

CITY OF KIRKLAND, WASHINGTON

ORDINANCE NO. 1159

AN ORDINANCE of the City of Kirkland, Washington, ordering the carrying out of portions of the system or plan of additions to and betterments and extensions of the waterworks utility of the City, including the sewerage system as a part thereof, as adopted by Ordinance No. 1124, as amended and supplemented by Ordinance No. 1151; providing for the issuance of \$800,000.00 par value of "Water and Sewer Revenue Bonds, 1968," of the City for the purpose of providing the funds with which to carry out portions of the system or plan of additions to and betterments and extensions of the waterworks utility of the City, including the sewerage system as a part thereof, as adopted by Ordinance No. 1124, as amended and supplemented by Ordinance No. 1151, herein ordered to be carried out; fixing the date, form, maturities, interest rates, terms and covenants of such bonds; creating a special bond redemption fund; and providing for the sale of such bonds to Foster & Marshall Inc. of Seattle, Washington.

WHEREAS, pursuant to the provisions of Ordinance No. 630, passed September 2, 1952, the City of Kirkland, Washington, heretofore issued its "Water and Sewer Revenue Bonds, 1952," dated September 1, 1952, to carry out a system or plan of additions to and betterments and extensions of the waterworks utility of the City, such "waterworks utility of the City" being deemed to include the system of water supply and distribution and sanitary sewage disposal, as combined pursuant to RCW 35.67.320, by Ordinance No. 576 of the City, passed and approved July 8, 1949; and

WHEREAS, by Section 7 of said Ordinance No. 630, the City reserved the right for the purpose of

" (1) Redeeming or purchasing and retiring prior to their maturity and outstanding water and sewer revenue bonds of the City, or

" (2) Acquiring, constructing and installing additions and improvements to and extensions of or making necessary replacements or other capital improvements to said combined system

to issue refunding or additional revenue bonds for such purposes and to create a special fund or funds for the payment thereof into which fund or funds payments may be made out of the gross revenue of said combined system sufficient to pay the principal of and interest on such refunding or additional bonds and to maintain an adequate reserve therefor if the same is required, which such payments may rank equally with the payments to be made out of such gross revenue into the bond redemption fund and the reserve account created therein in this ordinance upon compliance with the following conditions:

" (1) That at the time of the issuance of such refunding or additional revenue bonds there is no deficiency in the bond redemption fund and the reserve account created herein or in any bond redemption fund and reserve account which may have been created for the payment of the principal and interest of any parity revenue bonds issued subsequent to the issuance of the bonds authorized herein and prior to the issuance of such refunding or additional revenue bonds;

" (2) That at the time of the delivery of such refunding or additional revenue bonds the City shall have on file a certificate from an independent licensed professional engineer or engineering firm showing that in his or its opinion he or it is reasonably certain that the income of the combined water and sewerage system as added to, improved, extended, after expenses of maintenance and operation of said combined system, will equal at least 1.4 times the average annual amount required to be paid for interest and principal due and payable on the heretofore issued and outstanding water and sewer revenue bonds of the City, on the bonds authorized herein, on any revenue bonds which may later be issued on a parity therewith, and upon such refunding or additional revenue bonds."

and

WHEREAS, the City thereafter issued on a parity of lien with said "Water and Sewer Revenue Bonds, 1952," pursuant to the provisions of Section 7 of said Ordinance No. 630, its "Water and Sewer Revenue Bonds, 1953," dated May 1, 1953, its "Water and Sewer Revenue Bonds, 1955," dated July 1, 1955, and its "Water and Sewer Revenue Bonds, 1960," dated April 1, 1960, the charge or lien upon the gross revenues of the waterworks utility of the City for said bonds being junior and inferior to the prior charge or lien upon such gross revenues for the outstanding "Water and Sewer Revenue Bonds, Series A," dated September 1, 1949, and the outstanding "Water and Sewer Revenue Bonds, Series B," dated July 1, 1950; and

WHEREAS, the City by Ordinance No. 1124, passed by the City Council and approved by the Mayor on the 17th day of January, 1968, as amended and supplemented by Ordinance No. 1151, passed by the City Council and approved by the Mayor on the 17th day of June, 1968, specified and adopted a system or plan of additions to and betterments and extensions of the waterworks utility of the City and authorized the issuance and sale of not to exceed \$2,000,000.00 par value of water and sewer revenue bonds to provide the funds necessary to pay the cost of carrying out the acquisition, construction and installation of such additions to and betterments and extensions of the waterworks utility of the City; and

WHEREAS, the City Council has determined to order the carrying out of portions of such system or plan of additions to and betterments and extensions of the waterworks utility of the City, and it is necessary to issue and sell

