



2017 DEBT MANUAL

City of Kent, Washington





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2017 Debt Manual

Table of Contents

Overview	5
Limited Tax General Obligation (LTGO)	15
Long-term Notes.....	37
Revenue Bonds	53
Interfund Loans	61
Public Works Trust Fund Loans	69
Other Debt	79
Appendix.....	87
Proposed Policy	89
Continuing Disclosure.....	92
EMMA Disclosure	95
Post-Issuance Compliance.....	96
Glossary	104

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



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 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 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, 2017 is \$224,207,756.

The outstanding debt is made up from:

LTGO debt = \$130,177,375;

Revenue bonds = \$26,164,195;

PW Trust Fund loans = \$8,040,729;

Long-term contract obligations = \$45,394,176;

Events Center Management (SMG) loan = \$198,365

Special assessments = \$797,663;

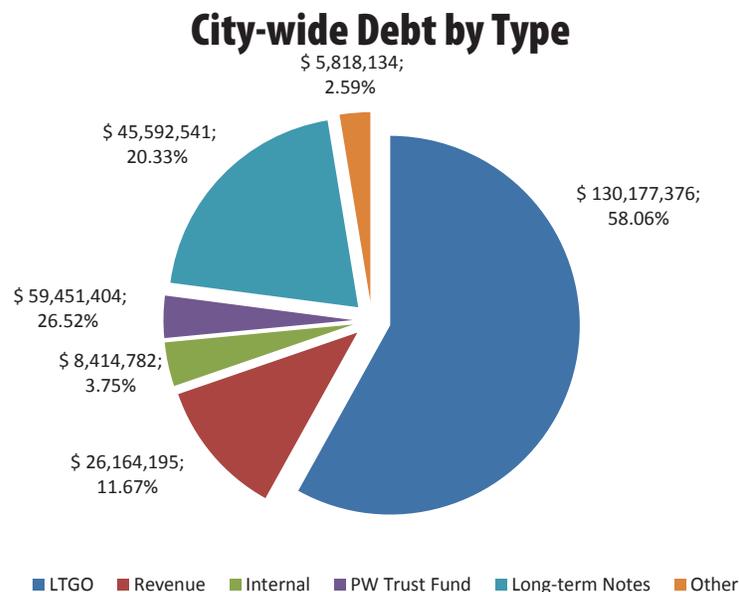
Internal loans = \$8,414,782 and;

Public Facilities District revenue bond = \$5,020,471

Included in the City's debt amount is the outstanding obligation of the City of Kent Public Facilities District (PFD) revenue bond of \$5,020,471. 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 cities LTGO debt accounts for over half (58%) of outstanding debt. The significant factor for the amount of LTGO debt outstanding is 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.

Other debt, which accounts for nearly 3% of outstanding debt, is comprised of the PFD revenue bonds (\$5.0M) discussed previously and LID special assessment debt (\$.8M).



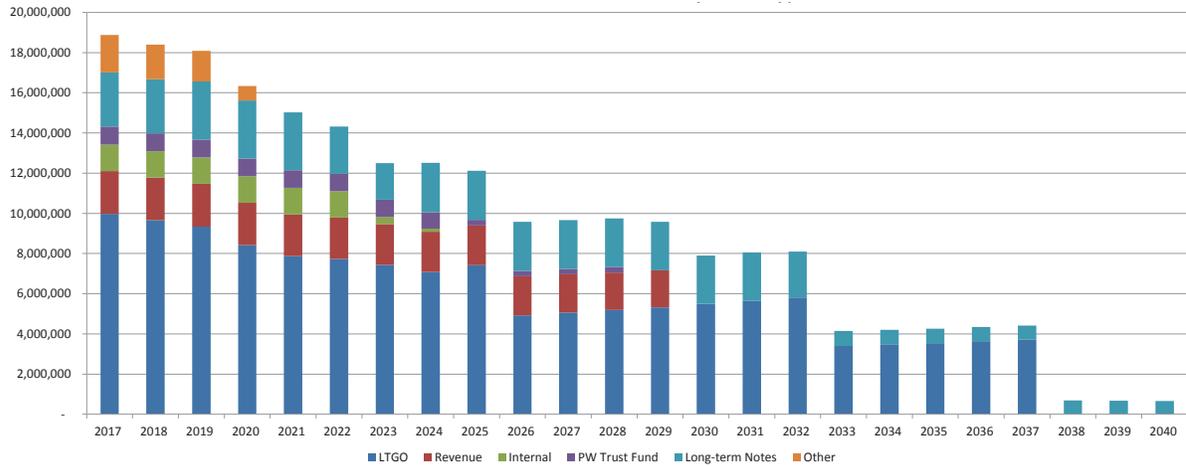
The chart below provides details on the outstanding balance on each debt type. The chart includes the issue date, debt name, the fund responsible for debt payment and the maturity date.

Total City Debt Service as of December 31, 2016 (By Debt Type)

Year	Debt Name	Repayment Fund	Amount	Maturity
LTGO Bonds:				
2003	LTGO - Series A (Taxable)	Water Fund	\$ 373,449	Matures 2018
2005	LTGO (2000 Refunding)	Street/Capital Resources	\$ 1,309,376	Matures 2020
2008	LTGO - Series A	Street/Capital Resources	\$ 1,704,000	Matures 2018
2009	LTGO (1999 Refunding) (Taxable)	Misc. Funds	\$ 3,140,400	Matures 2019
2012	LTGO - Series A (2000 & 2002 Refunding)	Misc. Funds	\$ 7,037,025	Matures 2022
2014	LTGO (2004 Refunding)	Misc. Funds	\$ 7,554,900	Matures 2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 3,603,575	Matures 2021
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 5,073,550	Matures 2024
2016	LTGO (2008, 2008A Refunding)	Misc. Funds	\$ 100,381,100	Matures 2037
			<u>\$ 130,177,375</u>	
Long-term Notes:				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,678,472	Matures 2021
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 3,243,281	Matures 2022
2010	Series A - Second Supply Project	Water Fund	\$ 2,967,400	Matures 2024
2010	Series B - Second Supply Project (Build America Bond)	Water Fund	\$ 15,300,123	Matures 2040
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 21,204,900	Matures 2032
2015	SMG Capital Loan	General Fund	\$ 198,365	Matures 2024
			<u>\$ 45,592,541</u>	
Revenue Bonds:				
2009	Revenue Bond, Series A	Water/Sewer Funds	\$ 2,398,000	Matures 2018
2009	Revenue Bond, Series B	Water/Sewer Funds	\$ 23,766,195	Matures 2029
			<u>\$ 26,164,195</u>	
Interfund Loans:				
2012	Sewerage to Capital Resources	Capital Resources	\$ 2,002,736	Matures 2022
2012	Water to Capital Resources	Capital Resources	\$ 2,002,736	Matures 2022
2012	Insurance to Capital Resources	Capital Resources	\$ 1,794,818	Matures 2022
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	Street Capital Projects	\$ 1,671,805	Matures 2024
2016	Sewer to Street Capital Projects	Street Capital Projects	\$ 942,687	Matures 2024
			<u>\$ 8,414,782</u>	
WA State Public Works Trust Fund Loans (General Obligation):				
2003	South 228th Street Extension	Street Fund	\$ 381,009	Matures 2023
2004	South 228th Street Extension	Street/Sewer Funds	\$ 4,338,059	Matures 2024
2008	South 228th RR Grade Separations	Street Fund	\$ 3,321,661	Matures 2028
			<u>\$ 8,040,729</u>	
Other Debt:				
2004	LID 353 et al - Special Assessment	LID 353 et al	\$ 797,663	Matures 2018
2008	Public Facilities District Revenue Bond	PFD Debt	\$ 5,020,471	Matures 2020
			<u>\$ 5,818,134</u>	
Total City Debt by Debt Type			<u>\$ 224,207,756</u>	

The following graph shows the City’s total annual debt service amounts by year. All things being equal, 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.

	Government Activities		Business Activities		Total
	Principal	Interest	Principal	Interest	
2017	\$ 9,263,794	\$ 4,251,846	\$ 3,047,698	\$ 2,313,371	\$ 18,876,709
2018	9,179,673	3,955,278	3,025,133	2,236,569	18,396,653
2019 - 2023	50,139,765	22,204,153	24,331,353	13,809,217	110,484,488
2024 - 2028	19,961,185	7,293,771	14,105,000	3,599,424	44,959,380
2029 - 2033	17,220,000	2,654,000	4,010,000	1,167,181	25,051,181
2034 - 2040	3,605,000	108,150	2,385,000	341,195	6,439,345
Total	\$109,369,416	\$ 40,467,199	\$ 50,904,184	\$ 23,466,957	\$224,207,756

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 8, work together to provide multiple views of our overall debt profile.

Total City Debt Service as of December 31, 2016 (By Maturity Date)

Year	Debt Name	Repayment Fund	Amount	Maturity
Maturity Date: 2018				
2003	LTGO - Series A (Taxable)	Water Fund	\$ 373,449	Matures 2018
2004	LID - Special Assessment	LID	\$ 797,663	Matures 2018
2008	LTGO - Series A	Street/Capital Resources	\$ 1,704,000	Matures 2018
2009	Revenue Bond, Series A	Water/Sewer Funds	\$ 2,398,000	Matures 2018
			<u>\$ 5,273,112</u>	
Maturity Date: 2019				
2009	LTGO (1999 Refunding) (Taxable)	Misc. Funds	\$ 3,140,400	Matures 2019
Maturity Date: 2020				
2005	LTGO (2000 Refunding)	Street/Capital Resources	\$ 1,309,376	Matures 2020
2008	Public Facilities District Revenue Bond	PFD Debt/City Surety	\$ 5,020,471	Matures 2020
			<u>\$ 6,329,847</u>	
Maturity Date: 2021				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,678,472	Matures 2021
2014	LTGO (2004 Refunding)	Misc. Funds	\$ 7,554,900	Matures 2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 3,603,575	Matures 2021
			<u>\$ 13,836,947</u>	
Maturity Date: 2022				
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 3,243,281	Matures 2022
2012	LTGO - Series A (2000 & 2002 Refunding)	Misc. Funds	\$ 7,037,025	Matures 2022
2012	Interfund Loan from Sewerage	Capital Resources	\$ 2,002,736	Matures 2022
2012	Interfund Loan from Water	Capital Resources	\$ 2,002,736	Matures 2022
2012	Interfund Loan from Insurance	Capital Resources	\$ 1,794,818	Matures 2022
			<u>\$ 16,080,596</u>	
Maturity Date: 2023				
2003	South 228th Street Extension	Street Fund	\$ 381,009	Matures 2023
Maturity Date: 2024				
2004	South 228th Street Extension	Street/Sewer Funds	\$ 4,338,059	Matures 2024
2010	Series A - Second Supply Project	Water Fund	\$ 2,967,400	Matures 2024
2015	SMG Capital Loan	General Fund	\$ 198,365	Matures 2024
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 5,073,550	Matures 2024
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	Streets Cap. Proj.	\$ 1,671,805	Matures 2024
2016	Sewer to Streets Cap. Proj.	Streets/Cap. Proj.	\$ 942,687	Matures 2024
			<u>\$ 15,191,866</u>	
Maturity Date: 2028				
2008	South 228th RR Grade Separations	Street Fund	\$ 3,321,661	Matures 2028
Maturity Date: 2029				
2009	Revenue Bond, Series B	Water/Sewer Funds	\$ 23,766,195	Matures 2029
Maturity Date: 2032				
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 21,204,900	Matures 2032
Maturity Date: 2037				
2016	LTGO (2008, 2008A Refunding)	Misc. Funds	\$ 100,381,100	Matures 2037
Maturity Date: 2040				
2010	Series B - Second Supply Project (Build America Bond)	Water Fund	\$ 15,300,123	Matures 2040
			<u>\$ 224,207,756</u>	
		Total City Debt by Maturity Date		

Total City Debt Service as of December 31, 2016 (By Fund)

