

ORDINANCE NO. 210

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF \$15,000.00 PAR VALUE OF "SEWER REVENUE BONDS, 1960", FOR THE PURPOSE OF PROVIDING A PART OF THE FUNDS WITH WHICH TO CARRY OUT THE SYSTEM OR PLAN FOR MAKING ADDITIONS TO AND BETTERMENTS AND EXTENSIONS OF THE EXISTING SEWERAGE SYSTEM OF THE TOWN, AS ADOPTED BY ORDINANCE NO. 208, AS AMENDED BY ORDINANCE NO. 209, FIXING THE DATE, FORM, MATURITIES, INTEREST RATE, TERMS AND COVENANTS OF SAID BONDS: AND PROVIDING FOR THE SALE OF SAID BONDS TO H. P. PRATT & COMPANY, INC., OF SEATTLE, WASHINGTON.

WHEREAS, the Town of Granite Falls, Washington, by Ordinance No. 208, passed the 7th day of December, 1959, as amended by Ordinance No. 209, passed the 18th day of April, 1960, adopted a system or plan for making additions to and betterments and extensions of the existing sewerage system of the Town, and authorized the issuance and sale of sewer revenue bonds in the principal sum of not to exceed \$15,000.00 to provide a part of the funds required to pay the cost of acquiring, constructing and making said additions to and betterments and extensions of said system of sewerage; and

WHEREAS, the Town Council now deems it advisable to issue and sell the total authorized issue of \$15,000.00 par value of sewer revenue bonds to obtain the funds required to pay part of the cost of carrying out said system or plan, NOW, THEREFORE,

BE IT ORDAINED by the Council of the Town of Granite Falls, Washington, as follows:

Section 1: For the purpose of obtaining a part of the funds required to pay the cost of carrying out the system or plan for making additions to and betterments and extensions of the system of sewerage of the Town, as provided and adopted in Ordinance No. 208, as amended by Ordinance No. 209, there shall be issued and sold "Sewer Revenue Bonds, 1960", of the Town of Granite Falls (hereinafter called the "Bonds"), in the principal sum of \$15,000.00. The Bonds shall be in denominations of \$1,000.00 each; shall be numbered from 1 to 15, inclusive; shall be dated June 1, 1960; and shall bear interest at the rate of 5 1/4 % per annum, payable semi-annually 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 Town to pay interest at the same rate

from and after the bond maturity date until the Bonds with interest are paid in full. Both the principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the Town Treasurer solely out of the "Sewer Revenue Fund, 1960," created by Ordinance no. 208, as amended by Ordinance No. 209 (hereinafter called the "Bond fund"), and the Bonds shall be a valid claim of the holder thereof only as against the Bond Fund and the fixed amount of the revenues of the system of sewerage pledged to such fund and shall not be a general obligation of the Town of Granite Falls. The Bonds shall mature in order of their numbers in accordance with the following schedule, to wit:

<u>BOND NUMBERS</u>	<u>AMOUNTS</u>	<u>MATURITIES</u>
1	\$1,000	June 1, 1962
2	\$1,000	June 1, 1963
3	\$1,000	June 1, 1964
4 and 5	\$2,000	June 1, 1965
6 and 7	\$2,000	June 1, 1966
8 and 9	\$2,000	June 1, 1967
10 and 11	\$2,000	June 1, 1968
12 and 13	\$2,000	June 1, 1969
14 and 15	\$2,000	June 1, 1970

Section 2: Bonds numbered 1 to 5, inclusive, maturing June 1, 1962, through June 1, 1965, shall be issued without the right or option of the Town to call the same for payment prior to their stated maturity dates.

The Town reserves the right to redeem any or all Bonds numbered 6 to 15, inclusive, maturing on June 1, 1966, through June 1, 1970, on any semiannual interest payment date on and after June 1, 1965, at par, plus accrued interest.

The Bonds shall be redeemed in inverse numerical order, highest numbers first, by giving at least thirty (30) days notice of such intended redemption by publication thereof in the official newspaper of the Town, such notice to be published once not less than thirty nor more than forty-five days prior to the call date and by mailing a copy of such notice to H.P. PRATT & COMPANY, INC., Hoge Building, Seattle, Washington, or its successor, at least thirty days prior to the call date. 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 3: The Bond Fund is hereby divided into two accounts, namely, a "Principal and Interest Account" and a "Reserve Account."

