

EAST WENATCHEE WATER DISTRICT

DOUGLAS COUNTY, WASHINGTON

RESOLUTION NO. 118

A RESOLUTION of the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, providing for the issuance and sale of Water Revenue Bonds, 1973, in the principal amount of \$125,000.00, the proceeds of the sale thereof to be used to pay the cost of carrying out that portion of the general comprehensive plan of water supply for the District as adopted by Resolution No. 2, passed July 18, 1940, as amended, applicable to Utility Local Improvement District No. 1 heretofore created in the District; fixing the date, interest rate, maturity, form, terms and covenants of such bonds; creating a special bond redemption fund and providing for the sale and delivery thereof to Wm. P. Harper & Son & Company of Seattle, Washington.

WHEREAS, the Board of Water Commissioners of the District by Resolution No. 2 duly adopted on July 18, 1940, adopted a general comprehensive plan of water supply for the District, authorized the issuance and sale of not to exceed \$150,000.00 par value of water revenue bonds to finance the same, and provided for the submission to the qualified voters of the District for their ratification or rejection at a special election held therein on August 27, 1940, of the question of the issuance and sale of such water revenue bonds; and

WHEREAS, at such special election the qualified voters of the District voted in favor of the issuance and sale of such water revenue bonds; and

WHEREAS, the original general comprehensive plan of water supply for the District has since been amended by Resolution No. 83-A, adopted February 16, 1961, and by various resolutions thereafter adopted in August of 1963, February of 1966, and August of 1972; and

WHEREAS, after a hearing in the manner provided by law, the Board of Water Commissioners of the District, by Resolution

No. 114 adopted December 26, 1972, ordered the acquisition and construction of that portion of the general comprehensive plan for water supply for the District, as amended, applicable to Utility Local Improvement District No. 1 of the District, created such local district, and declared the estimated cost and expense of the improvement therein to be the sum of \$176,200.00, of which not to exceed 100% thereof should be borne by assessments against the property within Utility Local Improvement District No. 1 specially benefited by such improvement, which estimate it now appears should be reduced to \$125,000.00; and

WHEREAS, after a hearing in the manner provided by law, the Board of Water Commissioners of the District by Resolution No. 117 adopted August 28, 1973, duly approved and confirmed the assessment roll in said Utility Local Improvement District No. 1 in the total sum of \$125,000.00; and

WHEREAS, it is now found that to defray the total cost of acquiring, constructing and installing that portion of the general comprehensive plan of water supply of the District, as amended, applicable to Utility Local Improvement District No. 1, it is necessary to issue and sell an additional \$125,000.00 par value of the water revenue bonds; and

WHEREAS, the District has heretofore issued "Water Revenue Bonds, 1955," "Water Revenue Bonds, 1959," and "Water Revenue Bonds, 1963," the payment of which, together with any additional and/or refunding revenue bonds hereafter issued on a parity of lien therewith in accordance with the provisions of Section 14 of Resolution No. 70 of the District and Section 7 hereof, is secured by a first and prior charge or lien upon the gross revenues of the water system of the District; NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF WATER COMMISSIONERS OF EAST WENATCHEE WATER DISTRICT, DOUGLAS COUNTY, WASHINGTON, as follows:

Section 1. For the purpose of providing the funds with which to pay the cost, now estimated to be \$125,000.00, of carrying out that portion of the general comprehensive plan of water supply of the District, as amended, applicable to Utility Local Improvement District No. 1, there shall be issued and sold \$125,000.00 par value of water revenue bonds to be known and designated as "Water Revenue Bonds, 1973," (hereinafter called the "Bonds"). The Bonds shall be dated November 1, 1973, shall be in denominations of \$5,000.00 each, shall be numbered from 1 to 25, inclusive, shall bear interest at the rate of 6.10% per annum with interest coupons attached thereto representing interest to maturity payable on June 1, 1974, and semiannually thereafter on each succeeding December 1 and June 1, with full obligation on the part of the District to pay interest at the same rate from and after the bond maturity date until the Bonds, both principal and interest, are paid in full; shall be payable both principal and interest at the office of the Treasurer of Douglas County, Washington, in Waterville, Washington, solely out of the bond redemption fund hereinafter created and shall mature on December 1, 1990.