Year	Debt Name	Repayment Fund	Amount	Maturity
Capital Resources Fund:				
2005	LTGO (2000 Refunding) (62.55%)	Street/Capital Resources	\$ 819,015	Matures 2020
2008	LTGO - Series A (86.4%)	Street/Capital Resources	\$ 1,472,116	Matures 2018
2009	LTGO (1999 Refunding)(Taxable) (68.81%)	Misc. Funds	\$ 2,160,909	Matures 2019
2012	LTGO - Series A (47.5%) (2000 and 2002 Refunding)	Misc. Funds	\$ 3,342,587	Matures 2022
2012	Interfund Loan from Sewerage	Capital Resources	\$ 2,002,736	Matures 2022
2012	Interfund Loan from Water	Capital Resources	\$ 2,002,736	Matures 2022
2012	Interfund Loan from Insurance	Capital Resources	\$ 1,794,818	Matures 2022
2014	LTGO (2004 Refunding) (64.9%)	Misc. Funds	\$ 4,903,130	Matures 2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 3,603,575	Matures 2021
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 5,073,550	Matures 2024
2016	LTGO (2008, 2008A Refunding)	Misc. Funds	\$ 72,675,916	Matures 2037
			<u>\$ 99,851,088</u>	
Drainage Fund:				
2014	LTGO (2004 Refunding) (29.1%)	Misc. Funds	\$ 2,198,476	Matures 2021
General Fund:				
2015	SMG Capital Loan	General Fund	\$ 198,365	Matures 2024
Sewer Fund:				
2004	South 228th Street Extension (15%)	Street/Sewer Funds	\$ 614,294	Matures 2024
2009	LTGO (1999 Refunding)(Taxable) (6.95%)	Misc. Funds	\$ 218,258	Matures 2019
2009	Revenue Bond, Series A (50%)	Water/Sewer Funds	\$ 1,199,000	Matures 2018
2009	Revenue Bond, Series B (50%)	Water/Sewer Funds	\$ 11,883,097	Matures 2029
			<u>\$ 13,914,649</u>	
Street Fund:				
2003	South 228th Street Extension	Street Fund	\$ 381,009	Matures 2023
2004	South 228th Street Extension (85%)	Street/Sewer Funds	\$ 3,723,765	Matures 2024
2005	LTGO (2000 Refunding) (37.45%)	Street/Capital Resources	\$ 490,361	Matures 2020
2008	South 228th RR Grade Separations	Street Fund	\$ 3,321,661	Matures 2028
2008	LTGO - Series A (13.6%)	Street/Capital Resources	\$ 231,884	Matures 2018
2009	LTGO (1999 Refunding)(Taxable) (19.76%)	Misc. Funds	\$ 620,543	Matures 2019
2012	LTGO - Series A (52.5%) (2000 and 2002 Refunding)	Misc. Funds	\$ 3,694,438	Matures 2022
2014	LTGO (2004 Refunding) (6.1%)	Misc. Funds	\$ 453,294	Matures 2021
2016	LTGO (2008, 2008A Refunding)	Misc. Funds	\$ 27,705,184	Matures 2037
			<u>\$ 40,622,139</u>	
Street Capital Projects:				
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	Streets Cap. Proj.	\$ 1,671,805	Matures 2024
2016	Sewer to Streets Cap. Proj.	Streets Cap. Proj.	\$ 942,687	Matures 2024
Water Fund:				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,678,472	Matures 2021
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 3,243,281	Matures 2022
2003	LTGO - Series A	Water Fund	\$ 373,449	Matures 2018
2009	LTGO (1999 Refunding)(Taxable) (4.48%)	Misc. Funds	\$ 140,690	Matures 2019
2009	Revenue Bond, Series A (50%)	Water/Sewer Funds	\$ 1,199,000	Matures 2018
2009	Revenue Bond, Series B (50%)	Water/Sewer Funds	\$ 11,883,098	Matures 2029
2010	Series A - Second Supply Project	Water Fund	\$ 2,967,400	Matures 2024
2010	Series B - Sec.Sup.Proj.(Build America)	Water Fund	\$ 15,300,123	Matures 2040
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 21,204,900	Matures 2032
			<u>\$ 58,990,413</u>	
Other Debt:				
2004	LID - Special Assessment	LID	\$ 797,663	Matures 2018
2008	Public Facilities District Revenue Bond	PFD Debt	\$ 5,020,471	Matures 2020
			<u>\$ 5,818,134</u>	
Total City Debt by Fund			<u>\$ 224,207,756</u>	

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 of 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>2014</u>	<u>2015</u>	<u>2016</u>
Assessed Value	\$ 12,651,208,800	\$ 14,068,213,406	\$ 15,046,306,884
Legal debt limit restrictions:			
2.5% of General purpose limit, voted & non-voted	\$ 316,280,220	\$ 351,705,335	\$ 376,157,672
2.5% Utility purpose limit, voted	316,280,220	351,705,335	376,157,672
2.5% Open Space, Park Facilities, voted	316,280,220	351,705,335	376,157,672
Total legal debt limit	<u>948,840,660</u>	<u>1,055,116,005</u>	<u>1,128,473,016</u>
Total net debt applicable to limit	54,975,990	49,078,000	90,740,000
Legal debt margin	<u>\$ 893,864,670</u>	<u>\$ 1,006,038,005</u>	<u>\$ 1,037,733,016</u>
Total net LTGO debt applicable to the limit as a percentage of debt limit	5.79%	4.65%	8.04%
Total net LTGO debt as a percentage of assessed value	0.43%	0.35%	0.60%
City of Kent Population	121,400	122,900	124,500
Total net LTGO debt per capita	\$ 453	\$ 399	\$ 729

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 \$1.1 billion (2.5% of the City's assessed property valuation) split equally between each of the three GO types described above, or just over \$376 million each. The councilmanic debt limit of 1.5% calculates to nearly \$225.7 million (1.5% of the City's assessed property value). Currently, the City has no voted GO debt and \$90.7 million in councilmanic GO bond debt, well below the legal limit of \$225.7 million. As the chart below demonstrates, the City has issued GO debt only slightly over eight percent (8%) of our legal limit. The total current per capita amount of GO debt outstanding is \$729 and the current total GO debt as compared to the total assessed property valuation is .60%. 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 \$141.8 million in long-term LTGO debt obligations or just over twelve percent (12%) of our legal limit. The per capita ratio increased to \$1,139 and the overall net debt as compared to assessed property valuation increases to .94%.

City of Kent Internal Debt Limit

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net debt applicable to legal debt limit	\$ 54,975,990	\$ 49,078,000	\$ 90,740,000
Interest on Outstanding Debt	14,358,462	11,168,487	39,402,192
Add: State loan contracts	8,777,671	8,001,804	7,225,937
Compensated absences	4,168,176	4,337,445	4,405,792
Total debt applicable to internal debt calculation	82,280,299	72,585,736	141,773,921
1.5% councilmanic legal debt limit	189,768,132	211,023,201	225,694,603
Legal councilmanic debt margin	107,487,833	138,437,465	83,920,682
Total net debt applicable to the internal debt calculation as a percentage of debt limit	8.67%	6.88%	12.56%
Total net debt applicable to the internal debt calculation as a percentage of assessed value	0.65%	0.52%	0.94%
City of Kent population	121,400	122,900	124,500
Total net internal LTGO debt per capita	\$ 678	\$ 591	\$ 1,139

Bond Rating

Bond ratings are assigned to individual bonds based on a determination of that bonds credit worthiness and helps investors determine the risk associated with investing in a particular bond issue. The bond rating attached to a bond serves as notice to the entity on their credit risk. The ratings are determined by private independent rating services (i.e. Standard and Poor's, Moody's, Finch) and are based on the entities financial standing and 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 credit rating.

The City of Kent is rated by both Standard and Poor's (S&P) and Moody's investment services. At the end of 2016, the City's rating for S&P was an AA+ and the Moody's rating was an A2 (Moody's subsequently upgraded the City's rating in first quarter 2017 to an A1 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. Our new A1 rating from Moody's is equivalent to their fifth highest rating. The A1 rating puts the City at the top of the range as a "low credit risk". The next rating upgrade for Moody's would be an Aa3 rating and put us in the "very low credit risk" category.

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**LIMITED TAX
GENERAL
OBLIGATION**



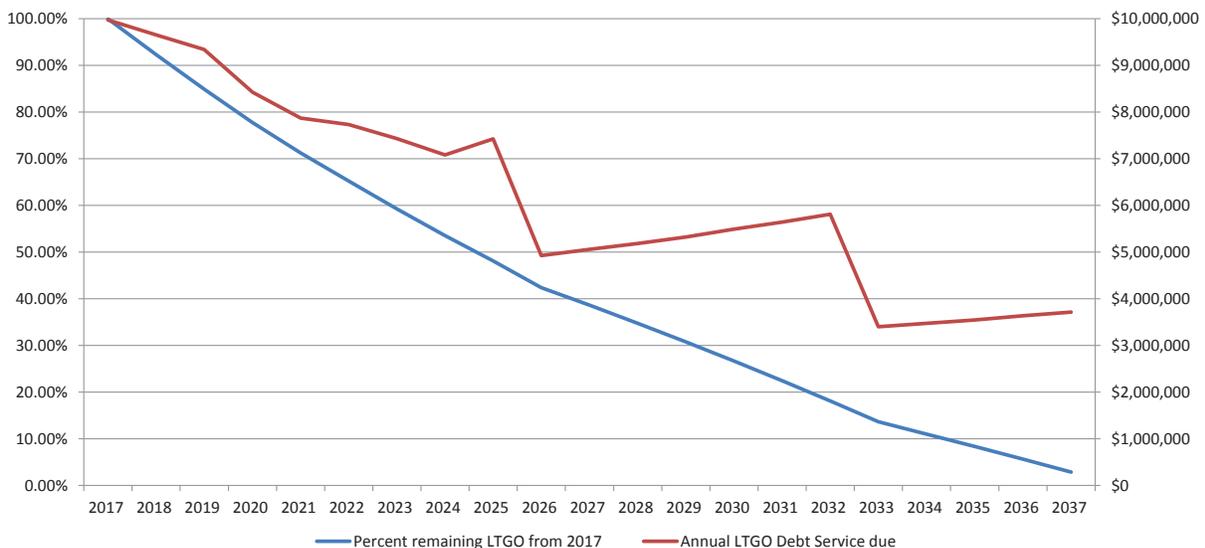
LIMITED TAX GENERAL OBLIGATION

The outstanding debt service on the City’s LTGO debt is \$130,177,375 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
LTGO Bonds:				
2003	LTGO - Series A (Taxable)	Water Fund	\$ 373,449	Matures 2018
2005	LTGO (2000 Refunding)	Street/Capital Resources	\$ 1,309,376	Matures 2020
2008	LTGO - Series A	Street/Capital Resources	\$ 1,704,000	Matures 2018
2009	LTGO (1999 Refunding) (Taxable)	Misc. Funds	\$ 3,140,400	Matures 2019
2012	LTGO - Series A (2000 & 2002 Refunding)	Misc. Funds	\$ 7,037,025	Matures 2022
2014	LTGO (2004 Refunding)	Misc. Funds	\$ 7,554,900	Matures 2021
2015	Series A (Taxable) (2006 Refunding)	Capital Resources	\$ 3,603,575	Matures 2021
2015	Series B (Non-Tax.) (2006 Refunding)	Capital Resources	\$ 5,073,550	Matures 2024
2016	LTGO (2008, 2008A Refunding)	Misc. Funds	\$ 100,381,100	Matures 2037
			<u>\$ 130,177,375</u>	

The charts below graphically show the annual LTGO debt service payments per year and the percentage of LTGO debt remaining at the beginning of each year. The LTGO debt service payment for 2017 totals \$9,977,785. The first chart depicts the percentage of LTGO debt remaining from 2017 (blue line) and the total annual debt service amount (red line). As can be seen, over 50% of the LTGO debt will be repaid by the end of 2025. Beginning January 1, 2026 the City will have a remaining LTGO balance of \$55.2M or 42% of our current LTGO debt.

The second chart shows the annual debt service payment by debt issuance. 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	<u>Governmental Activities</u>		<u>Business-type Activities</u>		Total
	Principal	Interest	Principal	Interest	
2017	5,685,330	3,819,260	398,670	74,525	9,977,785
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	-	-	-	-	-
Total	88,777,205	39,201,694	1,962,795	235,681	130,177,375

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.

LTGO – 2003 – 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.



Issue Amount:	\$1,878,000
Issue Date:	12/18/2003
CUSIP:	Private placement
Ratings:	NA
Principal Pymt Dates:	December 1, 2004 – 2018
Interest Pymt Dates:	June 1 and December 1, 2004 – 2018
Debt Service Balance:	\$373,449 (as of 12/31/2016)
Bond Underwriter:	Bank of America, N.A.
Bond Council:	Foster Pepper & Shefelman PLLC

Funding Source

1500 – Capital Resource Fund

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2004			46,342.26	46,342.26	
12/01/2004	81,000	5.450%	51,175.50	132,175.50	178,517.76
06/01/2005			48,968.25	48,968.25	
12/01/2005	89,000	5.450%	48,968.25	137,968.25	186,936.50
06/01/2006			46,543.00	46,543.00	
12/01/2006	94,000	5.450%	46,543.00	140,543.00	187,086.00
06/01/2007			43,981.50	43,981.50	
12/01/2007	99,000	5.450%	43,981.50	142,981.50	186,963.00
06/01/2008			41,283.75	41,283.75	
12/01/2008	104,000	5.450%	41,283.75	145,283.75	186,567.50
06/01/2009			38,449.75	38,449.75	
12/01/2009	110,000	5.450%	38,449.75	148,449.75	186,899.50
06/01/2010			35,452.25	35,452.25	
12/01/2010	116,000	5.450%	35,452.25	151,452.25	186,904.50
06/01/2011			32,291.25	32,291.25	
12/01/2011	122,000	5.450%	32,291.25	154,291.25	186,582.50
06/01/2012			28,966.75	28,966.75	
12/01/2012	129,000	5.450%	28,966.75	157,966.75	186,933.50
06/01/2013			25,451.50	25,451.50	
12/01/2013	136,000	5.450%	25,451.50	161,451.50	186,903.00
06/01/2014			21,745.50	21,745.50	
12/01/2014	143,000	5.450%	21,745.50	164,745.50	186,491.00
06/01/2015			17,848.75	17,848.75	
12/01/2015	151,000	5.450%	17,848.75	168,848.75	186,697.50
06/01/2016			13,734.00	13,734.00	
12/01/2016	159,000	5.450%	13,734.00	172,734.00	186,468.00
06/01/2017			9,401.25	9,401.25	
12/01/2017	168,000	5.450%	9,401.25	177,401.25	186,802.50
06/01/2018			4,823.25	4,823.25	
12/01/2018	177,000	5.450%	4,823.25	181,823.25	186,646.50
	1,878,000.00		915,399.26	2,793,399.26	2,793,399.26

LTGO Refunding Bonds – 2005

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.

