

CHAPTER 53.

[S. B. 246.]

MUNICIPAL AIRPORTS—FINANCES.

AN ACT relating to aeronautics; authorizing the issuance, funding and refunding of revenue bonds by municipalities authorized to own, control and operate airports, for the purpose of providing funds to accomplish the powers granted by chapter 14.08 RCW, and to construct, acquire, equip, add to, extend, enlarge, improve, replace and repair airports, facilities and structures thereon, and other properties incidental to the operation of airports and to pay all costs incidental thereto; and adding two new sections to chapter 14.08 RCW and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. There is added to chapter 14.08 RCW New section.
a new section to read as follows:

Municipalities, including any governmental subdivision which may be hereafter authorized by law to own, control and operate an airport or other air navigation facility, are hereby authorized to issue revenue bonds to provide part or all of the funds required to accomplish the powers granted them by chapter 14.08 RCW, and to construct, acquire by purchase or condemnation, equip, add to, extend, enlarge, improve, replace and repair airports, facilities and structures thereon including but not being limited to facilities for the servicing of aircraft and for the comfort and accommodation of air travelers, and other properties incidental to the operation of airports and to pay all costs incidental thereto.

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airports.
Revenue bonds
authorized—
Purpose.

The legislative body of the municipality shall Special fund.
create a special fund for the sole purpose of paying the principal of and interest on the bonds of each issue, into which fund the legislative body shall obligate the municipality to pay an amount of the gross revenue derived from its ownership, control, use and operation of the airport and all airport facilities and structures thereon and used and operated

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for redemption
of revenue
bonds.

in connection therewith, including but not being limited to fees charged for all uses of the airport and facilities, rentals derived from leases of part or all of the airport, buildings and any or all air navigation facilities thereon, fees derived from concessions granted, and proceeds of sales of part or all of the airport and any or all buildings and structures thereon or equipment therefor, sufficient to pay the principal and interest as the same shall become due, and to maintain adequate reserves therefor if necessary. Revenue bonds and the interest thereon shall be payable only out of and shall be a valid claim of the holder thereof only as against the special fund and the revenue pledged to it, and shall not constitute a general indebtedness of the municipality.

Bond form.

Each revenue bond and interest coupon attached thereto shall name the fund from which it is payable and state upon its face that it is only payable therefrom; however, all revenue bonds and interest coupons issued under this act shall be negotiable instruments within the provisions and intent of the negotiable instruments law of this state. Each issue of revenue bonds may be bearer coupon bonds or may be registered either as to principal only or as to principal and interest; shall be in the denomination or denominations the legislative body of the municipality shall deem proper; shall be payable at the time or times and at the place or places as shall be determined by the legislative body; shall bear interest over the life of the issue at a net interest cost to the municipality of not to exceed six percent per annum and no semiannual interest on any bonds shall be greater than six percent: *Provided, however,* That the amount of premium, if any, to be paid on the redemption of bonds prior to their maturity shall not be considered in determining the net interest cost; shall be signed on behalf of the municipality by the chairman of the board of county commissioners, mayor of the city or town, president of

Negotiable
instruments.

Proviso.

the port commission, and similar officer of any other municipality, shall be attested by the county auditor, the clerk or comptroller of the city or town, the secretary of the port commission, and similar officer of any other municipality, one of which signatures may be a facsimile signature, and shall have the seal of the municipality impressed thereon; each of the interest coupons attached thereto shall be signed by the facsimile signatures of said officials. Revenue bonds shall be sold in the manner as the legislative body of the municipality shall deem best, either at public or private sale.

Sale of bonds.

The municipality at the time of the issuance of revenue bonds may provide covenants as it may deem necessary to secure and guarantee the payment of the principal thereof and interest thereon, including but not being limited to covenants to create a reserve fund or account and to authorize the payment or deposit of certain moneys therein for the purpose of securing or guaranteeing the payment of the principal and interest, to establish and maintain rates, charges, fees, rentals and sales prices sufficient to pay the principal and interest and to maintain an adequate coverage over annual debt service, to appoint a trustee for the bondholders and a trustee for the safeguarding and disbursing of the proceeds of sale of the bonds and to fix the powers and duties of the trustee or trustees, and to make any and all other covenants as the legislative body may deem necessary to its best interest and that of its inhabitants to accomplish the most advantageous sale possible of the bonds. The legislative body may also provide that revenue bonds payable out of the same source or sources may later be issued on a parity with revenue bonds being issued and sold.

Covenants to guarantee payment of bonds.

The legislative body of the municipality may include an amount for working capital and an amount necessary for interest during the period of construction of the airport or any facilities plus six months,

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in the principal amount of any revenue bond issue; if it deems it to the best interest of the municipality and its inhabitants, it may provide in any contract for the construction or acquisition of an airport or facilities that payment therefor shall be made only in revenue bonds at the par value thereof.

If the municipality or any of its officers shall fail to carry out any of its or their obligations, pledges or covenants made in the authorization, issuance and sale of bonds, the holder of any bond or the trustee may bring action against the municipality and/or said officers to compel the performance of any or all of the covenants.

New section.

SEC. 2. There is added to chapter 14.08 RCW a new section to read as follows:

Issuance of
funding or re-
funding bonds
authorized.

When any municipality has outstanding revenue bonds or warrants payable solely from revenues derived from the ownership, control, use and operation of the airport and all its facilities and structures thereon used and operated in connection therewith, the legislative body thereof may provide for the issuance of funding or refunding bonds to fund or refund outstanding warrants or bonds or any part thereof at or before maturity, and may combine various outstanding warrants and various series and issues of outstanding bonds in the amount thereof to be funded or refunded and may issue funding or refunding bonds to pay any redemption premium and interest payable on the outstanding revenue warrants or bonds being funded or refunded. The legislative body of the municipality shall create a special fund for the sole purpose of paying the principal of and interest on funding or refunding bonds, into which fund the legislative body shall obligate the municipality to pay an amount of the gross revenue derived from its ownership, control, use and operation of the airport and all airport facilities and structures thereon as provided in section 1 of this act, sufficient to pay the principal and interest as the

same shall become due, and to maintain adequate reserves therefor if necessary. Bonds and the interest thereon shall be payable only out of and shall be a valid claim of the holder thereof only as against the special fund and the revenue pledged to it, and shall not constitute a general indebtedness of the municipality.

The net interest cost to maturity on funding or refunding bonds shall not exceed six percent per annum: *Provided, however,* That the amount of premium, if any, to be paid on the redemption of funding or refunding bonds prior to their maturity shall not be considered in determining net interest cost. Proviso.

The municipality may exchange funding or refunding bonds at par for the warrants or bonds which are being funded or refunded, or it may sell the funding or refunding bonds in the manner as it shall deem for the best interest of the municipality and its inhabitants, either at public or private sale. Funding or refunding bonds shall be governed by and issued under and in accordance with the provisions of section 1 of this act with respect to revenue bonds unless there is a specific provision to the contrary in this section.

SEC. 3. Nothing in this act shall repeal or supersede revenue bond financing powers otherwise granted to port districts under the provisions of chapter 53.40 RCW. Port districts' bond financing powers exempt from act.

SEC. 4. This act is necessary for the immediate preservation of the public peace, health, safety and welfare, the support of the state government and its existing public institutions and political subdivisions and shall take effect immediately. Emergency.

Passed the Senate February 19, 1957.

Passed the House February 28, 1957.

Approved by the Governor March 8, 1957.