

ORDINANCE NO. 144

An ORDINANCE of the Town of Yacolt, Washington providing for the issuance and sale of \$95,000 of water revenue bonds of the town to pay part of the cost of certain additions and improvements to and extensions of the water supply and distribution system of the town as authorized by Ordinance No. 143, providing the date, form, terms and maturities of said bonds, creating a Construction Account, a Revenue Fund Account, a Bond and Interest Sinking Fund Account, and a Repair and Replacement Reserve Account, providing certain covenants and protective features safeguarding the payment of the principal of and interest on such bonds and declaring an emergency.

WHEREAS, by Ordinance No. 143, adopted July 14, 1961, the Council of the Town of Yacolt, Washington, authorized the issuance of water revenue bonds of the town in the total principal sum of \$95,000 to provide funds to pay part of the cost of acquiring, constructing and installing certain additions and improvements to and extensions of the water supply and distribution system of the town; and

WHEREAS, it is deemed necessary and to the best interests of the town and its inhabitants that said bonds now be issued and sold in order to provide part of the money necessary to accomplish said purpose;

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Yacolt, Washington, as follows:

Section 1. That for the purpose of providing funds to pay part of the cost of acquiring, constructing and installing the additions and improvements to and extensions of the water supply and distribution system of the town authorized by Ordinance No. 143, the town shall issue and sell its water revenue bonds in the total principal sum of \$95,000.

Section 2. Said bonds shall be dated January 1, 1961, shall be in denominations of \$1,000 each, shall be registrable at the option of the holder as to principal only at the First State Bank of Yacolt, Yacolt, Washington, shall bear interest at a rate of not to exceed 4 3/8% per annum payable semiannually on the first days of January and July of each year as evidenced by coupons to be attached thereto, and shall be numbered and mature in order of their number as follows:

<u>Bond Nos.</u>	<u>Maturity Date</u>	<u>Amount</u>
1-2	January 1, 1964	\$2,000
3-4	January 1, 1965	2,000
5-6	January 1, 1966	2,000
7-8	January 1, 1967	2,000

<u>Bonds Nos.</u>	<u>Maturity Date</u>	<u>Amount</u>
9-10	January 1, 1968	\$2,000
11-12	January 1, 1969	2,000
13-14	January 1, 1970	2,000
15-16	January 1, 1971	2,000
17-18	January 1, 1972	2,000
19-21	January 1, 1973	3,000
22-24	January 1, 1974	3,000
25-27	January 1, 1975	3,000
28-30	January 1, 1976	3,000
31-33	January 1, 1977	3,000
34-36	January 1, 1978	3,000
37-39	January 1, 1979	3,000
40-43	January 1, 1980	4,000
44-47	January 1, 1981	4,000
48-51	January 1, 1982	4,000
52-55	January 1, 1983	4,000
56-59	January 1, 1984	4,000
60-63	January 1, 1985	4,000
64-68	January 1, 1986	5,000
69-73	January 1, 1987	5,000
74-78	January 1, 1988	5,000
79-83	January 1, 1989	5,000
84-89	January 1, 1990	6,000
90-95	January 1, 1991	6,000

Both principal of and interest on said bonds shall be payable at The First State Bank of Yacolt, Yacolt, Washington, or, at the option of the holder, at the fiscal agency of the State of Washington in the City and State of New York, in any coin or currency which on the respective dates of payment of such principal and interest is legal tender for debts due the United States of America and shall be obligations only of the Bond and Interest Sinking Fund Account hereinafter created.

Section 3. The town hereby reserves the right to redeem any or all of the outstanding bonds of this issue in inverse numerical order on any interest payment date on or after January 1, 1971, at par and accrued interest plus a premium of one quarter of one percent for each year or fraction thereof from the redemption date to the stated maturity of the bond or bonds to be redeemed; provided, however, that such premium shall not in any event exceed 3% of the principal amount of any bond to be redeemed.

Notice of any such intended redemption shall be given by registered mail sent to the registered owners of the bonds to be redeemed at their addresses appearing on the registry book at least thirty days prior to the redemption date and, unless all of the bonds to be redeemed are registered bonds, by publication once in a financial journal published in the English language and of general circulation in the City of New York, New York, such publication to be not more than forty-five nor less than thirty days prior to said redemption date. Interest on any bond or bonds called for redemption shall cease to accrue on such redemption date unless such bond or bonds shall not be redeemed upon presentation made pursuant to such call.

Pursuant to contract entered into by the town with the United States of America, if and for as long as the Government holds any of the bonds of this issue, it will waive the noncallable provisions, redemption premiums and publication of the notice of call.