The District reserves the right to redeem the Bonds as a whole or in part, in numerical order, prior to their stated maturity date, at par plus accrued interest, on December 1, 1974, or on any semiannual interest coupon due date thereafter. Notice of any call for redemption of any of said Bonds shall be published once in the official newspaper of Douglas County, Washington, not less than 30 nor more than 40 days prior to the interest coupon due date on which such Bonds would be redeemed. Notice of such call for redemption shall also be given in writing to Wm. P. Harper

& Son & Company, at its principal place of business in Seattle, Washington, or its successors, not less than 30 nor more than 40 days prior to the interest coupon due date upon which such Bonds are to be redeemed. Interest on any Bonds so called for redemption shall cease on such interest coupon due date upon payment of the call price into the bond redemption fund hereinafter referred to.

Section 2. There is hereby created and established in the office of the Treasurer of Douglas County, Washington, as ex officio treasurer for the District, a special bond redemption fund to be known as the "Water Revenue Bond Fund, 1973," which shall be for the sole purpose of paying the principal of and interest on the Bonds, and shall hereinafter be called the "Bond Fund." The Bond Fund is hereby divided into two accounts, namely, a "Principal and Interest Account" and a "Reserve Account." From and after the date of the Bonds and so long thereafter as any of them is outstanding, the District shall set aside and pay into such fund all collections of assessments, both principal and interest, and any penalties thereon in Utility Local Improvement District No. 1, and in addition thereto, as required, out of the gross revenues of the water system owned by the District, including all additions, extensions, improvements, betterments and replacements thereof, a fixed amount, without regard to any fixed proportion, as follows:

(a) Into the "Principal and Interest Account" an amount which shall, on each interest payment date, be sufficient, together with the assessment collections, to pay the interest falling due on all of the Bonds then outstanding and the final principal maturity of the Bonds on December 1, 1990, such payments to be made into the "Principal and Interest Account" at least 10 days prior to the date when such interest or principal and interest shall fall due.

(b) Into the "Reserve Account," on or before the delivery of the Bonds to the purchaser thereof, any balance of the proceeds from the sale of the Bonds remaining after payment of the cost of the construction and acquisition of the portion of the general comprehensive plan of water supply for the District, as amended, applicable to Utility Local

Improvement District No. 1 of the District plus such additional sum out of the first collections of assessments in Utility Local Improvement District No. 1 as may be necessary to equal the amount of two years' interest payments on the outstanding Bonds.

The District further agrees that when the total required reserve has been paid into the "Reserve Account," it will at all times, except for withdrawals therefrom as authorized herein, maintain such amount therein until there is a sufficient amount in the "Principal and Interest Account" and "Reserve Account" to pay the principal of and interest to maturity on all the outstanding Bonds. When the total amount in the Bond Fund shall equal the total amount of principal and interest requirements of all the outstanding Bonds to the last maturity thereof, no further payments need be made into the Bond Fund.

The "Reserve Account" shall be used for the sole purpose of making up any deficiency existing in the "Principal and Interest Account" to meet maturing installments of interest and the final principal maturity, as the case may be, of any or all the outstanding Bonds. Any deficiency created in the "Reserve Account" by reason of any such withdrawal therefrom shall be made up from the gross revenue of the District and from moneys collected on utility local improvement district assessments or installments thereof and interest and any penalties thereon pledged by this resolution of the District to be paid into the Bond Fund which shall be first available after making necessary provisions for the required payments into the "Principal and Interest Account." Moneys in the "Reserve Account" may also be used to pay the last maturing outstanding Bonds.

All moneys in the "Reserve Account" may be kept in cash or on deposit in the official bank depository of the District, may be invested in direct obligations of the United States Government maturing not later than one month prior to the maturity date of

the outstanding Bonds and/or may be deposited in shares of savings and loan institutions to the extent that such shares are guaranteed by the Federal Savings and Loan Insurance Corporation or may be deposited or invested in a mutual savings bank in accordance with the provisions of RCW 32.12.100. Interest earned on any such deposits or investments shall be deposited in and become a part of the "Principal and Interest Account" in the Bond Fund.