Issue Amount:	\$7,369,000
Issue Date:	5/03/2005
CUSIP:	Private Placement
Ratings:	Standard & Poor's: AA+
Principal Pymt Dates:	December 1, 2005 – 2020
Interest Pymt Dates:	December 1, 2005, June 1 and December 1, 2006 – 2020
Debt Service Balance:	\$1,309,376 (as of 12/31/2016)
Call Date:	Not Callable
Bond Underwriters:	Private Placement
Bond Counsel:	Foster Pepper & Shefelman PLLC

Funding Source

- 1100** – Street Fund (37.45%)
- 1500** – Capital Resources Fund (62.55%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2005	52,000	4.050%	52,696.80	104,696.80	327,434.60
06/01/2006			44,550.00	44,550.00	
12/01/2006	12,000	4.050%	44,550.00	56,550.00	1,167,167.00
06/01/2007			44,307.00	44,307.00	
12/01/2007	12,000	4.050%	44,307.00	56,307.00	1,168,729.50
06/01/2008			44,064.00	44,064.00	
12/01/2008	13,000	4.050%	44,064.00	57,064.00	1,167,793.50
06/01/2009			43,800.75	43,800.75	
12/01/2009	13,000	4.050%	43,800.75	56,800.75	622,399.50
06/01/2010			43,537.50	43,537.50	
12/01/2010	14,000	4.050%	43,537.50	57,537.50	621,539.00
06/01/2011			43,254.00	43,254.00	
12/01/2011	15,000	4.050%	43,254.00	58,254.00	623,990.00
06/01/2012			42,950.25	42,950.25	
12/01/2012	15,000	4.050%	42,950.25	57,950.25	620,590.50
06/01/2013			42,646.50	42,646.50	
12/01/2013	221,000	4.050%	42,646.50	263,646.50	826,543.00
06/01/2014			38,171.25	38,171.25	
12/01/2014	224,000	4.050%	38,171.25	262,171.25	300,342.50
06/01/2015			33,635.25	33,635.25	
12/01/2015	232,000	4.050%	33,635.25	265,635.25	299,270.50
06/01/2016			28,937.25	28,937.25	
12/01/2016	244,000	4.050%	28,937.25	272,937.25	301,874.50
06/01/2017			23,996.25	23,996.25	
12/01/2017	266,000	4.050%	23,996.25	289,996.25	313,992.50
06/01/2018			18,609.75	18,609.75	
12/01/2018	283,000	4.050%	18,609.75	301,609.75	320,219.50
06/01/2019			12,879.00	12,879.00	
12/01/2019	305,000	4.050%	12,879.00	317,879.00	330,758.00
06/01/2020			6,702.75	6,702.75	
12/01/2020	331,000	4.050%	6,702.75	337,702.75	344,405.50
	2,252,000.00		1,076,779.80	9,357,049.60	9,357,049.60

LTGO – 2008 - 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.

Issue Amount:	\$22,700,000
Issue Date:	11/04/2008
CUSIP:	490746VC5, 490746VD3, 490746VE1, 490746VF8, 490746VG6, 490746VH4, 490746VJ0, 490746VK7, 490746VL5, 490746VM3, 490746VN1, 490746VP6, 490746VQ4, 490746VR2, 490746VS0
Ratings:	Standard & Poor’s: AA- Moody’s: A1
Principal Pymt Dates:	December 1, 2009 – 2018
Interest Pymt Dates:	December 1, 2008, June 1 and December 1, 2009 – 2018
Debt Service Balance:	\$1,704,000 (as of 12/31/2016)
Call Date:	12/1/2019 with no premium
Bond Underwriters:	Siebert Brandford Shank & Co., LLC and Piper Jaffray & Co.
Bond Counsel:	K&L Preston Gates Ellis LLP
Financial Advisor:	Seattle-Northwest Securities Corporation

Funding Source

1100 – Street Fund (27.6%)

1500 & 1510 – Capital Resource Fund (72.4%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2008			86,310.00	86,310.00	86,310.00
06/01/2009			575,400.00	575,400.00	
12/01/2009			575,400.00	575,400.00	1,150,800.00
06/01/2010			575,400.00	575,400.00	
12/01/2010			575,400.00	575,400.00	1,150,800.00
06/01/2011			575,400.00	575,400.00	
12/01/2011	535,000	4.000%	575,400.00	1,110,400.00	1,685,800.00
06/01/2012			564,700.00	564,700.00	
12/01/2012	770,000	4.000%	564,700.00	1,334,700.00	1,899,400.00
06/01/2013			549,300.00	549,300.00	
12/01/2013	675,000	4.000%	549,300.00	1,224,300.00	1,773,600.00
06/01/2014			535,800.00	535,800.00	
12/01/2014	725,000	4.500%	535,800.00	1,260,800.00	1,796,600.00
06/01/2015			519,487.50	519,487.50	
12/01/2015	730,000	4.500%	519,487.50	1,249,487.50	1,768,975.00
06/01/2016			503,062.50	503,062.50	
12/01/2016	735,000	5.000%	58,000.00	793,000.00	1,296,062.50
06/01/2017			39,625.00	39,625.00	
12/01/2017	790,000	5.000%	39,625.00	829,625.00	869,250.00
06/01/2018			19,875.00	19,875.00	
12/01/2018	795,000	5.000%	19,875.00	814,875.00	834,750.00
	5,755,000.00		8,557,347.50	14,312,347.50	14,312,347.50

LTGO – 2009 (Taxable)

Purpose: The proceeds from the sale of the Bonds will be 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 256th 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.

Issue Amount:	\$8,410,000
Issue Date:	5/7/2009
CUSIP:	490746VW1, 490746VX9, 490746VY7, 490746VZ4, 497046WA8, 497046WB6, 490746WC4, 490746WD2, 490746WE0, 490746WF7
Ratings:	Moody’s: Aa2 – Insured, A1 - Underlying Standard & Poor’s: AAA – Insured, AA1 - Underlying
Principal Pymt Dates:	December 1, 2010 – 2019
Interest Pymt Dates:	June 1 and December 1, 2009 – 2019
Debt Service Balance:	\$3,140,400 (as of 12/31/2016)
Call Date:	Not Callable
Bond Underwriters:	Barclays Capital Inc.
Bond Counsel:	K&L Preston Gates Ellis LLP
Financial Advisor:	Seattle-Northwest Securities Corporation

Funding Source

- 1110** – Street Fund (19.76%)
- 1500** – Capital Resource Fund (68.81%)
- 4400** – Sewerage Operating Fund (6.95%)
- 4100** – Water Operating Fund (4.48%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2009			171,770.83	171,770.83	171,770.83
06/01/2010			151,562.50	151,562.50	
12/01/2010	550,000	3.000%	151,562.50	701,562.50	853,125.00
06/01/2011			143,312.50	143,312.50	
12/01/2011	765,000	3.000%	143,312.50	908,312.50	1,051,625.00
06/01/2012			131,837.50	131,837.50	
12/01/2012	785,000	3.000%	131,837.50	916,837.50	1,048,675.00
06/01/2013			120,062.50	120,062.50	
12/01/2013	810,000	3.000%	120,062.50	930,062.50	1,050,125.00
06/01/2014			107,912.50	107,912.50	
12/01/2014	835,000	3.500%	107,912.50	942,912.50	1,050,825.00
06/01/2015			93,300.00	93,300.00	
12/01/2015	865,000	4.000%	93,300.00	958,300.00	1,051,600.00
06/01/2016			76,000.00	76,000.00	
12/01/2016	895,000	4.000%	76,000.00	971,000.00	1,047,000.00
06/01/2017			58,100.00	58,100.00	
12/01/2017	930,000	4.000%	58,100.00	988,100.00	1,046,200.00
06/01/2018			39,500.00	39,500.00	
12/01/2018	970,000	4.000%	39,500.00	1,009,500.00	1,049,000.00
06/01/2019			20,100.00	20,100.00	
12/01/2019	1,005,000	4.000%	20,100.00	1,025,100.00	1,045,200.00
	8,410,000.00		2,055,145.83	10,465,145.83	10,465,145.83

LTGO Refunding Bonds – 2012A

Purpose: The proceeds from the sale of the Bonds will be 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.

Issue Amount:	\$9,330,000
Issue Date:	10/25/2012
CUSIP:	490746WG5, 490746WH3, 490746WJ9, 490746WK6, 490746WL4, 490746WM2, 490746WN0, 490746WP5, 490746WQ3, 490746WR1
Ratings:	Moody’s: Baa2 Standard & Poor’s: A+
Principal Pymt Dates:	December 1, 2013 – 2022
Interest Pymt Dates:	June 1 and December 1, 2012 – 2022
Debt Service Balance:	\$7,037,025 (as of 12/31/2016)
Call Date:	Not Callable
Bond Underwriters:	KeyBanc Capital Markets Inc. and Piper Jaffray & Co.
Bond Counsel:	Pacifica Law Group LLP
Financial Advisor:	Seattle-Northwest Securities Corporation

Funding Source

- 1110** – Street Fund (52.5%)
- 1500 & 1510** – Capital Resource Fund (47.5%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2012			34,932.50	34,932.50	34,932.50
06/01/2013			174,662.50	174,662.50	
12/01/2013	35,000	2.000%	174,662.50	209,662.50	384,325.00
06/01/2014			174,312.50	174,312.50	
12/01/2014	1,010,000	3.000%	174,312.50	1,184,312.50	1,358,625.00
06/01/2015			159,162.50	159,162.50	
12/01/2015	1,040,000	3.000%	159,162.50	1,199,162.50	1,358,325.00
06/01/2016			143,562.50	143,562.50	
12/01/2016	1,070,000	3.000%	143,562.50	1,213,562.50	1,357,125.00
06/01/2017			127,512.50	127,512.50	
12/01/2017	1,090,000	4.000%	127,512.50	1,217,512.50	1,345,025.00
06/01/2018			105,712.50	105,712.50	
12/01/2018	1,125,000	4.000%	105,712.50	1,230,712.50	1,336,425.00
06/01/2019			83,212.50	83,212.50	
12/01/2019	1,160,000	4.000%	83,212.50	1,243,212.50	1,326,425.00
06/01/2020			60,012.50	60,012.50	
12/01/2020	1,195,000	4.000%	60,012.50	1,255,012.50	1,315,025.00
06/01/2021			36,112.50	36,112.50	
12/01/2021	785,000	4.500%	36,112.50	821,112.50	857,225.00
06/01/2022			18,450.00	18,450.00	
12/01/2022	820,000	4.500%	18,450.00	838,450.00	856,900.00
	9,330,000.00		2,200,357.50	11,530,357.50	11,530,357.50

LTGO Refunding Bonds – 2014

Purpose: The proceeds of the sale of the Bonds will be 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.

Issue Amount:	\$12,230,000
Issue Date:	4/09/2014
CUSIP:	490746WU4, 490746WV2, 490746WW0, 490746WX8, 490746WY6, 490746WZ3, 490746XA7, 490746XB5
Ratings:	Standard & Poor’s: AA-
Principal Pymt Dates:	December 1, 2014 – 2021
Interest Pymt Dates:	June 1 and December 1, 2014 – 2021
Debt Service Balance:	\$7,554,900 (as of 12/31/2016)
Call Date:	Not Callable
Bond Underwriters:	KeyBanc Capital Markets Inc.
Bond Counsel:	Pacifica Law Group LLP
Financial Advisor:	Piper Jaffray & Co.

