

ORDINANCE NO. 592

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 \$280,000 for the purpose of providing funds to construct and install certain additions and improvements to the combined water and sewerage system of the city as authorized by Ordinance No. 576 passed and approved July 18, 1949, providing the date, form, terms and maturities of said bonds, providing for their payment and for certain payments into the reserve account created by Ordinance No. 578 and confirming their sale.

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, which systems were combined as one utility by said ordinance, should refund certain outstanding sewer revenue bonds of the city in the principal sum of \$85,000, and to provide funds for all said purposes, should issue its combined water and sewer revenue bonds in the total principal sum of not to exceed \$600,000, and

WHEREAS, by Ordinance No. 578 of the City, passed and approved August 1, 1949, the issuance of \$320,000 of said revenue bonds was provided for for the purpose of providing funds to refund said outstanding sewer revenue bonds and to acquire, construct and install certain of the additions and improvements provided for in said Ordinance No. 576, and

WHEREAS, it is deemed necessary and advisable that the city should now issue the remaining \$280,000 of said bonds so authorized in order to provide funds to pay for the balance of

said additions and improvements so authorized, and

WHEREAS, by said Ordinance No. 578 the city reserved 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 an 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 be of equal rank and lien upon the gross revenue of said combined system with the \$320,000 water and sewer revenue bonds authorized in said ordinance upon compliance with certain terms and conditions set forth therein, and

WHEREAS, it now appears that said terms and conditions have been met and complied with and such \$280,000 of water and sewer revenue bonds may now be issued on a parity with the outstanding water and sewer revenue bonds of the city authorized by said Ordinance No. 578,

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, AS FOLLOWS:

Section 1. All acts, conditions and things required by Section 6 (d) of Ordinance No. 578 to have been performed, to exist and to have happened in order to authorize the city to incur additional indebtedness and issue additional water and sewer revenue bonds therefor in the amount hereinafter specified on a parity with the outstanding water and sewer revenue bonds of the city authorized by said ordinance and issued under date of September 1, 1949, have been performed, do exist, and have happened in due time, form and manner in strict compliance with the terms and provisions of said section in that,

First, there is not at this time any deficiency in the bond redemption fund created by said Ordinance No. 578, and

Second, at this time a licensed professional engineer ^{Kirkland, Washington,} (Harry Sisler, Consulting Engineer,) approved by Grande & Co., Inc. and H. P. Pratt & Company, both of Seattle, Washington, 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 hereinafter provided for additions and improvements to the combined water and sewerage system of the city which shows that in his opinion he is reasonably certain that the earnings of said combined system, including the additions and improvements to be made thereto as authorized herein, 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.

The City Council hereby expressly finds and declares that said conditions and requirements having been met, as aforesaid, the water and sewer revenue bonds provided for in this ordinance and designated "Series B" shall be entitled to and are hereby declared to be on a parity with the outstanding water and sewer revenue bonds of the city issued under date of September 1, 1949, and that the bonds authorized herein constitute a lien on the gross revenue of said combined system and all additions and improvements thereto paid into the "Kirkland Water and Sewer Revenue Bond Redemption Fund" created by Ordinance No. 578 equal in rank to the charges upon such revenue and bond redemption fund for the payment of the principal and interest of the outstanding water and sewer revenue bonds of the

city issued under date of September 1, 1949, and superior to all other charges whatsoever except those necessary for the maintenance and operation of said system.

Section 2. That for the purpose of providing funds to pay the cost of constructing and installing the additions and improvements to the combined water and sewerage system of the city described in subsection B of Section 3 of Ordinance No. 576, the city shall now issue and sell the remaining \$280,000 of water and sewer revenue bonds out of the \$600,000 of said bonds authorized by said Ordinance No. 576. v

Said \$280,000 of bonds shall be designated Series B, shall be dated July 1, 1950, and shall be in denominations of \$1,000 each. Bonds numbered 1 to 9, inclusive, maturing from July 1, 1958, through July 1, 1960, shall bear interest at the rate of 2-3/4% per annum, and bonds numbered 10 to 280, inclusive, maturing from July 1, 1961, through July 1, 1977, shall bear interest at the rate of 3% per annum, all of said interest being payable semiannually on the first days of January and July of each year. Said bonds shall mature in order of their number as follows:

2 3/4 3 9/10	}	July 1, 1958	\$ 3,000	1-3	July 1, 1968	\$ 5,000	27-41
		July 1, 1959	3,000	4-6	July 1, 1969	6,000	42-47
		July 1, 1960	3,000	7-9	July 1, 1970	27,000	48-74
		July 1, 1961	3,000	10-12	July 1, 1971	27,000	75-101
		July 1, 1962	3,000	13-15	July 1, 1972	29,000	103-130
		July 1, 1963	4,000	16-19	July 1, 1973	30,000	132-160
		July 1, 1964	4,000	20-23	July 1, 1974	30,000	162-190
		July 1, 1965	4,000	24-27	July 1, 1975	30,000	193-220
		July 1, 1966	4,000	28-31	July 1, 1976	30,000	224-250
		July 1, 1967	5,000	32-36	July 1, 1977	30,000	255-280

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 bond redemption fund created by Ordinance No. 578 of the city.

The City of Kirkland hereby reserves the right to redeem any or all of the bonds numbered 10 to 280, inclusive, of this issue of Series B bonds at par in inverse numerical order on any interest payment date on and after ten years from date of issue. 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. Interest on any bond or bonds so called for redemption shall cease on such redemption date.

