6/1/2029</b>			52,938.00	52,938.00	
<b>12/1/2029</b>	1,730,000	6.12%	52,938.00	1,782,938.00	1,835,876.00
	<b>15,880,000.00</b>		<b>14,588,352.43</b>	<b>30,468,352.43</b>	<b>30,468,352.43</b>

## 2017 Revenue Refunding Bonds

**Purpose:** The proceeds of the sale of the Bonds will be used (i) to refund the City’s outstanding 2009B Revenue (BAB) bonds to obtain the benefit of debt service savings and (ii) to pay costs of issuance for the Bonds.

**History:** The City has elected to treat the Series B bonds as “**Build America Bonds (BABs)**”. The proceeds of the Bonds will be used (a) to finance capital improvements to the City’s water collection and distribution system, the sanitary sewerage collection and disposal system, and the storm and surface water utility, and (b) to pay costs of issuance of the Bonds. The capital improvement projects to be financed with proceeds of the Bonds include, but are not limited to, levee improvements, pipe replacements, roadway and storm drainage improvements, National Pollutant Discharge Elimination System (“NPDES”) Phase II Permit implementation, flood control projects, wetland and habitat improvements, pump station improvements, detention dam improvements, sewer and drainage infrastructure replacements and improvements, and other capital improvements to the System.

**Crossover Refunding:** During a crossover refunding the resources placed in escrow are dedicated to the repayment of principal and interest on the refunding debt until maturity or call date. The crossover refunding benefits the City in two ways: 1) the City will continue to receive the “BABs” interest subsidy from the IRS and 2) we lock in a lower interest rate for the bonds being refunded. Meanwhile, the City will continue to use its pledged revenue stream to pay interest payments (no principal payments due until 12/1/19) on the 2009 Revenue Bonds. It is only when the 2009 Revenue Bonds are called or mature (crossover date) that the pledged revenue stream legally “crosses over” to secure the repayment of the refunding debt (crossover refunding).

### Debt Overview

<b>Issue Amount:</b>	\$13,180,000
<b>Issue Date:</b>	12/28/2017
<b>CUSIP:</b>	490748AP5, 490748AQ3, 490748AR1, 490748AS9, 490748AT7, 490748AU4, 490748AV2, 490748AW0, 490748AX8, 490748AY6
<b>Ratings:</b>	S&P Rating: AA
<b>Principal Pymt Dates:</b>	December 1, 2020 – 2029
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2018 – 2029 (2018 & 6/1/2019 paid out of escrow)
<b>Debt Service Balance:</b>	<b>Principal:</b> \$13,180,000 <b>Interest:</b> \$5,145,075 <b>Total:</b> 18,325,075 (as of 12/31/2017)
<b>Call Date:</b>	12/1/2027
<b>Bond Underwriters:</b>	KeyBanc Capital Markets Inc.
<b>Bond Counsel:</b>	Pacifica Law Group LLP
<b>Financial Advisor:</b>	Piper Jaffray & Co.

### Debt Service Balance by Funding Source

**Water Fund** (4100) – \$9,162,538

**Sewer Fund** (4400) – \$9,162,537

**Total Debt Service Balance:** \$18,325,075

## Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
6/1/2018			280,075.00	280,075.00	
12/1/2018			329,500.00	329,500.00	609,575.00
6/1/2019			329,500.00	329,500.00	
12/1/2019			329,500.00	329,500.00	659,000.00
6/1/2020			329,500.00	329,500.00	
12/1/2020	1,060,000	5.00%	329,500.00	1,389,500.00	1,719,000.00
6/1/2021			303,000.00	303,000.00	
12/1/2021	1,110,000	5.00%	303,000.00	1,413,000.0	1,716,000.00
6/1/2022			275,250.00	275,250.00	
12/1/2022	1,165,000	5.00%	275,250.00	1,440,250.00	1,715,500.00
6/1/2023			246,125.00	246,125.00	
12/1/2023	1,220,000	5.00%	246,125.00	1,466,125.00	1,712,250.00
6/1/2024			215,625.00	215,625.00	
12/1/2024	1,280,000	5.00%	215,625.00	1,495,625.00	1,711,250.00
6/1/2025			183,625.00	183,625.00	
12/1/2025	1,330,000	5.00%	183,625.00	1,513,625.00	1,697,250.00
6/1/2026			150,375.00	150,375.00	
12/1/2026	1,395,000	5.00%	150,375.00	1,545,375.00	1,695,750.00
6/1/2027			115,500.00	115,500.00	
12/1/2027	1,465,000	5.00%	115,500.00	1,580,500.00	1,696,000.00
6/1/2028			78,875.00	78,875.00	
12/1/2028	1,540,000	5.00%	78,875.00	1,618,875.00	1,697,750.00
6/1/2029			40,375.00	40,375.00	
12/1/2029	1,615,000	5.00%	40,375.00	1,655,375.00	1,695,750.00
	<b>13,180,000.00</b>		<b>5,145,075.00</b>	<b>18,325,075.00</b>	<b>18,325,075.00</b>

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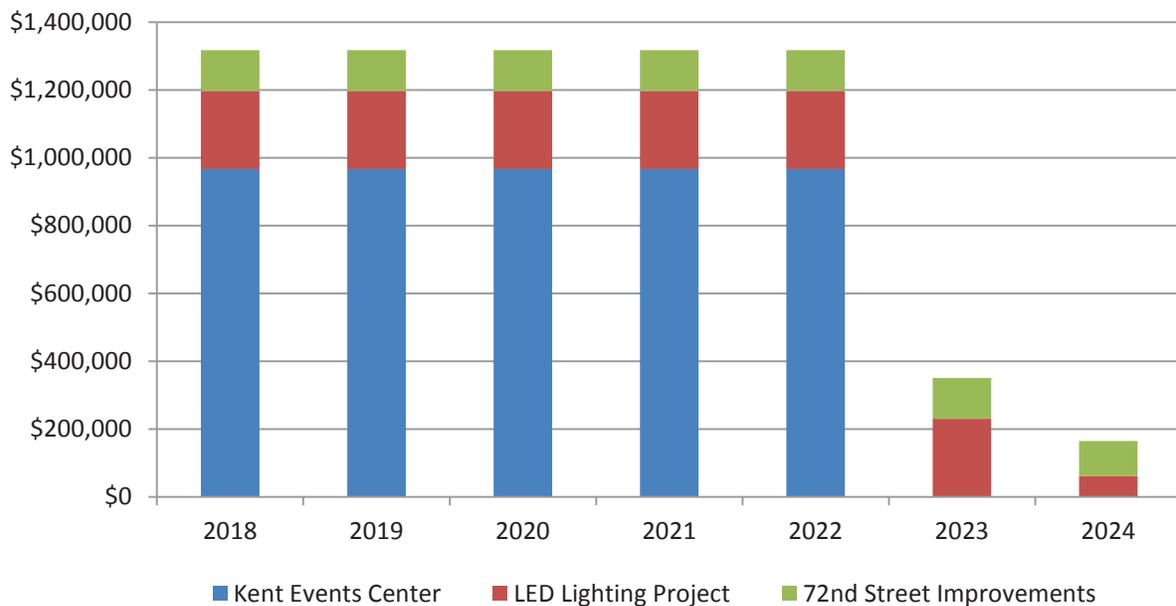


# INTERFUND LOANS

The outstanding balance on the City’s internal loans is \$7,098,067. The City may use interfund loans rather than issuing outside debt to fund particular capital projects. The decision to use an interfund loan is based on several factors which include that there is capacity to fund the loan with no impact to the operations of the loaning fund and that the interfund loan is more cost effective. All interfund loans will bear interest not less than the prevailing LGIP (Local Government Investment Pool) rate. The City’s internal loans can be seen in the chart below.

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>Interfund Loans:</b>				
2012	Sewerage to Capital Resources	Capital Resources	\$ 1,668,947	2022
2012	Water to Capital Resources	Capital Resources	\$ 1,668,947	2022
2012	Insurance to Capital Resources	Capital Resources	\$ 1,495,682	2022
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	General Fund	\$ 1,441,804	2024
2016	Sewer to Street Capital Projects	Street Fund	\$ 822,687	2024
			<u>\$ 7,098,067</u>	

The chart below represents the annual debt service for the City’s internal loans.



The following pages provide individual detail on all of the City’s interfund loans.

## 2012 Interfund Loan Sewerage to Capital Resources

**Purpose:** This note is necessary to help cover & retire \$9,702,213.41 debt carried by the Other Capital Projects Fund. The city has dedicated a 2% utility tax on the city’s water, sewer and drainage utilities solely to the repayment of three loans to Capital Resources (from Sewerage, Water & Insurance).

### Debt Overview

<b>Issue Amount:</b>	\$3,350,000
<b>Date of Loan:</b>	12/31/2012
<b>Interest Rate:</b>	1.52%
<b>Principal Pymt Dates:</b>	December 31, 2013 – 2022
<b>Interest Pymt Dates:</b>	December 31, 2013 – 2022
<b>Debt Service Balance:</b>	<b>Principal:</b> \$1,595,462 <b>Interest:</b> \$73,485 <b>Total:</b> \$1,668,947 (as of 12/31/2017)
<b>Ordinance Number:</b>	4062

### Debt Service Balance by Funding Source

**Capital Resources Fund (1500) - \$1,668,947**  
**Total Debt Service Balance - \$1,668,947**

### Repayment Schedule

Period Ending	Principal	Interest	Debt Service
<b>12/31/2013</b>	355,867.44	50,920.00	406,787.44
<b>12/31/2014</b>	383,716.54	45,510.81	429,227.35
<b>12/31/2015</b>	409,711.71	39,678.32	449,390.03
<b>12/31/2016</b>	300,338.61	33,450.71	333,789.32
<b>12/31/2017</b>	304,903.76	28,885.56	333,789.32
<b>12/31/2018</b>	309,538.30	24,251.02	333,789.32
<b>12/31/2019</b>	314,243.28	19,546.04	333,789.32
<b>12/31/2020</b>	319,019.78	14,769.54	333,789.32
<b>12/31/2021</b>	323,868.88	9,920.44	333,789.32
<b>12/31/2022</b>	328,791.69	4,997.63	333,789.32
	3,350,000.00	271,930.07	3,621,930.07

## 2012 Interfund Loan Water to Capital Resources

**Purpose:** This note is necessary to help cover & retire \$9,702,213.41 debt carried by the Other Capital Projects Fund. The city has dedicated a 2% utility tax on the city’s water, sewer and drainage utilities solely to the repayment of three loans to Capital Resources (from Sewerage, Water & Insurance).