Funding Source

- 1100** – Street Fund (6.1%)
- 1500** – Capital Improvement Fund (64.8%)
- 4400** – Sewerage Operating Fund (29.1%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2014			55,127.22	55,127.22	
12/01/2014	2,135,000	2.000%	190,825.00	2,325,825.00	2,380,952.22
06/01/2015			169,475.00	169,475.00	
12/01/2015	1,765,000	2.000%	169,475.00	1,934,475.00	2,103,950.00
06/01/2016			151,825.00	151,825.00	
12/01/2016	1,585,000	3.000%	151,825.00	1,736,825.00	1,888,650.00
06/01/2017			128,050.00	128,050.00	
12/01/2017	1,370,000	3.000%	128,050.00	1,498,050.00	1,626,100.00
06/01/2018			107,500.00	107,500.00	
12/01/2018	1,155,000	4.000%	107,500.00	1,262,500.00	1,370,000.00
06/01/2019			84,400.00	84,400.00	
12/01/2019	1,150,000	4.000%	84,400.00	1,234,400.00	1,318,800.00
06/01/2020			61,400.00	61,400.00	
12/01/2020	1,890,000	4.000%	61,400.00	1,951,400.00	2,012,800.00
06/01/2021			23,600.00	23,600.00	
12/01/2021	1,180,000	4.000%	23,600.00	1,203,600.00	1,227,200.00
	12,230,000.00		1,698,452.22	13,928,452.22	13,928,452.22

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

Purpose: The proceeds from the sale of the Bonds will be 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.

Issue Amount:	2015A - \$4,380,000 2015B - \$4,240,000
Issue Date:	9/9/2015
CUSIP:	2015A – XC3, XD1, XE9, XF6, XG4, XH2, XJ8 2015B – XK5, XL3, XM1, XN9
Ratings:	Standard & Poor’s: AA+
Principal Pymt Dates:	December 1, 2015 – 2024
Interest Pymt Dates:	June 1 and December 1, 2015 – 2024
Debt Service Balance:	2015A - \$3,603,575 (as of 12/31/2016) 2015B - \$5,073,550 (as of 12/31/2016)
Call Date:	Not Callable
Bond Underwriters:	KeyBanc Capital Markets Inc.
Bond Counsel:	Pacifica Law Group LLP
Financial Advisor:	Piper Jaffray & Co.

Funding Source

1500 & 1510 – Capital Resource Fund

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2015	115,000	0.600%	46,847.62	161,847.62	161,847.62
06/01/2016			102,491.25	102,491.25	
12/01/2016	865,000	0.950%	102,491.25	967,491.25	1,069,982.50
06/01/2017			98,382.50	98,382.50	
12/01/2017	840,000	1.450%	98,382.50	938,382.50	1,036,765.00
06/01/2018			92,292.50	92,292.50	
12/01/2018	820,000	1.800%	92,292.50	912,292.50	1,004,585.00
06/01/2019			84,912.50	84,912.50	
12/01/2019	700,000	2.250%	84,912.50	784,912.50	869,825.00
06/01/2020			77,037.50	77,037.50	
12/01/2020	790,000	2.500%	77,037.50	867,037.50	944,075.00
06/01/2021			67,162.50	67,162.50	
12/01/2021	1,075,000	2.850%	67,162.50	1,142,162.50	1,209,325.00
06/01/2022			51,225.00	51,225.00	
12/01/2022	1,160,000	3.000%	51,225.00	1,211,225.00	1,262,450.00
06/01/2023			33,825.00	33,825.00	
12/01/2023	1,340,000	3.000%	33,825.00	1,373,825.00	1,407,650.00
06/01/2024			13,725.00	13,725.00	
12/01/2024	915,000	3.000%	13,725.00	928,725.00	942,450.00
	8,620,000.00		1,288,955.12	9,908,955.12	9,908,955.12

Bond Debt Service Schedule Split

Period Ending	2015A Taxable		2015B Non-Taxable		Debt Service	Annual Debt Service
	Principal	Interest	Principal	Interest		
12/01/2015	115,000	17,874.29		28,973.33	161,847.62	161,847.62
06/01/2016		38,891.25		63,600.00	102,491.25	
12/01/2016	865,000	38,891.25		63,600.00	967,491.25	1,069,982.50
06/01/2017		34,782.50		63,600.00	98,382.50	
12/01/2017	840,000	34,782.50		63,600.00	938,382.50	1,036,765.00
06/01/2018		28,692.50		63,600.00	92,292.50	
12/01/2018	820,000	28,692.50		63,600.00	912,292.50	1,004,585.00
06/01/2019		21,312.50		63,600.00	84,912.50	
12/01/2019	700,000	21,312.50		63,600.00	784,912.50	869,825.00
06/01/2020		13,437.50		63,600.00	77,037.50	
12/01/2020	790,000	13,437.50		63,600.00	867,037.50	944,075.00
06/01/2021		3,562.50		63,600.00	67,162.50	
12/01/2021	250,000	3,562.50	825,000	63,600.00	1,142,162.50	1,209,325.00
06/01/2022				51,225.00	51,225.00	
12/01/2022			1,160,000	51,225.00	1,211,225.00	1,262,450.00
06/01/2023				33,825.00	33,825.00	
12/01/2023			1,340,000	33,825.00	1,373,825.00	1,407,650.00
06/01/2024				13,725.00	13,725.00	
12/01/2024			915,000	13,725.00	928,725.00	942,450.00
	4,380,000.00	299,231.79	4,240,000.00	989,723.33	9,908,955.12	9,908,955.12

LTGO Refunding Bonds – 2016

Purpose: The proceeds from the sale of the Bonds will be 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.

Funding Source

Issue Amount:	\$64,575,000
Issue Date:	6/15/2016
CUSIP:	490746XP4, 490746XQ2, 490746XR0, 490746XS8, 490746XT6, 490746XU3, 490746XV1, 490746XW9, 490746XX7, 490746XY5, 490746XZ2, 490746YA6, 490746YB4, 490746YC2, 490746YD0, 490746YE8, 490746YF5, 490746YG3, 490746YH1, 490746YJ7
Ratings:	Standard & Poor’s: AA+
Principal Pymt Dates:	December 1, 2016 – 2037
Interest Pymt Dates:	December 1, 2016, June 1 and December 1, 2017 – 2037
Debt Service Balance:	\$100,381,100 (as of 12/31/2016)
Call Date:	12/1/2026 with no premium
Bond Underwriters:	KeyBanc Capital Markets Inc.
Bond Counsel:	Pacifica Law Group LLP
Financial Advisor:	Piper Jaffray & Co.

Funding Source

- 1100** – Street Fund (27.6%)
- 1500 & 1510** – Capital Resource Fund (72.4%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2016	415,000	2.000%	1,351,954.72	1,766,954.72	1,766,954.72
06/01/2017			1,461,825.00	1,461,825.00	
12/01/2017	630,000	2.000%	1,461,825.00	2,091,825.00	3,553,650.00
06/01/2018			1,455,525.00	1,455,525.00	
12/01/2018	645,000	3.000%	1,455,525.00	2,100,525.00	3,556,050.00
06/01/2019			1,445,850.00	1,445,850.00	
12/01/2019	1,560,000	3.000%	1,445,850.00	3,005,850.00	4,451,700.00
06/01/2020			1,422,450.00	1,422,450.00	
12/01/2020	965,000	5.000%	1,422,450.00	2,387,450.00	3,809,900.00
06/01/2021			1,398,325.00	1,398,325.00	
12/01/2021	1,780,000	5.000%	1,398,325.00	3,178,325.00	4,576,650.00
06/01/2022			1,353,825.00	1,353,825.00	
12/01/2022	2,905,000	5.000%	1,353,825.00	4,258,825.00	5,612,650.00
06/01/2023			1,281,200.00	1,281,200.00	
12/01/2023	3,465,000	5.000%	1,281,200.00	4,746,200.00	6,027,400.00
06/01/2024			1,194,575.00	1,194,575.00	
12/01/2024	3,750,000	5.000%	1,194,575.00	4,944,575.00	6,139,150.00
06/01/2025			1,100,825.00	1,100,825.00	
12/01/2025	5,225,000	5.000%	1,100,825.00	6,325,825.00	7,426,650.00
06/01/2026			970,200.00	970,200.00	
12/01/2026	2,985,000	5.000%	970,200.00	3,955,200.00	4,925,400.00
06/01/2027			895,575.00	895,575.00	
12/01/2027	3,270,000	5.000%	895,575.00	4,165,575.00	5,061,150.00
06/01/2028			813,825.00	813,825.00	
12/01/2028	3,560,000	5.000%	813,825.00	4,373,825.00	5,187,650.00
06/01/2029			724,825.00	724,825.00	
12/01/2029	3,875,000	4.000%	724,825.00	4,599,825.00	5,324,650.00
06/01/2030			647,325.00	647,325.00	
12/01/2030	4,200,000	4.000%	647,325.00	4,847,325.00	5,494,650.00
06/01/2031			563,325.00	563,325.00	
12/01/2031	4,520,000	5.000%	563,325.00	5,083,325.00	5,646,650.00

Bond Debt Service Schedule (Cont.)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2032			450,325.00	450,325.00	
12/01/2032	4,910,000	5.000%	450,325.00	5,360,325.00	5,810,650.00
06/01/2033			327,575.00	327,575.00	
12/01/2033	2,750,000	5.000%	327,575.00	3,077,575.00	3,405,150.00
06/01/2034			258,825.00	258,825.00	
12/01/2034	2,960,000	5.000%	258,825.00	3,218,825.00	3,477,650.00
06/01/2035			184,825.00	184,825.00	
12/01/2035	3,175,000	5.000%	184,825.00	3,359,825.00	3,544,650.00
06/01/2036			105,450.00	105,450.00	
12/01/2036	3,425,000	3.000%	105,450.00	3,530,450.00	3,635,900.00
06/01/2037			54,075.00	54,075.00	
12/01/2037	3,605,000	3.000%	54,075.00	3,659,075.00	3,713,150.00
	64,575,000.00		37,573,054.72	102,148,054.72	102,148,054.72



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LONG-TERM NOTES



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LONG-TERM NOTES

The outstanding balance on the City’s long-term notes is \$45,592,541. 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
Long-term Notes:				
2001	Tacoma Second Supply Pipeline	Water Fund	\$ 2,678,472	Matures 2021
2002	Tacoma Second Supply Pipeline	Water Fund	\$ 3,243,281	Matures 2022
2010	Series A - Second Supply Project	Water Fund	\$ 2,967,400	Matures 2024
2010	Series B - Second Supply Project (Build America Bond)	Water Fund	\$ 15,300,123	Matures 2040
2013	Tacoma Bonds - (2002 Refunding)	Water Fund	\$ 21,204,900	Matures 2032
2015	SMG Capital Loan	General Fund	\$ 198,365	Matures 2024
			<u>\$ 45,592,541</u>	

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

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.

Issue Amount:	\$10,000,000
Date of Loan:	5/4/2001
Interest Rate:	0.5000% (Simple)
Principal Pymt Dates:	June 1, 2002 – 2021
Interest Pymt Dates:	June 1, 2002 – 2021
Debt Service Balance:	\$2,678,472 (as of 12/31/2016)

Funding Source

4100 – Water Fund

Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
07/01/2002		44,993.06	44,993.06
07/01/2003	500,000.00	47,500.00	547,500.00
07/01/2004	527,777.78	46,770.83	574,548.61
07/01/2005	527,777.78	44,861.11	572,638.89
07/01/2006	527,777.78	42,222.22	570,000.00
07/01/2007	527,777.78	39,583.33	567,361.11
07/01/2008	527,777.77	36,944.44	564,722.21
07/01/2009	527,777.78	34,305.56	562,083.34
07/01/2010	527,777.78	31,666.67	559,444.45
07/01/2011	527,777.78	29,027.78	556,805.56
07/01/2012	527,777.78	26,388.89	554,166.67
07/01/2013	527,777.78	23,750.00	551,527.78
07/01/2014	527,777.78	21,111.11	548,888.89
06/01/2015	527,777.78	16,932.87	544,710.65
06/01/2016	527,777.78	15,833.33	543,611.11
06/01/2017	527,777.77	13,194.44	540,972.21
06/01/2018	527,777.78	10,555.56	538,333.34
06/01/2019	527,777.77	7,916.67	535,694.44
06/01/2020	527,777.78	5,277.78	533,055.56
06/01/2021	527,777.77	2,638.89	530,416.66
	10,000,000.00	541,474.54	10,541,474.54

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.

