

I, LLOYD M. BRETT, Secretary of the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, hereby certify that the attached is a true and correct copy of Resolution No. 146 adopted July 13, 1976, as such resolution appears on the Minute Book of the Water District.

DATED this 13<sup>TH</sup> day of July, 1976.

  
LLOYD M. BRETT, Secretary

EAST WENATCHEE WATER DISTRICT

DOUGLAS COUNTY, WASHINGTON

ADDITIONS AND BETTERMENTS

PLAN DESCRIPTION

EXHIBIT "A"

The Water District hereby specifies and adopts a plan providing for additions to and betterments of the original Comprehensive Plan of Water Supply for the District, as amended and supplemented, which consist of the following:

- (1) A new 32 foot by 68 foot office building of wood frame and brick veneer construction located at the southwest corner of 9th Street N.E. and Eastmont Avenue.
- (2) A 4 inch water line in McGee Street, SE from Rock Island Road east a distance of 275 feet.
- (3) A 4 inch water line at auxiliary Well No. 6 to connect the well to the piping system.
- (4) A 4 inch water line crossing the intersection of North Gale Place and 8th Street NE.
- (5) A 4 inch water line in Eastmont Avenue and in an easement from the north end of Eastmont Avenue to Sky View Drive.
- (6) A 4 inch water line in Dale Street SE from South Iowa Avenue to South Jarvis Avenue.
- (7) A 4 inch water line in an unnamed street located 660 feet west of South Van Well Avenue from 8th Street SE, south for 1,100 feet.
- (8) A 4 inch water line in Second Street SE from South Nile Avenue, east for 1,600 feet.
- (9) A 6 inch water line in the access road just west of and parallel to State Highway SR 28 from a point 600 feet South of Grant Road to a point 1,000 feet south of Grant Road.
- (10) A 6 inch water line in an easement parallel with and along the north side of Grant Road from a point 650 feet west of Eastmont Avenue to a point 450 feet west of Eastmont Avenue.

EXHIBIT "A" - Continued

- ✓(11) A 6 inch water line in North Nile Avenue from Grant Road to 5th Street NE.
- (12) An 8 inch water line crossing Eastmont Avenue at a point 200 feet north of Grant Road.
- ✓(13) A 6 inch water line in North Baker Avenue from 19th Street NE to 23rd Street NE.
- (14) A 6 inch water line in Northwest Empire Avenue from 27th Street NW to 32nd Street NW.
- (15) A 6 inch water line in Northwest <sup>A</sup> Ellen Avenue from 23rd Street NW to 26th Street NW.
- (16) A 10 inch water line in Rock Island Road from South Kentucky Avenue to South Nile Avenue.
- (17) A 10 inch water line in Highline Drive from Grant Road to South Iowa Avenue.
- (18) A new well for additional supply near the southwest corner of Northwest Cascade Avenue and 19th Street Northwest, together with the necessary pumphouse, pump, piping, fittings, electrical, automatic controls, and other appurtenances.
- (19) An 8 inch water line in Northwest Cascade Avenue from 19th Street NW to 23rd Street NW.
- (20) A 12 inch water line in 19th Street Northwest from Northwest Cascade Avenue to the State Highway.
- (21) A 12 inch water line in the State Highway from 19th Street NW to 15th Street NW.
- (22) A 12 inch water line in 15th Street NE from the State Highway to Eastmont Avenue.
- (23) A 10 inch water line in 15th Street NE from Eastmont Avenue to Reservoir No. 2.
- (24) A new well for additional supply near the southwest corner of 23rd Avenue Northwest and Northwest Cascade Avenue, together with the necessary pump house, pump, piping, fittings, electrical, automatic controls, and other appurtenances.
- (25) An 8 inch water line in Northwest Cascade Avenue from 23rd Street Northwest to 25th Street Northwest.