### Debt Overview

<b>Issue Amount:</b>	\$3,350,000
<b>Date of Loan:</b>	12/31/2012
<b>Interest Rate:</b>	1.52%
<b>Principal Pymt Dates:</b>	December 31, 2013 – 2022
<b>Interest Pymt Dates:</b>	December 31, 2013 – 2022
<b>Debt Service Balance:</b>	<b>Principal:</b> \$1,595,462 <b>Interest:</b> \$73,485 <b>Total:</b> \$1,668,947 (as of 12/31/2017)
<b>Ordinance Number:</b>	4062

### Debt Service Balance by Funding Source

**Capital Resources Fund (1500) – \$1,668,947**  
**Total Debt Service Balance - \$1,668,947**

### Repayment Schedule

Period Ending	Principal	Interest	Debt Service
<b>12/31/2013</b>	355,867.44	50,920.00	406,787.44
<b>12/31/2014</b>	383,716.54	45,510.81	429,227.35
<b>12/31/2015</b>	409,711.71	39,678.32	449,390.03
<b>12/31/2016</b>	300,338.61	33,450.71	333,789.32
<b>12/31/2017</b>	304,903.76	28,885.56	333,789.32
<b>12/31/2018</b>	309,538.30	24,251.02	333,789.32
<b>12/31/2019</b>	314,243.28	19,546.04	333,789.32
<b>12/31/2020</b>	319,019.78	14,769.54	333,789.32
<b>12/31/2021</b>	323,868.88	9,920.44	333,789.32
<b>12/31/2022</b>	328,791.69	4,997.63	333,789.32
	<b>3,350,000.00</b>	<b>271,930.07</b>	<b>3,621,930.07</b>

## 2012 Interfund Loan Insurance to Capital Resources

**Purpose:** This note is necessary to help cover & retire \$9,702,213.41 debt carried by the Other Capital Projects Fund. The city has dedicated a 2% utility tax on the city's water, sewer and drainage utilities solely to the repayment of three loans to Capital Resources (from Sewerage, Water & Insurance).

### Debt Overview

<b>Issue Amount:</b>	\$3,002,213.41
<b>Date of Loan:</b>	12/31/2012
<b>Interest Rate:</b>	1.52%
<b>Principal Pymt Dates:</b>	December 31, 2013 – 2022
<b>Interest Pymt Dates:</b>	December 31, 2013 – 2022
<b>Debt Service Balance:</b>	<b>Principal:</b> \$1,429,826 <b>Interest:</b> \$65,856 <b>Total:</b> \$1,495,682 (as of 12/31/2017)
<b>Ordinance Number:</b>	4062

### Debt Service Balance by Funding Source

Capital Resources Fund (1500) - \$1,495,682

**Total Debt Service Balance - \$1,495,682**

### Repayment Schedule

Period Ending	Principal	Interest	Debt Service
<b>12/31/2013</b>	318,922.40	45,633.64	364,556.04
<b>12/31/2014</b>	343,880.28	40,786.02	384,666.30
<b>12/31/2015</b>	367,176.71	35,559.04	402,735.75
<b>12/31/2016</b>	269,158.39	29,977.96	299,136.35
<b>12/31/2017</b>	273,249.60	25,886.75	299,136.35
<b>12/31/2018</b>	277,402.99	21,733.36	299,136.35
<b>12/31/2019</b>	281,619.52	17,516.83	299,136.35
<b>12/31/2020</b>	285,900.14	13,236.21	299,136.35
<b>12/31/2021</b>	290,245.82	8,890.53	299,136.35
<b>12/31/2022</b>	294,657.56	4,478.79	299,136.35
	<b>3,002,213.41</b>	<b>243,699.13</b>	<b>3,245,912.54</b>

## 2015 Interfund Loan – Sewer & Insurance to Street Capital Projects

**Purpose:** The project is to replace all City owned street lights to LED lighting. Funding for the project was \$1,800,000 in interfund loans (\$1,000,000 from the Sewer Utility and \$800,000 from the Self-Insurance Fund), a grant from the WA State Department of Commerce for \$375,000, and rebates from Puget Sound Electric of \$445,000. The interfund loans will be repaid from the General Fund with \$230,000 annual savings in street light electric costs with the LED lights.

### Debt Overview

<b>Issue Amount:</b>	\$1,800,000
<b>Date of Loan:</b>	4/30/2015
<b>Interest Rate:</b>	1.2% or annualized interest rate earned on investments in the LGIP
<b>Principal Pymt Dates:</b>	December 31, 2016 – 2024
<b>Interest Pymt Dates:</b>	December 31, 2016 – 2024
<b>Debt Service Balance:</b>	<b>Principal:</b> \$1,380,699 <b>Interest:</b> \$61,105 <b>Total:</b> \$1,441,804 (as of 12/31/2017)
<b>Ordinance:</b>	4148

### Debt Service Balance by Funding Source

General Fund (1000) – \$1,441,804

**Total Debt Service Balance - \$1,441,804**

### Combined Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2016	208,400.00	NA	21,600.00	230,000.00
12/31/2017	210,900.80		19,099.20	230,000.00
12/31/2018	213,431.61		16,568.39	230,000.00
12/31/2019	215,992.79		14,007.21	230,000.00
12/31/2020	218,584.70		11,415.30	230,000.00
12/31/2021	221,207.72		8,792.28	230,000.00
12/31/2022	223,862.21		6,137.79	230,000.00
12/31/2023	226,548.56		3,451.44	230,000.00
12/31/2024	61,071.61		732.86	61,804.47
	<b>1,800,000.00</b>		<b>101,804.47</b>	<b>1,901,804.50</b>

## Sewer Debt Schedule

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2016	115,777.78	NA	12,000.00	127,777.78
12/31/2017	117,167.11		10,610.67	127,777.78
12/31/2018	118,573.12		9,204.66	127,777.78
12/31/2019	119,996.00		7,781.78	127,777.78
12/31/2020	121,435.95		6,341.83	127,777.78
12/31/2021	122,893.18		4,884.60	127,777.78
12/31/2022	124,367.90		3,409.88	127,777.78
12/31/2023	125,860.31		1,917.47	127,777.78
12/31/2024	33,928.65		407.14	34,335.79
	<b>1,000,000.00</b>		<b>56,558.03</b>	<b>1,056,558.03</b>

## Insurance Debt Schedule

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2016	92,622.22	NA	9,600.00	102,222.22
12/31/2017	93,733.69		8,488.53	102,222.22
12/31/2018	94,858.49		7,363.73	102,222.22
12/31/2019	95,996.79		6,225.43	102,222.22
12/31/2020	97,148.75		5,073.47	102,222.22
12/31/2021	98,314.54		3,907.68	102,222.22
12/31/2022	99,494.31		2,727.91	102,222.22
12/31/2023	100,688.25		1,533.97	102,222.22
12/31/2024	27,142.96		325.72	27,468.68
	<b>800,000.00</b>		<b>45,246.44</b>	<b>845,246.44</b>

## 2016 Interfund Loan – Sewer to Street Capital Projects

**Purpose:** The project is to widen and improve 72<sup>nd</sup> Avenue South. The funding for the project comes from a grant from WA State Transportation Improvement Board \$1,182,420, Drainage District #1 \$20,000, City matching project funds \$1,357,600, and Puget Sound Regional Fire Authority (RFA) \$1,200,000. The City entered into an interlocal agreement with the RFA whereby the RFA will remit to the City ten (10) annual payments of \$120,000. Because of the timing of the RFA funding, the City “prefunded” the project with a \$1,000,000 internal loan from the Drainage Fund. The internal loan will be repaid with the annual payments from the RFA.

### Debt Overview

<b>Issue Amount:</b>	\$1,000,000
<b>Date of Loan:</b>	3/1/2016
<b>Interest Rate:</b>	1.25% or annualized interest rate earned on investments in the LGIP
<b>Principal Pymt Dates:</b>	December 31, 2016 – 2024
<b>Interest Pymt Dates:</b>	December 31, 2016 – 2024
<b>Debt Service Balance:</b>	<b>Principal:</b> \$783,656 <b>Interest:</b> \$39,031 <b>Total:</b> \$822,687 (as of 12/31/2017)
<b>Ordinance:</b>	4197

### Debt Service Balance by Funding Source

Street Fund (1110) – \$822,687

**Total Debt Service Balance - \$822,687**

### Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2016	107,500.00	NA	12,500.00	120,000.00
12/31/2017	108,843.75		11,156.25	120,000.00
12/31/2018	110,204.30		9,795.70	120,000.00
12/31/2019	111,581.85		8,418.15	120,000.00
12/31/2020	112,976.62		7,023.38	120,000.00
12/31/2021	114,388.83		5,611.17	120,000.00
12/31/2022	115,818.69		4,181.31	120,000.00
12/31/2023	117,266.43		2,733.57	120,000.00
12/31/2024	101,419.53		1,267.74	102,687.27
	<b>1,000,000.00</b>		<b>62,687.27</b>	<b>1,062,687.27</b>