\$800,000.00 par value of water and sewer revenue bonds to provide the funds necessary to pay the cost of acquiring, constructing and installing such additions to and betterments and extensions of the waterworks utility of the City; and

WHEREAS, the City Council hereby finds and declares that there is no deficiency in the bond redemption fund and the reserve account created for the payment of said "Water and Sewer Revenue Bonds, 1952," or in the bond redemption funds and reserve accounts created for the payment of the outstanding "Water and Sewer Revenue Bonds, 1953," dated May 1, 1953, the outstanding "Water and Sewer Revenue Bonds, 1955," dated July 1, 1955, and the outstanding "Water and Sewer Revenue Bonds, 1960," dated April 1, 1960, subsequently issued on a parity with said outstanding "Water and Sewer Revenue Bonds, 1952," and that Stevens, Thompson, Runyan & Ries, Inc., Consulting Engineers, have certified that said revenues are sufficient to meet the 1.4 coverage requirement above set forth, as evidenced by their certificate to such effect on file with the City Clerk, NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF KIRKLAND, WASHINGTON, DO ORDAIN, as follows:

Section 1. As used in this ordinance, the following words shall have the following meanings:

(a) "City" shall mean the City of Kirkland, Washington, a duly organized city of the third class, together with the City of Houghton, Washington, when consolidation of the City of Houghton, Washington, with the City of Kirkland, Washington, has been completed.

(b) "Bonds" shall mean the "Water and Sewer Revenue Bonds, 1968," authorized to be issued by this ordinance.

(c) "Bond Fund" shall mean the "Kirkland Water and Sewer Revenue Bond Fund, 1968," created by this ordinance in the office of the City Treasurer.

(d) "1949 Bonds" shall mean the outstanding "Water and Sewer Revenue Bonds, Series A," dated September 1, 1949.

(e) "1950 Bonds" shall mean the outstanding "Water and Sewer Revenue Bonds, Series B," dated July 1, 1950.

(f) "1952 Bonds" shall mean the outstanding "Water and Sewer Revenue Bonds, 1952," dated September 1, 1952.

(g) "1953 Bonds" shall mean the outstanding "Water and Sewer Revenue Bonds, 1953," dated May 1, 1953.

(h) "1955 Bonds" shall mean the outstanding "Water and Sewer Revenue Bonds, 1955," dated July 1, 1955.

(i) "1960 Bonds" shall mean the outstanding "Water and Sewer Revenue Bonds, 1960," dated April 1, 1960.

(j) "Waterworks Utility of the City" shall mean the systems of water supply

and distribution and sanitary sewage disposal, as combined pursuant to RCW 35.67.320, by Ordinance No. 576 of the City, passed and approved July 18, 1949, including all additions to and betterments and extensions of such waterworks utility of the City and also including the separate waterworks system and separate system of sewerage presently maintained and operated by the City of Houghton, Washington, if the same shall hereafter be combined with and made a part of the waterworks utility of the City after the completion of the consolidation of the City of Houghton, Washington, with the City of Kirkland, Washington, pursuant to the April 30, 1968, election approving such consolidation and the election, qualification and seating of the new City Council for such consolidated cities.

(k) "Houghton Sewer Revenue Bonds" shall mean the outstanding \$110,000.00 par value of "Sewer Revenue Bonds, 1967," issued by the City of Houghton, Washington, pursuant to Ordinances Nos. 213 and 218 of the City of Houghton, Washington.

(l) "Revenue of the Waterworks Utility of the City" shall mean all the earnings and revenue received by the waterworks utility of the City from any source whatsoever, except general ad valorem taxes, proceeds from the sale of City property and bond proceeds.

(m) "Operating and Maintenance Expenses" shall mean all reasonable expenses incurred by the City in causing the waterworks utility of the City to be operated and maintained in good repair, working order and condition.

(n) "Parity Bonds" shall mean any and all water and sewer revenue bonds of the City issued after the date of the issuance of the Bonds, the payment of the principal of and interest on which constitutes a lien and charge upon revenue of the waterworks utility of the City, and including the outstanding 1952 Bonds, 1953 Bonds, 1955 Bonds and 1960 Bonds.

Section 2: The following portions of the system or plan of additions to and betterments and extensions of the Waterworks utility of the City, as specified and adopted in Ordinance No. 1124, as amended and supplemented by Ordinance No. 1151, are hereby ordered to be carried out, to-wit:

(1) There shall be constructed and installed the following described waterlines and sewer mains on, along and under the following described streets, avenues, easements and rights-of-way:

Project 68-4, Ordinance No. 1124 - Water.