EXHIBIT "A" - Continued

- (26) A new 1.0 million gallon storage reservoir adjacent to the existing Reservoir No. 5 on the north side of Kentucky Avenue, to be constructed on land now owned by the Water District.
- (27) A new booster pumping station at the intersection of Grant Road and Nile Avenue, together with the necessary pump house, pump, piping, fittings, electrical, automatic controls, and other appurtenances.
- (28) A 10 inch water line in North Kentucky Avenue from Grant Road to 5th Street NE.
- (29) A 6 inch water line in Nile Avenue from Grant Road to 5th Street NE.
- (30) An 8 inch pipe line in Grant Road from Stark Avenue to Union Avenue.
- (31) A 12 inch pipe line in Grant Road from Union Avenue east for 3,300 feet.
- ✓ (32) A 16 inch water pipe line in an easement from Grant Road north to a new reservoir located northeast of Pangborn Field.
- (33) A new 700,000 gallon storage reservoir located northeast of Pangborn Field, to be constructed on land to be purchased by the Water District.
- (34) A 400,000 gallon storage reservoir adjacent to the existing Reservoir No. 4 in Pressure Zone No. 4, to be constructed on land now owned by the Water District.
- (35) A new well for additional supply in 23rd Street NW, south of Northwest Empire Avenue, at a site to be purchased by the Water District, together with the necessary pump house, pump, piping, fittings, electrical, automatic controls, and other appurtenances.
- (36) An 8 inch water line in 23rd Street NW from the new well east to the State Highway.
- (37) An 8 inch water line from the existing booster station at Reservoir No. 2 south to 10th Street NE, thence east to North Kentucky Avenue, thence northeast to existing Reservoir No. 3.

EXHIBIT "A" - Continued

- (38) A new 1.0 million gallon storage reservoir adjacent to the existing Reservoir No. 2, to be constructed on land now owned by the Water District.
- (39) A new 600,000 gallon storage reservoir adjacent to the existing Reservoir No. 3, to be constructed on land now owned by the Water District.
- (40) A 10 inch water line from the intersection of North Kentucky Avenue and 10th Street Northeast, northeasterly to a new reservoir.
- (41) A new well for additional supply at the south end of South Kentucky Avenue adjacent to the existing Well No. 4, together with the necessary pump house, pump, piping, fittings, electrical, automatic controls, and other appurtenances.
- (42) A 10 inch water line in South Kentucky Avenue from a new well to Reservoir No. 5.
- (43) A new booster pump to be installed in the existing booster pumping station at Reservoir No. 5, together with the necessary piping, electrical, fittings, automatic controls, and other appurtenances.
- (44) A new well for additional supply in Pressure Zone No. 4 to be located northwest of 33rd Street NW and Northwest Empire Avenue, on land to be purchased by the Water District, together with the necessary pump house, pump, piping, fittings, electrical, automatic controls, 8 inch water line to connect to the existing water system in Northwest Cascade Avenue, and other appurtenances.



Gray & Osborne, Inc., P.S.

CONSULTING ENGINEERS


603 West A Street • Yakima, Washington 98902 • 509-453-4833  
F. T. OSBORNE, President

4055 21st Ave. West • Seattle, Washington 98199 • 206-284-0860  
REPLY TO YAKIMA OFFICE  
MAILING ADDRESS - P. O. BOX 2795

PARITY CERTIFICATE

I, CARL J. JULIUS, hereby certify that I am a Project Engineer with Gray & Osborne, Inc., P. S., Consulting Engineers, Yakima, Washington and that I am a Professional Engineer and registered in the State of Washington. I further certify that in connection with the East Wenatchee Water District's 1976 Proposed Water Revenue Bond Issue, in the amount of \$1,400,000, I have examined the District's records and in my professional opinion the gross revenues from the Water System of the District, after deducting normal operation and maintenance costs, are equal to at least 1.4 times the average annual debt service requirements for all outstanding Water Revenue Bonds heretofore issued and the additional parity Water Revenue Bonds proposed to be issued.

Dated this twelfth day of July, 1976.

  
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CARL J. JULIUS, P.E.

Willard B. Vadman

Municipal Finance • Consultant • Dealer  
4910 N.E. 85th St. • Seattle, Washington 98115 • Tel. 206/523-4574

July 30, 1976

Ms. Carol H. Mires, County Treasurer  
Douglas County Courthouse  
Waterville, Washington 98858

Re: East Wenatchee Water District-Water Revenue Bonds

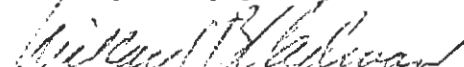
Dear Ms. Mires;

I am enclosing copy of purchase invoice for the above referenced issue for delivery and payment Monday August 9th in Seattle. I am sure that you will find everything in order.

I will be at the Main Office of Rainier Bank before 11AM to meet you. The contact is Glen Courtney, VP in the open area at the front southwest corner of the first floor. We may go to another room to complete the delivery.

Please call me at 523-4574 if you have any questions.

Very truly yours,

  
WILLARD B. VADMAN

Enclosures

Copy: East Wenatchee Water District  
Wm. M. Hamilton

Willard B. Vadman

Municipal Finance • Consultant • Dealer  
4910 N.E. 85th St. • Seattle, Washington 98115 • Tel. 206/523-4574

July 30, 1976

Mr. Keith Finch, Manager  
East Wenatchee Water District  
890 Eastmont Avenue  
East Wenatchee, Washington 98801

Dear Buz:

Enclosed is original invoice for purchase of the bond issue scheduled for delivery in Seattle Monday August 9th. Please be sure that Carol Mires has all the closing papers that have not already been sent to Lee Voorhees.