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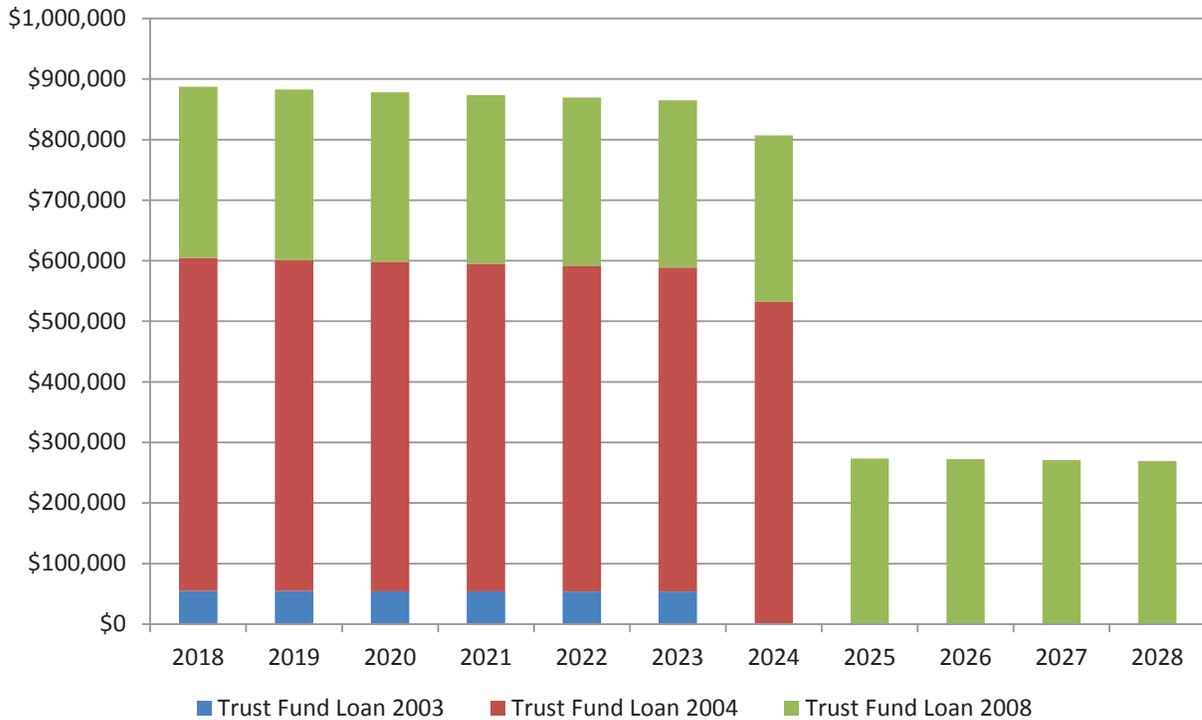


# PW TRUST FUND LOANS

The outstanding debt service on the City’s Public Works Trust Fund loans is \$7,148,866 with debt service (principal and interest) payments currently scheduled to be retired in 2028. The Public Works Trust Fund loan program provides low-interest loans to local governments to finance public infrastructure construction and rehabilitation. Eligible projects must improve public health and safety, respond to environmental issues, promote economic development, or upgrade system performance. The program is administered by the Washington State Public Works Board.

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>WA State Public Works Trust Fund Loans (General Obligation):</b>				
2003	South 228th Street Extension	Street Fund	\$ 325,779	2023
2004	South 228th Street Extension	Street/Sewer Funds	\$ 3,785,603	2024
2008	South 228th RR Grade Separations	Street Fund	\$ 3,037,484	2028
			<u>\$ 7,148,866</u>	

The following chart shows the annual debt service payment by Trust Fund loan.



The following pages provide individual detail including the purpose and history of the City’s Public Works Trust Fund debt.

## 2003 Public Works Trust Fund Loan

**Purpose:** South 228<sup>th</sup> Street Extension design objectives include:

- Design approximately 5,300 feet of new, 5-lane minor arterial street between 54<sup>th</sup> Ave S. and Military Road, including a new bridge over the Green River.
- Obtain permits for the new bridge over the Green River.
- Design for reconstruction of Military Road from 3-lanes to 5-lanes between the new intersections with S. 228<sup>th</sup> Street and SR-516.
- Complete design and coordinate with neighborhood groups to install a noise wall along The Lakes residential area (near 54<sup>th</sup> Ave S.)
- Design a new traffic signal at Military Road/SR 516.
- Design a new traffic signal at S. 228<sup>th</sup> Street/57<sup>th</sup> Avenue S.
- Design a new traffic signal at S. 228<sup>th</sup> Street/Military Road
- Complete design and obtain approval for wetland creation/restoration of 4.65 acres, enhancement of 9.35 acres, and upland/buffer restoration of 3.0 acres of wetland area to offset 1.94 acres of wetland fill.
- Design and permit new storm water detention/treatment facilities

**History:** The City secured this loan from the WA State Public Works Board in June of 2003.

### Debt Overview

<b>Issue Amount:</b>	\$1,000,000
<b>Date of Loan:</b>	6/30/2003
<b>Interest Rate:</b>	0.5000% (Simple)
<b>Principal Pymt Dates:</b>	June 1, 2004 – 2023
<b>Interest Pymt Dates:</b>	June 1, 2004 – 2023
<b>Debt Service Balance:</b>	<b>Principal:</b> \$320,176 <b>Interest:</b> \$5,603 <b>Total:</b> \$325,779 (as of 12/31/2017)

### Debt Service Balance by Funding Source

**Street Fund (1110) - \$325,779**

**Total Debt Service: \$325,779**

## Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
7/1/2004		177.08	177.08
7/1/2005	39,473.68	3,750.00	43,223.68
7/1/2006	53,362.57	3,889.44	57,252.01
7/1/2007	53,362.57	4,535.82	57,898.39
7/1/2008	53,362.58	4,269.01	57,631.59
7/1/2009	53,362.58	4,002.19	57,364.77
7/1/2010	53,362.57	3,735.38	57,097.95
7/1/2011	53,362.57	3,468.57	56,831.14
7/1/2012	53,362.57	3,201.75	56,564.32
7/1/2013	53,362.57	2,934.94	56,297.51
7/1/2014	53,362.57	2,668.13	56,030.70
6/1/2015	53,362.57	2,201.21	55,563.78
6/1/2016	53,362.57	2,134.50	55,497.07
6/1/2017	53,362.58	1,867.69	55,230.27
6/1/2018	53,362.58	1,600.88	54,963.46
6/1/2019	53,362.57	1,334.06	54,696.63
6/1/2020	53,362.57	1,067.25	54,429.82
6/1/2021	53,362.58	800.44	54,163.02
6/1/2022	53,362.57	533.63	53,896.20
6/1/2023	53,362.58	266.81	53,629.39
	<b>1,000,000.00</b>	<b>48,438.78</b>	<b>1,048,438.78</b>

## 2004 Public Works Trust Fund Loan

**Purpose:** South 228<sup>th</sup> Street Extension design objectives include:

- Design approximately 5,300 feet of new, 5-lane minor Arterial Street between 54<sup>th</sup> Ave S. and Military Road, including a new bridge over the Green River.
- Obtain permits for the new bridge over the Green River.
- Design for reconstruction of Military Road from 3-lanes to 5-lanes between the new intersections with S. 228<sup>th</sup> Street and SR-516.
- Complete design and coordinate with neighborhood groups to install a noise wall along The Lakes residential area (near 54<sup>th</sup> Ave S.)
- Design a new traffic signal at Military Road/SR 516.
- Design a new traffic signal at S. 228<sup>th</sup> Street/57<sup>th</sup> Avenue S.
- Design a new traffic signal at S. 228<sup>th</sup> Street/Military Road
- Complete design and obtain approval for wetland creation/restoration of 4.65 acres, enhancement of 9.35 acres, and upland/buffer restoration of 3.0 acres of wetland area to offset 1.94 acres of wetland fill.
- Design and permit new storm water detention/treatment facilities

**History:** The City secured this loan from the WA State Public Works Board in June of 2004.

### Debt Overview

<b>Issue Amount:</b>	\$10,000,000
<b>Date of Loan:</b>	6/14/2004
<b>Interest Rate:</b>	0.5000% (Simple)
<b>Principal Pymt Dates:</b>	June 1, 2005 – 2024
<b>Interest Pymt Dates:</b>	June 1, 2005 – 2024
<b>Debt Service Balance:</b>	<b>Principal:</b> \$3,705,882 <b>Interest:</b> \$79,721 <b>Total:</b> \$3,785,603 (as of 12/31/2017)

### Debt Service Balance by Funding Source

<b>Street Fund</b> (1110) - \$3,249,485
<b>Sewer Fund</b> (4400) - \$536,118
<b>Total Debt Service:</b> <u>\$3,785,603</u>

## Combined Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
7/1/2005		8,305.56	8,305.56
7/1/2006	500,000.01	12,708.34	512,708.35
7/1/2007	500,000.01	45,000.01	545,000.02
7/1/2008	529,411.74	42,576.39	571,988.13
7/1/2009	529,411.77	42,352.94	571,764.71
7/1/2010	529,411.76	39,705.88	569,117.64
7/1/2011	529,411.77	37,058.82	566,470.59
7/1/2012	529,411.76	34,411.76	563,823.52
7/1/2013	529,411.77	34,699.65	564,111.42
7/1/2014	529,411.76	31,785.78	561,197.54
6/1/2015	529,411.77	26,465.92	555,877.69
6/1/2016	529,411.76	25,958.03	555,369.79
6/1/2017	529,411.77	23,044.16	552,455.93
6/1/2018	529,411.76	20,130.29	549,542.05
6/1/2019	529,411.77	17,216.41	546,628.18
6/1/2020	529,411.76	14,302.54	543,714.30
6/1/2021	529,411.77	11,388.68	540,800.45
6/1/2022	529,411.76	8,474.81	537,886.57
6/1/2023	529,411.77	5,560.93	534,972.70
6/1/2024	529,411.76	2,647.06	532,058.82
	<b>10,000,000.00</b>	<b>466,384.42</b>	<b>10,483,793.96</b>