It is hereby declared that in creating the Bond Fund and in fixing the amounts to be paid into it as aforesaid, the Board of Water Commissioners of the District has had due regard to the cost of operation and maintenance of the water system of the District, including all additions, betterments, replacements and extensions thereof, and to the debt service requirements for the outstanding "Water Revenue Bonds, 1955," the outstanding "Water Revenue Bonds, 1959," and the outstanding "Water Revenue Bonds, 1963," and that said Board is not hereby setting aside into the Bond Fund a greater amount than in its judgment will be available over and above such costs of maintenance and operation and the debt service requirements of said outstanding "Water Revenue Bonds, 1955," "Water Revenue Bonds, 1959," and the outstanding "Water Revenue Bonds, 1963."

Section 3. The gross revenues from the water system of the District now or hereafter owned by it, together with all additions, replacements, betterments and extensions thereof at any time made, and all Utility Local Improvement District No. 1 assessments, are hereby pledged for the payment of the bonds, and this pledge shall constitute a lien or charge against such gross revenues and the said Utility Local Improvement District No. 1 assessments and payments prior and superior to any other charge whatsoever, subject only to operation and maintenance expense of the water system, except that the lien or charge against the gross revenues of the water system of the District alone for the Bonds shall be junior and inferior to the prior lien or charge against the same

for the outstanding "Water Revenue Bonds, 1955," "Water Revenue Bonds, 1959," "Water Revenue Bonds, 1963," and any additional and/or refunding water revenue bonds hereafter issued on a parity of lien therewith in accordance with the provisions of Section 14 of Resolution No. 70 of the District and Section 7 hereof.

Section 4. The District hereby covenants and agrees with the owner and holder of each of the Bonds, as follows:

(a) That it will at all times maintain and keep the water system and all additions thereto and replacements, betterments and extensions thereof in good repair, working order and condition, and will also at all times operate the said system and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) That it will establish, maintain and collect such rates and charges for water as will produce gross revenues sufficient to meet the obligations of the District as herein set forth and as set forth in Resolution No. 70 pertaining to the outstanding "Water Revenue Bonds, 1955," in Resolution No. 77 pertaining to the outstanding "Water Revenue Bonds, 1959," and in Resolution No. 89 pertaining to the "Water Revenue Bonds, 1963."

(c) 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 water system, and it will furnish the original holder or holders 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 said system in reasonable detail covering any fiscal year not more than sixty days after the close of such fiscal 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 water system and all records, accounts and data of the District relating thereto.

(d) That it will carry the types of insurance on its water system in the amounts normally carried by private water companies engaged in the operation of water systems, and the cost of such insurance shall be considered a part of the cost 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 District further agrees to take out and maintain such insurance on all or such portions of the properties of said system on which such war risk insurance may be written in an amount or amounts to cover adequately the value thereof.

(e) That it will not furnish water to any customer whatsoever free of charge, and it shall not later than sixty days after the end of each calendar year take such legal action as may be feasible to enforce collection of all collectible delinquent accounts.

(f) That it will not sell, lease, mortgage or in any manner encumber or dispose of all of the properties of the water system unless provision is made for payment into the appropriate bond redemption fund of sums sufficient to pay the principal of and interest on all outstanding water revenue bonds of the District; and that it will not sell, lease, mortgage or in any manner encumber or dispose of any part of the properties of said system that are used, useful or material to the operation thereof unless provision is made for replacement thereof or for payment into the appropriate bond redemption fund of an amount which shall bear the same ratio to the amount of outstanding bonds as the revenue available for debt service for such bonds for the twelve months preceding such sale, lease, encumbrance, or disposal from the portion of the system sold, 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 said bond redemption funds shall be used to retire outstanding bonds at the earliest possible date.

(g) That it will establish, maintain and collect such rates and charges for water as will make available for the payment of the principal and interest, as the same shall become due, upon all outstanding "Water Revenue Bonds, 1955," outstanding "Water Revenue Bonds, 1959," outstanding "Water Revenue Bonds, 1963," and any additional bonds hereafter issued on a parity therewith in accordance with Section 14 of Resolution No. 70 and Section 7 hereof, at any time outstanding, an amount which shall, after deducting normal operation and maintenance costs, be equal to at least 1.4 times the average annual principal and interest requirements up to and including the final maturity date of all of said water revenue bonds at any time outstanding;