I have been expecting an executed copy of Res. 146 as suggested in Lee's letter of July 19th. Carl should also have one in his file for future reference.

Very truly yours,

  
WILLARD B. VADMAN

Enclosures

Copy: Carol H. Mires, County Treasurer  
Wm. M. Hamilton



# Willard B. Vadman

Municipal Finance • Consultant • Dealer  
4910 N.E. 85th St. • Seattle, Washington 98115 • Tel. 206/523-4574

No. 76-7-1

July 30, 1976

Trade: June 29, 1976  
Settlement: August 9, 1976

East Wenatchee Water District  
890 Eastmont Avenue  
East Wenatchee, Washington 98801

As PRINCIPAL I confirm purchase from you of

\$1,400,000 7 1/2% Water Revenue Bonds, 1976

Dated August 1, 1976 and maturing February 1 each year as follows:

\$25,000 in the year 1985	\$70,000 in the year 1998
30,000 each " 1986 and 1987	75,000 " " " 1999
35,000 " " 1988 " 1989	80,000 " " " 2000
40,000 " " 1990 " 1991	85,000 " " " 2001
45,000 " " 1992 " 1993	90,000 " " " 2002
50,000 in the " 1994	100,000 " " " 2003
55,000 " " " 1995	105,000 " " " 2004
60,000 " " " 1996	115,000 " " " 2005
65,000 " " " 1997	125,000 " " " 2006

\$1,400,000 7 1/2% Water Revenue Bonds 1976 at 97 \$1,358,000.00

Accrued interest at 7 1/2% August 1 to August 9, 1976 2,333.38

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\$1,360,333.38

Copy: Carol H. Mires, County Treasurer  
Douglas County  
Waterville, Washington 98858

EAST WENATCHEE WATER DISTRICT

DOUGLAS COUNTY, WASHINGTON

RESOLUTION NO. 146

A RESOLUTION of the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, specifying and adopting a plan providing for additions and betterments to the original comprehensive scheme or plan of water supply for the District; declaring the estimated cost thereof, as near as may be; providing the method of financing the same from funds to be received from the State of Washington, Department of Social and Health Services, such general funds of the District as may be available therefor, and from the issuance and sale of \$1,400,000.00 par value of "Water Revenue Bonds, 1976"; creating a special fund to provide for the payment of said bonds and a special construction fund; fixing the date, form, denomination, maturities, interest rate, terms and covenants of said bonds; and providing for the sale and delivery of said bonds to Willard B. Vadman of Seattle, Washington.

WHEREAS, the original comprehensive scheme or plan of water supply for the District was adopted by the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, by Resolution No. 2, and ratified by the qualified voters of the District at an election held on August 27, 1940, which original comprehensive scheme or plan of water supply has been supplemented by additions and betterments thereto at various times since said date; and

WHEREAS, by reason of the large increase which has occurred in the population of the District, the anticipated continuing increase of such population, the consequently greatly increased and increasing demands upon the District's water distribution system and the changes in economic conditions of the District, the original comprehensive scheme or plan of water supply, as amended and supplemented, is no longer adequate for the present and anticipated future needs of the District, and

the existing means of water distribution are inadequate to meet the present and future needs of the District as now constituted; and

WHEREAS, in the judgment of the Board of Water Commissioners of the District, the public interest, health, welfare and convenience require that the District make certain additions to and betterments and extensions of its existing water supply and distribution system; and

WHEREAS, the Board of Water Commissioners of the District, for the purpose of determining the additions and betterments to said original comprehensive scheme or plan of water supply necessary to meet and provide for the present and reasonably foreseeable future needs of the District, has investigated the several portions and sections of the District for the purpose of determining the present and reasonably foreseeable future needs of the District in regard to a water supply; has examined, investigated, determined and selected sources of water supply for the District suitable and adequate for the present and reasonably foreseeable future needs thereof; has considered and determined upon a general plan for acquiring such water supply and land, waters, water rights and easements necessary therefor, and for retaining, storing and distributing such waters throughout the District, including the wells, reservoirs, storage tanks, pipelines and other facilities necessary therefor; and has determined upon a plan and method of financing such additions and betterments to the original comprehensive scheme or plan from moneys anticipated to be received by way of a grant from the State of Washington, Department of Social and Health Services (Referendum 27), such general funds of the District as may be available therefor, and from the proceeds to be received from the issuance and sale of water revenue bonds hereinafter authorized to be issued; and