## Split Debt Service Schedule

Period Ending	Street Fund		Sewer Fund		Debt Service
	Principal	Interest	Principal	Interest	
<b>7/1/2005</b>		7,059.73		1,245.83	8,305.56
<b>7/1/2006</b>	425,000.00	10,802.09	75,000.00	1,906.25	512,708.34
<b>7/1/2007</b>	425,000.00	38,250.01	75,000.00	6,750.00	545,000.01
<b>7/1/2008</b>	454,411.76	36,189.93	75,000.00	6,386.46	571,988.15
<b>7/1/2009</b>	454,411.77	36,000.00	75,000.00	6,352.94	571,764.71
<b>7/1/2010</b>	454,411.76	33,750.00	75,000.00	5,955.88	569,117.64
<b>7/1/2011</b>	454,411.77	31,500.00	75,000.00	5,558.82	566,470.59
<b>7/1/2012</b>	454,411.76	30,700.00	75,000.00	3,711.76	563,823.52
<b>7/1/2013</b>	454,411.77	29,934.94	75,000.00	4,764.71	564,111.42
<b>7/1/2014</b>	454,411.76	27,418.13	75,000.00	4,367.65	561,197.54
<b>6/1/2015</b>	454,411.77	22,495.33	75,000.00	3,970.59	555,877.69
<b>6/1/2016</b>	454,411.76	22,384.50	75,000.00	3,573.53	555,369.79
<b>6/1/2017</b>	454,411.77	19,867.69	75,000.00	3,176.47	552,455.93
<b>6/1/2018</b>	454,411.76	17,350.88	75,000.00	2,779.41	549,542.05
<b>6/1/2019</b>	454,411.77	14,834.06	75,000.00	2,382.35	546,628.18
<b>6/1/2020</b>	454,411.76	12,317.25	75,000.00	1,985.29	543,714.30
<b>6/1/2021</b>	454,411.77	9,800.45	75,000.00	1,588.23	540,800.45
<b>6/1/2022</b>	454,411.76	7,283.63	75,000.00	1,191.18	537,886.57
<b>6/1/2023</b>	454,411.77	4,766.81	75,000.00	794.12	534,972.70
<b>6/1/2024</b>	454,411.76	2,250.00	75,000.00	397.06	532,058.82
	<b>8,575,000.00</b>	<b>414,955.43</b>	<b>1,425,000.00</b>	<b>51,428.99</b>	<b>10,483,793.96</b>

## 2008 Public Works Trust Fund Loan

**Purpose:** South 228<sup>th</sup> Street Railroad Grade Separations

The scope of work includes:

- At the BNSF, the project consists of constructing a bridge over the BNSF tracks on S. 228<sup>th</sup> Street. The bridge will be approximately 120 feet long to span over the two mainline tracks and one lead track. Fill will be placed on either side of the tracks to ramp up to the bridge, and mechanically stabilized earth walls will retain the fill. Several driveways will be closed and some will be reconstructed. The Miles concrete batch plant will be reconfigured to accommodate the closure of two of their existing driveways.

**History:** The City secured this loan from the WA State Public Works Board in 2008.

### Debt Overview

<b>Issue Amount:</b>	\$5,000,000
<b>Date of Loan:</b>	6/30/2008
<b>Interest Rate:</b>	0.5000% (Simple)
<b>Principal Pymt Dates:</b>	June 1, 2009 – 2028
<b>Interest Pymt Dates:</b>	June 1, 2009 – 2028
<b>Debt Service Balance:</b>	<b>Principal:</b> \$2,949,013 <b>Interest:</b> \$88,470 <b>Total:</b> \$3,037,484 (as of 12/31/2017)

### Debt Service Balance by Funding Source

**Street Fund (1110) - \$3,037,484**

**Total Debt Service: \$3,037,484**

## Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
7/1/2009		8,444.44	8,444.44
7/1/2010	236,842.11	17,777.78	254,619.89
7/1/2011	236,842.10	21,315.79	258,157.89
7/1/2012	236,842.11	20,131.58	256,973.69
7/1/2013	268,092.11	21,377.93	289,470.04
7/1/2014	268,092.10	20,106.91	288,199.01
6/1/2015	268,092.11	17,202.58	285,294.69
6/1/2016	268,092.10	17,425.99	285,518.09
6/1/2017	268,092.10	16,085.53	284,177.63
6/1/2018	268,092.11	14,745.07	282,837.18
6/1/2019	268,092.10	13,404.61	281,496.71
6/1/2020	268,092.11	12,064.14	280,156.25
6/1/2021	268,092.10	10,723.68	278,815.78
6/1/2022	268,092.11	9,383.22	277,475.33
6/1/2023	268,092.10	8,042.76	276,134.86
6/1/2024	268,092.11	6,702.30	274,794.41
6/1/2025	268,092.10	5,361.84	273,453.94
6/1/2026	268,092.11	4,021.38	272,113.49
6/1/2027	268,092.10	2,680.92	270,773.02
6/1/2028	268,092.11	1,340.46	269,432.57
	<b>5,000,000.00</b>	<b>248,338.91</b>	<b>5,248,338.91</b>

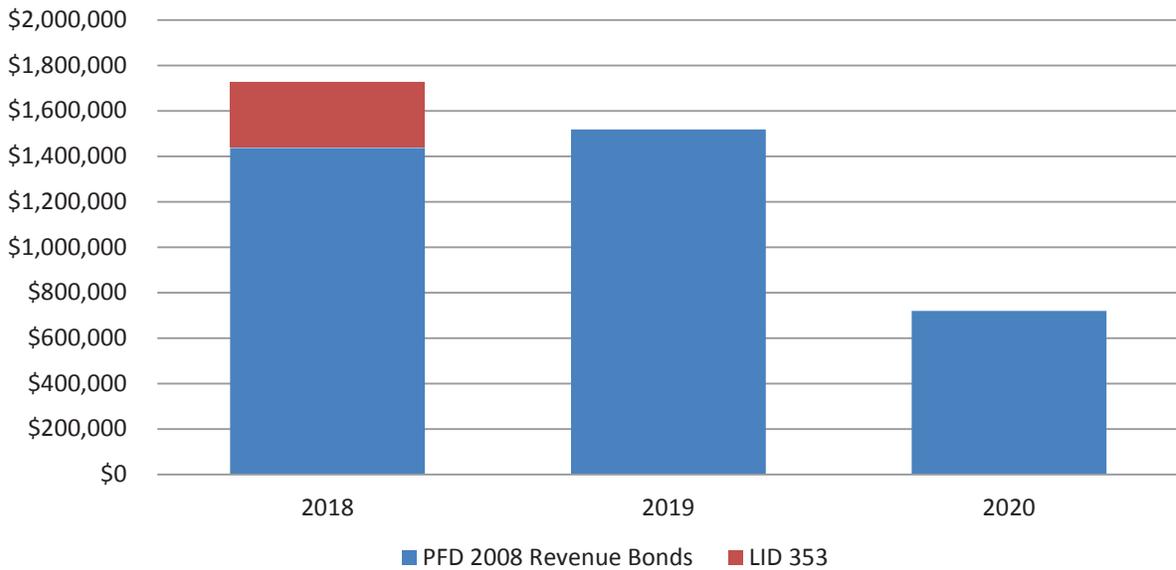


# OTHER DEBT

The outstanding balance on the City's other debt is \$3,962,282 and is comprised of two debts: a local improvement district (LID) and the revenue bond issued by the City of Kent Public Facilities District (PFD) which is guaranteed by the City. The PFD is a separate legal entity from the City and by agreement, the PFD is responsible for the debt service payments and the City is responsible for any debt service payments the PFD is unable to make. To date, the PFD has not paid any portion of the annual debt service on their revenue bond and the City assumes this trend will continue. LID's are used to finance capital improvements that benefit taxpayers in a specific area. The cost is borne only by those who will benefit from the improvement. The LID will be retired in 2018 and the PFD revenue bond will retire in 2020. The City's other debt obligations can be seen in the chart below.

Year	Debt Name	Repayment Fund	Amount	Maturity
<b>Other Debt:</b>				
2004	LID - Special Assessment	LID	\$ 287,788	2018
2008	Public Facilities District Revenue Bond	Event Center	\$ 3,674,494	2020
			<u>\$ 3,962,282</u>	

The chart below represents the annual debt service for the City's internal loans.



The following pages provide individual detail on all of the City's other debt.

## 2004 Local Improvement District

**Purpose:** The proceeds from the sale of the Bonds will be used to: (1) repay interim financing which was used to make certain sanitary sewer system improvements in LIDs Nos. 353,355,356 and 357, (2) pay the costs of issuance and sale of the Bonds, and (3) capitalize a deposit to the Local Improvement Guaranty Fund of the City.

### Debt Overview

<b>Issue Amount:</b>	\$11,758,557.11
<b>Issue Date:</b>	12/15/2004
<b>CUSIP:</b>	490761AV5, 490761AW3, 490761AX1, 490761AY9, 490761AZ6, 490761BA0, 490761BB8, 490761BC6, 490761BD4, 490761BE2, 490761BF9, 490761BG7, 490761BH5, 490761BJ1, 490761BK8
<b>Ratings:</b>	Moody's A1
<b>Principal Pymt Dates:</b>	December 15, 2005 - 2018
<b>Interest Pymt Dates:</b>	December 15, 2005 - 2018
<b>Debt Service Balance:</b>	<b>Principal:</b> \$275,000 <b>Interest:</b> \$12,788 <b>Total:</b> \$287,788 (as of 12/31/2017)
<b>Call Date:</b>	On any interest payment date
<b>Bond Underwriters:</b>	Banc of America Securities LLC
<b>Bond Counsel:</b>	Foster Pepper & Shefelman PLLC

### Debt Service Balance by Funding Source

LID 353 et al. (353,355,356,357) (2516) - \$287,788

**Total Debt Service Balance - \$287,788**

## Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
<b>12/15/2005</b>	1,633,557.11	2.50%	444,851.43	2,078,408.54	2,078,408.54
<b>12/15/2006</b>	1,465,000.00	2.75%	401,865.00	1,866,865.00	1,866,865.00
<b>12/15/2007</b>	935,000.00	2.90%	357,960.00	1,292,960.00	1,292,960.00
<b>12/15/2008</b>	1,125,000.00	3.10%	326,315.00	1,451,315.00	1,451,315.00
<b>12/15/2009</b>	1,070,000.00	3.40%	284,660.00	1,354,660.00	1,354,660.00
<b>12/15/2010</b>	710,000.00	3.60%	242,270.00	952,270.00	952,270.00
<b>12/15/2011</b>	705,000.00	3.90%	213,290.00	918,290.00	918,290.00
<b>12/15/2012</b>	645,000.00	4.00%	183,885.00	828,885.00	828,885.00
<b>12/15/2013</b>	770,000.00	4.10%	156,435.00	926,435.00	926,435.00
<b>12/15/2014</b>	720,000.00	4.20%	122,980.00	842,980.00	842,980.00
<b>12/15/2015</b>	585,000.00	4.30%	91,000.00	676,000.00	676,000.00
<b>12/15/2016</b>	645,000.00	4.40%	64,550.00	709,550.00	709,550.00
<b>12/15/2017</b>	475,000.00	4.50%	34,875.00	509,875.00	509,875.00
<b>12/15/2018</b>	275,000.00	4.65%	12,788.00	287,788.00	287,788.00
	<b>11,758,557.11</b>		<b>2,937,724.43</b>	<b>14,696,281.54</b>	<b>14,696,281.54</b>

## 2008 Public Facilities District Revenue Bond

**Purpose:** Proceeds of the Bonds will be used to pay a portion of the cost of developing the Events Center, to capitalize interest on the Bonds and to pay costs of issuance of the Bonds.