Section 4. Said bonds shall be known as "Town of Yacolt Water Revenue bonds of 1961," and shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. \_\_\_\_\_

\$1,000

STATE OF WASHINGTON

TOWN OF YACOLT

WATER REVENUE BOND OF 1961

KNOW ALL MEN BY THESE PRESENTS:

That the Town of Yacolt, a municipal corporation of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to bearer, or, if this bond be registered, to the registered holder hereof on the first day of January, 19\_\_\_\_, the principal sum of

ONE THOUSAND DOLLARS

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 of and interest on this bond are payable in any coin or currency which on the respective dates of payment of such principal and interest is legal tender for payment of debts due the United States of America, at The First State Bank of Yacolt, Yacolt, Washington, or, at the option of the holder, at the fiscal agency of the State of Washington, Borough of Manhattan, City and State of New York, solely out of the special fund of the town known as the "Town of Yacolt Bond and Interest Sinking Fund Account," created by Ordinance No. 144 of the town, adopted

on the 6th day of November, 1961.

The town has reserved the right to redeem any or all of the outstanding bonds of this issue in inverse numerical order on any interest payment date on or after January 1, 1971, at par and accrued interest, plus a premium of one quarter of one percent for each year or fraction thereof from the redemption date to the stated maturity of the bond or bonds to be redeemed; provided, however, that such premium shall not in any event exceed 3% of the principal amount of any bond to be redeemed.

Notice of any such intended redemption shall be given by registered mail sent to the registered owners of the bonds to be redeemed at their addresses appearing on the registry book at least thirty days prior to the redemption date, and, unless all of the bonds to be redeemed are registered bonds, by publication once in a financial journal published in the English language and of general circulation in the City of New York, New York, such publication to be not more than forty-five nor less than thirty days prior to such redemption date.

For as long as the United States of America or any agency thereof is the holder of this bond, the noncallable provisions, redemption premiums and publication of the notice of call are waived.

This bond is one of an issue of water revenue bonds of the town of like amount, date and tenor except as to number and date of maturity in the total principal sum of \$95,000, which bonds are issued pursuant to ordinances of the town duly and regularly adopted for the purpose of providing part of the funds to acquire, construct, and install certain additions and improvements to and extensions of its water supply and distribution system.

The Town of Yacolt 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 Ordinance No. 144 of the town to be by it kept and performed.

The Town of Yacolt has by Ordinance No. 144 pledged and bound itself to set aside and pay into the "Town of Yacolt Water System Revenue Fund Account," created by said ordinance when collected all rentals, charges, income, and revenue arising from the operation and ownership of its water supply and distribution system and all additions and improvements thereto and extensions thereof.

The town does hereby pledge and bind itself to set aside from the moneys in said Revenue Fund Account and to pay into said Sinking Fund Account created by said Ordinance No. 144 the various amounts required by said Ordinance No. 144 to be paid into and maintained in said Sinking Fund 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

moneys in said Revenue Fund Account superior to all other charges of any kind or nature except Current Expenses of the water system as the same is defined in said Ordinance No. 144 .

The Town of Yacolt has further bound itself to maintain said system in good condition and repair, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges for water service (including reasonable hydrant rentals and/or charges for the municipal use of water, if required) sufficient to assure ability to make the payments required to be made into said Sinking Fund Account and the "Town of Yacolt Water System Repair and Replacement Reserve Account," created by said Ordinance No. 144.

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 ordinances of the Town of Yacolt, 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.

IN WITNESS WHEREOF, the Town of Yacolt, Washington, has caused this bond to be signed by its Mayor, to be attested by its Clerk, the corporate seal of the town to be impressed hereon, and the interest coupons attached hereto to be signed with the facsimile signatures of said officials as of the first day of January, 1961.

TOWN OF YACOLT, WASHINGTON

BY \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Clerk

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

NO. \_\_\_\_\_ \$ \_\_\_\_\_

On the first day of \_\_\_\_\_, 19\_\_\_\_\_, unless the bonds herein mentioned shall have been called for previous redemption and payment thereof made or duly provided for, the Town of Yacolt, Washington, will pay to bearer at The First State Bank of Yacolt, Yacolt, Washington, or, at the option of the holder at the fiscal agency of the State of Washington, Borough of Manhattan, City and State of New York, in any coin or currency which on said date is legal tender for the payment of debts due the United States of America, the sum of \_\_\_\_\_ DOLLARS, said sum being the semi-annual interest due that date on its water revenue bond dated January 1, 1961,

and numbered \_\_\_\_\_.

TOWN OF YACOLT, WASHINGTON

BY \_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
Town Clerk

Said bonds shall have endorsed thereon the following registration certificate:

This bond may be registered as to principal only on the bond registry books of the town maintained at The First State Bank of Yacolt, Yacolt, Washington (herein called the "Registrar"), such registration to be noted hereon and thereafter the principal of this bond shall be payable only to the registered holder, his legal representative or assigns.