WHEREAS, the Board of Water Commissioners of the District, pursuant to Resolution No. 70, adopted June 9, 1955, ordered the carrying out of a plan providing for additions and betterments to the original comprehensive scheme or plan of water supply for the District and to pay the cost thereof, issued and sold \$150,000.00 par value of "Water Revenue Bonds, 1955"; and

WHEREAS, pursuant to Section 14 of said Resolution No. 70, the District reserved the right to issue additional water revenue bonds which shall constitute a lien or charge upon the revenues of the water system of the District, including all additions thereto and betterments, replacements and extensions thereof at any time made, on a parity with the "Water Revenue Bonds, 1955," if the following conditions should be met and complied with at the time of the issuance of such additional bonds:

"(a) No default exists in the payment of principal of or interest on any outstanding water revenue bonds of the District, and the amounts then required to have been paid into the 'Water Revenue Bond Fund, 1955,' both as to the 'Principal and Interest Account' and as to the 'Reserve Account,' shall have been paid and maintained intact therein; and

"(b) The District is furnished a certificate by a professional engineer registered in the State of Washington certifying that in his professional opinion the gross revenues from the water supply system of the District, together with the anticipated revenues to be derived from additional users resulting from the proposed improvement and from the anticipated collection of special assessments to be levied in Utility Local Improvement District or Districts, if any, formed in connection with the issuance of such additional bonds, shall, after deducting normal maintenance and operation costs, be equal to at least 1.4 times the average annual debt service requirements for all then outstanding water revenue bonds heretofore issued, the Water Revenue Bonds, 1955, to maturity, together with that of any water revenue bonds hereafter issued on a parity therewith, plus the average annual debt service requirement to maturity of the additional bonds proposed to be so issued; provided, however, that this certificate shall not be required in the event that the additional

bonds proposed to be so issued are issued for the purpose of refunding outstanding water revenue bonds and the average annual debt service requirements of such proposed additional water revenue bonds are not increased over the requirements for the bonds being so refunded; and

"(c) The Resolution authorizing the issuance of such additional bonds shall provide that an amount shall be set aside as a reserve in the bond redemption fund created for such additional bonds which, together with other reserve fund accumulations for other outstanding bonds, the payment of which constitutes a lien or charge upon the gross revenues of the water system of the District prior to or on a parity with the lien or charge upon such gross revenues for the outstanding 'Water Revenue Bonds, 1955,' shall make a total reserve fund available equal to the maximum debt service requirements in any one year for said outstanding bonds, including the additional bonds to be issued, said amount to be accumulated by monthly deposits commencing one month after the date of issuance of said additional bonds and to be accumulated within not more than five years after said date of issuance;"

and

WHEREAS, the Board of Water Commissioners of the District, pursuant to Resolution No. 77, adopted March 5, 1959, issued and sold \$110,000.00 par value of "Water Revenue Bonds, 1959," on a parity of lien with said outstanding "Water Revenue Bonds, 1955," pursuant to the provisions of Section 14 of said Resolution No. 70; and

WHEREAS, the Board of Water Commissioners of the District, pursuant to Resolution No. 85, adopted March 24, 1962, issued and sold \$136,000.00 par value of "Refunding Water Revenue Bonds, 1962," to obtain the funds with which to pay, retire and cancel \$30,000.00 par value of outstanding "Water Revenue Bonds, Issue No. 2, Series A," and \$106,000.00 par value of outstanding "Water Revenue Bonds, Issue No. 3, Series A," of the District, which refunding bonds were issued on a parity of lien with the outstanding "Water Revenue Bonds, 1955," and the outstanding "Water Revenue Bonds, 1959," pursuant to the provisions of Section 14 of said Resolution No. 70; and



WHEREAS, the Board of Water Commissioners of the District, pursuant to Resolution No. 89, adopted December 13, 1962, issued and sold \$160,000.00 par value of "Water Revenue Bonds, 1963," on a parity of lien with the outstanding "Water Revenue Bonds, 1955," the outstanding "Water Revenue Bonds, 1959," and the outstanding "Refunding Water Revenue Bonds, 1962," pursuant to the provisions of Section 14 of said Resolution No. 70; and