**City Contingent Loan Payments:** Under the term of the Contingent Loan and Support Agreement, the City has agreed to lend to the District, from sources other than Special Events Center Revenues, the amount necessary to pay the principal of and interest on the Bonds and any additional bonds or other obligations secured by the Contingent Loan and Support Agreement when due to the extent that Sales Tax Revenue and/or Special Events Center Revenues are insufficient to pay the required debt service coming due.

### Debt Overview

<b>Issue Amount:</b>	\$10,130,000
<b>Issue Date:</b>	2/20/2008
<b>CUSIP:</b>	490762AA9, 490762AB7, 4907624C5, 490762AD3, 490762AE1, 490762AF8, 490762AG6, 490762AH4, 490762AJ0, 490762AK7, 490762AL5, 490762AM3
<b>Ratings:</b>	Standard & Poor's: AAA
<b>Principal Pymt Dates:</b>	December 1, 2009 - 2020
<b>Interest Pymt Dates:</b>	June 1 and December 1, 2008 – 2020
<b>Debt Service Balance:</b>	<b>Principal:</b> \$3,330,000 <b>Interest:</b> \$344,494 <b>Total:</b> \$3,674,494 (as of 12/31/2017)
<b>Call Date:</b>	Optional redemption at the option of the District, on any date prior to their maturity
<b>Bond Underwriters:</b>	Piper Jaffray, Lehman Brothers & Wachovia Bank, National Association
<b>Bond Counsel:</b>	Foster Pepper PLLC
<b>Financial Advisor:</b>	Seattle-Northwest Securities Corporation

### Debt Service Balance by Funding Source

**Event Center (7101) – \$3,674,494**

**Total Debt Service Balance - \$3,674,494**

## Debt Service Schedule

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
<b>12/1/2008</b>		371,006.34	371,006.34	371,006.34
<b>6/1/2009</b>		245,518.90	245,518.90	
<b>12/1/2009</b>	550,000.00	245,518.90	795,518.90	1,041,037.80
<b>6/1/2010</b>		236,831.65	236,831.65	
<b>12/1/2010</b>	595,000.00	236,831.65	831,831.65	1,068,663.30
<b>6/1/2011</b>		227,136.13	227,136.13	
<b>12/1/2011</b>	605,000.00	227,136.13	832,136.13	1,059,272.26
<b>6/1/2012</b>		216,231.00	216,231.00	
<b>12/1/2012</b>	630,000.00	216,231.00	846,231.00	1,062,462.00
<b>6/1/2013</b>		203,325.45	203,325.45	
<b>12/1/2013</b>	730,000.00	203,325.45	933,325.45	1,136,650.90
<b>6/1/2014</b>		187,641.40	187,641.40	
<b>12/1/2014</b>	745,000.00	187,641.40	932,641.40	1,120,282.80
<b>6/1/2015</b>		170,137.63	170,137.63	
<b>12/1/2015</b>	865,000.00	170,137.63	1,035,137.63	1,205,275.26
<b>6/1/2016</b>		148,733.20	148,733.20	
<b>12/1/2016</b>	980,000.00	148,733.20	1,128,733.20	1,277,466.40
<b>6/1/2017</b>		122,988.60	122,988.60	
<b>12/1/2017</b>	1,100,000.00	122,988.60	1,222,988.60	1,345,977.20
<b>6/1/2018</b>		93,541.60	93,541.60	
<b>12/1/2018</b>	1,250,000.00	93,541.60	1,343,541.60	1,437,083.20
<b>6/1/2019</b>		59,141.60	59,141.60	
<b>12/1/2019</b>	1,400,000.00	59,141.60	1,459,141.60	1,518,283.20
<b>6/1/2020</b>		19,563.60	19,563.60	
<b>12/1/2020</b>	680,000.00	19,563.60	699,563.60	719,127.20
	<b>10,130,000.00</b>	<b>4,232,587.86</b>	<b>14,362,587.86</b>	<b>14,362,587.86</b>

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# City of Kent Finance Policy: Debt Management

## **Policy:**

The objective of this policy is to provide general guidance for the issuance and management of all City debt. The City issues debt in accordance with the Revised Code of Washington (RCW), in particular chapters 39.36, 39.46, and 39.53, along with all other City, State, and federal laws, rules, and regulations. Further, this policy establishes criteria to protect the City's financial integrity while providing a mechanism to fund the City's capital needs. The City will only utilize debt financing to fund capital improvement projects that cannot be reasonably funded on a pay-as-you-go basis.

The City's Finance Department is charged with ensuring compliance with all debt management policy requirements.

## **Debt Issuance:**

State law (RCW 39.36.020) allows for the issuance of general obligation (GO) debt, through a public vote, of up to 7.5% of the City's assessed property valuation. The limit of 7.5% of assessed valuation for GO debt is divided between three different use types: 1) 2.5% for municipally owned water, sewer, or electric facilities; 2) 2.5% for open space and parks; and 3) 2.5% for general government purposes. Within the 2.5% limit for general government purposes, State law allows the Council to issue debt without a vote of the people. This non-voted debt (also called councilmanic debt) cannot be greater than 1.5% of the assessed property valuation of the jurisdiction.

All City projects proposed to be financed through debt must have a full analysis of a) alternative methods of financing the project, b) future operating and maintenance costs, including debt service expense, associated with the project, c) projected cash inflows which can reasonably be applied to reduce the amount being financed, and d) projected cash outflows for construction/equipment in order to ensure arbitrage compliance.

The City will, unless otherwise justified, use tax-exempt bond proceeds within the established time frame pursuant to the bond ordinance, contract, or other document to avoid arbitrage. The City will maintain a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirement of the IRS (Internal Revenue Service, IRC 148) regulation. For each bond issue not expended within the established time frame, the recordkeeping will include tracking investment earnings on bond proceeds, calculating rebate payments, and remitting any rebate earnings to the federal government in a timely manner in order to preserve the tax-exempt status of the outstanding debt obligation.

The City will repay principal plus interest in accordance with the payment terms of the bond or contract. Furthermore, the City will comply with all bond or contract covenants. This includes, but is not limited to, any undertakings to provide ongoing disclosure and notice of certain listed events under SEC (Securities and Exchange Commission) Rule 15C2-12. Annual disclosure will take the form of the City's Comprehensive Annual Financial Report (CAFR) as well as other information required by the bond or contract that is not reasonably contained in the CAFR. The City will comply with all post-issuance compliance policies and procedures related to Federal tax law and policies and procedures relating to initial and ongoing disclosure.

Prior to any general obligation bond proposition being placed before the voters, the capital project under consideration must, unless otherwise justified and have found to be in the best interest of the City, have been included in the City's Capital Improvement Plan. The source of funds for the project should reflect the intended use of bond financing.

Debt cannot be issued for a longer maturity than a conservatively estimated useful life of the asset to be financed.

The City will maintain good communications with bond rating agencies and investors about its fiscal condition. The City will provide full disclosure on financial reports and in disclosure documents.

**Short-term debt:**

The City may use short-term debt, defined as a period not to exceed three years, to fund cash flow needs, which may be caused by a delay in receipting tax revenues or issuing long-term debt. The City will not issue short-term debt for current operations.

The City may issue interfund loans rather than issuing outside debt to meet short-term cash flow needs. The issuance of an interfund loan will be permissible only after an analysis of the loaning fund(s) indicate(s) that excess funds are available and the use of these funds will not impact the loaning fund(s) current operations or constitute a permanent diversion of funds. All interfund borrowing will bear interest based upon at least the prevailing LGIP (Local Government Investment Pool) rate. Interfund debt issuance must comply with KCC 3.40.040.

As allowed in KCC 3.40.040, the City's Finance Director has the authority to approve short-term interfund loans for a period not to exceed three calendar months. The Mayor has the authority to approve loans for a period not to exceed 12 calendar months. Notification to the City Council's Operations Committee is required of any use of directorial or mayoral approved loans at the first reasonable opportunity.

**Long-term debt:**

The City will issue long-term debt, defined as a period of time greater than three years, for capital projects, which cannot reasonably be financed on a pay-as-you-go funding strategy from anticipated cash flows. Acceptable uses of bond proceeds are one-time capital projects that can be capitalized and depreciated in accordance with GAAP (Generally Accepted Accounting Principles). Refunding debt is also an acceptable use. See refunding debt section below.

The City may issue interfund loans rather than issuing outside debt instruments as a means of financing capital improvements. The issuance of an interfund loan will be permissible only after an analysis of the loaning fund(s) indicate that excess funds are available and the use of these funds will not impact the loaning fund(s) current operations or constitute a permanent diversion of funds. All interfund borrowing will bear interest based upon at least the prevailing LGIP (Local Government Investment Pool) rate. Interfund debt issuance must comply with KCC 3.40.040.

