

ORDINANCE NO. 16

AN ORDINANCE of the Town of Gig Harbor, Washington, providing for the issuance and sale of \$120,000 of water revenue bonds for the purpose of providing funds to pay the cost of acquiring and constructing a water supply and distribution system for the town as provided in Ordinance No. 14 passed and approved June 30, 1948, and as authorized by the electors of the town at an election held therein on August 17, 1948, fixing the date, form, terms and maturities of said bonds, creating a special fund for the payment of the principal and interest thereof and a reserve account, providing certain other protective features, safeguarding the payment thereof, confirming the sale thereof and declaring an emergency.

WHEREAS, the Town of Gig Harbor, Washington, by ordinance No. 14 passed and approved June 30, 1948, provided for the acquisition and construction of a water supply and distribution system for the town and further provided that the cost of the acquisition and construction of such system should be paid from the proceeds of the sale of water revenue bonds of the town in the principal sum of \$120,000, and

WHEREAS, it was further provided in said ordinance that the proposition to issue and sell said bonds for such purpose should be submitted to the electors of the town at a special election to be held therein on the 17th day of August, 1948, and

WHEREAS, at said election the proportion of the qualified electors of said town required by law for the adoption thereof voted in favor of said proposition to authorize the issuance and sale of said bonds for such purpose, and

WHEREAS, it is deemed to be to the best interests of the town and its inhabitants that such bonds be now issued and sold and such water supply and distribution system be acquired and constructed,

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE TOWN OF GIG HARBOR, WASHINGTON, AS FOLLOWS:

Section 1. That the adoption by the electors of the Town of Gig Harbor, Washington, at the special election held thereon on August 17, 1948, of the proposition providing for the acquisition and construction of a water supply and distribution system for the town and the issuance of water revenue bonds in the sum of \$120,000 to pay therefor, be and the same is hereby in all things ratified and confirmed. The town officials are hereby authorized and directed to do all things necessary for the issuance, sale and delivery of said bonds and the acquisition and construction of said water supply and distribution system as provided in Ordinance No. 14 of the town.

Section 2. That there shall now be issued and sold water revenue bonds of the town in the principal sum of \$120,000 as authorized by the electors of said town at a special election held therein on August 17, 1948, for the purpose of providing funds to pay the cost of the acquisition and construction of a water supply and distribution system as provided in Ordinance No. 14 adopted June 30, 1948. Said bonds shall be dated December 1, 1948, shall be in denominations of \$1,000 each, shall be numbered from 1 to 120, inclusive, shall bear interest at the rate of 4% per annum, payable semiannually on the 1st days of June and December of each year, and shall mature in order of their number as follows:

December 1, 1950	\$ 3,000	December 1, 1962	\$4,000
December 1, 1951	3,000	December 1, 1963	4,000
December 1, 1952	3,000	December 1, 1964	4,000
December 1, 1953	3,000	December 1, 1965	5,000
December 1, 1954	3,000	December 1, 1966	5,000
December 1, 1955	3,000	December 1, 1967	5,000
December 1, 1956	3,000	December 1, 1968	5,000
December 1, 1957	3,000	December 1, 1969	5,000
December 1, 1958	4,000	December 1, 1970	6,000
December 1, 1959	4,000	December 1, 1971	6,000
December 1, 1960	4,000	December 1, 1972	6,000
December 1, 1961	4,000	December 1, 1973	25,000

Both principal and interest of said bonds shall be payable in lawful money of the United States of America at the office of the

Town Treasurer in Gig Harbor, Washington, and shall be obligations only against the special fund created by this ordinance.

The Town of Gig Harbor hereby reserves the right to redeem any or all of said bonds at par in inverse numerical order on any interest payment date on and after December 1, 1958, and further reserves the right to redeem bonds numbered 96 to 120, inclusive, maturing on December 1, 1973, at par in inverse numerical order on any interest payment date on and after December 1, 1953. Notice of any such redemption shall be given by one publication of such notice in a newspaper of general circulation within the town not more than forty nor less than thirty days prior to said redemption date and by mailing a copy of said notice at the same time to Grande & Co., Inc. at their place of business in Seattle, Washington. Interest on any bond or bonds so called for redemption shall cease on such redemption date.

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

No. \_\_\_\_\_

\$1,000.00

UNITED STATES OF AMERICA  
STATE OF WASHINGTON  
TOWN OF GIG HARBOR  
WATER REVENUE BOND,  
1948

KNOW ALL MEN BY THESE PRESENTS:

That the Town of Gig Harbor, a municipal corporation of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay to bearer on the 1st day of December, 19\_\_\_\_, the principal sum of

ONE THOUSAND AND NO/100 DOLLARS

with interest thereon at the rate of four per cent (4%) per annum payable semiannually on the first days of June and December of each year as evidenced by and upon presentation and surrender of the annexed coupons as they severally become due. Both principal and interest are payable in lawful money of the United States of America at the office of the Town Treasurer in Gig Harbor, Washington, solely out of the special fund of the town known as "Gig Harbor, 1948 Water Revenue Bond Redemption Fund" created by Ordinance No. 16 of said town.