WHEREAS, the Board of Water Commissioners of the District, pursuant to Resolution No. 118, adopted November 13, 1973, issued and sold \$125,000.00 par value of "Water Revenue Bonds, 1973," junior and inferior to the prior lien or charge against the gross revenues of the water system of the District then or thereafter owned by it for the then outstanding "Water Revenue Bonds, 1955," "Water Revenue Bonds, 1959," "Water Revenue Bonds, 1963," and any additional and/or refunding water revenue bonds thereafter issued on a parity of lien therewith in accordance with the provisions of Section 14 of Resolution No. 70 of the District, specifically reserving in Section 7 of such Resolution No. 118 the right to issue additional first lien parity bonds for the purposes and subject to the conditions of Section 14 of Resolution No. 70; and

WHEREAS, all of the "Water Revenue Bonds, 1955" and "Refunding Water Revenue Bonds, 1962" heretofore issued by the District have been duly paid and retired in accordance with their terms; and

WHEREAS, the Board of Water Commissioners of the District hereby finds that all amounts required to have been paid into the "Water Revenue Bond Fund, 1959," for the outstanding "Water Revenue Bonds, 1959," into the "Water Revenue Bond Fund, 1963," for the outstanding "Water Revenue Bonds, 1963," both as to the "Principal and Interest Account" and as to the "Reserve Account"

in each fund, have been paid and maintained intact therein; that provision is hereinafter made for the payment of the additional required amount into the "Reserve Account" in the bond redemption fund hereinafter created for the additional revenue bonds proposed to be issued; and that there is on file with the District a certificate by Carl J. Julius, P.E., of Gray & Osborne, Inc., of Yakima and Seattle, Washington, a professional engineer registered in the State of Washington, certifying that the required coverage provision has been met, NOW, THEREFORE,

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

Section 1. The District hereby specifies and adopts a plan providing for additions to and betterments of the original comprehensive scheme or plan of water supply for the District, as amended and supplemented, including the reservoirs, wells, booster pump stations, and transmission and system mains more particularly described in Exhibit A, a copy of which is attached hereto and by this reference made a part hereof. Such plan of additions and betterments shall include, among other things, the construction of a District office building and the purchase and installation of certain pipe both for repairs and new transmission lines, warrants for the acquisition of which in the principal amount of \$140,000.00 are to be redeemed from proceeds of the sale of the bonds hereinafter authorized to be issued, from which proceeds there also shall be provided an allowance of not to exceed \$60,000.00 for such repairs, additions and improvements to the public water supply and distribution system of the Town of Rock Island, Washington, or for the acquisition of such District water facilities to serve that town, as the Board of Water Commissioners of the District may hereafter authorize by resolution, if any.

There shall be included in the foregoing plan of additions and betterments the acquisition and installation of all necessary valves, fillings, couplings, connections, equipment and appurtenances; and there shall be included the performance of such work as may be incidental and necessary to the foregoing construction and installation.

The above-described additions, improvements and extensions to the water system of the District shall be connected to the existing water system of the District wherever necessary with the installation of all necessary appurtenances therefor.

The District shall acquire all property both real and personal or any interest therein and all easements, franchises, rights-of-way and permits necessary to carry out the above-described plan of additions and improvements to and extensions of its water system, which plan is more particularly set forth in maps, plans and specifications on file in the District office, as prepared by Gray & Osborne, Inc., P.S., Consulting Engineers, Yakima, Washington.

It is hereby further provided that the above-described plans shall be subject to such modifications of details and other changes not affecting the main general plans and as shall be authorized by the Board of Water Commissioners either prior to or during the actual course of construction.

Section 2. The estimated cost, as nearly as may be, of the aforesaid plan providing for additions and betterments, is hereby declared to be \$1,890,560.00 and the average life of the proposed improvements will be not less than thirty years.

Section 3. The cost of acquiring, constructing and completing the foregoing plan providing for additions and betterments shall be paid from the following sources:



(a) from grant funds anticipated to be received from the State of Washington, Department of Social and Health Services (Referendum 27);

(b) from such general funds of the District as may be available therefor;

(c) from the proceeds received from the issuance and sale of \$1,400,000.00 par value of water revenue bonds to be known and designated as "Water Revenue Bonds, 1976," of East Wenatchee Water District, Douglas County, Washington (hereinafter called the "Bonds"). The Bonds shall be dated August 1, 1976; shall bear interest at the rate of 7.50% per annum, payable semiannually on February 1 and August 1 of each year, commencing February 1, 1977, interest to maturity to be evidenced by coupons to be attached to the Bonds with full obligation on the part of the District to pay interest at the same rate from and after the bond maturity dates until such Bonds with interest are paid in full; shall be in denominations of \$5,000.00 each; and shall be numbered from 1 to 280, inclusive. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America at the office of the Treasurer of Douglas County in Waterville, Washington, or, at the option of the holder, at either fiscal agency of the State of Washington in the Cities of New York, New York, or Seattle, Washington. The Bonds shall be payable solely out of the special fund hereinafter created and shall be a valid claim of the holder thereof only as against such fund and the amount of the revenues of the water system of the District pledged to such fund and shall not be a general obligation of the District. The Bonds shall mature in accordance with the following schedule, to wit:

<u>Bond Numbers (Inclusive)</u>	<u>Amounts</u>	<u>Maturities</u>
1 to 5	\$ 25,000	February 1, 1985
6 to 11	30,000	February 1, 1986
12 to 17	30,000	February 1, 1987
18 to 24	35,000	February 1, 1988
25 to 31	35,000	February 1, 1989
32 to 39	40,000	February 1, 1990
40 to 47	40,000	February 1, 1991
48 to 56	45,000	February 1, 1992
57 to 65	45,000	February 1, 1993
66 to 75	50,000	February 1, 1994
76 to 86	55,000	February 1, 1995
87 to 98	60,000	February 1, 1996
99 to 111	65,000	February 1, 1997
112 to 125	70,000	February 1, 1998
126 to 140	75,000	February 1, 1999
141 to 156	80,000	February 1, 2000
157 to 173	85,000	February 1, 2001
174 to 191	90,000	February 1, 2002
192 to 211	100,000	February 1, 2003
212 to 232	105,000	February 1, 2004
233 to 255	115,000	February 1, 2005
256 to 280	125,000	February 1, 2006

Section 4. Bonds numbered 1 through 17, maturing February 1, 1985, through February 1, 1987, are issued without the right or option of the District to call the same for redemption prior to their stated maturity dates. The District reserves the right or option to call for prior redemption from funds of the District derived from any source as a whole, or in part in inverse numerical order, those of the Bonds numbered 18 through 280, maturing February 1, 1988, through February 1, 2006, at the following times and prices expressed as a percentage of the principal amount, plus accrued interest to date of redemption in each case:

On February 1, 1987 or August 1, 1987	102-1/2%
On February 1, 1988 or August 1, 1988	102 %
On February 1, 1989 or August 1, 1989	101-1/2%
On February 1, 1990 or August 1, 1990	101 %
On February 1, 1991 or August 1, 1991	100-1/2%
On February 1, 1992 or any interest payment date thereafter	100% (Par)

Notice of any call for redemption shall be published once in the official newspaper of Douglas County, Washington, not less

than thirty nor more than forty days prior to the interest coupon due date upon which the Bonds would be retired. Such notice shall also be mailed at the same time to Willard B. Vadman, Seattle, Washington. 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 redemption fund hereinafter created.

Section 5. There is hereby created and established a special fund for the District to be kept in the office of the Treasurer of Douglas County, Washington, as ex-officio treasurer of the District, to be known as "Water Revenue Bond Fund, 1976," (hereinafter called the "Bond Fund"), which fund is to be drawn upon for the sole purpose of paying the principal of and interest on the Bonds as the same shall become due and payable. Such fund is hereby divided into a "Principal and Interest Account" and a "Reserve Account." So long thereafter as Bonds are outstanding against such fund, the District shall set aside and pay into said fund out of the gross revenues of the water system, including all additions thereto and betterments, replacements and extensions thereof at any time made, a fixed amount without regard to any fixed proportion, namely:

(a) Into the "Principal and Interest Account," monthly, on or before the first day of each month beginning with the month of September, 1976, 1/6th of the next ensuing six months' interest requirements on the Bonds and, beginning with the month of February, 1984, 1/12th of the next ensuing twelve months' requirements of both principal and interest on the Bonds;

(b) Into the "Reserve Account," monthly, in regular installments beginning on or before September 1, 1976, an amount which, together with the Reserve Account accumulations on hand in the bond redemption funds for the outstanding "Water Revenue Bonds, 1959," and "Water Revenue Bonds, 1963," shall make a total of not less than \$142,000.00 available in all of said reserve accounts, said amount equaling the maximum debt service requirements in any one year for such outstanding 1959 and 1963 bonds and the Bonds, which additional amount shall be accumulated within the "Reserve Account" in the Bond Fund by no later than August 1, 1981.

Said "Reserve Account" may be accumulated from any other moneys which the District may have available for such purposes in addition to using said revenues therefor. The District further agrees that when said total reserve has been accumulated, it will at all times, except for withdrawals from said respective reserve accounts, as authorized herein and in the bond resolutions pertaining to such 1959 bonds and 1963 bonds, maintain such total amount in the "Principal and Interest Account" and "Reserve Account" in the respective bond funds to pay the principal of and interest to maturity on all of said outstanding parity bonds.