(h) That it will make no use of the proceeds of the Bonds or other funds of the District at any time during the term of the Bonds which, if such use had been reasonably expected at the date that the Bonds are issued, would have caused such Bonds to be arbitrage bonds within the meaning of Section 106(d) of the United States Internal Revenue Code of 1954, and for this purpose it further covenants that none of the proceeds of the Bonds or the investment of such proceeds will be used to acquire obligations the adjusted yield on which will exceed the adjusted yield produced by the Bonds, both such adjusted yields being computed pursuant and subject to the requirements and exceptions of Sections

1.103-13 and 1.103-14 of the regulations proposed by the United States Treasury Department published in the Federal Register on May 3, 1973, as the same may be changed from time to time, or any other applicable regulations hereafter adopted.

Section 5. The bonds and interest coupons attached thereto shall be in the form set forth in Exhibit A attached hereto and by this reference incorporated herein.

The bonds shall be printed on lithographed forms and shall be signed by the facsimile signature of the President and attested by the manual signature of the Secretary of the Board of Water Commissioners of the District and shall be sealed with the seal of the District, and the interest coupons shall bear the facsimile signatures of said officials.

Section 6. In the event the District shall issue advance refunding bonds pursuant to the laws of the State of Washington to pay the principal of and interest on the Refunding Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding Refunding 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 or other legal investments 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 Refunding Bonds, then in that case all right and interest of the owners or holders of the Refunding Bonds to be so retired or refunded and the appurtenant coupons in the covenants of this ordinance and in the gross revenues of the water system of the District, funds and accounts obligated to the payment of such Refunding Bonds, except the right to receive the funds so set aside and pledged, shall thereupon cease and become void and the District may then apply any moneys in any fund or account established for the

payment or redemption of such Refunding 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 or other legal investments pending the prior redemption of those Refunding Bonds being refunded and if such refunding plan also provides that certain cash and/or direct obligations of the United States of America or other legal investments are irrevocably pledged for the prior redemption of those Refunding Bonds included in the refunding plan, then only the debt service on the Refunding Bonds and the refunding bonds payable from the gross revenues of the water system of the District 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 7. The District hereby further covenants 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 have any priority over or which will rank on a parity with the payments required by this resolution to be made out of the gross revenues of the water system of the District into the Bond Fund, except that it reserves the right to issue additional first lien parity bonds for the purposes and subject to the conditions set forth in Section 14 of Resolution No. 70, which section is incorporated in this resolution and by this reference made a part hereof.

Nothing contained in this section shall prevent the District from issuing revenue bonds or warrants, the payment of the principal of and interest on which is a charge upon the gross revenues of the

water system of the District junior and inferior to the payments required to be made out of such gross revenues into the Bond Fund.


Section 8. The money derived from the sale of the Bonds shall be used exclusively for the purpose of paying the cost of carrying out that portion of the general comprehensive plan of water supply of the District as adopted by Resolution No. 2 passed July 18, 1940, as amended, and as ordered by Resolution No. 114 of the District adopted December 26, 1972, and applicable to former Utility Local Improvement District No. 1, and the District, through its proper officers and agents, shall proceed forthwith with said improvement.

Section 9. Wm. P. Harper & Son & Company of Seattle, Washington, has offered to purchase the Bonds at \$97.50 per \$100.00 par value plus accrued interest from the date of issuance to the date of delivery of the Bonds to the purchasers. The District will furnish at its expense the printed Bonds and the approving legal opinion of Roberts, Shefelman, Lawrence, Gay & Moch, municipal bond counsel of Seattle, Washington, without cost to the purchasers.

The Board of Water Commissioners of the District, being of the opinion that no better price can be obtained for the Bonds and that it is in the best interests of the District to accept such offer, hereby accepts the same. The Bonds shall, therefore, immediately upon their execution by the President and Secretary of the Board of Water Commissioners, be delivered to the Treasurer of Douglas County, Washington, and then shall be delivered by said Treasurer to Wm. P. Harper & Son & Company of Seattle, Washington, upon said purchasers' paying the price therefor in accordance with this Section. The principal amount of the proceeds received from the sale of the Bonds shall be deposited in the Construction

Fund of the District and the accrued interest received shall be deposited in the Bond Fund.

ADOPTED by the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, at a regular open public meeting thereof, this 13th day of November, 1973.