So long as Bonds are outstanding against the Bond Fund, the Treasurer of the Town of Granite Falls shall set aside and pay into the Bond Fund, after the payment of the expenses of maintenance and operation of the system of sewerage, out of the gross revenues of said system, including all additions, extensions and betterments thereof at any time made, a fixed amount without regard to any fixed proportion, as follows:

(a) Into the "Principal and Interest Account" monthly, beginning on July 1, 1960, one-sixth of the next ensuing six months requirements for interest on the Bonds, and, beginning on July 1, 1961, one-twelfth of the next ensuing twelve months requirements for both principal and interest on said Bonds and continuing thereafter until the Bonds are fully paid, together with the amounts which may be thereafter required to be paid therein to meet the debt service requirements of any additional bonds hereafter issued on a parity of lien with the Bonds, in accordance with the provisions of Section 7 hereof.

(b) Into the "Reserve Account" monthly, beginning on July 1, 1960, all funds received from the collection of sewer service charges in excess of the costs of maintenance and operation of said system of sewerage and the amounts required to be paid into the "Principal and Interest Account" until the sum of \$2,150.00 has been accumulated therein, provided that, in the event that additional bonds are hereafter issued on a parity of lien with the bonds in accordance with the provisions of Section 7 hereof, such monthly payments shall be increased so that at the end of five years after such issuance the amount in the "Reserve Account" will equal the average annual debt service requirements for all bonds payable out of the Bond Fund.

The "Reserve Account" may be accumulated from any other moneys which the Town of Granite Falls may have available for such purpose in addition to using such revenues therefore. The "Reserve Account" shall be maintained in such total required reserve amount, except for withdrawals therefrom as authorized herein, at all times so long as any of said Bonds are outstanding; PROVIDED, that when the total amount in the Bond Fund shall equal the total amount of principal and interest for all outstanding bonds payable out of the Bond Fund to the last maturity thereof, no further payment need to be made into the Bond Fund.

In the event that there should 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 de-

created in the "Reserve Account" by reason of any such withdrawal shall then be made up from the moneys from the revenues of the system of sewerage first available after making necessary provision for the required payments into the "Principal and Interest Account". The money in the "Reserve Account" shall otherwise be held intact and may be used for final payment of any series of bonds payable out of the Bond Fund, provided a sufficient balance remains therein to cover average annual debt service requirements on bonds subsequently remaining outstanding.

All money in the "Reserve Account" above provided for may be kept on deposit in the official bank depository of the Town of Granite Falls, or may be invested in United States Government obligations redeemable at a fixed price and maturing not later than the last maturity date of any outstanding bonds payable out of the Bond Fund, or may be deposited in institutions the deposits of which are federally insured to the extent that such deposit is so insured.

The gross revenues from the system of sewerage of the Town are hereby pledged to such payments, and the Bonds shall constitute a charge or lien upon such gross revenues prior and superior to any other charges whatsoever, excluding charges for maintenance and operation, except as provided in Section 7 hereof.

Section 4: The Town Council and corporate authorities of the Town of Granite Falls hereby declare that in creating the said Bond Fund and in fixing the amounts to be paid into it as set forth herein they have exercised due regard to the cost of operation and maintenance of the system of sewerage, and the Town of Granite Falls has not bound and obligated itself to set aside and pay into the Bond Fund a greater amount or proportion of the revenues of the system of sewerage than in the judgment of the Town Council will be available over and above such costs of maintenance and operation, and that no portion of the revenues of the system of sewerage has been previously pledged for any other indebtedness.

Section 5: The Town further hereby covenants and agrees with the owner and holder of each of the Bonds, as follows:

(a) That it will not sell, lease, mortgage, or in any manner encumber or dispose of all of the property of the system of sewerage now belonging to or which may hereafter belong to it, including all additions, betterments and extensions thereof at any time made, unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all of the outstanding bonds payable out of the Bond Fund in accordance with the terms thereof; and further hereby binds itself irrevocably not to mortgage, sell, lease, or in any manner dispose

of any part of the system of sewerage and including all additions, betterments and extensions thereof at any time made, that is used, useful or material to the operation of the system of sewerage unless provision is made for the replacement thereof or for payment into the Bond Fund as the revenue available for debt service for said bonds for the twelve months preceding such sale, lease, encumbrance, or disposal from the portion of the system so leased, encumbered or disposed of bears to the revenue available for debt service for said bonds from the entire system for the same period. Any such moneys so paid into the Bond Fund shall be used to retire outstanding bonds at the earliest possible date.