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
4	3rd Street	7th Avenue	11th Place	8"	1380'
5	4th Street	Central	6th Avenue	8"	570'
6	4th Street	7th Avenue	10th Avenue	8"	920'
8	5th Street	Central Way	6th Avenue	8"	330'
9	5th Street	7th Avenue	9th Avenue	8"	620'
11	6th Street	8th Avenue	9th Avenue	8"	320'
12	6th Street	9th Avenue	20th Avenue	12"	4100'

Project 68-4, Ordinance No. 1151 - Water

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
1	4th Avenue	2nd Street	4th Street	6"	670'
2	5th Avenue	3rd Street	4th Street	6"	550'
3	13th Avenue	5th Street	6th Street	6"	560'
4	8th Avenue	4th Street	5th Street	6"	620'
5	13th Avenue	3rd Street	4th Street	6"	830'

Project 68-4, Ordinance No. 1151 - Sewer

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
1	4th Street	6th Avenue	7th Avenue	8"	300'
2	4th Street	11th Avenue	13th Avenue	8"	700'
3	5th Street	Central Way	7th Avenue	8"	620'
4	6th Street	6th Avenue	7th Avenue	8"	300'
5	6th Street	9th Avenue	10th Avenue	8"	320'
6	6th Street	12th Avenue	13th Avenue	8"	320'
7	4th Street	2nd Street	3rd Street	8"	600'
8	6th Avenue	6th Street	7th Avenue	8"	850'
9	7th Avenue	8th Street	West	8"	150'

(2) There shall be constructed and installed the following sewer mains on, along and under the following described streets, avenues, easements and rights-of-way:

North Rose Hill #4, Ordinance No. 1124,
(January 1966 Study) - Sewer

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
4 (a)	Private Right-of-Way	METRO Connection	112th Ave. NE	8"	1000'
4 (b)	111th Ave. NE	NE 100th St.	North	8"	1050'
4 (c)	112th Ave. NE	NE 102nd Pl.	North	8"	300'
4 (d)	NE 100th St.	111th Ave. NE	East	8"	1650'
4 (e)	112th Ave. NE	NE 100th St.	NE 102nd St.	8"	350'
4 (f)	NE 102nd St.	112th Ave. NE	East	8"	450'
4 (g)	NE 103rd Pl.	NE 100th St.	North-East	8"	250'
4 (h)	NE 103rd Pl.	NE 102nd St.	North along private Right-of-Way then east along NE 103rd Pl.	8"	250'
4 (i)	Manhole Connection				

(3) There shall be constructed and installed the following sewer mains on,

along and under the following described streets, avenues, easements and rights-of-way, and pump station and connection to Metro Force Main:

West Juanita Nos. 1, 2 and 3, Ordinance
No. 1124 (December 1967 Study) - Sewer

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
B (1)	2nd Street	NE 104th St.	South	8"	550'
B (2)	3rd Street	NE 104th St.	South	8"	550'
B (3)	NE 104th St.	3rd Street	100th Ave. NE	8"	880'
B (4)	NE 106th St.	Market St.	100th Ave. NE	8"	500'
B (5)	NE 106th St.	100th Ave. NE	East	8"	1250'
B (6)	100th Ave. NE	NE 104th St.	NE 108th St.	8"	1320'
C (1)	4th Street	NE 104th St.	South	8"	550'
C (3)	NE 104th St.	4th Street	5th Street	8"	650'
C (4)	NE 106th St.	108th Ave. NE	West	8"	1250'
C (5)	NE 106th Pl.	108th Ave. NE	East	8"	850'
C (6)	Alley	108th Ave. NE	NE 106th St.	8"	950'
C (7)	Private Right-of-Way	NE 104th St.	NE 108th St.	8"	650'
E (1)	100th Ave. NE	NE 108th St.	NE 116th St.	8"	2650'
E (2)	101st Ave. NE	NE 108th St.	North	8"	600'
E (3)	103rd Ave. NE	NE 112th Pl.	North	8"	200'
E (4)	104th Ave. NE	NE 108th St.	North	8"	400'
E (5)	104th Ave. NE	NE 110th St.	North	8"	1000'
E (6)	105th Ave. NE	NE 110th St.	North	8"	600'
E (7)	101st Pl. NE	NE 116th St.	South	8"	350'
E (8)	NE 108th St.	104th Ave. NE	108th Ave. NE	8"	1300'
E (9)	NE 108th St.	100th Ave. NE	104th Ave. NE	10"	1350'
E (10)	NE 109th St.	104th Ave. NE	East	8"	550'
E (11)	NE 110th St.	100th Ave. NE	105th Ave. NE	8"	1800'
E (12)	NE 112th St.	100th Ave. NE	East	8"	1150'
E (13)	NE 112th St.	104th Ave. NE	East	8"	750'
E (14)	NE 112th Pl.	100th Ave. NE	103rd Ave. NE	8"	900'
E (15)	NE 113th Pl.	100th Ave. NE	East	8"	2200'

100th Avenue NE) Pump Station and Connection
NE 108th Street) to Metro Force Main.