The decision to use an interfund loan rather than outside debt to fund capital projects will be based on which is deemed to be the most cost effective approach to meet City capital needs. The City's Finance Department is responsible for making such an assessment.

The City will not issue long-term debt for current operational needs.

The following is a description of the types of long-term debt the City may issue.

*Limited Tax General Obligation Bonds (LTGO):* LTGO debt is backed by the full faith and credit of the City. These bonds can be issued without a vote of registered voters but are limited in that debt service payments must be paid from existing city revenue sources. Furthermore, LTGO's are also limited in the amount and percentage of assessed valuation as defined by the City's debt capacity in accordance with state law.

*Unlimited Tax General Obligation Bonds (UTGO):* UTGO debt is backed by the full faith and credit of the City. These bonds can only be issued when authorized by a 60% majority vote of registered voters (meeting the minimum voter turnout requirement). The purpose of the vote is to approve an excess tax levy (as a completely new source of revenue) to pay the debt service.

*Lease Obligation:* Lease debt can be in the form of a lease-purchase arrangement or a certificate of participation. With this type of contractual obligation a third party, typically the lessor, issues certificates or bonds where the principal and interest payments to investors are guaranteed by the lease payments made by the City. Depending on the security for the lease payments, lease debt may be repaid from existing City revenue sources, voter-approved property tax, or revenues of an enterprise.existing City revenue sources, voter-approved property tax, or revenues of an enterprise.

*Revenue Bonds:* Revenue bonds are used to finance construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Program and are generally payable from the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City’s statutory debt limitation nor is voter approval required.

*Special Assessment Bond:* Also referred to as Local Improvement District (LID) bonds, this type of debt is used to finance capital improvements that benefit property owners within the LID. LID debt is repaid from annual assessments paid to the City. LIDs are formed by the Council following the process outlined in State statutes. The cost is borne only by those who will benefit most from the improvement. LID debt is not part of the debt capacity calculation.

*Other Debt Instruments:* Instruments such as Public Works Trust Fund loans or other financing contracts issued through the State of Washington, bond anticipation notes (BAN’s), tax anticipation notes (TAN’s), bank qualified loans, and/or other legal debt issues may be incurred as allowed by law.

Additionally, the City may issue interfund loans rather than outside debt instruments to fund capital projects or meet short-term cash flow needs.

**Professional Services:**

The City’s Finance Department will be responsible for the solicitation and selection of professional services as necessary to administer debt financing. Professional service providers necessary to issue debt may include, but are not limited to: bond counsel, financial advisor, underwriters, and fiscal agent.

**Refunding Debt:**

Debt refunding is typically done to take advantage of lower interest rates. Refunding bonds are an acceptable use of bond proceeds provided that, and unless otherwise justified and found to be in the best interest of the City, a) the net present value (NPV) of the savings is at least 3% and b) the final maturity date is not extended.

**Debt Issuance Process:**

The Finance Director will determine the method of sale best suited for each issue of debt (competitive sale, negotiated sale, or private placement).

The Finance Director, City Attorney and bond counsel will coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with state and federal legal and regulatory requirements by the State and the Federal Government’s laws, rules and regulations.

For each issue, the City will evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City must be competitively procured.

The Finance Director may institute procedures to implement this policy and other bond covenants and provisions related to State and federal law applicable to the City’s debt.

Council approval is required prior to the issuance of debt, except where Council authority has been delegated in KCC 3.40.040.

**Periodic Review:**

This debt policy must be adopted by Council. The policy will be reviewed periodically by the Finance Department and modifications must be submitted to and approved by the Council.

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# Continuing Disclosure Requirements

In accordance with Section (b)(5) of the Securities and Exchange Commission (the “Commission”) Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”), the City has agreed in the Ordinance for the benefit of the owners of the Bonds to provide or cause to be provided to the Municipal Securities Rulemaking Board (“MSRB”) the following annual financial information and operating data for the prior fiscal year. Such information must be filed on the Electronic Municipal Market Access (“EMMA”) no later than nine months after the end of the City’s fiscal year (Deadline - September 30 for the City). Material Event filings (see enclosed list) must be filed on EMMA within ten (10) business days. Also, under the agreement with the City of Tacoma for the Kent’s participation in the Regional Water Bonds, the information for the Kent’s annual EMMA filing is to be provided to the City of Tacoma no later than August 31 each year.

General Disclosures – applicable to most bonds:

- 1) Annual financial statements, which statements may or may not be audited, showing the ending fund balance of the City’s general fund in accordance with the Budgeting Accounting and Reporting System (“BARS”) prescribed by the State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in the bond official statement. [CAFR]
- 2) The assessed value of taxable property in the City. [CAFR Stat Table 6]
- 3) Ad valorem taxes due and percentage of taxes collected. [CAFR Stat Table 9]
- 4) Property tax levy rate per \$1,000 of assessed valuation. [CAFR Stat Table 7]
- 5) Outstanding general obligation debt of the City. [CAFR Note 9, CAFR Stat Table 13, and CAFR Debt Schedules (Other supplementary information)]
- 6) If not provided as part of the financial information discussed above, the City will provide the City’s audited annual financial statements prepared in accordance with BARS when and if available. [CAFR]

Sales Tax based bonds (i.e. 2016B), in addition to the general disclosures:

- 1) The amount of Sales Tax Revenues and Special Event Center Revenues received by the City and/or the PFD under the terms of the financing agreement. [Excise Tax Report (example enclosed)]

Local Improvement District Bonds), in addition to the general disclosures:

- 1) The assessed value for local improvement districts. Note – this information is not available from the County Assessor’s Office normal reports. The City’s GIS staff creates the LID assessed value report. [LID AV Report (example enclosed)]
- 2) LID report created by Mariane Ely that shows LID assessments, receivables, collections and delinquencies. [LID Collections Report (example enclosed)]

Utility Revenue Bonds), in addition to the general disclosures:

- 1) The principal amount of parity bonds. [CAFR Note 9, CAFR Stat Table 13, and CAFR Debt Schedules (Other supplementary information)]
- 2) Debt service coverage for parity bonds. [CAFR Stat Table 16]
- 3) Rates for the system (utility rates). [CAFR Note 11]
- 4) Number of customers of the system. [CAFR State Table 21]

Public Facilities District Bonds, in addition to the general disclosures:

- 1) PFD financial statements. File the State Auditor’s report that contains the audit opinion and financial statements.
- 2) Anytime the City makes a debt payment on behalf of the PFD, a notice of material event – Unscheduled draw on credit enhancements – must be filed within ten business days. (example enclosed)

Generally, most of the required information is included in the CAFR. Refer to the enclosed checklist for what pieces of information are attached to which bond issues. Additionally, the City prepares an annual disclosure letter that more specifically lays out how the required disclosures are provided and page numbers in the CAFR that provide disclosure requirements (example enclosed).

### Continuing Disclosure – Listed Events

The City agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to any outstanding bonds:

- 1) Principal and interest payment delinquencies
- 2) Non-payment related defaults, if material
- 3) Unscheduled draws on debt services reserves reflecting financial difficulties
- 4) Unscheduled draws on credit enhancements reflecting financial difficulties
- 5) Substitution of credit or liquidity providers, or their failure to perform
- 6) Adverse tax opinions, the by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of any bonds, or other material events affecting the tax status of bonds
- 7) Modifications to the rights of the Bondholders, if material
- 8) Optional, contingent or unscheduled bond calls other than scheduled sinking fund redemptions for which notice is given pursuant to Exchange Act Release 34-23856, if material, and tender offers
- 9) Defeasances
- 10) Release, substitution or sale of property securing repayment of bonds, if material
- 11) Rating changes
- 12) Bankruptcy, insolvency receivership or similar event of the City
- 13) The consummation of a merger, consolidation, or acquisition involving the City of the sale or all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such action, other than pursuant to its terms, if material
- 14) Appointment of a successor or additional trustee or the change of name of a trustee, if material

# EMMA Disclosure Requirements

Fiscal year 2017 EMMA Requirements are due by 9/30/2018

	Cusips	Letter	CAFR	PFD Financials	Excise Tax	LID AV	LID Rpt
<b>GO Bonds</b>							
2003 GO	*						
2004 GO							
2005 GO	*						
2006 GO		17	X		X		
2008 GO		15	X		X		
2009 GO		10	X		X		
2012A GO		10	X		X		
2014 GO		8	X		X		
2015A GO		7	X		X		
2015B GO		4	X		X		
2016 GO		21	X		X		
Total		92					
Refunded FY14, drop from FY15 disclosures							
<b>Revenue Bonds</b>							
2009A Revenue		10	X	X			
2009B Revenue		3	X	X			
Total		13					
<b>LID Bonds</b>							
LID 353 et al		15	X	X		X	X
<b>PFD Bonds</b>							
2008 Revenue		12	X	X	X	X	
2008 Sales Tax		11	X	X	X	X	
Total		23					
<b>Tacoma Bonds</b>							
2010 Bonds		14	X	X			
2013 Refunding		20	X	X			
Total		34					

\* Private placement. No CUSIPS and no disclosure requirements.

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**CITY OF KENT**  
**POST ISSUANCE COMPLIANCE (FOR GOVERNMENTAL BONDS)**  
**DATED: JUNE 15, 2016**

**Scope.** This Post Issuance Compliance procedure addresses the City of Kent, Washington’s (the “City”) compliance with federal tax, federal securities and state law requirements and contractual obligations applicable to the City’s tax-advantaged governmental bond issues. The procedure applies generally to all of the City’s tax-exempt governmental bonds, and other bonds subject to comparable requirements, such as taxable direct-pay Build America Bonds and other bonds. As used in this procedure, references to “bonds” include bonds, lines of credit, bond anticipation notes, and equipment and other financing leases.

**Purpose.** This procedure is intended to improve the City’s ability to:

- Prevent violations in bond requirements from occurring in the first place,
- Timely identify potential violations, and
- Correct identified violations through appropriate remedial steps.

**Schedule of Review.** The procedure is to be reviewed periodically and upon each issuance of new bonds, including refunding bonds. In connection with this periodic review, the City will consider whether the procedure should be amended or supplemented:

- To address any particular requirements associated with the new bond issue, or
- To reflect general changes in requirements since the prior bond issue.