(b) That it will maintain in good condition and operate the system of sewerage and establish, maintain and collect such rates for sanitary disposal service as will produce gross revenues from the system of sewerage sufficient to permit payment into the Bond Fund of the amounts required for the payment of the principal of and the interest on all outstanding bonds payable out of the Bond Fund as they become due, and the amounts required to be paid into the "Reserve Account" in the Bond Fund, and, in addition thereto, will pay all costs of maintenance and operation and otherwise meet the obligations of the Town as herein set forth.

(c) That it will, while any of the Bonds remain outstanding, keep proper books of accounts and records separate and apart from other accounts and records in which complete and correct entries will be made of all transactions relating to the system of sewerage, and will furnish the original purchaser of the Bonds or any subsequent holder or holders thereof, at the written request of such holder or holders, complete operating and income statements of the system of sewerage in reasonable detail, covering any calendar year, not more than ninety days after the close of such calendar year, and will grant any holder or holders of at least twenty-five per cent of the outstanding Bonds the right at all reasonable times to inspect the entire system and all records, accounts and data of the Town relating thereto.

(d) That it will establish, maintain and collect such rates and charges for sanitary sewage disposal service, as long as any of the Bonds are outstanding, as will make available for the payment of the principal of and interest on such Bonds as the same shall accrue, an amount equal to at least 1.3 times the average annual debt service, both principal and interest, of the Bonds and any additional sewer revenue bonds (and/or water and sewer revenue bonds in the event that the system of sewerage shall hereafter become a part of the waterworks utility of the Town) which may hereafter issued on a parity of lien with the Bonds, in accordance with the provisions of Section 7 hereof, after deducting the costs of maintenance and operation from the gross revenues of its system of sewerage, but before depreciation and any Town-imposed taxes.

(e) That it will not furnish sanitary sewage disposal service to any customer whatsoever free of charge and it shall, not later than sixty (60) days after the end of each calendar year, take such legal action as may be feasible to enforce collection of all collectible delinquent accounts and, in addition thereto, shall promptly avail itself of its utility lien rights, as set forth in RCW 35.67.200, et. seq., and all acts amendatory thereof.

(f) That it will carry the types of insurance on its system of sewerage properties in the amounts normally carried by private sewer companies engaged in the operation of sewerage systems, and the cost of such insurance shall be considered a part of operating and maintaining said system. If, as, and when, the United States of America, or some agency thereof, shall provide for war risk insurance, the Town 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.

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

UNITED STATES OF AMERICA

STATE OF WASHINGTON

TOWN OF GRANITE FALLS

SEWER REVENUE BOND, 1960

5 1/4%

KNOW ALL MEN BY THESE PRESENTS: That the Town of Granite Falls, Snohomish County, State of Washington, for value received, promises to pay to the bearer on the 1ST DAY OF JUNE, 19____, the principal sum of

ONE THOUSAND DOLLARS

together with interest thereon at the rate of FIVE AND ONE-FOURTH PERCENT (5 1/4%) PER ANNUM, payable semiannually on the 1st day of June and December of each year, upon the 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 Town to pay interest at the same rate from and after the bond maturity date until this bond with interest is paid in full. Both principal and interest are payable in lawful money of the United States of America at the office of the Town Treasurer of Granite Falls, Washington, solely out of the special fund created

by Ordinance No. 208, as amended by Ordinance No. 209, and known as "Sewer Revenue Bond Fund, 1960," (hereinafter called the "Bond Fund").

The bonds of this issue constitute a charge or lien upon the gross revenues from the system of sewerage of the Town prior and superior to any other charges whatsoever, excluding charges for maintenance and operation, except as provided in Section 7 of Ordinance No. 208.

This bond is one of an issue of \$15,000.00 par value of bonds all of like date, tenor and effect, except as to maturities and option of redemption, all payable from the said Bond Fund and all issued by the Town of Granite Falls under and pursuant to the laws of the State of Washington and Ordinance No. 208, as amended by Ordinance No. 209, and Ordinance No. 210 of the Town for the purpose of providing a part of the funds with which to carry out the system or plan for making additions to and betterments and extensions of the existing sewerage system of the Town. Reference is made to said Ordinances as more fully describing the covenants with and rights of holders of bonds of this issue.