(4) There shall be constructed and installed the following waterlines and sewer mains as freeway crossings on, along and under the following described streets, avenues, easements and rights-of-way:

Freeway Crossings, Ordinance No. 1124 -
Water

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
37	NE 60th	111th Pl. NE	116th Ave. NE	16"	1600'

Freeway Crossings, Ordinance No. 1151 -
Water

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
6	NE 116th	120th NE	124th NE	16"	1300'

Freeway Crossings, Ordinance No. 1151 -
Sewer

<u>Project No.</u>	<u>On</u>	<u>From</u>	<u>To</u>	<u>Size</u>	<u>Length</u>
10	NE 116th	120th NE	124th NE	15"	1300'

Section 3. For the purpose of providing the funds with which to carry out the portions of the system or plan of additions to and betterments and extensions of the Waterworks Utility of the City, as adopted by Ordinance No. 1124, as amended and supplemented by Ordinance No. 1151, and ordered to be carried out by Section 2 hereof, there shall be issued and sold \$800,000.00 par value of the Bonds (herein designated as " Water and Sewer Revenue Bonds, 1968"). The Bonds shall be dated June 1, 1968; shall bear interest at the rates hereinafter set forth, payable semiannually on June 1 and December 1 of each year, interest to maturity to be evidenced by coupons to be attached to the Bonds with full obligation on the part of the City to pay interest at the bond rates from and after the maturity dates until the Bonds with interest are paid in full; shall be in denominations of \$5,000.00 each; and shall be numbered from 1 to 160, inclusive. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the Treasurer of the City solely out of the Bond Fund hereinafter created. The Bonds shall be a valid obligation of the holder thereof only as against the Bond Fund and the amount of the Revenue of the Waterworks Utility of the City pledged to such fund and shall not be a general obligation of the City. The Bonds shall mature and shall bear interest in accordance with the following schedule, to-wit:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Interest Rates</u>	<u>Maturities</u>
1 to 16	\$80,000	5.70%	June 1, 1983
17 to 32	80,000	5.70%	June 1, 1984
33 to 48	80,000	5.70%	June 1, 1985
49 to 64	80,000	5.75%	June 1, 1986
65 to 80	80,000	5.75%	June 1, 1987
81 to 100	100,000	5.75%	June 1, 1988
101 to 120	100,000	5.80%	June 1, 1989
121 to 140	100,000	5.80%	June 1, 1990
141 to 160	100,000	5.80%	June 1, 1991

Bonds numbered from 1 to 16, inclusive, maturing on June 1, 1983, shall be issued without the right or option of the City to call the same for redemption prior to their stated maturity date.

The City reserves the right to redeem outstanding bonds numbered 17 to 160, inclusive, maturing June 1, 1984, to June 1, 1991, inclusive, as a whole, or in part in inverse numerical order, on June 1, 1983, or on any subsequent interest payment date at the following redemption prices if redeemed on the following dates, plus accrued interest to date of redemption in each case:

On June 1, 1983, or December 1, 1983,
at \$102.00 per each \$100.00 par value
On June 1, 1984, or December 1, 1984,
at \$101.50 per each \$100.00 par value
On June 1, 1985, or December 1, 1985,
at \$101.00 per each \$100.00 par value
On June 1, 1986, or December 1, 1986,
at \$100.50 per each \$100.00 par value
On June 1, 1987, and thereafter, at par.

Notice of any call for redemption of the Bonds prior to their stated maturity dates shall be published once in the official newspaper of the City not less than 30 nor more than 45 days prior to the date of redemption. Notice of such call for redemption shall also be mailed to Foster & Marshall Inc. at its principal office in Seattle, Washington, or its successors, within the same period. Interest on any Bonds so called for redemption shall cease on the date fixed for such redemption upon payment of the redemption price into the Bond Fund.