President and Commissioner




Commissioner



Commissioner

ATTEST:



Secretary and Commissioner

Bond Form

No. _____

\$5,000.00

UNITED STATES OF AMERICA

STATE OF WASHINGTON

DOUGLAS COUNTY

EAST WENATCHEE WATER DISTRICT

WATER REVENUE BOND, 1973

6.10%

KNOW ALL MEN BY THESE PRESENTS: That East Wenatchee Water District, Douglas County, Washington, a municipal corporation of the State of Washington, for value received hereby promises to pay to the bearer the sum of

FIVE THOUSAND DOLLARS

on the 1ST DAY OF DECEMBER, 1990, and to pay interest thereon at the rate of SIX AND TEN HUNDREDTHS PERCENT (6.10%) per annum from the date hereof until said principal sum is paid or until this bond shall have been duly called for redemption and the redemption price deposited in the "Water Revenue Bond Fund, 1973" (hereinafter called the "Bond Fund"). Interest is payable on June 1, 1974 and semiannually thereafter on each succeeding December 1 and June 1. Interest falling due on and prior to maturity is evidenced by and payable upon surrender of the attached interest coupons as they severally become due, with full obligation on the part of the District 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 of and interest on this bond are payable in lawful money of the United States of America at the office of the Treasurer of Douglas County at Waterville, Washington, solely from the Bond Fund created by Resolution No. 118 of the District, into which fund the District hereby irrevocably binds and obligates itself to set aside and pay all assessments hereafter collected in Utility Local Improvement District No. 1 and, if required, certain fixed amounts out of the gross revenues of the water system now belonging or which may hereafter belong to the District, including any additions thereto and replacements, extensions and betterments thereof now or at any time hereafter made or constructed, without regard to any fixed proportion, namely, amounts sufficient to pay the principal of and interest on the bonds of this issue as they respectively become due, all at the times and in the manner set forth in Resolution No. 118. These bonds are not a general obligation of the District.

1973

The District reserves the right to redeem the bonds as a whole or in part, in numerical order, prior to their stated maturity date, at par plus accrued interest, on December 1, 1974, or on any semiannual interest coupon due date thereafter. Notice of any call for redemption of any of said bonds shall be published once in the official newspaper of Douglas County, Washington, not less than 30 nor more than 40 days prior to the interest coupon due date on which such bonds would be redeemed. Notice of such call for redemption shall also be given in writing to Wm. P. Harper & Son & Company at its principal office in Seattle, Washington, or its successors, not less than 30 nor more than 40 days prior to the interest coupon due date upon which such bonds are to be redeemed. Interest on any bonds so called for redemption shall cease on such interest coupon due date upon payment of the call price into the Bond Fund.

The District heretofore lawfully created Utility Local Improvement District No. 1, and the assessments in said utility local improvement district shall be for the sole purpose of payment into the Bond Fund for the payment of bonds of this issue.

This bond is one of an issue of \$125,000.00 par value of bonds, all of like date, tenor and effect, consisting of 25 bonds of a par value of \$5,000.00 each, all payable from the Bond Fund and issued by the District under and pursuant to the provisions of Title 57, RCW, and the resolutions of the District for the purpose of providing funds to carry out that portion of the general comprehensive plan of water supply for the District, as amended, applicable to Utility Local Improvement District No. 1 as ordered to be carried out by Resolution No. 114 of the District adopted December 26, 1972, all as set forth in Resolution No. 118.

The gross revenues from the water system of the District now or hereafter owned by it, together with all additions, replacements, betterments and extensions thereof at any time made, and all Utility Local Improvement District No. 1 assessments, are hereby pledged for the payment of the bonds of this issue, and this pledge constitutes a lien or charge upon such gross revenues and the said Utility Local Improvement District No. 1 assessments and payments prior and superior to any other charges whatsoever, subject only to operation and maintenance expenses of the water system, except that the lien or charge against the gross revenues of the water system of the District for the bonds of this issue shall be junior and inferior to the prior lien or charge against the same for the outstanding "Water Revenue Bonds, 1955," "Water Revenue Bonds, 1959," "Water Revenue Bonds, 1963," and any additional and/or refunding water revenue bonds hereafter issued on a parity of lien therewith in accordance with the provisions of Section 14 of Resolution No. 70 of the District and Section 7 of Resolution No. 118.

