

ORDINANCE NO. 578

AN ORDINANCE of the City of Kirkland, Washington, providing for the issuance of water and sewer revenue bonds of the city in the principal sum of \$320,000 for the purpose of providing funds to refund outstanding sewer revenue bonds of the city in the principal sum of \$85,000 and to acquire, construct and install certain additions to the water supply and distribution system of the city, all as authorized by Ordinance No. 576 passed and approved July 18, 1949, providing the date, form, terms and maturities of said bonds, creating a special fund for the payment of the principal and interest thereof and a reserve account; providing certain other protective features safeguarding the payment thereof; confirming the sale thereof, and declaring an emergency.

WHEREAS, by Ordinance No. 576 of the City of Kirkland, Washington, passed and approved July 18, 1949, it was provided that the city should acquire, construct and install certain improvements to its water supply and distribution system and its sewage disposal system, should refund certain outstanding sewer revenue bonds of the city in the principal sum of \$85,000, and to provide funds for such purposes should issue its combined water and sewer revenue bonds in the total principal sum of not to exceed \$600,000, and

WHEREAS, it is deemed necessary and advisable that \$320,000 of said water and sewer revenue bonds should be now issued and sold for the purpose of providing funds to refund said outstanding sewer revenue bonds and to acquire, construct and install said additions and improvements to the water supply and distribution system of the city, and

WHEREAS, bonds numbered 1 to 85, inclusive, of the issue of Series A bonds authorized herein will be issued for the purpose of refunding said outstanding sewer revenue bonds, will bear the same rate of interest as said outstanding bonds, but will mature in a much shorter period of time than said outstanding bonds, thus effecting a substantial saving in interest costs to the city, and

WHEREAS, the city has entered into a contract with Grande & Co., Inc. and H. P. Pratt & Company, investment banking companies of Seattle, Washington, to sell all of said \$600,000 of water and sewer revenue bonds authorized by the city to them and has further agreed on the price, interest rate, date, terms and maturities of the \$320,000 of said bonds to be issued under this ordinance,

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, as follows:

Section 1. That for the purpose of providing funds to refund the sewer revenue bonds of the city in the principal sum of \$70,000 issued under date of December 1, 1941, bearing interest at the rate of 2-3/4% per annum and maturing in the amount of \$5,000 a year from December 1, 1950, through December 1, 1963, the city shall issue and sell bonds numbered 1 to 70 inclusive of the Series A water and sewer revenue bonds as hereinafter provided; that for the purpose of providing funds to refund the sewer revenue bonds of the city in the principal sum of \$15,000 issued under date of June 1, 1947, bearing interest at the rate of 3% per annum, and maturing in the amount of \$5,000 a year from December 1, 1964, through December 1, 1966, the city shall issue and sell bonds numbered 71 to 85 inclusive of the Series A water and sewer revenue bonds as hereinafter provided; that for the purpose of providing funds to acquire, construct and install all of the additions and improvements to the water supply and distribution system of the city as provided and fixed in Section 3 A. of Ordinance No. 576 of the city, passed and approved July 18, 1949, the city shall issue and sell the remainder of the Series A water and sewer revenue bonds as hereinafter provided.

All of the above described bonds shall be dated September 1, 1949; shall be in denominations of \$1,000; shall be numbered from 1 to

320 inclusive, and shall be denominated "Series A". Bonds numbered 1 to 70 inclusive maturing from September 1, 1951, through September 1, 1955, shall bear interest at the rate of 2-3/4% per annum; bonds numbered 71 to 132 inclusive maturing from September 1, 1956, through September 1, 1959, shall bear interest at the rate of 3% per annum; bonds numbered 133 to 320 inclusive maturing from September 1, 1960 through September 1, 1969, shall bear interest at the rate of 3 1/2% per annum. All of said interest shall be payable semiannually on the first days of March and September of each year. Said bonds shall mature in order of their number as follows:

1-14	September 1, 1951	\$14,000 ✓	September 1, 1961	\$17,000
15-28	September 1, 1952	14,000 ✓	September 1, 1962	18,000
29-42	September 1, 1953	14,000	September 1, 1963	18,000
43-56	September 1, 1954	14,000	September 1, 1964	18,000 ²⁰²⁻²⁴⁹
57-70	September 1, 1955	14,000	September 1, 1965	19,000 ²²⁰⁻²³⁸
71-85	September 1, 1956	15,000	September 1, 1966	20,000 ²³⁹⁻²⁵⁸
86-100	September 1, 1957	15,000	September 1, 1967	20,000 ²⁵⁹⁻²⁷⁸
101-116	September 1, 1958	16,000	September 1, 1968	21,000 ²⁷⁹⁻²⁹⁹
117-132	September 1, 1959	16,000	September 1, 1969	21,000 ³⁰⁰⁻³²⁰
	September 1, 1960	16,000		

Both principal and interest of said bonds shall be payable in lawful money of the United States of America at the office of the City Treasurer in Kirkland, Washington, and shall be obligations only against the special fund created by this ordinance.