Section 4. There is hereby created and established in the office of the Treasurer of the City a special fund to be known and designated as the "Kirkland Water and Sewer Revenue Bond Fund, 1968" (herein defined as the "Bond Fund"), which fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Bonds as the same shall become due. The Bond Fund is hereby divided into a "Principal and Interest Account" and a "Reserve Account." So long as Bonds are outstanding against the Bond Fund, the Treasurer of the City shall set aside and pay into the Bond Fund out of the Revenue of the Waterworks Utility of the City a fixed amount without regard to any fixed proportion, namely:

(a) Into the "Principal and Interest Account," on or before the 20th day of each month, beginning with the 20th day of June, 1968, and continuing thereafter, 1/6th of the next ensuing six months' requirements for interest on the Bonds and beginning with the month of June, 1982, and continuing thereafter, 1/12th of the next ensuing twelve months' requirements for principal on the Bonds; and

(b) Into the ("Reserve Account,") monthly, beginning with the month of July, 1968, not less than the sum of \$1,222.40 until a total reserve of not less than \$73,343.00 shall be accumulated therein by no later than June 1, 1973, such total sum being an amount equal to the average annual debt service requirements for the Bonds.

The "Reserve Account" may be accumulated from any other moneys which

the City may have available for such purpose, in addition to using the Revenue of the Waterworks Utility of the City therefor. The "Reserve Account" shall, except for withdrawals therefrom as authorized herein, after the total reserve amount has been accumulated therein be maintained in such amount at all times so long as any of the Bonds is outstanding, PROVIDED, HOWEVER, that when the total amount in the Bond Fund shall equal the total amount of the principal and interest on all outstanding Bonds to the last maturity thereof, no further payments need be made into the Bond Fund.

In the event that there shall be a deficiency in the "Principal and Interest Account" in the Bond Fund to meet maturing installments of either principal or interest as the case may be, such deficiency shall be made up from the "Reserve Account" by the withdrawal of cash therefrom for that purpose. Any deficiency created in the "Reserve Account" by reason of any such withdrawal shall then be made up from the Revenue of the Waterworks Utility of the City first available after making necessary provisions for the required payment into the "Principal and Interest Account." The moneys in the "Reserve Accounts" shall otherwise be held intact, and may be applied against the last outstanding Bonds.

All moneys in the "Reserve Account" above provided for, may be kept on deposit in the official bank depository of the City or in any national bank or may be invested in United States obligations maturing not later than twelve years from date of issue and in no event later than May 1, 1991. Interest on any such investment or on such bank account shall be deposited in and become a part of the "Reserve Account" until the total reserve amount shall have been accumulated therein.

The Revenue of the Waterworks Utility of the City is hereby pledged to such payments, and the Bonds shall constitute a charge and lien upon such revenue prior and superior to all other charges and liens whatsoever, excluding charges for maintenance and operation of such utility, except that the charge and lien upon such revenue for the Bonds shall be on a parity with the charge and lien upon the same for the outstanding 1952 Bonds, 1953 Bonds, 1955 Bonds, 1960 Bonds and any Parity Bonds hereafter issued in accordance with the provisions of Section 7 of Ordinance No. 630, and except further that the charge and lien upon such revenue for the Bonds shall be junior and inferior to the prior charge and lien upon such revenue for the outstanding 1949 Bonds and the outstanding 1950 Bonds, and except further that in the event that the system of sewerage of the City of Houghton, Washington, shall hereafter, following the completion of the consolidation of the City of Houghton, Washington, with the City of Kirkland, Washington, be combined with the Waterworks Utility of the City, the charge and lien upon the revenue from such City of Houghton system of sewerage alone for the Bonds shall be junior and inferior to the prior charge and lien upon the same for the outstanding Houghton Sewer Revenue Bonds.

Section 5. The City Council and corporate authorities of the City hereby declare that in creating the Bond Fund and in fixing the amounts to be paid into it as aforesaid they have considered and had due regard for the cost of operation and maintenance of the Waterworks Utility of the City and have not set aside into the Bond Fund a greater amount or proportion of the Revenue of the Waterworks Utility of the City than in their judgment will be available over and above the cost of maintenance and operation of the Waterworks Utility of the City and the debt service requirements for the presently outstanding 1949 Bonds, 1950 Bonds, 1952 Bonds, 1953 Bonds, 1955 Bonds and 1960 Bonds.