The Town of Gig Harbor has reserved the right to redeem any or all of the outstanding bonds of this issue at par in inverse numerical order on any interest payment date on and after December 1, 1958, and has further reserved the right to redeem bonds numbered 96 to 120, inclusive, maturing on December 1, 1973, at par in inverse numerical order on any interest payment date on and after December 1, 1953. Notice of any such intended redemption shall be given by one publication thereof in a newspaper of general circulation within the town not more than forty nor less than thirty days prior to said redemption date and by mailing a copy of said notice at the same time to Grande & Co., Inc. at their place of business in Seattle, Washington.

This bond is one of an issue of water revenue bonds authorized by the Town of Gig Harbor pursuant to an election held therein in the total principal sum of \$120,000 for the purpose of providing funds for the acquisition and construction of a water supply and distribution system for the town and is payable solely out of the gross revenues of such system.

The Town of Gig Harbor hereby covenants and agrees with the holder of this bond that it will keep and perform all the covenants of this bond and of Ordinances No. 14 and No. 16 to be by it kept and performed. The town does hereby pledge and bind itself to set aside from the gross revenue of such water supply and distribution system and all additions and improvements thereto and to pay into said bond redemption fund and the reserve account created therein the various amounts required by said Ordinance No. 16 to be paid into and maintained in said fund and account, all within the times provided by said ordinance. Said amounts so pledged are hereby declared to be a prior lien and charge upon the gross revenues of such system, including all additions and improvements thereto, superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of said system.

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

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

IN WITNESS WHEREOF the Town of Gig Harbor has caused this bond to be signed by its Mayor and attested by its Clerk under the corporate seal of said town and the interest coupons

attached hereto to be signed with the facsimile signatures of said officials this 1st day of December, 1948.

TOWN OF GIG HARBOR, WASHINGTON

By HAROLD H. RYAN  
Mayor

ATTEST:

MARIE GUSTAFSON  
Town Clerk

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

No. \_\_\_\_\_

\$20.00

On the 1st day of \_\_\_\_\_ 19\_\_\_\_, the Town of Gig Harbor, Washington, will pay to bearer at the Office of the Town Treasurer in Gig Harbor the sum of Twenty and No/100 Dollars (\$20.00) in lawful money of the United States of America from a special fund of the town known as "Gig Harbor 1948 Water Revenue Bond Redemption Fund", said sum being the semiannual interest due that day on its water revenue bond dated December 1, 1948, and numbered \_\_\_\_\_.

TOWN OF GIG HARBOR, WASHINGTON

By HAROLD H. RYAN  
Mayor

ATTEST:

MARIE GUSTAFSON  
Town Clerk

Section 4. Said bonds shall be signed by the Mayor of the Town and attested by the Town Clerk under the corporate seal of the Town, and the interest coupons attached to said bonds shall be signed with the facsimile signatures of said officials.

Section 5. That there be and is hereby created a special fund to be known as "Gig Harbor 1948 Water Revenue Bond Redemption Fund" hereinafter referred to as the "Bond Fund", which fund is to be drawn upon for the sole purpose of paying the principal and interest of the bonds authorized herein.

The Town of Gig Harbor hereby obligates and binds itself to set aside and pay into said bond fund out of the gross revenues of

its water supply and distribution system and all additions and improvements thereto, certain fixed amounts necessary to pay the principal and interest on all of the outstanding bonds of the bond issue authorized herein as the same respectively become due and payable.

Except for the payment provided for in subsection (a) immediately below, such payments shall be made into said bond fund on or before the 20th day of each month in the amounts hereinafter specified:

(a) Immediately upon the sale of the bonds authorized herein, the town will pay into the bond fund the sum of \$4800 for the purpose of paying the interest due on these bonds on June 1, 1949, and December 1, 1949, out of funds which it will have on hand at that time and available for such purpose.

(b) Beginning with December, 1949, and continuing as long as any of the bonds authorized herein are outstanding and unpaid, an amount equal to at least one-sixth of the interest to become due and payable at the end of the next ensuing six-month period on all the bonds then outstanding.

(c) Beginning with December, 1949, and continuing as long as any of the bonds authorized herein are outstanding and unpaid, an amount equal to at least one-twelfth of the principal of said bonds to become due and payable on the next principal payment date.

Provided, however, that when there is sufficient money in said bond fund and the reserve account hereinafter created to pay the principal and interest to maturity of all the outstanding bonds authorized herein, then no further payments need be made into said bond fund.

Said amounts so pledged are hereby declared to be a prior lien and charge upon the gross revenues of said water supply and

distribution system and all additions and improvements thereto superior to all other charges of any kind or nature except the necessary cost of maintenance and operation of said system.