In the event that there shall 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 deficiency created in the "Reserve Account" by reason of any such withdrawal therefrom shall then be made up from moneys from the revenues of the District water system first available, after making necessary provisions for the required payments into the "Principal and Interest Account." The moneys in the "Reserve Account" shall otherwise be held intact and may be applied against the last outstanding bonds.

All money in said "Reserve Account" may be kept on deposit in the official bank depository of Douglas County or may be invested and reinvested in United States Government obligations, and in any other lawful investments permitted for water district funds, maturing no later than the last maturity of the outstanding Bonds. Interest earned on any such deposits or investments shall be deposited in the "Principal and Interest Account."

The gross revenues of the water system of the District are hereby pledged to such payments, which shall constitute a lien or

charge upon all such gross revenues of the water system, including all additions thereto or betterments, replacements or extensions thereof at any time made, prior and superior to all other charges whatsoever, subject only to the necessary costs of maintenance and operation of said system, except that the lien or charge upon such gross revenues for the Bonds shall be on a parity with the lien or charge upon such gross revenues for the outstanding "Water Revenue Bonds, 1959," the outstanding "Water Revenue Bonds, 1963," and any additional water revenue bonds that may be hereafter issued on a parity therewith pursuant to the provisions of Section 14 of Resolution No. 70.

Section 6. The Commissioners of the District hereby declare that in fixing the amounts to be paid into the Bond Fund as aforesaid they have exercised due regard for the cost of maintenance and operation of the water system and the debt service requirements for all presently outstanding water revenue bonds, and they have not obligated the District to set aside and pay into said fund a greater amount or proportion of the revenues of the water system than in their judgment will be available over and above the cost of such maintenance and operation and the debt service requirements for all presently outstanding water revenue bonds.

Section 7. There is hereby created and established another special fund for the District to be kept in the office of the Treasurer of Douglas County, Washington, as ex-officio treasurer of the District, to be known as "1976 Construction Fund," into which fund shall be deposited the principal proceeds received from the sale of the Bonds, such available general funds of the District as the Board of Water Commissioners of the District may hereafter determine, and also all moneys received by way of a



grant from the State of Washington, Department of Social and Health Services (Referendum 27). All costs of carrying out the plan providing for additions and betterments to the original comprehensive scheme or plan of water supply for the District, as adopted in Section 1 hereof, including all costs incident to the issuance and sale of the Bonds, shall be paid out of such 1976 Construction Fund from which sufficient funds shall be transferred as hereinafter provided to the Special Construction Fund created by Resolution No. 124 of the District, adopted September 24, 1974, to pay and retire the \$140,000.00 principal amount of warrants referred to in Section 1.

Section 8. The District hereby covenants and agrees with the owner and holder of each of the Bonds as follows:

(a) 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 the Bonds, the outstanding "Water Revenue Bonds, 1959," the outstanding "Water Revenue Bonds, 1963," and any additional bonds hereafter issued on a parity therewith, in accordance with Section 14 of Resolution No. 70, 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;

(b) That it will not sell, lease, mortgage, or in any manner encumber or dispose of all of the property of said water system, including any additions, extensions, betterments and replacements thereof at any time acquired, constructed or installed, unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on all the outstanding Bonds in accordance with the terms thereof; and that it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the property of said water system that is used, useful or material to the operation thereof unless provision is made for replacement thereof or for payment into the Bond Fund of an amount which shall bear the same ratio to the amount of outstanding Bonds as the revenue available for debt service for said Bonds for the twelve months preceding said sale, lease, encumbrance or disposal from the portion of the water system

so leased, encumbered or disposed of, bears to the revenue available for debt service for said Bonds from the entire water system for the same period. Any such money so paid into the Bond Fund shall be used to retire said outstanding Bonds at the earliest possible date;

(c) That it will at all times maintain and keep said water supply system and all additions thereto and betterments, replacements and extensions thereof in good repair, working order and condition, and also will at all times operate said system and the business in connection therewith in an efficient manner and at a reasonable cost and will establish, maintain and collect such rates for water as will produce gross revenues sufficient to meet the obligations of the District as herein set forth;

(d) That it will carry the types of insurance on said water supply system in the amounts normally carried by private water companies engaged in the operation of water supply 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, while any of the Bonds remains 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 water system, and it will furnish the original purchaser of the Bonds and any subsequent holder or holders thereof at the written request of such holder or holders complete operating and income statements of the said system in reasonable detail covering any fiscal year, not more than ninety 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 said system and all records, accounts and data of the Water District relating thereto.