Section 6. The Bonds shall be in substantially the following form:

No. _____ \$5,000.00

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF KIRKLAND

WATER AND SEWER REVENUE BOND, 1968

_____ %

KNOW ALL MEN BY THESE PRESENTS: That the City of Kirkland, State of Washington, for value received, promises to pay to bearer on the 1ST DAY OF JUNE, 19 , the principal sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of _____ PERCENT

(_____ %) per annum, payable semiannually on the 1st days of June and December of each year, upon presentation and surrender of the attached interest coupons as they severally mature up to the bond maturity date and with full obligation on the part of the City to pay interest at the same rate from and after the bond maturity date until this bond with interest is paid in full, or funds are available in the "Kirkland Water and Sewer Revenue Bond Fund, 1968" (hereinafter called the "Bond Fund"), for payment in full. Both principal of and interest on this bond are payable in lawful money of the United States of America at the office of the Treasurer of the City of Kirkland, Washington, solely out of the special fund created by Ordinance No. 1159 and referred to herein as the Bond Fund, into which fund the City of Kirkland hereby irrevocably binds itself to pay certain fixed amounts out of the gross revenues of the waterworks utility of the City, including the sewerage system as a part thereof, now belonging to or which may hereafter belong to the City, including all additions, extensions and betterments thereof now or at any time made or constructed, as the same is defined in Ordinance No. 1159, without regard to any fixed proportion, namely, amounts sufficient to pay the principal of and interest on this issue of bonds as they respectively become due and to accumulate a reserve, all at the times and in the manner set forth in Ordinance No. 1159.

The gross revenues from the combined water and sewerage

systems, comprising the waterworks utility of the City, are hereby pledged to such payment, and the bonds of this issue constitute a charge and lien upon such revenues prior and superior to any other charges whatsoever, excluding charges for maintenance and operation, except that the charge and lien upon said revenues for this issue of bonds shall be on a parity with the charge and lien upon such gross revenues for the outstanding "Water and Sewer Revenue Bonds, 1952," dated September 1, 1952, the outstanding "Water and Sewer Revenue Bonds, 1953," dated May 1, 1953, the outstanding "Water and Sewer Revenue Bonds, 1955," dated July 1, 1955, the outstanding "Water and Sewer Revenue Bonds, 1960," dated April 1, 1960, and any additional water and sewer revenue bonds which may be hereafter issued on a parity with said bonds, in accordance with the provisions of Section 7 of Ordinance No. 630, except further that the charge and lien upon such gross revenues for the bonds of this issue shall be junior and inferior to the prior charge and lien upon such gross revenues for the outstanding "Water and Sewer Revenue Bonds, Series A," dated September 1, 1949, and the outstanding "Water and Sewer Revenue Bonds, Series B," dated July 1, 1950, and except further that in the event that the system of sewerage of the City of Houghton, Washington, shall hereafter, following the completion of the consolidation of the City of Houghton, Washington, with the City of Kirkland, Washington, be combined with the waterworks utility of the City, the charge and lien upon the revenue from such City of Houghton system of sewerage alone for the bonds of this issue shall be junior and inferior to the prior charge and lien upon the same for the outstanding "Sewer Revenue Bonds, 1967," issued by the City of Houghton, Washington, under date of August 1, 1967.

This bond is one of a total issue of \$800,000.00 par value of bonds, all of like date, tenor and effect, except as to maturities, options of redemption and interest rates, all payable from the Bond Fund and all issued by the City under and in pursuance of the laws of the State of Washington and Ordinance No. 1124, as amended and supplemented by Ordinance No. 1151, and Ordinance No. 1159 of the City for the purpose of providing funds to pay the cost of making certain additions to and betterments and extensions of the waterworks utility of the City, including the sewerage system as a part thereof.

Bonds numbered 1 to 16, inclusive, maturing on June 1, 1983, are issued without the right or option of the City to call the same for redemption prior to their stated maturity date.

The City reserves the right to redeem outstanding bonds numbered 17 to 160, inclusive, maturing June 1, 1984, to June 1, 1991, inclusive, as a whole, or in part in inverse numerical order, on June 1, 1983, or on any subsequent interest payment date at the following redemption prices if redeemed on the following dates, plus accrued interest to date of redemption in each case:

On June 1, 1983, or December 1, 1983, at \$102.00
per each \$100.00 par value
On June 1, 1984, or December 1, 1984, at \$101.50
per each \$100.00 par value
On June 1, 1985, or December 1, 1985, at \$101.00
per each \$100.00 par value
On June 1, 1986, or December 1, 1986, at \$100.50
per each \$100.00 par value
On June 1, 1987, and thereafter, at par.

Notice of any call for redemption of the bonds prior to their stated maturity dates shall be published once in the official newspaper of the City not less than 30 nor more than 45 days prior to the date of redemption. Notice of such call for redemption shall also be mailed to Foster & Marshall Inc. at its principal office in Seattle, Washington, or its successors, within the same period. Interest on any bonds so called for redemption shall cease on the date fixed for such redemption upon payment of the redemption price into the Bond Fund.