There is hereby created a reserve account in said bond fund, and in addition to the sums above required the town hereby agrees that it will pay into said reserve account the first available surplus revenues out of the gross revenues of said system and all additions and improvements thereto, and such other funds as may be available, so that there will be paid into said account the sum of \$8,000 on or prior to December 1, 1952. The town further agrees that once said sum of \$8,000 has been paid into said reserve account it will at all times maintain said sum therein until there is a sufficient amount in the bond fund and reserve account to pay the principal and interest to maturity of all of the outstanding bonds authorized herein. In the event there shall be a deficiency in the bond fund to meet maturing installments of either principal or interest, such deficiency shall be made up from the reserve account by withdrawal of cash therefrom. Any deficiency created in the reserve account by reason of any such withdrawal shall then be made up from moneys from the revenues of said system first available after making the necessary provision for the required payments into the bond fund.

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

Section 6. The corporate authorities of the Town of Gig Harbor hereby declare, in fixing the amounts to be paid into said bond fund and reserve account aforesaid, that they have exercised

due regard to the cost of operation and maintenance of said water supply and distribution system and have not obligated the town to set aside into said bond fund and reserve account a greater amount or proportion of the revenues of said system than in their judgment will be available over and above such cost of maintenance and operation.

Section 7. The town covenants with the owner and holder of each of said bonds as follows:

(a) The town will establish, maintain and collect rates and charges for water for as long as any of the bonds authorized herein are outstanding that will make available for the payment of the principal and interest of such bonds as the same shall accrue an amount equivalent to 1.5 times the average annual principal and interest payments due on such outstanding bonds. The amount "available for the payment of the principal and interest of such bonds as the same shall accrue" is hereby defined as "the gross revenues of such water supply and distribution system and all additions and improvements thereto, less expenses of operation, maintenance and taxes, but before depreciation."

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

(c) The town will not sell or otherwise dispose of the properties of such system unless provision is made for payment into the bond fund of a sum sufficient to pay the principal and interest of all of the outstanding bonds authorized herein in accordance with the terms thereof.



(d) The town will not expend any of the revenues derived from the operation of such system for any additions, improvements or extensions which are not economically sound and which will not advantageously contribute to the conduct of the system in an efficient and economical manner and <sup>further agrees that</sup> all revenues derived from the operation of such system not required by the town for making payments into the bond fund and reserve account, working capital, operating and maintenance expenses, and economically sound additions, improvements or extensions will be applied to the redemption of bonds prior to maturity in the manner hereinafter provided.

(e) The town will insure and keep insured all the insurable physical property of said system against all normal and reasonable risks and hazards and as usually insured by private corporations operating like properties.

(f) The town will keep proper books of account in accordance with rules of the Division of Municipal Corporations of the Auditor's Office of the State of Washington and will cause such books to be audited annually by said Auditor's office, or in the event they are not so audited, by an independent certified public accountant. The town agrees to furnish Grande & Co., Inc. of Seattle, Washington, with a copy of each such report or audit as soon as the same has been completed.

(g) All employees or agents of the town collecting or handling money of the town in connection with the management and operation of said water supply and distribution system shall be bonded by <sup>a</sup> responsible surety company or companies, commensurate with the funds they handle and in an amount sufficient to protect the town from loss.

Section 2. That there be and is hereby created a fund in the office of the Town Treasurer to be known as the "Water Supply &

Distribution System Construction Fund" and all moneys received from the sale of the bonds authorized herein shall be deposited in said fund and shall be used only for the purposes described in Ordinance No. 14 providing for the acquisition and construction of such water supply and distribution system. Provided, however, that in the event there is any surplus left in said fund after the payment in full of such costs of acquisition and construction and after setting aside a reasonable amount for working capital for such system, then any such surplus shall be first paid into the reserve account created in the bond fund by Section 5 of this ordinance and then into the bond redemption fund for the payment of the principal and interest due on the bonds authorized herein.

The town officials are hereby authorized and directed to do everything necessary for the construction and installation of such additions and improvements for the sale, execution and delivery of said bonds as hereinafter provided and for the proper application and use of the funds derived from such sale.

Section 9. The action of the town council on September 24, 1948, in accepting the written offer of the same date from Grande & Co., Inc. of Seattle, Washington, to purchase the bonds authorized herein under the terms and conditions as set forth in said offer to purchase and as fixed herein, and the action of the town council on October 4, 1948, in accepting an amendment <sup>dated October 4, 1948,</sup> to said written offer, and the action of the Mayor and Town Clerk in executing the acceptance of said offer and the amendment thereto are hereby in all respects ratified and confirmed.

Section 10. This ordinance is declared to be one necessary for the immediate preservation of the public peace,

property, health and safety of the people of the Town of Gig Harbor, Washington. An emergency is hereby declared to exist and this ordinance is hereby declared to be in full force and effect from and after its passage, approval and publication as required by law.

Passed by the Council of the Town of Gig Harbor, Washington, and approved by its Mayor this 26<sup>th</sup> day of November, 1948.

TOWN OF GIG HARBOR, WASHINGTON

By Harold H. Ryan  
Mayor

ATTEST:

Marie Gustafson  
Town Clerk