Bonds numbered 1 to 5, inclusive, maturing June 1, 1962, through June 1, 1965, are issued without the right or option of the Town to call the same for payment prior to their stated maturity dates.

The Town of Granite Falls, Washington, reserves the right to redeem any or all bonds of this issue numbered 6 to 15, inclusive, maturing June 1, 1966, through June 1, 1970, on any semiannual interest payment date on and after June 1, 1965, at par, plus accrued interest, in inverse numerical order, highest numbers first.

Notice of and call for redemption of any of said bonds prior to their stated maturity dates shall be published once in the official newspaper of the Town not less than thirty nor more than forty-five days prior to the call date. Notice of said intended redemption shall also be mailed to H. P. PRATT & COMPANY, INC., Hoge Building, Seattle 4, Washington, or its successor, not less than thirty nor more than forty-five days prior to the call date. 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 Town of Granite Falls hereby binds itself to establish, maintain and collect such rates and charges for sanitary sewage disposal service, as long as any of the bonds of this issue are outstanding, as will make available for the payment of the principal of an interest on such bonds as the same shall accrue an amount equal to at least 1.3 times the average annual debt service, both principal and interest, of the said bond issue and

any additional sewer revenue bonds (and/or water and sewer revenue bonds in the event that the system of sewerage shall hereafter become a part of the waterworks utility of the Town) which may be hereafter issued on a parity of lien with the bonds of this issue in accordance with the provisions of Section 7 of Ordinance No. 210, after deducting the costs of maintenance and operation from the gross revenues of its system of sewerage, but before depreciation and any Town-imposed taxes.

The Town further covenants and agrees to maintain in good condition and to operate the system of sewerage and to establish, maintain and collect such rates for sanitary sewage disposal service as will produce gross revenues from the system of sewerage sufficient to permit payment into the Bond Fund of the amounts required for the payment of the principal of and the interest on the bonds as they become due, and the amounts required to be paid into the "Reserve Account" in the Bond Fund, and, in addition thereto, to pay all costs of maintenance and operation of said system and otherwise to meet the obligations of the Town as herein set forth and as set forth in Ordinance No. 208, as amended by Ordinance No. 209, and Ordinance No. 210.

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 Town of Granite Falls, 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 Town of Granite Falls, Washington, has caused this bond to be signed by its Mayor and attested by its Clerk and its corporate seal to be hereto affixed and the interest coupons attached to be signed with the facsimile signatures of said officials this 1st day of June, 1960.

TOWN OF GRANITE FALLS, WASHINGTON

By: JACK WEBB, Mayor

ATTEST:

RUTH BROMLEY
Clerk

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

Coupon No.
 \$26.25

On the 1st day of (June) (December), 19____, the TOWN OF GRANITE FALLS, WASHINGTON, upon presentation and surrender of this coupon, will pay to bearer at the office of the Town Treasurer the sum of TWENTY-SIX AND 25/100 DOLLARS (\$26.26) in lawful money of the United States of America from the special fund of the Town known as the "Sewer Revenue Bond Fund, 1960," said sum being six months' interest then due on its "Sewer Revenue Bond, 1960," dated June 1, 1960, and numbered_____.

TOWN OF GRANITE FALLS, WASHINGTON

By: JACK WEBB
Mayor

ATTEST:

RUTH BROMLEY, Clerk

The Bonds shall be printed on lithographed forms, shall be signed by the Mayor and attested by the Clerk and shall have the seal of the Town of Granite Falls affixed thereto and the coupons shall bear the facsimile signatures of the Mayor and the Clerk.