This bond, if registered, shall be transferable to another registered holder or back to bearer only upon presentation to said Registrar with a legal assignment duly acknowledged or proved.

Registration of this bond shall not affect the negotiability of the coupons attached hereto, which will at all times be transf rable by delivery

<u>Date of Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Authorized Officer of Registrar</u>
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Section 5. Said bonds shall be signed on behalf of the town by its Mayor, shall be attested by the Town Clerk, and shall have the corporate seal of the town impressed thereon. The interest coupons attached thereto shall be signed with the facsimile signatures of said officials.

Section 6. That there be and is hereby created a special fund of the town to be known as "Town of Yacolt Water System Construction Fund" (herein called the "Construction Fund"). All of the moneys derived from the sale of the bonds (exclusive of accrued interest, which shall be paid into the Bond and Interest Sinking Fund Account hereinafter created shall be deposited in said Construction Fund, together with the additional funds required to be furnished by the town to insure the payment of all costs of completing the acquisition, construction and installation of the additions, improvements and extensions authorized in Ordinance No. 143, and together with the proceeds of any temporary loans. Said Fund shall be segregated from all other funds

and moneys of the town and shall be maintained in a bank or banks which are members of the Federal Deposit Insurance Corporation. Moneys in the Construction Fund shall be expended solely for paying the costs of improvements for which the bonds are issued. Any moneys remaining in the Construction Fund after all of said costs have been paid, but not more than \$6,000, shall be subject of transfer by the town to other funds of the town in accordance with law. Any moneys then remaining in the Construction Fund shall be promptly used for the redemption of bonds issued pursuant of this ordinance; provided, however, that any moneys then remaining in the Construction Fund in an amount less than \$1,000 shall be deposited in the Bond and Interest Sinking Fund Account.

Section 7. That there be and is hereby created another special fund of the town to be known as the "Town of Yacolt Water System Revenue Fund Account" (herein called the "Revenue Fund Account"), into which shall be deposited when collected all rentals, charges, income, and revenue arising from the operation and ownership of the water supply and distribution system of the town and all additions and improvements thereto and extensions thereof. Such Revenue Fund Account shall be held in the custody of the Town Treasurer, separate and apart from all other funds and accounts of the town, and shall be maintained so long as any of the bonds issued pursuant to this ordinance are outstanding in a bank which is a member of the Federal Deposit Insurance Corporation and shall be used only for the purposes and in the manner and order specified in Sections 8,9, 10 and 22 of this ordinance.

Section 8. The Current Expenses of the water supply and distribution system shall be payable as a first charge from the Revenue Fund Account as the same shall become due and payable. Current Expenses shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, and all other expenses incident to the operation of the water system, but shall exclude depreciation, all general administrative expenses of the town, and the payment into the Repair and Replacement Reserve Account hereinafter required. The balance of such rentals, charges, income and revenue remaining in the Revenue Fund Account after payment of such Current Expenses is hereby defined as "Net Revenue" for the purpose of this ordinance.

Section 9. That there be and is hereby created another special fund of the town to be known as "Town of Yacolt Water System Bond and Interest Sinking Fund Account" (herein called the "Sinking Fund Account"), which shall be held in the custody of the Town Treasurer, separate and apart from all other funds and accounts, and shall be maintained so long

as any of the bonds authorized by this ordinance are outstanding in a bank which is a member of the Federal Deposit Insurance Corporation. The moneys in the Sinking Fund Account shall be a trust fund for the security and payment of the principal of and interest on the bonds authorized by this ordinance. All moneys credited to the Sinking Fund Account shall be and are hereby pledged and ordered to be used for the sole purpose of paying the principal of and interest on said bonds.

The Town of Yacolt hereby obligates and binds itself to set aside and pay into the Sinking Fund Account from the Net Revenue in the Revenue Fund Account the following fixed amounts necessary to pay and secure the payment of the principal of and interest on said bonds. Such payments shall be made on or before the fifteenth days of June and December of each year:

(a) Beginning with December, 1961, (1) the balance of such Net Revenue, or (2) such amounts thereof which together with interest for the current interest period chargeable as a project development cost as defined in the contract referred to in Section 3 hereof, plus any other moneys then on deposit in the Sinking Fund Account, shall be sufficient to pay the interest coming due on the next interest payment date on the outstanding bonds of this issue.

(b) Beginning with June, 1963, and continuing until the moneys and/or investments on deposit in the Sinking Fund Account equal the interest due on the next interest payment date, plus one-half of the principal to become due within the next succeeding twelve months, plus a debt service reserve of \$6,600, the sum of \$4,200.

(c) Thereafter, an amount equal to one-half the principal to become due within the next succeeding twelve months, plus an amount sufficient to pay the interest due on the next interest payment date and to maintain the debt service reserve in the amount of \$6,600.