The City of Kirkland hereby reserves the right to redeem any or all of the bonds numbered 133 to 320 inclusive of this issue of Series A Bonds at par in inverse numerical order on any interest payment date on and after ten years from date of issue. Notice of such intended redemption shall be given by one publication thereof in the official city newspaper not more than forty nor less than thirty days prior to said redemption date and by mailing a like notice at the same time to Grande & Co., Inc. and H. P. Pratt & Company at their places of business in Seattle, Washington. Interest on any bond or bonds so called for redemption shall cease on such redemption date.

Section 2. Said Series A Bonds shall be in substantially the following form:

No. _____

\$1,000

UNITED STATES OF AMERICA
STATE OF WASHINGTON
CITY OF KIRKLAND
WATER AND SEWER REVENUE BOND
SERIES A

KNOW ALL MEN BY THESE PRESENTS:

That the City of Kirkland, a municipal corporation of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to bearer on the first day of September, 19____, the principal sum of

ONE THOUSAND AND NO/100 DOLLARS

with interest thereon at the rate of _____% per annum, payable semiannually on the first days of March and September of each year as evidenced by and upon presentation and surrender of the attached interest coupons as they severally become due. Both principal and interest are payable in lawful money of the United States of America at the office of the City Treasurer in Kirkland, Washington, solely out of the special fund of the city known as "Kirkland Water and Sewer Revenue Bond Redemption Fund" created by Ordinance No. 578 of the city.

The City of Kirkland has reserved the right to redeem any or all of bonds numbered 133 to 320 inclusive of this issue of Series A Bonds at par in inverse numerical order on any interest payment date on and after ten years from date hereof. Notice of any such intended redemption shall be given by one publication thereof in the official city newspaper not more than forty nor less than thirty days prior to said redemption date and by mailing a like notice at the same time to Grande & Co., Inc. and H. P. Pratt & Company at their places of business in Seattle, Washington.

This bond is one of an authorized issue of water and sewer revenue bonds of the City of Kirkland in the total principal sum of \$600,000 and one of part of an issue of bonds denominated Series A and issued thereunder in the principal sum of \$320,000 for the purpose of providing funds for the refunding of certain outstanding sewer revenue bonds of the city and for the acquisition, construction and installation of certain additions and improvements to the combined water and sewerage system of the city and is payable solely out of the gross revenue of such combined system.

The City of Kirkland hereby covenants and agrees with the holder of this bond that it will keep and perform all the covenants of this bond and of said ordinances No. 576 and No. 578 to be by it kept and performed. Said city does hereby pledge and bind itself to set aside from the gross revenue of said combined water and sewerage system and all additions and improvements thereto and to pay into said bond redemption fund and into the reserve

account created therein by said Ordinance No. 528 the various amounts required by said ordinance to be paid into and maintained in said fund and account, all within the times provided by said ordinance. Said amounts so pledged are hereby declared to be a prior lien and charge upon the gross revenue of said combined water and sewerage system including all additions and improvements thereto superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of said combined system; provided, that the city may issue additional water and sewer revenue bonds in the principal amount of not to exceed \$280,000 more, as authorized by said Ordinance No. 576 on a parity with the bonds of this Series A issue under the circumstances and by complying with the terms and conditions provided in said Ordinance No. 528.

The City of Kirkland has further bound itself to maintain said combined system in good condition and repair and to operate the same in an efficient manner at a reasonable cost and to establish, maintain and collect rates and charges for water and sewerage service that will provide sufficient revenue to pay the necessary cost of maintenance and operation of said combined system and to pay into said bond redemption fund and reserve account the amounts which the city has pledged to be set aside therein.

It is hereby certified and declared that said bonds are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the City of Kirkland and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed as required by law.

IN WITNESS WHEREOF the City of Kirkland has caused this bond to be signed by its Mayor and attested by its Clerk under the corporate seal of the city and the interest coupons attached hereto to be signed with the facsimile signatures of said officials this 1st day of September, 1949.

CITY OF KIRKLAND, WASHINGTON

By

Harry M. Everett
Mayor

Attest:

Clyde J. Henry
City Clerk

The interest coupons to be attached to said Series A bonds shall be in substantially the following form:

No. _____

\$ _____

On the 1st day of _____, 19____, the City of Kirkland, Washington, will pay to bearer at the office of the City Treasurer in Kirkland the sum of \$ _____ in lawful money of the United States of America out of a special fund of the city known as "Kirkland Water and Sewer Revenue Bond Redemption Fund", said sum being the semiannual interest due that day on its water and sewer revenue bond dated September 1, 1949, designated "Series A" and numbered _____.