Issue Amount:	\$10,000,000
Date of Loan:	3/28/2002
Interest Rate:	0.5000% (Simple)
Principal Pymt Dates:	June 1, 2003 – 2022
Interest Pymt Dates:	June 1, 2003 – 2022
Debt Service Balance:	\$3,243,281 (as of 12/31/2016)

Funding Source

4100 – Water Fund

Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
07/01/2003		35,493.06	35,493.06
07/01/2004	500,000.01	47,500.00	547,500.01
07/01/2005	500,000.01	45,000.00	545,000.01
07/01/2006	500,000.01	42,500.01	542,500.02
07/01/2007	531,250.01	40,590.29	571,840.30
07/01/2008	531,249.96	39,843.75	571,093.71
07/01/2009	531,250.00	37,187.50	568,437.50
07/01/2010	531,250.00	34,531.25	565,781.25
07/01/2011	531,250.00	31,875.00	563,125.00
07/01/2012	531,250.00	29,218.75	560,468.75
07/01/2013	531,250.00	26,562.50	557,812.50
07/01/2014	531,250.00	23,906.25	555,156.25
06/01/2015	531,250.00	19,479.17	550,729.17
06/01/2016	531,250.00	18,593.75	549,843.75
06/01/2017	531,250.00	15,937.50	547,187.50
06/01/2018	531,250.00	13,281.25	544,531.25
06/01/2019	531,250.00	10,625.00	541,875.00
06/01/2020	531,250.00	7,968.75	539,218.75
06/01/2021	531,250.00	5,312.50	536,562.50
06/01/2022	531,250.00	2,656.25	533,906.25
	10,000,000.00	528,062.53	10,528,062.53

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.

2010 Series A – Non-Taxable

2010 Series B - Taxable - Build America Bonds

Issue Amount:	Series A - \$3,595,000 Series B - \$7,805,000
Issue Date:	8/24/2010
CUSIP:	Series A – 87354TAT2, 87354TAU9, 87354TAV7, 87354TAW5, 87354TAX3, 87354TAY1, 87354TAZ8, 87354TBA2, 87354TBB0, 87354TBC8, 87354TBD6, 87354TBE4 Series B – 87354TBF1, 87354TBG9
Ratings:	Moody’s: Aa2 Standard & Poor’s: AA
Principal Pymt Dates:	December 1, 2011 – 2040
Interest Pymt Dates:	June 1 and December 1, 2011 – 2040
Debt Service Balance:	\$18,267,523 (as of 12/31/2016)
Call Date:	2010A – Callable after 12/01/2020 with no premium 2010B – Callable with a premium (See booklet for additional information)
Bond Underwriters:	Citigroup Global Markets Inc.
Bond Counsel:	Foster Pepper PLLC
Financial Advisor:	DashenMusselman Inc.

Funding Source

4100 – Water Fund

Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2011			420,112.09	420,112.09	
12/01/2011			272,997.03	272,997.03	693,109.12
06/01/2012			272,997.03	272,997.03	
12/01/2012			272,997.03	272,997.03	545,994.06
06/01/2013			272,997.03	272,997.03	
12/01/2013	260,000	2.000%	272,997.03	532,997.03	805,994.06
06/01/2014			270,397.03	270,397.03	
12/01/2014	265,000	2.000%	270,397.03	535,397.03	805,794.06
06/01/2015			267,747.03	267,747.03	
12/01/2015	270,000	2.000%	267,747.03	537,747.03	805,494.06
06/01/2016			265,047.03	265,047.03	
12/01/2016	275,000	3.000%	265,047.03	540,047.03	805,094.06
06/01/2017			260,922.03	260,922.03	
12/01/2017	280,000	3.000%	260,922.03	540,922.03	801,844.06
06/01/2018			256,722.03	256,722.03	
12/01/2018	290,000	3.000%	256,722.03	546,722.03	803,444.06
06/01/2019			252,372.03	252,372.03	
12/01/2019	300,000	3.000%	252,372.03	552,372.03	804,744.06
06/01/2020			247,872.03	247,872.03	
12/01/2020	310,000	3.000%	247,872.03	557,872.03	805,744.06
06/01/2021			243,222.03	243,222.03	
12/01/2021	315,000	4.000%	243,222.03	558,222.03	801,444.06
06/01/2022			236,922.03	236,922.03	
12/01/2022	330,000	4.000%	236,922.03	566,922.03	803,844.06
06/01/2023			230,322.03	230,322.03	
12/01/2023	345,000	4.000%	230,322.03	575,322.03	805,644.06
06/01/2024			223,422.03	223,422.03	
12/01/2024	355,000	4.000%	223,422.03	578,422.03	801,844.06
06/01/2025			216,322.03	216,322.03	
12/01/2025	370,000	5.371%	216,322.03	586,322.03	802,644.06

Debt Service Schedule (Cont.)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2026			206,385.68	206,385.68	
12/01/2026	385,000	5.371%	206,385.68	591,385.68	797,771.36
06/01/2027			196,046.50	196,046.50	
12/01/2027	400,000	5.371%	196,046.50	596,046.50	792,093.00
06/01/2028			185,304.50	185,304.50	
12/01/2028	410,000	5.371%	185,304.50	595,304.50	780,609.00
06/01/2029			174,293.95	174,293.95	
12/01/2029	425,000	5.371%	174,293.95	599,293.95	773,587.90
06/01/2030			162,880.58	162,880.58	
12/01/2030	440,000	5.371%	162,880.58	602,880.58	765,761.16
06/01/2031			151,064.38	151,064.38	
12/01/2031	455,000	5.621%	151,064.38	606,064.38	757,128.76
06/01/2032			138,276.60	138,276.60	
12/01/2032	470,000	5.621%	138,276.60	608,276.60	746,553.20
06/01/2033			125,067.25	125,067.25	
12/01/2033	490,000	5.621%	125,067.25	615,067.25	740,134.50
06/01/2034			111,295.80	111,295.80	
12/01/2034	505,000	5.621%	111,295.80	616,295.80	727,591.60
06/01/2035			97,102.78	97,102.78	
12/01/2035	525,000	5.621%	97,102.78	622,102.78	719,205.56
06/01/2036			82,347.65	82,347.65	
12/01/2036	545,000	5.621%	82,347.65	627,347.65	709,695.30
06/01/2037			67,030.43	67,030.43	
12/01/2037	565,000	5.621%	67,030.43	632,030.43	699,060.86
06/01/2038			51,151.10	51,151.10	
12/01/2038	585,000	5.621%	51,151.10	636,151.10	687,302.20
06/01/2039			34,709.68	34,709.68	
12/01/2039	605,000	5.621%	34,709.68	639,709.68	674,419.36
06/01/2040			17,706.15	17,706.15	
12/01/2040	630,000	5.621%	17,706.15	647,706.15	665,412.30
	11,400,000.00		11,329,002.02	22,729,002.02	22,729,002.02

Debt Service Schedule Split

Period Ending	2010A		2010B		Debt Service	Annual Debt Service
	Non-Taxable		Taxable - BABs			
	Principal	Interest	Principal	Interest		
06/01/2011		71,945.76		274,608.79	346,554.55	
12/01/2011		71,945.77		274,608.80	346,554.57	693,109.12
06/01/2012		56,675.00		216,322.03	272,997.03	
12/01/2012		56,675.00		216,322.03	272,997.03	545,994.06
06/01/2013		56,675.00		216,322.03	272,997.03	
12/01/2013	260,000	56,675.00		216,322.03	532,997.03	805,994.06
06/01/2014		54,075.00		216,322.03	270,397.03	
12/01/2014	265,000	54,075.00		216,322.03	535,397.03	805,794.06
06/01/2015		51,425.00		216,322.03	267,747.03	
12/01/2015	270,000	51,425.00		216,322.03	537,747.03	805,494.06
06/01/2016		48,725.00		216,322.03	265,047.03	
12/01/2016	275,000	48,725.00		216,322.03	540,047.03	805,094.06
06/01/2017		44,600.00		216,322.03	260,922.03	
12/01/2017	280,000	44,600.00		216,322.03	540,922.03	801,844.06
06/01/2018		40,400.00		216,322.03	256,722.03	
12/01/2018	290,000	40,400.00		216,322.03	546,722.03	803,444.06
06/01/2019		36,050.00		216,322.03	252,372.03	
12/01/2019	300,000	36,050.00		216,322.03	552,372.03	804,744.06
06/01/2020		31,550.00		216,322.03	247,872.03	
12/01/2020	310,000	31,550.00		216,322.03	557,872.03	805,744.06
06/01/2021		26,900.00		216,322.03	243,222.03	
12/01/2021	315,000	26,900.00		216,322.03	558,222.03	801,444.06
06/01/2022		20,600.00		216,322.03	236,922.03	
12/01/2022	330,000	20,600.00		216,322.03	566,922.03	803,844.06
06/01/2023		14,000.00		216,322.03	230,322.03	
12/01/2023	345,000	14,000.00		216,322.03	575,322.03	805,644.06
06/01/2024		7,100.00		216,322.03	223,422.03	
12/01/2024	355,000	7,100.00		216,322.03	578,422.03	801,844.06
06/01/2025				216,322.03	216,322.03	
12/01/2025			370,000	216,322.03	586,322.03	802,644.06

Debt Service Schedule Split (Cont.)

Period Ending	2010A		2010B		Debt Service	Annual Debt Service
	Non-Taxable		Taxable - BABs			
	Principal	Interest	Principal	Interest		
06/01/2026				206,385.68	206,385.68	
12/01/2026			385,000	206,385.68	591,385.68	797,771.36
06/01/2027				196,046.50	196,046.50	
12/01/2027			400,000	196,046.50	596,046.50	792,093.00
06/01/2028				185,304.50	185,304.50	
12/01/2028			410,000	185,304.50	595,304.50	780,609.00
06/01/2029				174,293.95	174,293.95	
12/01/2029			425,000	174,293.95	599,293.95	773,587.90
06/01/2030				162,880.58	162,880.58	
12/01/2030			440,000	162,880.58	602,880.58	765,761.16
06/01/2031				151,064.38	151,064.38	
12/01/2031			455,000	151,064.38	606,064.38	757,128.76
06/01/2032				138,276.60	138,276.60	
12/01/2032			470,000	138,276.60	608,276.60	746,553.20
06/01/2033				125,067.25	125,067.25	
12/01/2033			490,000	125,067.25	615,067.25	740,134.50
06/01/2034				111,295.80	111,295.80	
12/01/2034			505,000	111,295.80	616,295.80	727,591.60
06/01/2035				97,102.78	97,102.78	
12/01/2035			525,000	97,102.78	622,102.78	719,205.56
06/01/2036				82,347.65	82,347.65	
12/01/2036			545,000	82,347.65	627,347.65	709,695.30
06/01/2037				67,030.43	67,030.43	
12/01/2037			565,000	67,030.43	632,030.43	699,060.86
06/01/2038				51,151.10	51,151.10	
12/01/2038			585,000	51,151.10	636,151.10	687,302.20
06/01/2039				34,709.68	34,709.68	
12/01/2039			605,000	34,709.68	639,709.68	674,419.36
06/01/2040				17,706.15	17,706.15	
12/01/2040			630,000	17,706.15	647,706.15	665,412.30
	3,595,000.00	1,121,441.53	7,805,000.00	10,207,560.49	22,729,002.02	22,729,002.02

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.

Issue Amount:	\$14,790,000
Issue Date:	5/7/2013
CUSIP:	87354TBH7, 87354TBJ3, 87354TBK0, 87354TBL8, 87354TBM6, 87354TBN4, 87354TBP9, 87354TBQ7, 87354TBR5, 87354TBS3, 87354TBT1, 87354TBU8, 87354TBV6, 87354TBW4, 87354TBX2, 87354TBY0, 87354TBZ7, 87354TCA1, 87354TCB9, 87354TCC7
Ratings:	Moody's: Aa2 Standard & Poor's: AA
Principal Pymt Dates:	December 1, 2013 – 2032
Interest Pymt Dates:	June 1 and December 1, 2014 – 2032
Debt Service Balance:	\$21,204,900 (as of 12/31/2016)
Call Date:	Callable after 12/01/2023 with no premium
Bond Underwriters:	Goldman, Sachs & Co
Bond Counsel:	Foster Pepper PLLC
Financial Advisor:	A. Dashen & Associates and SDM Advisors Inc.

Funding Source

4100 – Water Fund

Debt Service Schedule

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
06/01/2013				
12/01/2013	175,000	434,250.00	609,250.00	609,250.00
06/01/2014		343,025.00	343,025.00	
12/01/2014	205,000	343,025.00	548,025.00	891,050.00
06/01/2015		337,900.00	337,900.00	
12/01/2015	235,000	337,900.00	572,900.00	910,800.00
06/01/2016		332,025.00	332,025.00	
12/01/2016	110,000	332,025.00	442,025.00	774,050.00
06/01/2017		329,275.00	329,275.00	
12/01/2017	135,000	329,275.00	464,275.00	793,550.00
06/01/2018		325,900.00	325,900.00	
12/01/2018	125,000	325,900.00	450,900.00	776,800.00
06/01/2019		322,775.00	322,775.00	
12/01/2019	345,000	322,775.00	667,775.00	990,550.00
06/01/2020		314,150.00	314,150.00	
12/01/2020	365,000	314,150.00	679,150.00	993,300.00
06/01/2021		305,025.00	305,025.00	
12/01/2021	380,000	305,025.00	685,025.00	990,050.00
06/01/2022		295,525.00	295,525.00	
12/01/2022	400,000	295,525.00	695,525.00	991,050.00
06/01/2023		285,525.00	285,525.00	
12/01/2023	420,000	285,525.00	705,525.00	991,050.00
06/01/2024		275,025.00	275,025.00	
12/01/2024	1,090,000	275,025.00	1,365,025.00	1,640,050.00
06/01/2025		247,775.00	247,775.00	
12/01/2025	1,150,000	247,775.00	1,397,775.00	1,645,550.00
06/01/2026		219,025.00	219,025.00	
12/01/2026	1,200,000	219,025.00	1,419,025.00	1,638,050.00
06/01/2027		189,025.00	189,025.00	
12/01/2027	1,260,000	189,025.00	1,449,025.00	1,638,050.00

Debt Service Schedule (Cont.)