Said amounts so pledged to be paid out of the Revenue Fund Account into the Sinking Fund Account are hereby declared to be a prior lien and charge upon the moneys in such Revenue Fund Account superior to all other charges of any kind or nature except for Current Expenses of the Water system.

Section 10. That there be and is hereby created another special fund of the town to be known as "Town of Yacolt Water System Repair and Replacement Reserve Account" (herein called the "Reserve Account"), which shall be held in the custody of the Town Treasurer, separate and apart from all other funds and accounts of the town. The town hereby obligates and binds itself, after the required reserve is accumulated in the Sinking Fund Account, to set aside and pay into said Reserve Account from the Net Revenue



on or before the close of each half fiscal year the sum of \$250.00, or such portion thereof as is available, until the funds and/or investments in the Reserve Account shall aggregate \$2,000; and thereafter such sums, but not more than \$250.00 semiannually, as may be required to restore and maintain the balance of \$2,000.

All Moneys in said Reserve Account may be drawn upon and used by the town for the purpose of paying the costs of unusual or extraordinary maintenance or repairs, renewals and replacements not paid as a part of the ordinary and normal expense of operation of the water system. However, in the event the funds in the Sinking Fund Account should be reduced below the debt service reserve of \$6,600, funds on deposit in the Reserve Account shall be transferred to the Sinking Fund Account to the extent necessary to eliminate the deficiency in the Sinking Fund Account.

Section 11. Any Net Revenue remaining in the Revenue Fund Account at the close of each fiscal half year, after making all of the maximum deposits hereinbefore required, may be used to redeem outstanding bonds on the next interest payment date or for any expenditures, including the payment of debt service, in improving or restoring any existing water system facilities or providing any such additional facilities.

Section 12. Moneys in the Sinking Fund Account and/or Reserve Account' not needed within sixty days from the date of investment may be invested in direct obligations of or obligations the principal of and interest on which are guaranteed by the United States Government.

Section 13. The Town of Yacolt hereby covenants and agrees with the owner and holder of each of the bonds for as long as any of the same remain outstanding as follows:

(a) That it will establish, maintain and collect rates and charges for water service (including reasonable hydrant rentals and/or charges for the municipal use of water if required) sufficient to assure ability to meet the requirements of Sections 9 and 10 of this ordinance.

(b) That it will at all times maintain the water system in good repair, working order and condition and will at all times operate the water system 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 its title to the water system or any useful part thereof, including any facility necessary to operation and use thereof, unless provision is made for payment into the Sinking Fund Account of a sum sufficient to redeem and retire all the bonds of this issue then outstanding in accordance with the terms thereof.

(d) That upon completion and acceptance of the additions, improvements

and extensions being constructed out of the proceeds of the bonds, if such insurance is not already in force, it will procure fire and extended coverage insurance on such portion or portions of the water system as may be insured to the full insurable value thereof and public liability insurance with limits of not less than \$25,000 for one person and \$50,000 for more than one person involved in one accident, to protect the town from claims for bodily injury and/or death which may arise from the town's operation, including any use of its grounds, structures and vehicles.

(e) That it will keep accurate financial records and proper books relating to the operation of the water system, the financial condition and operation of the town; and all resources thereof pledged herein, which records and books shall be open to inspection by the bondholders and their agents and representatives. The town further covenants that not later than ninety days after the end of each fiscal year it will furnish to any bondholder who shall request the same in writing copies of audit reports prepared by an independent public accountant reflecting in reasonable detail the financial condition and records of the operation of the water system, the town and all pledged resources thereof.

(f) If and for so long as the United States Government holds any of the bonds, the town shall furnish operating statements for the water system in such form and substance for such period as may be requested by the Government.

Section 14. Said bonds shall be sold on sealed proposals to the highest and best bidder or bidders submitting a bid or bids with an effective rate over the life of the bonds of  $4 \frac{3}{8}\%$  per annum or less plus accrued interest. Such bidders may submit bids only on the following basis:

- (a) All maturities in the years 1964 through 1971.
- (b) All maturities in the years 1972 through 1981.
- (c) The remaining maturities.
- (d) The entire issue.

Section 15. The proper town officials are hereby authorized and directed to do everything necessary for the prompt issuance and execution of the bonds of this issue, for the prompt delivery thereof to the purchasers, and for the proper use and application of the proceeds of their sale.

Section 16. This ordinance is declared to be one necessary for the immediate preservation of the public welfare, property, health and safety of the people of the Town of Yacolt, 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 provided by law.

PASSED by the Town of Yacolt, Washington, and approved by its Mayor at a regular meeting of said Council this 6th day of November, 1961.

TOWN OF YACOLT, WASHINGTON

BY Gerald J. Murphy  
Mayor

ATTEST:

Dorothy Wilber  
Town Clerk

APPROVED AS TO FORM:

Earl A Jackson  
Town Attorney