CITY OF KIRKLAND, WASHINGTON

By _____

Harry M. Everett
Mayor

Attest:

Clay J. Jerns

Secretary
City Clerk

Section 3. Said bonds shall be signed by the Mayor of the city and attested by the City Clerk under the corporate seal of the city and the interest coupons attached to said bonds shall be signed with the facsimile signatures of said officials.

Section 4. That there be and is hereby created in the Office of the City Treasurer a special fund to be known as "Kirkland Water and Sewer Revenue Bond Redemption Fund", which fund is to be drawn upon for the purpose of paying the principal and interest of the Series A bonds authorized herein and for the purpose of paying the principal and interest of any other water and sewer revenue bonds of the city which may be issued on a parity with said Series A bonds. The City of Kirkland hereby obligates and binds itself to set aside and pay into said bond redemption fund out of the gross revenue of its combined water and sewerage system and all additions and improvements thereto certain fixed amounts necessary to pay the principal of and interest on all the outstanding Series A Bonds, the issuance of which is authorized herein, as the same respectively become due and payable.

Such payments shall be made into said bond redemption fund on or before the 20th day of each month in the amounts hereinafter specified.

(a) Beginning with September, 1949, and continuing as long as any of the Series A bonds, the issuance of which is authorized herein, are outstanding and unpaid, an amount equal to at least $1/5$ th of the interest to become due and payable at the end of the next ensuing six-month period on all the bonds of said series then outstanding.

(b) Beginning with September, 1950, and continuing as long as any of said Series A Bonds, the issuance of which is authorized herein, are outstanding and unpaid, an amount equal to at least $1/10$ th of the principal of said Series A Bonds to become due and payable on the next principal payment date.

(c) Provided, however, that when a surplus of \$23,000 shall have been accumulated over and above the amounts necessary to pay the interest and principal of said outstanding Series A Bonds next coming due under the method of payments provided for in subsections (a) and (b) above, then the monthly payments to be made into said bond redemption fund shall be in an amount equal to at least $1/6$ th of the interest to become due and payable at the end of the next ensuing six-month period on all of said bonds then outstanding and equal to at least $1/12$ th of the principal of said bonds to become due on the next principal payment date.

When there is sufficient money in said bond redemption fund and the reserve account hereinafter created to pay the principal and interest to maturity of all the outstanding Series A Bonds, the issuance of which is authorized herein, then no further payments need be made into said bond redemption fund.

Said amounts so pledged are hereby declared to be a prior lien and charge upon the gross revenue of said combined water and sewerage system and all additions and improvements thereto superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of said combined system.

There is hereby created a reserve account in said bond redemption fund and the city hereby agrees that it will set aside and pay into said reserve account on or before September 1, 1955, the surplus moneys paid into said bond redemption fund, as above provided, and out of any other funds which the city may have available for such purpose, until the sum of \$23,000 has been paid into said reserve account. The city further agrees that when said sum has been paid into said reserve account it will at all times maintain that amount therein until there is a sufficient amount in the bond fund and reserve account to pay the principal and interest to maturity of all outstanding Series A Bonds. In the event there shall be a deficiency in the bond redemption fund to meet maturing installments of either principal or interest, such deficiency shall be made up from the reserve account by the withdrawal of cash therefrom. Any deficiency created in the reserve account by reason of any such withdrawal shall then be made up from moneys from the revenue of said combined water and sewerage system first available after making necessary provision for the required payments into the bond redemption fund.

All money in the reserve account above provided for may be kept in cash or invested in United States Government obligations maturing not later than twelve years from date of purchase. Interest earned on any such investments shall be deposited in and become a part of the bond redemption fund.

Section 5. The corporate authorities of the City of Kirkland hereby declare in fixing the amount to be paid into said bond redemption fund, and the reserve account created therein as aforesaid, that they have exercised due regard to the cost of operation and maintenance of said combined water and sewerage system and have not obligated the city to set aside into said bond redemption fund and reserve account a greater amount or proportion of the revenue of such combined system than in their judgment will be available over and above such cost of maintenance and operation.

Section 6. The City of Kirkland covenants with the owner and holder of each of said bonds as follows:

(a) The city will establish, maintain and collect rates and charges for water and sewerage service for as long as any of said \$320,000 of bonds are outstanding that will make available for the payment of the principal and interest thereof as the same shall accrue an amount equivalent to 1.4 times the average annual amount due for the payment of such principal and interest. The "amount available for the payment of the principal and interest thereof as the same shall accrue" is hereby defined as "the gross revenue of the combined water and sewerage system less expenses of maintenance and operation and taxes, but before depreciation".

(b) The city will at all times maintain and keep said combined water and sewerage system and all additions and improvements thereto in good repair, working order and condition and will at all times operate such properties and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) The city agrees not to sell or otherwise dispose of such combined water and sewerage system unless provision is made for payment into the bond redemption fund of a sum sufficient to pay the

principal and interest of all the bonds authorized herein then outstanding in accordance with the terms thereof.