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
06/01/2028		157,525.00	157,525.00	
12/01/2028	1,325,000	157,525.00	1,482,525.00	1,640,050.00
06/01/2029		124,400.00	124,400.00	
12/01/2029	1,400,000	124,400.00	1,524,400.00	1,648,800.00
06/01/2030		89,400.00	89,400.00	
12/01/2030	1,465,000	89,400.00	1,554,400.00	1,643,800.00
06/01/2031		60,100.00	60,100.00	
12/01/2031	1,530,000	60,100.00	1,590,100.00	1,650,200.00
06/01/2032		29,500.00	29,500.00	
12/01/2032	1,475,000	29,500.00	1,504,500.00	1,534,000.00
	14,790,000.00	9,600,050.00	24,390,050	24,390,050

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>

Issue Amount:	\$200,423.17 (Up to \$500,000)
Date of Loan:	1/1/2015
Interest Rate:	0.00%
Principal Pymt Dates:	December 31, 2015 – 2024
Debt Service Balance:	\$198,364.99 (as of 12/31/2016)

Funding Source

1950 – Kent Events Center

Debt Service Schedule

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



REVENUE DEBT



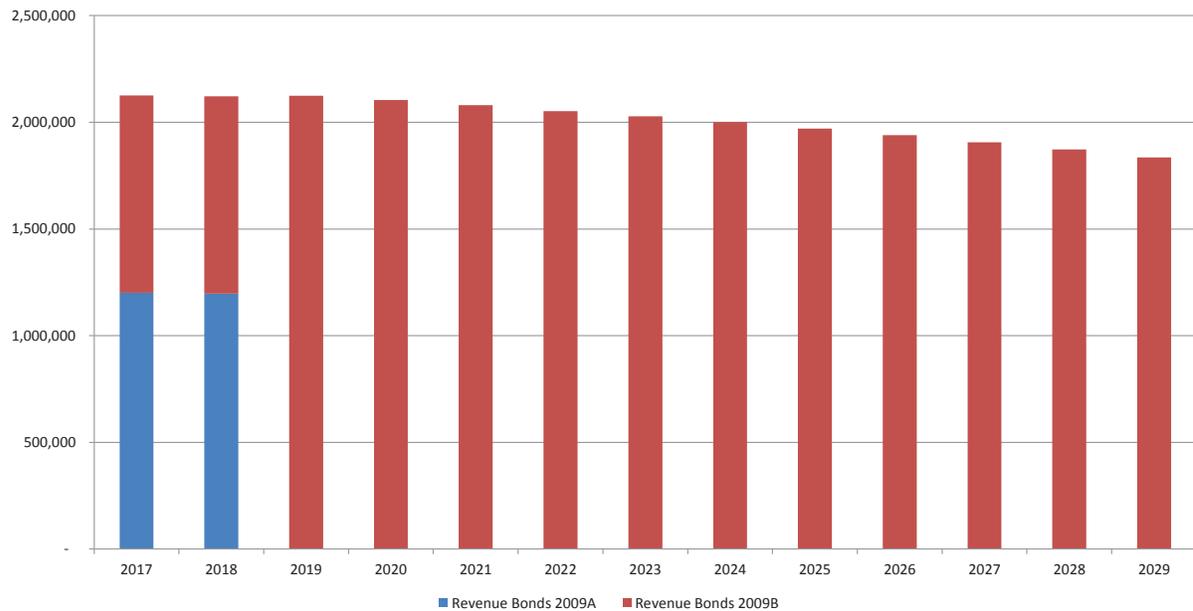
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REVENUE DEBT

The outstanding debt service on the City's revenue bond debt is \$26,164,195 with debt service (principal and interest) payments currently scheduled to be retired in 2029. 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
Revenue Bonds:				
2009	Revenue Bond, Series A	Water/Sewer Funds	\$ 2,398,000	Matures 2018
2009	Revenue Bond, Series B	Water/Sewer Funds	\$ 23,766,195	Matures 2029
			<u>\$ 26,164,195</u>	

The following chart shows the annual debt service payment by debt issuance (series A and B).



The next chart represents the City's outstanding revenue debt by payment year and details the debt service amount by principal and interest and the responsible fund for making debt payments.

Revenue Bonds

Year	Water Revenue Bonds		Sewerage Revenue Bonds		Total
	Principal	Interest	Principal	Interest	
2017	550,000	513,072	550,000	513,072	2,126,144
2018	570,000	491,072	570,000	491,072	2,122,144
2019	600,000	462,572	600,000	462,572	2,125,144
2020	620,000	432,212	620,000	432,212	2,104,424
2021	642,500	397,430	642,500	397,430	2,079,860
2022-2026	3,580,000	1,416,067	3,580,000	1,416,067	9,992,134
2027-2031	2,497,500	309,672	2,497,500	309,672	5,614,344
2032-2036	-	-	-	-	-
2037-2041	-	-	-	-	-
2042-2046	-	-	-	-	-
Total	9,060,000	4,022,097	9,060,000	4,022,097	26,164,194

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.

Revenue Bonds – 2009A

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.

Issue Amount:	\$9,120,000
Issue Date:	9/03/2009
CUSIP:	490748AA8, 490748AB6, 490748AC4, 490748AD2, 490748AE0 490748AF7, 490748AG5, 490748AH3, 490748AJ9, 490748AK6
Ratings:	Standard & Poor’s: AA
Principal Pymt Dates:	December 1, 2009 – 2018
Interest Pymt Dates:	December 1, 2009, June 1 and December 1, 2010 – 2018
Debt Service Balance:	\$2,398,000 (as of 12/31/2016)
Call Date:	Not Callable
Bond Underwriters:	Piper Jaffray & Co., Barclays Capital Inc. & Siebert Brandford Shank & Co., LLC
Bond Counsel:	K&L Gates LLP
Financial Advisor:	Seattle-Northwest Securities Corporation

Funding Source

- 4100** – Water Operating Fund (50%)
- 4400** – Sewerage Operating Fund (50%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2009	210,000	3.000%	82,585.56	292,585.56	292,585.56
06/01/2010			165,775.00	165,775.00	
12/01/2010	865,000	3.000%	165,775.00	1,030,775.00	1,196,550.00
06/01/2011			152,800.00	152,800.00	
12/01/2011	895,000	3.000%	152,800.00	1,047,800.00	1,200,600.00
06/01/2012			139,375.00	139,375.00	
12/01/2012	920,000	3.000%	139,375.00	1,059,375.00	1,198,750.00
06/01/2013			125,575.00	125,575.00	
12/01/2013	945,000	3.000%	125,575.00	1,070,575.00	1,196,150.00
06/01/2014			111,400.00	111,400.00	
12/01/2014	975,000	4.000%	111,400.00	1,086,400.00	1,197,800.00
06/01/2015			91,900.00	91,900.00	
12/01/2015	1,015,000	4.000%	91,900.00	1,106,900.00	1,198,800.00
06/01/2016			71,600.00	71,600.00	
12/01/2016	1,055,000	4.000%	71,600.00	1,126,600.00	1,198,200.00
06/01/2017			50,500.00	50,500.00	
12/01/2017	1,100,000	4.000%	50,500.00	1,150,500.00	1,201,000.00
06/01/2018			28,500.00	28,500.00	
12/01/2018	1,140,000	5.000%	28,500.00	1,168,500.00	1,197,000.00
	9,120,000.00		1,957,435.56	11,077,435.56	11,077,435.56

Revenue Bonds – 2009B - Taxable

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.

Issue Amount:	\$15,880,000
Issue Date:	9/03/2009
CUSIP:	490748AL4, 490748AM2, 490748AN0
Ratings:	Standard & Poor’s: AA
Principal Pymt Dates:	December 1, 2019 – 2029
Interest Pymt Dates:	December 1, 2009, June 1 and December 1, 2010 – 2029
Debt Service Balance:	\$23,766,195 (as of 12/31/2016)
Bond Underwriters:	Piper Jaffray & Co., Barclays Capital Inc. & Siebert Brandford Shank & Co., LLC
Bond Counsel:	K&L Gates LLP
Financial Advisor:	Seattle-Northwest Securities Corporation

Funding Source

- 4100** – Water Operating Fund (50%)
- 4400** – Sewerage Operating Fund (50%)

Bond Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2009			226,146.43	226,146.43	226,146.43
06/01/2010			462,572.25	462,572.25	
12/01/2010			462,572.25	462,572.25	925,144.50
06/01/2011			462,572.25	462,572.25	
12/01/2011			462,572.25	462,572.25	925,144.50
06/01/2012			462,572.25	462,572.25	
12/01/2012			462,572.25	462,572.25	925,144.50
06/01/2013			462,572.25	462,572.25	
12/01/2013			462,572.25	462,572.25	925,144.50
06/01/2014			462,572.25	462,572.25	
12/01/2014			462,572.25	462,572.25	925,144.50
06/01/2015			462,572.25	462,572.25	
12/01/2015			462,572.25	462,572.25	925,144.50
06/01/2016			462,572.25	462,572.25	
12/01/2016			462,572.25	462,572.25	925,144.50
06/01/2017			462,572.25	462,572.25	
12/01/2017			462,572.25	462,572.25	925,144.50
06/01/2018			462,572.25	462,572.25	
12/01/2018			462,572.25	462,572.25	925,144.50
06/01/2019			462,572.25	462,572.25	
12/01/2019	1,200,000	5.060%	462,572.25	1,662,572.25	2,125,144.50
06/01/2020			432,212.25	432,212.25	
12/01/2020	1,240,000	5.610%	432,212.25	1,672,212.25	2,104,424.50
06/01/2021			397,430.25	397,430.25	
12/01/2021	1,285,000	5.610%	397,430.25	1,682,430.25	2,079,860.50
06/01/2022			361,386.00	361,386.00	
12/01/2022	1,330,000	5.610%	361,386.00	1,691,386.00	2,052,772.00
06/01/2023			324,079.50	324,079.50	
12/01/2023	1,380,000	5.610%	324,079.50	1,704,079.50	2,028,159.00
06/01/2024			285,370.50	285,370.50	
12/01/2024	1,430,000	5.610%	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
06/01/2025			245,259.00	245,259.00	
12/01/2025	1,480,000	6.120%	245,259.00	1,725,259.00	1,970,518.00
06/01/2026			199,971.00	199,971.00	
12/01/2026	1,540,000	6.120%	199,971.00	1,739,971.00	1,939,942.00
06/01/2027			152,847.00	152,847.00	
12/01/2027	1,600,000	6.120%	152,847.00	1,752,847.00	1,905,694.00
06/01/2028			103,887.00	103,887.00	
12/01/2028	1,665,000	6.120%	103,887.00	1,768,887.00	1,872,774.00
06/01/2029			52,938.00	52,938.00	
12/01/2029	1,730,000	6.120%	52,938.00	1,782,938.00	1,835,876.00
	15,880,000.00		14,588,352.43	30,468,352.43	30,468,352.43



INTERFUND LOANS

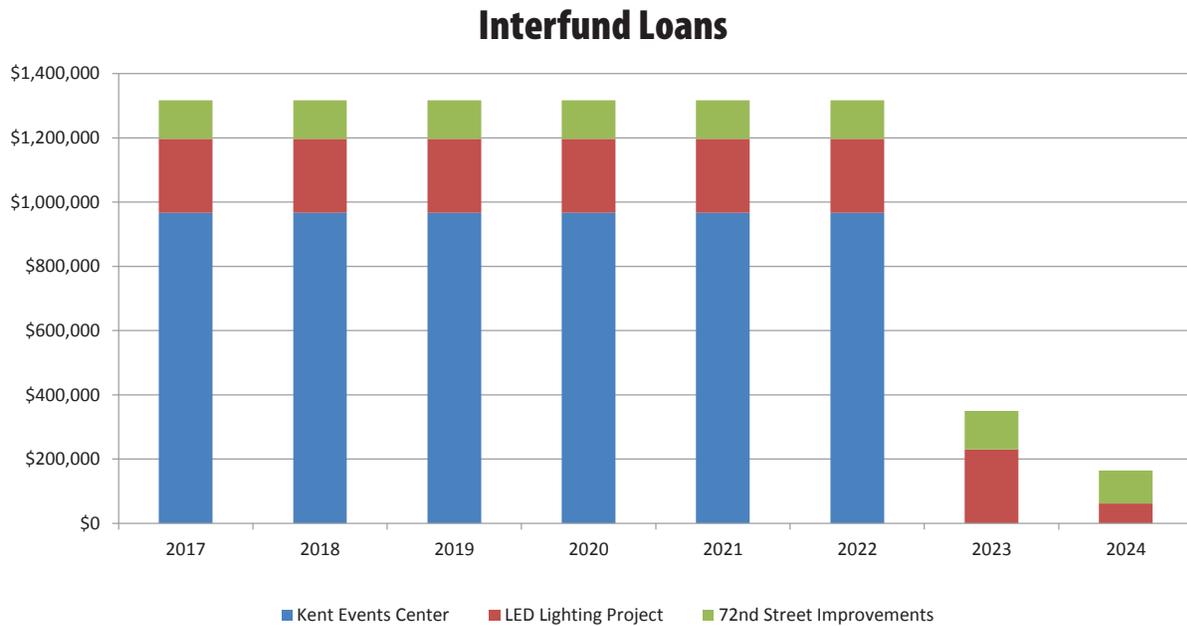


INTERFUND LOANS

The outstanding balance on the City’s internal loans is \$8,414,782. 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
Interfund Loans:				
2012	Sewerage to Capital Resources	Capital Resources	\$ 2,002,736	Matures 2022
2012	Water to Capital Resources	Capital Resources	\$ 2,002,736	Matures 2022
2012	Insurance to Capital Resources	Capital Resources	\$ 1,794,818	Matures 2022
2015	Sewer/Self Ins. To Street Cap. Proj. for LED Street Lighting Project	Street Capital Projects	\$ 1,671,805	Matures 2024
2016	Sewer to Street Capital Projects	Street Capital Projects	\$ 942,687	Matures 2024
			<u>\$ 8,414,782</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. Ordinance 4062. 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).