(g) That it will establish, maintain and collect such rates and charges for water as will produce gross revenues sufficient to meet all the obligations of the District as herein set forth.

(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 103(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 Section 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 and December 3, 1975, as the same may be changed from time to time, or any other applicable regulations hereafter adopted.

Section 9. The Bonds shall be in substantially the following form:

No. \_\_\_\_\_ \$5,000.00

UNITED STATES OF AMERICA

STATE OF WASHINGTON

DOUGLAS COUNTY

EAST WENATCHEE WATER DISTRICT

WATER REVENUE BOND, 1976

7-1/2%

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 bearer on the FIRST DAY OF FEBRUARY, 19\_\_, the principal sum of

FIVE THOUSAND DOLLARS

together with interest thereon at the rate of SEVEN AND ONE-HALF PERCENT (7-1/2%) per annum payable semiannually on February 1 and August 1 of each year, commencing February 1, 1977, upon presentation and surrender of the attached interest coupons as they severally mature up to the bond maturity date with full obligation on the part of the District to pay interest at the same rate from and after the 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 County Treasurer of Douglas County, in Waterville, Washington, or, at the option of the holder hereof, at either fiscal agency of the State of Washington in the Cities of New York, New York, or Seattle, Washington, solely from the special fund created by Resolution No. \_\_\_\_\_ of the District (hereinafter referred to as the "Bond Resolution") and known as the "Water Revenue Bond Fund, 1976," into which fund the District hereby irrevocably binds and obligates itself to set aside and pay certain fixed amounts out of the gross revenues of the water system now belonging to 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, an amount sufficient to pay the principal of and interest on the bonds of this issue as they respectively become due and to create a reserve, all at the times and in the manner set forth in the Bond Resolution. The bonds of this issue are not a general obligation of the District.

This bond is one of an issue of \$1,400,000.00 of bonds, all of like date, tenor and effect, except as to maturities, all payable from the "Water Revenue Bond Fund, 1976," and all issued by the District under and pursuant to the laws of the State of Washington and the Bond Resolution for the purpose of paying a part of the cost and expense of carrying out a plan providing for additions and betterments to the original comprehensive scheme or plan of water supply for the District, as amended and supplemented, as adopted in the Bond Resolution. Reference is made to the Bond Resolution as more fully describing the covenants with and rights of the holders of bonds of this issue.

Bonds numbered 1 through 17, maturing February 1, 1985, through February 1, 1987, are issued without the right or option of the District to call the same for redemption prior to their stated maturity dates. The District reserves the right or option to call for prior redemption from funds of the District derived from any source as a whole, or in part in inverse numerical order, the bonds of this issue numbered 18 through 280, maturing February 1, 1988, through February 1, 2006, at the following times and prices expressed as a percentage of the principal amount, plus accrued interest to date of redemption in each case:

On February 1, 1987 or August 1, 1987	102-1/2%
On February 1, 1988 or August 1, 1988	102 %
On February 1, 1989 or August 1, 1989	101-1/2%
On February 1, 1990 or August 1, 1990	101 %
On February 1, 1991 or August 1, 1991	100-1/2%
On February 1, 1992 or any interest payment date thereafter	100% (Par)

Notice of any call for redemption shall be published once in the official newspaper of Douglas County, Washington, not less than thirty nor more than forty days prior to the interest coupon due date upon which said bonds would be retired. Such notice shall also be mailed at the same time to Willard B. Vadman, Seattle, Washington. 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 redemption fund.

The gross revenues of the water system of the District have been pledged to such payments, which shall constitute a lien or charge upon all such gross revenues of the water system, including all additions thereto or betterments, replacements or extensions thereof at any time made, prior and superior to all other charges whatsoever, but subject to the necessary costs of maintenance and operation of said system, except that the lien or charge upon such gross revenues for the bonds of this issue shall be on a parity with the lien or charge upon such gross revenues for the outstanding "Water Revenue Bonds, 1959," heretofore issued pursuant to Resolution No. 77, and the outstanding "Water Revenue Bonds, 1963," heretofore issued pursuant to Resolution No. 89 (which 1959 bonds and 1963 bonds are hereinafter referred to collectively as the "Outstanding Bonds"), and for any additional water revenue bonds that may be hereafter issued on a parity therewith pursuant to the provisions of Section 14 of Resolution No. 70.

The District has bound itself to 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 the bonds of this issue, the "Outstanding Bonds," and any additional water revenue bonds that may be hereafter issued on a parity therewith in accordance with Section 14 of Resolution No. 70, 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.

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 resolutions of the District, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have existed, have happened and have been performed as required by law.