(d) The city hereby agrees that it will not create any special fund or funds for the payment of water and sewer revenue bonds, warrants or other obligations, or create any other obligations or additional indebtedness which will rank on a parity with or have any priority over the payments into the bond redemption fund created for the payment of the \$320,000 of water and sewer revenue bonds, the issuance of which is authorized herein; provided, however, that the city reserves the right, for the purpose of making the rest of the additions and improvements to its combined water and sewerage system authorized by Ordinance No. 576, to incur additional indebtedness in the total sum of not to exceed \$280,000 and to issue additional water and sewer revenue bonds therefor, which bonds shall have a parity upon the gross revenue of such combined system with the \$320,000 of Series A Bonds authorized herein, which may then be outstanding, if the following terms and conditions may be complied with:

1. If there is at the time of the issuance of such additional bonds no deficiency in the bond redemption fund created herein;

2. If at such time a licensed professional engineer approved by Grande & Co., Inc. and H. P. Pratt & Company has prepared and filed with the City Council and furnished a copy thereof to said companies a report of his estimate of the cost of the proposed additions and improvements and of the earnings thereof which shows that in his opinion he is reasonably certain that the earnings of the combined water and sewerage system, including the additions and improvements to be made thereto, will be in a ratio of at least 1.4 to 1 to the amounts necessary to pay all debt requirements payable from the

revenues of such combined system including the indebtedness to be incurred for the construction and installation of such additions and improvements and after the cost of maintenance and operation of the combined system has been taken therefrom.

Nothing herein contained shall prevent the city from issuing water and sewer revenue bonds or warrants which are a charge upon the revenue of the system junior or inferior to the payments to be made into the bond redemption fund provided for herein.

Section 7. \$70,000 of the proceeds of the sale of the \$320,000 of bonds authorized herein shall be paid immediately into the "Kirkland 1941 Sewer Revenue Bond Fund" created by Ordinance No. 453, and shall be used solely for the purpose of redeeming on December 1, 1949, the sewer revenue bonds of the city in a like principal amount dated December 1, 1941, and maturing from December 1, 1950, through December 1, 1963.

\$15,000 of the proceeds of the sale of the \$320,000 of bonds authorized herein shall be paid immediately into the "Kirkland, 1947, Sewer Revenue Bond Fund" created by Ordinance No. 538 and shall be used solely for the purpose of redeeming on December 1, 1949, the sewer revenue bonds of the city in a like principal amount dated June 1, 1947, and maturing from December 1, 1964, through December 1, 1966.

The City ^{Treasurer} ~~Clerk~~ is hereby authorized and directed to publish the notices of redemption of said \$85,000 of outstanding sewer revenue bonds in the manner required by said ordinances No. 453 and 538 so that said bonds may be redeemed on December 1, 1949.

Section 8. The city officials are hereby authorized and directed to do everything necessary for the redemption of such outstanding sewer revenue bonds and for the acquisition, construction and installation of the additions and improvements for which the Series A

Bonds provided for herein are issued, and for the execution, issuance and delivery of said bonds under the terms of the contract of sale thereof hereinafter described and for the proper application and use of the funds derived from such sale.

Section 9. The issuance and sale of these Series A Bonds on the terms thereof as fixed herein and as provided in the offer to purchase the same made by Grande & Co., Inc. and H. P. Pratt & Company, both of Seattle, Washington, dated July 25, 1949, and accepted August 1, 1949, and the sale of the remaining \$280,000 of such bonds authorized by Ordinance No. 576 to said companies under the terms of the contract of sale entered into between said firms and the city on June 20, 1949, are hereby in all respects ratified and confirmed, and the execution of said contracts by the Mayor and City Clerk on behalf of the City of Kirkland are also in the case of each contract ratified and confirmed.

Section 10. This ordinance is declared to be one necessary for the immediate preservation of the public peace, property, health and safety of the people of the City of Kirkland, Washington. An emergency is hereby declared to exist and this ordinance is hereby declared to be in full force and effect from and after its passage, approval and publication as required by law.

Passed by the Council of the City of Kirkland, Washington, and approved by its Mayor this 1st day of August, 1949.

CITY OF KIRKLAND, WASHINGTON

By Harry M. Everett Mayor

Attest:

Chyn J. Jrenz
CITY CLERK

Approved as to form:

Charles W. Johnson Jr.
CITY ATTORNEY

I hereby certify that the foregoing is a true and correct copy of an Ordinance of the City of Kirkland, Washington, as the same appears on the records of the City of Kirkland, Washington, and that the same is a true and correct copy of the original as the same appears on the records of the City of Kirkland, Washington.

12. Chyn J. Jrenz, City Clerk

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