**Requirements at Bond Closing.** Numerous federal tax, federal securities and state law requirements must be met in connection with a bond issue. In some circumstances (e.g., revenue bonds) rate and other covenant requirements will also need to be satisfied. These requirements are addressed in the bond transcript completed at bond closing, and confirmed in certain respects by the legal opinions included in the bond transcript.

**Requirements After Bond Closing.** Other federal tax, federal securities law and state law requirements and contractual obligations require on-going monitoring after the issuance of the bonds.

- Officials or employees responsible for review. The following officers and employees of the City are identified as the responsible persons for reviewing compliance with the City’s post-issuance obligations. Each responsible individual is to institute a calendaring system to track compliance with tasks in a timely manner.
  - Federal tax requirements, including arbitrage, use of proceeds, use of facilities and IRS filings:

- ✓ Arbitrage, IRS Filings: Finance Director
  - ✓ Use of Proceeds: Finance Director/Public Works Director
  - ✓ Use of Facilities: Finance Director
- Continuing disclosure requirements:
- ✓ Annual Filing: Finance Director
  - ✓ Listed Event Notices: Finance Director
  - ✓ Prior to filing each annual filing or listed event notice, the Finance Director is to circulate the draft filing or notice to bond counsel or to the City Attorney for review.
- The Finance Director is responsible for reviewing the other requirements under this procedure.
- The responsible persons identified above may need to confer, from time to time, with the City's bond counsel, and/or financial advisor (if any), to confirm the applicability and scope of the requirements outlined in this procedure. For reference, the contact information for these advisors is provided below:
- ✓ Pacifica Law Group LLP, as bond counsel
    - a. Deanna Gregory at 206-245-1716 or Deanna.gregory@pacificalawgroup.com, or
    - b. Stacey Crawshaw-Lewis at 206-245-1714 or Stacey.Lewis@pacificalawgroup.com
    - c. Alison Benge at 206-245-1700 or Alison.benge@pacificalawgroup.com
- Training of the responsible official/employee. The City provides opportunities for training to the responsible individuals, specifically including the following training opportunities:
    - At or after bond closing, a conference call or meeting with bond counsel to review the requirements applicable to a new bond issue.
    - Other training activities – such as participation in in-house training sessions, CPE seminars, or seminars conducted by professional organizations (e.g., PSFOA, GFOA) include: PSFOA, GFOA, WSAMA, and other local industry organizations
  - Records to be Maintained. The following documents are maintained in connection with each bond issue. The goal is to retain adequate records to substantiate compliance with federal tax, securities law, state law and other contractual requirements applicable to the City's bonds. Generally records should be maintained for the term of the bonds (plus any refunding) plus four years. Unless otherwise specified, the following records are to be maintained in the office of the Finance Director.

- Complete bond transcript (provided by bond counsel) in CD or hard copy.
  - Records of investment of bond proceeds in a format showing the date and amount of each investment, its interest rate and/or yield, the date any earnings are received and the amount earned, and the date each investment matures and if sold prior to maturity, the sale date and sale price.
  - Records of expenditure of bond proceeds in a format showing the amount, timing and the type of expenditure.
  - Records of invoices or requisitions, together with supporting documentation showing payee, payment amount and type of expenditure, particularly for projects involving multiple sources of funds.
  - Records necessary to document the allocation of bond proceeds and other sources of funds to particular projects or portions of projects.
  - Records documenting the final allocation of bond proceeds to projects, including any reallocations of bond proceeds, in a format showing the timing and substance of the reallocation, if applicable.
  - Records demonstrating compliance with arbitrage and rebate requirements, including arbitrage calculations, documentation of spending exceptions to rebate, rebate reports and IRS filings and payments.
  - Copies of contracts relating to the use of the bond-financed facility including leases, concession agreements, management agreements and other agreements that give usage rights or legal entitlements with respect to the facility to nongovernmental persons (e.g., advertising displays, cell tower leases, and naming rights agreements).
  - Copies of contracts relating to ongoing compliance with respect to the bonds.
  - Copies of any filings or correspondence with the IRS, the SEC or other regulatory body.
- Investment of Bond Proceeds. In general, bond proceeds and certain other funds can only be invested at a rate that exceeds the yield on the bonds under limited circumstances. Furthermore, amounts earned by investing above the bond yield must be rebated to the IRS, unless the City qualifies as a small issuer or a spending exception is met. The arbitrage and rebate requirements for each bond issue are detailed in the federal tax certificate. The Finance Director will monitor the investment and expenditure of the funds and accounts listed below. The Finance Director determines whether the bond issue meets the requirement for one of the expenditure exceptions to arbitrage rebate. The Finance Director in consultation with bond counsel will determine whether a rebate calculation is necessary and, if so, will perform the calculation or engage a rebate consultant. The Finance Director will arrange for the payment of any required rebate to the IRS together with the appropriate IRS form on the dates described below.
    - Funds to Monitor.
      - ✓ Bond or debt service funds/accounts
      - ✓ Project or construction funds/accounts
      - ✓ Debt service reserve funds/accounts
      - ✓ Other accounts with bond proceeds or amounts pledged to pay bonds

- Arbitrage Reports; Rebate May Be Due.
  - ✓ During construction, monitor expenditures to confirm satisfaction of expected exception to rebate (such as six month exception, 18 month exception, 24 month exception)
  - ✓ The first rebate payment is due five years after date of issue plus 60 days
  - ✓ Rebate is due every succeeding five years, if there are unspent gross proceeds of the bonds
  - ✓ Final rebate payment is due 60 days after early redemption or retirement of the bonds
  
- Limitations on Type of Investments. Bond proceeds must be invested as permitted under state law. In addition, the bond ordinance or any bond insurance agreement may further limit the permitted investments. To monitor compliance with these investment restrictions, the City invests bond proceeds in the State Local Government Investment Pool.
  
- Use of Bond Proceeds During the Construction Period. Monitoring the expenditure of bond proceeds is necessary to assure that the required amount of bond proceeds are expended for capital expenditures and that not more than 10% of the bond proceeds are expended for projects that will be used for in a private trade or business (including by the federal government and nonprofit entities).
  - The Finance Director is responsible for reviewing the transcript for the bonds, and in particular the authorizing documents and the federal tax certificate, as well as invoices and other expenditure records to monitor that the bond proceeds are spent on authorized project costs.
  - If, at the completion of the project, there are unspent bond proceeds, the Finance Director, conferring with bond counsel, will direct application of the excess proceeds for permitted uses under federal tax law, state law, and bond authorization documents.
  - If the project involves bond proceeds and other sources of funds and included both governmental and nongovernmental use of the financed facilities the Finance Director will undertake a final reconciliation of bond proceeds expenditures with project costs no later than 18 months after the later of the date of expenditure or the date that the project is placed in service (but in no event more than five years after the date of issue).
  
- Use of Bond-Financed Facilities. Monitoring (and limiting) any private use of the bond-financed facility is important to maintaining the federal tax treatment of governmental bonds. In general, no more than 10% of the bond-financed facility can be used in a private trade or business (including by the federal government and nonprofit entities). Private use can arise through any of the following arrangements, either directly or indirectly.

- Types of Private Use
  - ✓ Selling all or a portion of the facility
  - ✓ Leasing all or a portion of the facility
  - ✓ Entering into a management contract for the facility (except for qualified management contracts under IRS Rev. Proc. 97-13)
  - ✓ Use of all or a portion of the facility for research purposes under a research contract (except for qualified research contracts under IRS Rev. Proc. 97-14)
  - ✓ Entering into contracts giving “special legal entitlement” to the facility (for example, selling advertising space or naming rights)
- Procedures for monitoring private use; procedures reasonably expected to timely identify noncompliance.
  - ✓ All leases and other contracts involving bond-financed property will be sent prior to execution to the Finance Director for review.
- Procedures ensuring that the City will take steps to timely correct noncompliance.
  - ✓ If the City takes official action to sell, lease or otherwise change the use of bond-financed facilities to private use, action should be taken under Treas. Reg. § 1.141-12 within 90 days to apply net proceeds of the sale or lease of the facility to other qualifying capital expenditure or to redeem or defease bonds. Upon a determination that there has been or could be a change in use of a bond-financed facility under the monitoring procedures described above, the Finance Director shall consult with bond counsel and apply net proceeds of the change in use as required.
- Continuing Disclosure. The City is required to make annual filings with the Municipal Securities Rulemaking Board (“MSRB”) as described in the continuing disclosure undertaking for each bond issue (which may include tax-exempt or taxable bonds), and to file notice of certain listed events.
  - Submissions will be made in electronic form through the MSRB’s web-based system known as Electronic Municipal Market Access (“EMMA”), currently available at <http://www.emma.msrb.org>. Submissions will be made in word-searchable PDF.
  - Annual filings to be made:
    - ✓ Financial information and operating data about the City included in the Official Statement for the bonds
    - ✓ Change in fiscal year; other information described in the continuing disclosure undertaking
    - ✓ Audited financial statements
    - ✓ These reports must be filed no later than the end of nine months (e.g. September 30) after the end of the City’s fiscal year (the City’s fiscal year currently ends December 31)

- Listed event notices:
  - ✓ The City is required to provide or cause to be provided to the MSRB, in a timely manner, notice of certain events with respect to the bonds. Amendments to SEC Rule 15c2-12 (the “Rule”) in 2010 expanded the list of events requiring disclosure and added a 10-day compliance period for undertakings effective after December 1, 2010.
  - ✓ Generally, if any of the following events occur, the City shall provide, or cause to be provided, to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of the any of the following events with respect to the bonds:
    1. Principal and interest payment delinquencies
    2. Non-payment related defaults, if material
    3. Unscheduled draws on debt service reserves reflecting financial difficulties
    4. Unscheduled draws on credit enhancements reflecting financial difficulties
    5. Substitution of credit or liquidity providers, or their failure to perform
    6. Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds
    7. Modifications to the rights of bondholders, if material
    8. Bond calls, if material, and tender offers
    9. Defeasances
    10. Release, substitution, or sale of property securing repayment of the Bonds, if material
    11. Rating changes (both upgrades and downgrades)
    12. Bankruptcy, insolvency, receivership or similar event of the City
    13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
    14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
- Procedure for ensuring that notice of the above events is provided to the responsible individual(s) identified above: Finance Director
- Periodic check of information regarding bonds on EMMA. Periodically and at least

prior to each new bond issue, the City will search EMMA for its continuing disclosure filings to confirm proper filings have been made.