The City of Kirkland hereby covenants and agrees with the holders of each and every one of the bonds of this issue to fully carry out all covenants and meet all obligations of the City, as set forth in Ordinance No. 1159, to which ordinance reference is hereby made as more fully describing the covenants with and rights of holders of bonds of this issue.

It is hereby certified and declared that the bonds of this issue are issued pursuant to and in strict compliance with the constitution and laws of the State of Washington and the 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, have been done and have been performed as required by law.

IN WITNESS WHEREOF, the City of Kirkland, Washington, has caused this bond to be signed by the facsimile signature of its Mayor and attested by the manual signature of its Clerk and its corporate seal to be hereto affixed and the interest coupons to be signed with the

facsimile signatures of said officials this 1st day of June, 1968.

CITY OF KIRKLAND, WASHINGTON

By (facsimile signature)
Mayor

ATTEST:

City Clerk

The interest coupons attached to the Bonds shall be in substantially the following form:

Coupon No. ____

\$ _____

On the 1ST DAY OF (JUNE) (DECEMBER), 19__, the CITY OF KIRKLAND, WASHINGTON, upon presentation and surrender of this coupon, will pay to bearer at the office of the City Treasurer the sum shown hereon in lawful money of the United States of America from the special fund of said City, known as the "Kirkland Water and Sewer Revenue Bond Fund, 1968," said sum being six months' interest then due on its "Water and Sewer Revenue Bond, 1968," dated June 1, 1968, and numbered _____.

CITY OF KIRKLAND, WASHINGTON

By (facsimile signature)
Mayor

ATTEST:

City Clerk

The Bonds shall be printed on lithographed forms, shall be signed by the facsimile signature of the Mayor and attested by the manual signature of the City Clerk and shall have the seal of the City of Kirkland affixed thereto, and the coupons shall bear the facsimile signatures of the Mayor and the City Clerk.

Section 7. In the event the City shall issue advance refunding bonds pursuant to the laws of the State of Washington to pay the principal of and interest on the Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding Bonds and to pay the costs of refunding, and shall have irrevocably set aside for and pledged to such payment and refunding, moneys and/or direct obligations of the United States of America sufficient in amount, together with known earned income from the investment thereof, to make such payments and to accomplish the refunding as scheduled, and shall irrevocably make provisions for redemption of such Bonds,

then in that case all right and interest of the owners or holders of the Bonds to be so retired or refunded and the appurtenant coupons in the covenants of this Ordinance and in the Revenue of the Waterworks Utility of the City, funds and accounts obligated to the payment of such Bonds, except the right to receive the funds so set aside and pledged, shall thereupon cease and become void and the City may then apply any moneys in any fund or account established for the payment or redemption of such Bonds or coupons to any lawful purposes as it shall determine.

In the event that the refunding plan provides that the refunding bonds be secured by cash and/or direct obligations of the United States of America pending the prior redemption of those Bonds being refunded and if such refunding plan also provides that certain cash and/or direct obligations of the United States of America are irrevocably pledged for the prior redemption of those Bonds included in the refunding plan, then only the debt service on the Bonds and the refunding bonds payable from Revenue of the Waterworks Utility of the City shall be included in the computation of coverage for issuance of Parity Bonds and the annual computation of coverage for determining compliance with the rate covenants.

Section 8. The City hereby covenants and agrees with the owner and holder of each Bond at any time outstanding, as follows:

(a) That it will establish, maintain and collect such rates and charges for water and sanitary sewage . . . disposal service so long as any Bonds are outstanding as will make available for the payment of the principal of and interest on such Bonds an amount equivalent to at least 1.4 times the average annual debt service requirements, both principal and interest, of the Bonds and the outstanding 1949 Bonds, 1950 Bonds, 1952 Bonds, 1953 Bonds, 1955 Bonds and 1960 Bonds and any Parity Bonds hereafter issued after Operating and Maintenance Expenses have been paid, but before depreciation

(b) That it will at all times maintain and keep the Waterworks Utility of the City in good repair, working order and condition, and also will at all times operate such utility and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) That it will not sell, lease, mortgage or in any manner encumber or dispose of all the property of the Waterworks Utility of the City unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all Bonds at any time outstanding, and that it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the City that is used, useful and material to the operation thereof, unless provision is made for replacement thereof, or for payment into the Bond Fund of the total amount of revenue received which shall not be less than an amount which shall bear the same ratio to the amount of

outstanding Bonds as the revenue available for debt service for such outstanding Bonds for the twelve months preceding such sale, lease, encumbrance or disposal from the portion of the utility sold, leased, encumbered or disposed of bears to the revenue available for debt service for such Bonds from the entire utility for the same period. Any such moneys so paid into the Bond Fund shall be used to retire such outstanding Bonds at the earliest possible date.