Issue Amount:	\$3,350,000
Date of Loan:	12/31/2012
Interest Rate:	1.52%
Principal Pymt Dates:	December 31, 2013 – 2022
Interest Pymt Dates:	December 31, 2013 – 2022
Debt Service Balance:	\$2,002,736 (as of 12/31/2016)

Funding Source

1500 – Capital Resources Fund

Repayment Schedule

Period Ending	Principal	Interest	Debt Service
12/31/2013	355,867.44	50,920.00	406,787.44
12/31/2014	383,716.54	45,510.81	429,227.35
12/31/2015	409,711.71	39,678.32	449,390.03
12/31/2016	300,338.61	33,450.71	333,789.32
12/31/2017	304,903.76	28,885.56	333,789.32
12/31/2018	309,538.30	24,251.02	333,789.32
12/31/2019	314,243.28	19,546.04	333,789.32
12/31/2020	319,019.78	14,769.54	333,789.32
12/31/2021	323,868.88	9,920.44	333,789.32
12/31/2022	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. Ordinance 4062. 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).

Issue Amount:	\$3,350,000
Date of Loan:	12/31/2012
Interest Rate:	1.52%
Principal Pymt Dates:	December 31, 2013 – 2022
Interest Pymt Dates:	December 31, 2013 – 2022
Debt Service Balance:	\$2,002,736 (as of 12/31/2016)

Funding Source

1500 – Capital Resources Fund

Repayment Schedule

Period Ending	Principal	Interest	Debt Service
12/31/2013	355,867.44	50,920.00	406,787.44
12/31/2014	383,716.54	45,510.81	429,227.35
12/31/2015	409,711.71	39,678.32	449,390.03
12/31/2016	300,338.61	33,450.71	333,789.32
12/31/2017	304,903.76	28,885.56	333,789.32
07/01/2018	309,538.30	24,251.02	333,789.32
06/01/2019	314,243.28	19,546.04	333,789.32
06/01/2020	319,019.78	14,769.54	333,789.32
06/01/2021	323,868.88	9,920.44	333,789.32
06/01/2022	328,791.69	4,997.63	333,789.32
	3,350,000.00	271,930.07	3,621,930.07

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. Ordinance 4062. 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).

Issue Amount:	\$3,002,213.41
Date of Loan:	12/31/2012
Interest Rate:	1.52%
Principal Pymt Dates:	December 31, 2013 – 2022
Interest Pymt Dates:	December 31, 2013 – 2022
Debt Service Balance:	\$1,794,818 (as of 12/31/2016)

Funding Source

1500 – Capital Resources Fund

Repayment Schedule

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

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.

Issue Amount:	\$1,800,000
Date of Loan:	4/30/2015
Interest Rate:	1.2% or annualized interest rate earned on investments in the LGIP
Principal Pymt Dates:	December 31, 2016 – 2024
Interest Pymt Dates:	December 31, 2016 – 2024
Debt Service Balance:	\$1,671,805 (as of 12/31/2016)
Ordinance:	#4148 4/21/2015

Funding Source

1000 – General Fund

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
	1,800,000.00		101,804.47	1,901,804.50

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
	1,000,000.00		56,558.03	1,056,558.03

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
	800,000.00		45,246.44	845,246.44

2016 Interfund Loan – Sewer to Street Capital Projects

Purpose: The project is to widen and improve 72nd 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.

Issue Amount:	\$1,000,000
Date of Loan:	3/1/2016
Interest Rate:	1.25% or annualized interest rate earned on investments in the LGIP
Principal Pymt Dates:	December 31, 2016 – 2024
Interest Pymt Dates:	December 31, 2016 – 2024
Debt Service Balance:	\$942,687 (as of 12/31/2016)
Ordinance:	#4197 4/19/2016

Funding Source

1000 – General Fund

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
	1,000,000.00		62,687.27	1,062,687.27



**PUBLIC WORKS
TRUST FUND LOANS**





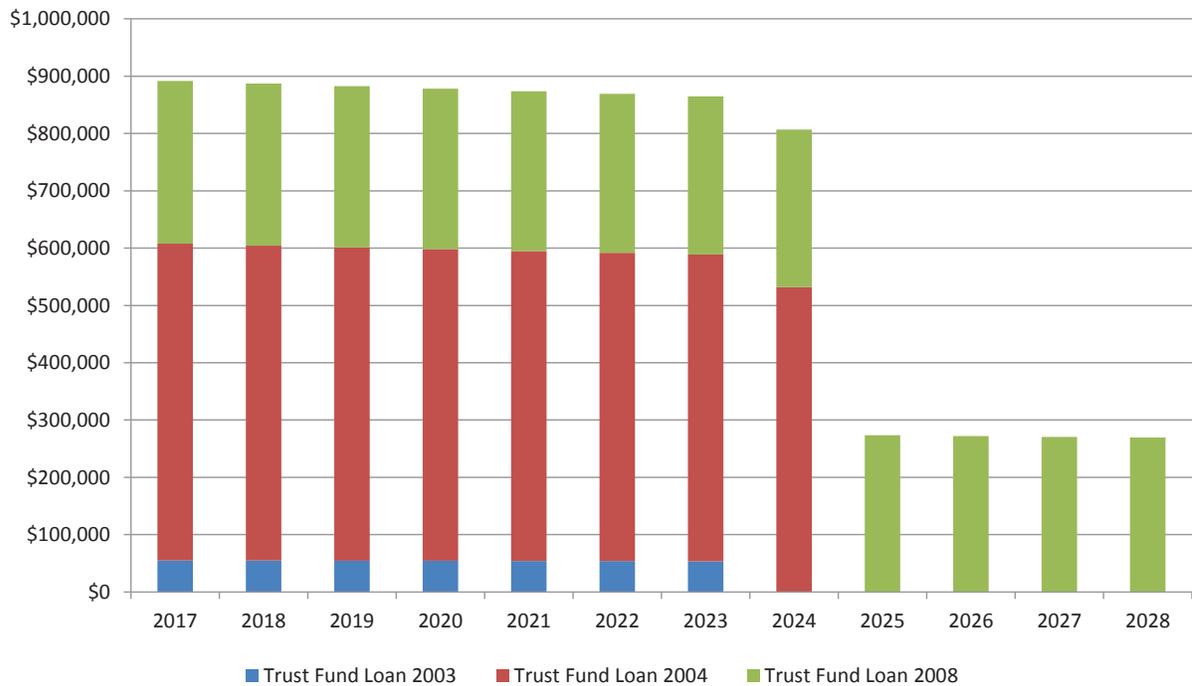
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PW TRUST FUND LOANS

The outstanding debt service on the City’s Public Works Trust Fund loans is \$8,040,729 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
WA State Public Works Trust Fund Loans (General Obligation):				
2003	South 228th Street Extension	Street Fund	\$ 381,009	Matures 2023
2004	South 228th Street Extension	Street/Sewer Funds	\$ 4,338,059	Matures 2024
2008	South 228th RR Grade Separations	Street Fund	\$ 3,321,661	Matures 2028
			<u>\$ 8,040,729</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 228th Street Extension design objectives include:

- Design approximately 5,300 feet of new, 5-lane minor arterial street between 54th 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. 228th Street and SR-516.
- Complete design and coordinate with neighborhood groups to install a noise wall along The Lakes residential area (near 54th Ave S.)
- Design a new traffic signal at Military Road/SR 516.
- Design a new traffic signal at S. 228th Street/57th Avenue S.
- Design a new traffic signal at S. 228th 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.

Issue Amount:	\$1,000,000
Date of Loan:	6/30/2003
Interest Rate:	0.5000% (Simple)
Principal Pymt Dates:	June 1, 2004 – 2023
Interest Pymt Dates:	June 1, 2004 – 2023
Debt Service Balance:	\$381,009 (as of 12/31/2016)

Funding Source

1110 – Street Fund

Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
07/01/2004		177.08	177.08
07/01/2005	39,473.68	3,750.00	43,223.68
07/01/2006	53,362.57	3,889.44	57,252.01
07/01/2007	53,362.57	4,535.82	57,898.39
07/01/2008	53,362.58	4,269.01	57,631.59
07/01/2009	53,362.58	4,002.19	57,364.77
07/01/2010	53,362.57	3,735.38	57,097.95
07/01/2011	53,362.57	3,468.57	56,831.14
07/01/2012	53,362.57	3,201.75	56,564.32
07/01/2013	53,362.57	2,934.94	56,297.51
07/01/2014	53,362.57	2,668.13	56,030.70
06/01/2015	53,362.57	2,201.21	55,563.78
06/01/2016	53,362.57	2,134.50	55,497.07
06/01/2017	53,362.58	1,867.69	55,230.27
06/01/2018	53,362.58	1,600.88	54,963.46
06/01/2019	53,362.57	1,334.06	54,696.63
06/01/2020	53,362.57	1,067.25	54,429.82
06/01/2021	53,362.58	800.44	54,163.02
06/01/2022	53,362.57	533.63	53,896.20
06/01/2023	53,362.58	266.81	53,629.39
	1,000,000.00	48,438.78	1,048,438.78

2004 Public Works Trust Fund Loan

Purpose: South 228th Street Extension design objectives include:

- Design approximately 5,300 feet of new, 5-lane minor Arterial Street between 54th 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. 228th Street and SR-516.
- Complete design and coordinate with neighborhood groups to install a noise wall along The Lakes residential area (near 54th Ave S.)
- Design a new traffic signal at Military Road/SR 516.
- Design a new traffic signal at S. 228th Street/57th Avenue S.
- Design a new traffic signal at S. 228th 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.