Section 3. Said Series B bonds shall be in substantially the following form:

No. _____ \$1,000.00

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

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 1st day of July, 19____, the principal sum of One Thousand Dollars (\$1,000) together with interest thereon at the rate of ____% per annum payable semiannually on the first days of January and July 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 the bonds numbered 10 to 280, inclusive, of this issue of Series B 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 prin-

cipal sum of \$600,000 and one of part of a series of bonds designated "Series B" and issued thereunder in the principal sum of \$280,000. Said Series B bonds are issued for the purpose of providing funds to pay the cost of constructing and installing certain additions and improvements to the combined water and sewerage system of the city and are payable solely out of the gross revenue of such combined system.

The City of Kirkland hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and of Ordinances No. 576, No. 578 and No. _____ 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 the various amounts required by said Ordinance No. _____ to be paid into and maintained in said fund and account, all within the times required 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 and equal to and on a parity with the charges necessary to pay the principal and interest of the outstanding Series A water and sewer revenue bonds of the city heretofore issued under date of September 1, 1949.

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 and at a reasonable cost and to establish, maintain and collect rates and charges for water and sewerage service for as long as any of said Series A revenue bonds and for as long as any of these 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 all of such principal and interest after the necessary cost of maintenance and operation of said combined system has been paid.

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 July, 1950.

CITY OF KIRKLAND, WASHINGTON

By Harry M. Everett
Mayor

ATTEST:

City Clerk

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

No. _____

\$13.75
15.00

On the first 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 semi-annual interest due that day on its water and sewer revenue bond dated July 1, 1950, designated "Series B" and numbered _____.

CITY OF KIRKLAND, WASHINGTON

By _____ Mayor

ATTEST:

City Clerk

Section 4. Said Series B 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 5. The special fund of the city known as "Kirkland Water and Sewer Revenue Bond Redemption Fund" created by Section 4 of Ordinance No. 578 of the city shall be drawn upon for the purpose of paying the principal and interest of the Series B water and sewer revenue bonds authorized herein as the same shall accrue. 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 said 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 B 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 July, 1950, and continuing as long as any of the Series B bonds, the issuance of which is authorized herein, are outstanding and unpaid, an amount equal to at least one-fifth 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 July, 1957, and continuing as long as any of the Series B bonds, the issuance of which is authorized herein, are outstanding and unpaid, an amount equal to at least one-tenth of the principal of said bonds to become due and payable on the next principal payment date.

(c) Provided, however, that when a surplus of \$12,000 (in addition to the surplus of \$23,000 provided for in Section 4 (c) of Ordinance No. 578) shall have been accumulated over and above the amounts necessary to pay the interest and principal of said outstanding Series B bonds next coming due under the method of payment 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 one-sixth of the interest to become due and payable at the end of the next ensuing six-month period on all of said Series B bonds then outstanding and equal to at least

one-twelfth 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 created therein by said Ordinance No. 578 to pay the principal and interest to maturity of all the outstanding Series A and Series B bonds, 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 and equal to and on a parity with the charges necessary to pay the principal and interest of the outstanding Series A water and sewer revenue bonds of the city heretofore issued under date of September 1, 1949.

Section 6. The city further agrees that on or before September 1, 1958, it will set aside and pay into the reserve account created in the bond redemption fund by Section 4 of Ordinance No. 578, the surplus moneys paid into said bond redemption fund in the sum of \$12,000, as above provided, which, with the sum of \$23,000 pledged to be paid into said reserve account by said Section 6 of Ordinance No. 578, will equal the sum of \$35,000. The city further agrees that when said sum of \$35,000 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 redemption fund and reserve account to pay the principal and interest to maturity of all outstanding Series A and Series B bonds. In the event there shall be a deficiency in the bond redemption fund to meet maturing

installments of either principal or interest of said bonds, 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 7. The corporate authorities of the City of Kirkland hereby declare, in fixing the amounts 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 maintenance and operation of said combined water and sewerage system and the amounts necessary to pay the principal and interest of said Series A revenue bonds as the same shall accrue 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 and the amounts necessary to pay the principal and interest of said outstanding Series A revenue bonds.

Section 8. The City of Kirkland covenants with the owner and holder of each of said Series B bonds as follows:

(a) That it will establish, maintain and collect rates and charges for water and sewerage service for as long as any of said Series A bonds of the city issued under date of September 1, 1949, and for as long as any of the Series B revenue bonds authorized herein are outstanding that will make available for the payment of the principal and interest of all of said bonds 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 term "available for the payment of the principal and interest of all of said bonds 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) That it 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) That it will not 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 Series B bonds authorized herein then outstanding and in accordance with the terms thereof.

Section 9. The city officials are hereby authorized and directed to do everything necessary for the construction and installation of the additions and improvements for which the Series B bonds provided for herein are issued and for the prompt execution, issuance and delivery of said bonds to the hereinafter named purchasers thereof and for the proper application and use of the funds derived from such sale.

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The agreement heretofore entered into between the city and Grande & Co., Inc. and H. P. Pratt & Company, both of Seattle, Washington, for the sale of the Series B bonds authorized herein to said firms under the terms thereof, as provided for herein, is hereby in all respects ratified and confirmed.

Section 10. This ordinance shall become effective five days 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 17th day of July, 1950.

CITY OF KIRKLAND, WASHINGTON

By Harry M. Everett
Mayor

ATTEST:

Clyde J. Jrent
City Clerk

Approved as to form:

Charles W. Johnson Jr.
City Attorney

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