(d) That it will while any of the Bonds remain outstanding keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to its waterworks utility, and it will furnish the original purchaser or purchasers of the Bonds or any subsequent holder or holders thereof, at the written request of such holder or holders, complete operating and income statement of said utility in reasonable detail covering any calendar year not more than ninety days after the close of such calendar year and it will grant any holder or holders of at least twenty-five percent of the outstanding Bonds the right at all reasonable times to inspect the entire Waterworks Utility of the City and all records, accounts and data of the City relating thereto. Upon request of any holder of any of said Bonds, it will also furnish to such holder a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington.

(e) That it will not furnish water or sanitary sewage disposal service to any customer whatsoever free of charge and will promptly take legal action to enforce collection of all delinquent accounts.

(f) That it will carry the types of insurance on its waterworks utility properties in the amounts normally carried by private water and sewer companies engaged in the operation of water and sewerage systems, and the cost of such insurance shall be considered a part of operating and maintaining said utility. If, as, and when, the United States of America or some agency thereof shall provide for War Risk Insurance, the City further agrees to take out and maintain such insurance on all or such portions of said system on which such War Risk Insurance may be written in an amount or amounts to cover adequately the value thereof.

(g) That it will pay all costs of maintenance and operation of the Waterworks Utility of the

City and the debt service requirements for the outstanding 1949 Bonds, 1950 Bonds, 1952 Bonds, 1953 Bonds, 1955 Bonds and 1960 Bonds and otherwise meet the obligations of the City as herein set forth.

Section 9. The City hereby further covenants and agrees with the owner and holder of each of the Bonds for as long as any of the same are outstanding that it will not create any special fund or funds for the payment of the principal of and interest on any other revenue bonds which will rank on a parity with the Bonds, except that it reserves the right to issue additional Parity Bonds if compliance with the provisions of Section 7 of Ordinance No. 630 of the City is met at the time of the issuance of such Parity Bonds, which section by this reference is incorporated herein and made applicable to the Bonds so long as any of the same is outstanding.

Section 10. Nothing herein contained shall prevent the City from issuing revenue bonds which are a charge upon the Revenue of the Waterworks Utility of the City junior or inferior to the payments required to be made therefrom into the Bond Fund and the Reserve Account therein. Nor shall anything herein contained prevent the City from issuing revenue bonds to re-fund maturing revenue bonds of the City for the payment of which moneys are not otherwise available.

Section 11. Foster & Marshall Inc. of Seattle, Washington, heretofore offered to purchase the Bonds at a price of \$97.00 per each \$100.00 par value thereof, plus accrued interest from the date of issuance to the date of delivery of the Bonds, if any, the City to furnish at its expense the Bonds, together with the approving legal opinion of Messrs. Roberts, Shefelman, Lawrence, Gay & Moch, municipal bond counsel fo Seattle, Washington. The City Council, deeming that no better offer could be received for the Bonds and that it was in the best interests of the City to accept that offer, duly accepted the same on May 20, 1968, and such acceptance is now ratified and confirmed. The Bonds shall, therefore, immediately upon their execution be delivered to Foster & Marshall Inc. upon payment therefor in accordance with that offer. The accrued interest received, if any, shall be deposited in the "Principal and Interest Account" in the Bond Fund and the principal proceeds shall be deposited in the Bond Construction Fund of the City and expended for the purpose of carrying out the improvements ordered in Section 2 hereof, including all costs incidental to the issuance of the Bonds.

PASSED by the City Council of the City of Kirkland, Washington, at a regular meeting thereof and APPROVED by the Mayor this 17th day of June, 1968.



Mayor

ATTEST:



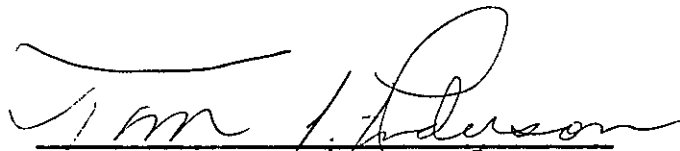
Director of Administration and Finance
(ex officio City Clerk)

APPROVED AS TO FORM:

City Attorney

I, TOM J. ANDERSON, Director of Administration and Finance, of the City of Kirkland, Washington, do hereby certify that the attached Ordinance, being Ordinance No. 1159, is a true and correct copy of the original Ordinance passed on June 17, 1968, as said Ordinance appears on the Minute Book of the City.

DATED this 21 day of June, 1968.


TOM J. ANDERSON, Director of
Administration and Finance of the
City of Kirkland, Washington

Ordinance No. 1159