Issue Amount:	\$10,000,000
Date of Loan:	6/14/2004
Interest Rate:	0.5000% (Simple)
Principal Pymt Dates:	June 1, 2005 – 2024
Interest Pymt Dates:	June 1, 2005 – 2024
Debt Service Balance:	\$4,338,059 (as of 12/31/2016)

Funding Source

- 1110** – Street Fund
- 4400** – Sewerage Fund

Combined Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
07/01/2005		8,305.56	8,305.56
07/01/2006	500,000.01	12,708.34	512,708.35
07/01/2007	500,000.01	45,000.01	545,000.02
07/01/2008	529,411.74	42,576.39	571,988.13
07/01/2009	529,411.77	42,352.94	571,764.71
07/01/2010	529,411.76	39,705.88	569,117.64
07/01/2011	529,411.77	37,058.82	566,470.59
07/01/2012	529,411.76	34,411.76	563,823.52
07/01/2013	529,411.77	34,699.65	564,111.42
07/01/2014	529,411.76	31,785.78	561,197.54
06/01/2015	529,411.77	26,465.92	555,877.69
06/01/2016	529,411.76	25,958.03	555,369.79
06/01/2017	529,411.77	23,044.16	552,455.93
06/01/2018	529,411.76	20,130.29	549,542.05
06/01/2019	529,411.77	17,216.41	546,628.18
06/01/2020	529,411.76	14,302.54	543,714.30
06/01/2021	529,411.77	11,388.68	540,800.45
06/01/2022	529,411.76	8,474.81	537,886.57
06/01/2023	529,411.77	5,560.93	534,972.70
06/01/2024	529,411.76	2,647.06	532,058.82
	10,000,000.00	466,384.42	10,483,793.96

Split Debt Service Schedule

Period Ending	Street Fund		Sewer Fund		Debt Service
	Principal	Interest	Principal	Interest	
07/01/2005		7,059.73		1,245.83	8,305.56
07/01/2006	425,000.00	10,802.09	75,000.00	1,906.25	512,708.34
07/01/2007	425,000.00	38,250.01	75,000.00	6,750.00	545,000.01
07/01/2008	454,411.76	36,189.93	75,000.00	6,386.46	571,988.15
07/01/2009	454,411.77	36,000.00	75,000.00	6,352.94	571,764.71
07/01/2010	454,411.76	33,750.00	75,000.00	5,955.88	569,117.64
07/01/2011	454,411.77	31,500.00	75,000.00	5,558.82	566,470.59
07/01/2012	454,411.76	30,700.00	75,000.00	3,711.76	563,823.52
07/01/2013	454,411.77	29,934.94	75,000.00	4,764.71	564,111.42
07/01/2014	454,411.76	27,418.13	75,000.00	4,367.65	561,197.54
06/01/2015	454,411.77	22,495.33	75,000.00	3,970.59	555,877.69
06/01/2016	454,411.76	22,384.50	75,000.00	3,573.53	555,369.79
06/01/2017	454,411.77	19,867.69	75,000.00	3,176.47	552,455.93
06/01/2018	454,411.76	17,350.88	75,000.00	2,779.41	549,542.05
06/01/2019	454,411.77	14,834.06	75,000.00	2,382.35	546,628.18
06/01/2020	454,411.76	12,317.25	75,000.00	1,985.29	543,714.30
06/01/2021	454,411.77	9,800.45	75,000.00	1,588.23	540,800.45
06/01/2022	454,411.76	7,283.63	75,000.00	1,191.18	537,886.57
06/01/2023	454,411.77	4,766.81	75,000.00	794.12	534,972.70
06/01/2024	454,411.76	2,250.00	75,000.00	397.06	532,058.82
	8,575,000.00	414,955.43	1,425,000.00	51,428.99	10,483,793.96

2008 Public Works Trust Fund Loan

Purpose: South 228th 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. 228th 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.

Issue Amount:	\$5,000,000
Date of Loan:	6/30/2008
Interest Rate:	0.5000% (Simple)
Principal Pymt Dates:	June 1, 2009 – 2028
Interest Pymt Dates:	June 1, 2009 – 2028
Debt Service Balance:	\$3,321,661 (as of 12/31/2016)

Funding Source

1110 – Street Fund

Debt Service Schedule

Period Ending	Principal	Interest	Debt Service
07/01/2009		8,444.44	8,444.44
07/01/2010	236,842.11	17,777.78	254,619.89
07/01/2011	236,842.10	21,315.79	258,157.89
07/01/2012	236,842.11	20,131.58	256,973.69
07/01/2013	268,092.11	21,377.93	289,470.04
07/01/2014	268,092.10	20,106.91	288,199.01
06/01/2015	268,092.11	17,202.58	285,294.69
06/01/2016	268,092.10	17,425.99	285,518.09
06/01/2017	268,092.10	16,085.53	284,177.63
06/01/2018	268,092.11	14,745.07	282,837.18
06/01/2019	268,092.10	13,404.61	281,496.71
06/01/2020	268,092.11	12,064.14	280,156.25
06/01/2021	268,092.10	10,723.68	278,815.78
06/01/2022	268,092.11	9,383.22	277,475.33
06/01/2023	268,092.10	8,042.76	276,134.86
06/01/2024	268,092.11	6,702.30	274,794.41
06/01/2025	268,092.10	5,361.84	273,453.94
06/01/2026	268,092.11	4,021.38	272,113.49
06/01/2027	268,092.10	2,680.92	270,773.02
06/01/2028	268,092.11	1,340.46	269,432.57
	5,000,000.00	248,338.91	5,248,338.91



OTHER DEBT



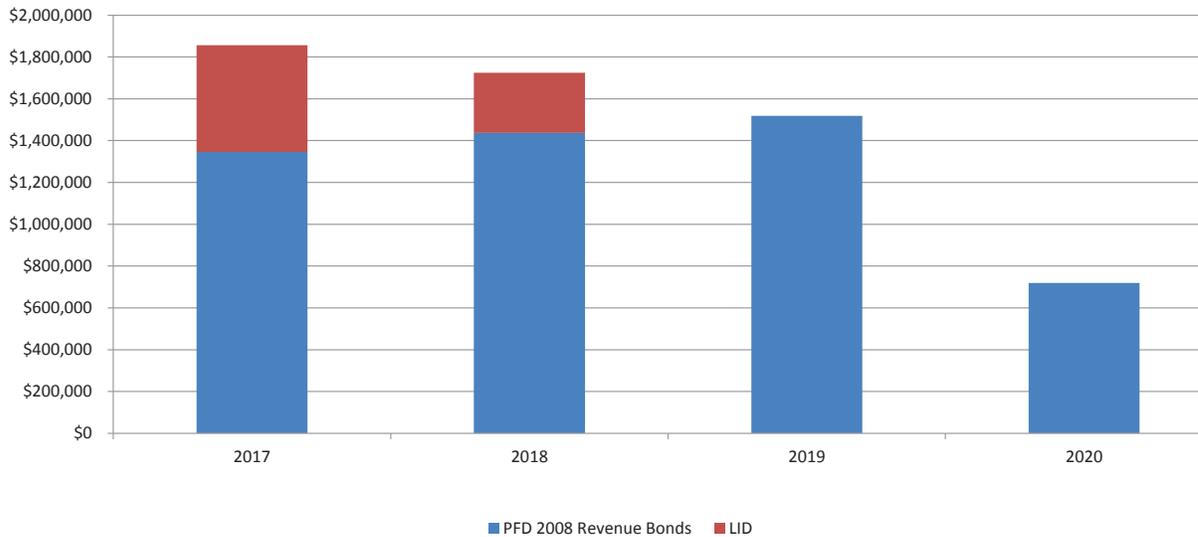
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OTHER DEBT

The outstanding balance on the City's other debt is \$5,818,134 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 most 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
Other Debt:				
2004	LID - Special Assessment	LID	\$ 797,663	Matures 2018
2008	Public Facilities District Revenue Bond	PFD Debt	\$ 5,020,471	Matures 2020
			<u>\$ 5,818,134</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.

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.

Issue Amount:	\$11,758,557.11
Issue Date:	12/15/2004
CUSIP:	490761AV5, 490761AW3, 490761AX1, 490761AY9, 490761AZ6, 490761BA0, 490761BB8, 490761BC6, 490761BD4, 490761BE2, 490761BF9, 490761BG7, 490761BH5, 490761BJ1, 490761BK8
Ratings:	Moody's A1
Principal Pymt Dates:	December 15, 2005 - 2018
Interest Pymt Dates:	December 15, 2005 - 2018
Debt Service Balance:	\$797,663 (as of 12/31/2016)
Call Date:	On any interest payment date
Bond Underwriters:	Banc of America Securities LLC
Bond Counsel:	Foster Pepper & Shefelman PLLC

Funding Source

2516 – LID 353 et al(353,355,356,357)

Debt Service Schedule

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/15/2005	1,633,557.11	2.50%	444,851.43	2,078,408.54	2,078,408.54
12/15/2006	1,465,000.00	2.75%	401,865.00	1,866,865.00	1,866,865.00
12/15/2007	935,000.00	2.90%	357,960.00	1,292,960.00	1,292,960.00
12/15/2008	1,125,000.00	3.10%	326,315.00	1,451,315.00	1,451,315.00
12/15/2009	1,070,000.00	3.40%	284,660.00	1,354,660.00	1,354,660.00
12/15/2010	710,000.00	3.60%	242,270.00	952,270.00	952,270.00
12/15/2011	705,000.00	3.90%	213,290.00	918,290.00	918,290.00
12/15/2012	645,000.00	4.00%	183,885.00	828,885.00	828,885.00
12/15/2013	770,000.00	4.10%	156,435.00	926,435.00	926,435.00
12/15/2014	720,000.00	4.20%	122,980.00	842,980.00	842,980.00
12/15/2015	585,000.00	4.30%	91,000.00	676,000.00	676,000.00
12/15/2016	645,000.00	4.40%	64,550.00	709,550.00	709,550.00
12/15/2017	475,000.00	4.50%	34,875.00	509,875.00	509,875.00
12/15/2018	275,000.00	4.60%	12,788.00	287,788.00	287,788.00
	11,758,557.11		2,937,724.43	14,696,281.54	14,696,281.54

Public Facilities District 2008 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.

Issue Amount:	\$10,130,000
Issue Date:	2/20/2008
CUSIP:	490762AA9, 490762AB7, 4907624C5, 490762AD3, 490762AE1, 490762AF8, 490762AG6, 490762AH4, 490762AJ0, 490762AK7, 490762AL5, 490762AM3
Ratings:	Standard & Poor's: AAA
Principal Pymt Dates:	December 1, 2009 - 2020
Interest Pymt Dates:	June 1 and December 1, 2008 – 2020
Debt Service Balance:	\$5,020,471 (as of 12/31/2016)
Call Date:	Optional redemption at the option of the District, on any date prior to their maturity
Bond Underwriters:	Piper Jaffray, Lehman Brothers & Wachovia Bank, National Association
Bond Counsel:	Foster Pepper PLLC
Financial Advisor:	Seattle-Northwest Securities Corporation

Funding Source

7101 – Event Center Debt Service

Debt Service Schedule

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
12/01/2008		371,006.34	371,006.34	371,006.34
06/01/2009		245,518.90	245,518.90	
12/01/2009	550,000.00	245,518.90	795,518.90	1,041,037.80
06/01/2010		236,831.65	236,831.65	
12/01/2010	595,000.00	236,831.65	831,831.65	1,068,663.30
06/01/2011		227,136.13	227,136.13	
12/01/2011	605,000.00	227,136.13	832,136.13	1,059,272.26
06/01/2012		216,231.00	216,231.00	
12/01/2012	630,000.00	216,231.00	846,231.00	1,062,462.00
06/01/2013		203,325.45	203,325.45	
12/01/2013	730,000.00	203,325.45	933,325.45	1,136,650.90
06/01/2014		187,641.40	187,641.40	
12/01/2014	745,000.00	187,641.40	932,641.40	1,120,282.80
06/01/2015		170,137.63	170,137.63	
12/01/2015	865,000.00	170,137.63	1,035,137.63	1,205,275.26
06/01/2016		148,733.20	148,733.20	
12/01/2016	980,000.00	148,733.20	1,128,733.20	1,277,466.40
06/01/2017		122,988.60	122,988.60	
12/01/2017	1,100,000.00	122,988.60	1,222,988.60	1,345,977.20
06/01/2018		93,541.60	93,541.60	
12/01/2018	1,250,000.00	93,541.60	1,343,541.60	1,437,083.20
06/01/2019		59,141.60	59,141.60	
12/01/2019	1,400,000.00	59,141.60	1,459,141.60	1,518,283.20
06/01/2020		19,563.60	19,563.60	
12/01/2020	680,000.00	19,563.60	699,563.60	719,127.20
	10,130,000.00	4,232,587.86	14,362,587.86	14,362,587.86

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APPENDIX



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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 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.

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.

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 or 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

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EMMA Disclosure Requirements

EMMA Disclosure Requirements

Fiscal Year 2016

Date completed:

9/1/2016

	Cusips	Letter	CAFR	PFD Financials	Excise Tax	LID AV	LID Rpt
GO Bonds							
2003 GO	*						
2004 GO							
2005 GO	*						
2006 GO	17	X	X		X		
2008 GO	15	X	X		X		
2009 GO	10	X	X		X		
2012A GO	10	X	X		X		
2014 GO	8	X	X		X		
2015A GO	7	X	X		X		
2015B GO	4	X	X		X		
2016 GO	21	X	X		X		
Total	92						
Revenue Bonds							
2009A Revenue	10	X	X				
2009B Revenue	3	X	X				
Total	13						
LID Bonds							
LID 353 et al	15	X	X			X	X
PFD Bonds							
2008 Revenue	12	X	X	X	X		
2008 Sales Tax	11	X	X	X	X		
Total	23						
Tacoma Bonds							
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@pacificallawgroup.com, or
 - b. Stacey Crawshaw-Lewis at 206-245-1714 or Stacey.Lewis@pacificallawgroup.com
 - c. Alison Benge at 206-245-1700 or Alison.benge@pacificallawgroup.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:

Covenant	Requirement	Document; Section	Timing
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	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.

	contributed, if any, as a result of the issuance of a series of Future Parity Bonds must not be greater than the Tax Maximum.		
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- 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.

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)

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.

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.

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.

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.

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.

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.



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