- Compliance with Bond Covenants. Particularly for revenue bond issues (such as the City’s Combined Utility System Revenue Bonds, Series 2009A and Series 2009B Taxable (Build America Bonds – Direct Payment), the City has made rate and other covenants for the benefit of bond owners. The City monitors compliance with these bond covenants on an annual basis, as part of its annual audit process. These covenants are summarized below:

<b>Covenant</b>	<b>Requirement</b>	<b>Document; Section</b>	<b>Timing</b>
Rates	Net Revenue in each fiscal year at least 120% of the amounts required in each year to be paid as scheduled debt service, excluding certain funds as described in the Bond Ordinance.	Section 8(a) of Ordinance No. 3925	Annual Requirement
Insurance			
Sale or disposition of property	Limitations on sales or disposal of property	Section 8(c) of Ordinance No. 3925	Ongoing
Debt Service Reserve Fund Balance	“Reserve Requirement” means the dollar amount to be calculated with respect to all Covered Bonds and separately with respect to other Parity Bonds. With respect to Covered Bonds, the Reserve Requirement is equal to the least of: (1) Maximum Annual Debt Service for Covered Bonds, (2) 10% of the initial principal amount of Covered Bonds of each series, and (3) 125% of average annual debt service for Covered Bonds; provided, however, that the dollar amount required to be contributed, if any, as a result of the issuance of a series of Future Parity Bonds must not be greater than the Tax Maximum.	Section 7(b) of Ordinance No. 3925	Reserve Requirement must always be maintained. If there is a draw on the Reserve Fund, the City has a specified amount of time to replenish the fund, as described in the Bond Ordinance.

- Other Reports. Under the terms of bond insurance policies, letter of credit reimbursement agreements, debt service reserve surety agreements, financing agreements, loan agreements, and remarketing agreements, the City may be required to send copies of budget, disclosure and other documents as well as notice of the issuance of additional bonds, events of default, redemptions or defeasances, or amendments to the bond documents. The following entities are required to receive copies of the following documents or notices.

Entity Type	Name/Contact	Document; Section	Requirement	Timing
Bond Insurer				
Letter of Credit Bank				
Underwriter/Remarketing Agent				
Bank				

# GLOSSARY

*Throughout this manual, in both tables and descriptions of debt financing, a variety of terms are used. The following list of definitions will help the reader to better understand the terminology used in the Debt Manual.*

Throughout this manual, in both tables and descriptions of debt financing, a variety of terms are used. The following list of definitions will help the reader to better understand the terminology used in the Debt Manual.

**Advanced Refunding** – A refunding where the proceeds of the refunding bonds are placed into an irrevocable trust to pay off (redeem) the refunded bonds at a future call date (more than 90 days after the issuance date of the refunding bonds).

**Amortization** – The process of paying the principal amount of an issue of securities by periodic payments either directly to bondholders or to a sinking fund for the benefit of the bondholders. (See: Debt Service; Debt Service Schedule)

**Amortization Schedule** – A table showing the periodic repayment of an amount of indebtedness, such as a mortgage or bond. This table often shows interest payments in addition to principal repayments. (See: Debt Service Schedule)

**Assessed Valuation** – The taxable portion of fair market value of both real and personal property, as determined by the King County Assessor’s Office.

**Build America Bonds (BAB’s)** – Taxable municipal bonds that feature tax credits and or/federal subsidies for local governments. Build America Bonds were introduced in 2009 as part of President Obama’s American Recovery and Reinvestment Act (ARRA). The federal interest write down (35%) helped to lower borrowing costs. The program concluded after 2010.

**Bond** – The written evidence of debt, which upon presentation entitles the bondholder or owner to a fixed sum of money plus interest.

**Bond Counsel** – An attorney or law firm retained, typically by the issuer, to give the traditional bond counsel opinion.

**Bond Underwriter** – A municipal securities dealer that purchases a new issue of municipal securities from the issuer for resale in a primary offering. The underwriter may acquire the securities either by negotiation with the issuer or by award on the basis of competitive bidding.

**Callable** – Outstanding principal and interest on the debt may be called (demanded) by the issuer for payment all at once prior to the maturity of the debt. If interest rates have decreased since the bonds were issued, the company is likely to want to refinance this debt at a lower rate of interest. In that case, the company would call its current bonds and reissue them at a lower rate of interest.

**Continuing Disclosure** – Disclosure of material information relating to municipal securities provided to the marketplace by the issuer of the securities or any other entity obligated with respect to the securities after the initial issuance of municipal securities.

**Crossover Advance Refunding** – An Advance Refunding where the proceeds of the refunding debt are placed into an irrevocable trust but the trust pays the debt payments on the refunding bonds, and the City continues to pay the debt service on the original bonds, until the call date for the original bonds (the crossover date). At the crossover date, the escrow pays off (redeems) the refunded bonds.

**Current Refunding** – A refunding where the proceeds of the refunding bonds are placed into an irrevocable trust to immediately, or within 90 days of the date of issuance, pay off (redeem) the refunded debt.

**CUSIP Number** – An identification number assigned by the CUSIP Service Bureau to each maturity of an issue intended to help facilitate the identification and clearance of securities. CUSIP is an acronym for Committee on Uniform Securities Identification Procedures.

## GLOSSARY (Cont.)

**Debt Service** – The amount set aside annually in a fund to pay the interest and the part of the principal due on a debt.

**Debt Service Schedule** – A table listing the periodic payments necessary to meet principal and interest requirements over the period of time securities are to be outstanding.

**Defeased Debt** – Debt obligations which have been cancelled by payment of the obligation. Payments are usually made by refinancing to take advantage of lower interest rates and/or to raise the principal amount for additional projects. Upon payment of the debt, the affected debt is considered to be defeased, and the liability for the debt is removed.

**Financial Advisor** – With respect to a new issue of municipal securities, commonly refers to an individual or firm that advises the issuer or other obligated person on matters pertinent to the issue, such as structure, timing, marketing, fairness of pricing, terms and bond ratings.

**Fund** – A self-balancing set of accounts with revenues and expenses that are segregated for the purpose of carrying out a specific purpose or activity.

**GAAP** – Generally Accepted Accounting Principles are standards used for accounting and reporting by both private industry and governments.

**GASB** – Government Accounting Standards Board established in 1985 to regulate the rules and standards for government entities.

**General Obligation Bonds** – Bonds issued based upon a pledge of ad valorem (property) taxes. Funds for payment of debt service on general obligation debt must be assessed annually as part of the property tax bill.

**Issue Date** – The date on which bonds were issued.

**Local Government Investment Pool (LGIP)** – a voluntary investment vehicle operated by the State Treasurer which provides safe, liquid, and competitive investment options for local governments.

**Maturity Date** – The date the principal of a municipal security becomes due and payable to the bondholder. Private Placement – A primary offering in which a placement agent sells a new issue of municipal securities on behalf of the issuer directly to investors on an agency basis rather than by purchasing the securities from the issuer and reselling them to investors.

**Public Works Trust Fund Loans** – The City has secured several loans from the Washington State Public Works Board. The Board makes low-interest loans for local governments to finance public infrastructure construction and rehabilitation.

**Redemption** – A process by which the issuer repays to the bondholder of an outstanding security the principal amount thereof (plus, in certain cases, an additional amount representing a redemption premium) and any accrued interest on the security to the date of redemption.

## GLOSSARY (Cont.)

**Refunding** – A procedure whereby an issuer refinances an outstanding bond issue by issuing new bonds. There are generally two major reasons for refunding: 1) to reduce the issuer’s interest costs or to remove a burdensome or restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds can be used to immediately retire the outstanding obligations or, if the obligations are not immediately retired, can be used to purchase Federal securities (i.e. Treasury securities only) or are kept as cash and deposited in an irrevocable escrow for the benefit of the Refunded Obligation holders. The new obligations are referred to as the “refunding bonds”, and the outstanding obligations being refinanced are referred to as the “refunded bonds” or the “prior issue”. If the proceeds from the refund bonds are not to be used to pay for the prior issue until more than 90 days after refunding, the proceeds of the refunding bonds are used to purchase other obligations (essentially risk free monetary assets) which are deposited in escrow, and which mature in sufficient amounts and at appropriate times to provide funds to pay the interest and principal of the prior issue when due. This latter procedure is called advanced refunding. An advance refunding can only be done once during the life of that bond issue. If the proceeds from the refunding bonds are used to pay for the prior issue within 90 days of refunding, the procedure is called a current refunding. Current refundings may be undertaken on an unlimited basis. For accounting purposes, refunded and defeased obligations are not considered a part of the issuer’s debt because the lien of the holders of the refunded bonds is the escrowed funds, not the originally pledged source of revenues.

**Revenue Bonds** – Bonds issued based upon a pledge of specific revenues that are anticipated to be available. Three general sources exist: A) Non-Ad Valorem Taxes – refers primarily to the local state sales and gas taxes and state revenue sharing, and also includes building and zoning permit fees, franchise fees, license fees, and data processing fees. B) Revenue from Operations – water/sewer revenues or similar enterprise type revenues. C) Revenues from Assessments – legally adopted special or general assessments.

**Serial Bond Issue** – An Issue of bonds having maturities scheduled over several years, thereby allowing the issuer to amortize principal over a period of years. Maturity schedules for serial bonds often provide for level debt service or level principal payments.

**Term Bond Issue** – Bonds coming due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund or mandatory redemption of term bonds before maturity or for payment at maturity. The payment of a disproportionately large percentage of the principal amount is also called balloon maturity or a balloon payment.