Section 7: The Town of Granite Falls agrees that it will not hereafter issue any sewer revenue bonds, or water and sewer revenue bonds in the event that the system of sewerage of the Town shall hereafter, pursuant to RCW 35.67.320, become a part of the waterworks utility of the Town, or refunding sewer and/or water and sewer revenue bonds, which shall constitute a charge or lien against the gross revenues of the system of sewerage (or combined systems) of the Town prior to or on a parity with the charge or lien against the same for payments required to be made into the Bond Fund; PROVIDED, that it hereby reserves the right to issue additional and/or refunding sewer and/or water and sewer revenue bonds which shall constitute a charge or lien upon the gross revenues of the system of sewerage, including all additions thereto and betterments, replacements, and extensions thereof at any time made, on a parity of lien with the Bonds, if the following conditions shall be met and complied with at the time of the issuance of such additional and/or refunding bonds, to wit:

1. All payments then required by this Ordinance and any ordinance hereafter enacted pertaining to any bonds hereafter issued on a parity with the Bonds in accordance with the provisions of this Section then outstanding shall have been made into the Bond Fund,

both the "Principal and Interest Account" and "Reserve Account," and maintained intact therein; and

(2) The revenues of the system of sewerage for any twelve months out of the immediately preceding fifteen months period, plus the additional revenue reasonably anticipated to be received from service on lines proposed to be installed, in connection with which such additional sewer and/or water and sewer revenue bonds are to be issued, shall be and be deemed sufficient, after the payment of normal operation and maintenance costs, but before depreciation and any Town-imposed taxes, to equal at least 1.3 times the average annual principal and interest requirements of all then outstanding sewer revenue bonds and/or water and sewer revenue bonds, including the Bonds, any additional and/or refunding bonds hereafter issued on a parity therewith then outstanding, and the additional and/or refunding bonds proposed to be issued. Such determination of the sufficiency of the revenues shall be made and certified to by either an independent professional registered engineer experienced in municipal utilities and licensed to practice in the State of Washington or a certified public accountant; PROVIDED, HOWEVER, that if such additional bonds proposed to be so issued are for the sole purpose of refunding outstanding sewer revenue bonds and/or water and sewer revenue bonds, such certification of coverage shall not be required if the amount required for payment of the principal and interest in each year for the refunding bonds is not increased over the amount required for the bonds to be refunded thereby and the maturities of said refunding bonds are not extended beyond the maturities of the bonds to be refunded thereby; and

3. The ordinance authorizing the issuance of such additional bonds shall provide that an amount equal to the average annual debt service of the additional bonds proposed to be issued shall be accumulated as a reserve in the "Reserve Account" in the Bond Fund, said amounts to be accumulated by monthly deposits commencing not later than one month after the date of issuance of the bonds and to be accumulated within five years after the date of issuance and said reserve to be maintained in such amounts so long as any of said additional bonds are outstanding to the last maturity thereof, PROVIDED, HOWEVER, that in the case of refunding bonds the ordinance authorizing the issuance of such refunding bonds shall provide that the money in the "Reserve Account" for the bonds to be refunded shall be transferred to the "Reserve Account" in the Bond Fund, or that the moneys in the "Reserve Account" for the bonds to be refunded shall be used to redeem such bonds, in which event an amount equal

to the average annual debt service for the refunding bonds proposed to be issued shall be accumulated as a reserve in the same manner and within the same times as set forth herein for additional revenue bonds.

Section 8: H. P. PRATT & COMPANY, INC., of Seattle, Washington, heretofore offered to purchase the Bonds at a price of \$95.00 per each \$100.00 per value thereof, plus accrued interest to date of delivery of the Bonds, the Town to furnish, at its expense, the printed bonds and the approving legal opinion of Weter, Roberts & Shefelmen, municipal bond counsel of Seattle, Washington, without cost to the purchaser. The Town Council, being of the opinion that no better price could be secured for the Bonds and that it was in the best interest of the Town to accept the offer, duly accepted the same on May 2, 1960, and such acceptance is hereby ratified and confirmed. The Town officials are hereby authorized and directed to deliver the Bonds, immediately upon their execution, to H. P. PRATT & COMPANY INC. Hoge Building, Seattle, Washington, upon payment therefore in accordance with the offer of said purchaser.

PASSED by the Town Council of the Town of Granite Falls, Washington, at a regular meeting thereof, and APPROVED by the Mayor of the Town of Granite Falls, Washington, this 23rd day of May, 1960.

JACK WEBB, Mayor

ATTEST:

I, RUTH BROMLEY, Clerk of the Town of Granite Falls, Washington, do hereby certify that the attached Ordinance, being Ordinance No. 210 is a true and correct copy of the original Ordinance passed on the 23rd of May, 1960, as said Ordinance appears on the Minute Book of the Town.

DATED this 23rd day of May, 1960.

RUTH BROMLEY,
Clerk of the Town of
Granite Falls, Washington