

EAST WENATCHEE WATER DISTRICT

DOUGLAS COUNTY, WASHINGTON

RESOLUTION NO. 85

A RESOLUTION of the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, providing for the issuance and sale of "Refunding Water Revenue Bonds, 1962," in the principal sum of \$136,000.00 par value, 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; fixing the date, interest rate, maturities, form, terms and covenants of said bonds; creating a special fund to provide for the payment of said bonds; and providing for the sale and delivery of said bonds to Wm. P. Harper & Son & Co. of Seattle, Washington.

WHEREAS, the District has heretofore issued, under date of August 1, 1949, and there are presently outstanding, \$40,000.00 par value of "Water Revenue Bonds, Issue No. 2, Series A," all of which bonds bear interest at the rate of 4% per annum and mature serially from August 1, 1962, to and including August 1, 1965, \$10,000.00 par value of which bonds mature on August 1, 1962, and will be paid from funds presently available in the bond redemption fund for said issue of bonds, leaving outstanding thereafter \$30,000.00 par value of said issue of bonds; and the District has heretofore issued, under date of May 1, 1952, and there are presently outstanding, \$109,000.00 par value of "Water Revenue Bonds, Issue No. 3, Series A," all bearing interest at the rate of 4% per annum, and maturing from May 1, 1962, to and including May 1, 1971, \$3,000.00 par value of which bonds mature on May 1, 1962, and will be paid from funds presently available in the bond redemption

fund for said issue of bonds, leaving outstanding thereafter \$106,000.00 par value of said issue of bonds; and

WHEREAS, all of said outstanding "Water Revenue Bonds, Issue No. 2, Series A," are subject to call for redemption prior to maturity at par plus accrued interest on August 1, 1962, and all of said outstanding "Water Revenue Bonds, Issue No. 3, Series A," are subject to call for redemption prior to maturity at par plus accrued interest on May 1, 1962; and

WHEREAS, Wm. P. Harper & Son & Co. of Seattle, Washington, has made an offer to purchase \$136,000.00 par value of refunding bonds on the terms hereinafter set forth and in the judgment of this Board of Water Commissioners said offer is the best obtainable and it is for the best interest of the District that said offer be accepted whereby the District will realize an interest saving from the refunding of said outstanding "Water Revenue Bonds, Issue No. 2, Series A," and said outstanding "Water Revenue Bonds, Issue No. 3, Series A," since the total interest cost to the District over the life of the proposed refunding bonds will be less than the total cost to the District which the District would have incurred but for such refunding over the remainder of the life of the bonds to be refunded thereby; 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."

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, 1949," 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 hereby finds that all amounts required to have been paid into the "Water Revenue Bond Fund, 1955," for the outstanding "Water Revenue Bonds, 1955," and into the "Water Revenue Bond Fund, 1959," for the outstanding "Water Revenue Bonds, 1959," both as to the "Principal and Interest Account" and as to the "Reserve Account" in each fund, have been paid and maintained intact therein, the only other outstanding water revenue bonds of the District being the 1949 and 1952 issues to be refunded by the refunding bonds herein proposed to be

issued; that provision is hereinafter made for the transfer of the amounts in the "Reserve Account" in the "East Wenatchee Water Revenue Bond Fund, Issue No. 2," and in the "Water Revenue Bond Fund, Issue No. 3," into the "Reserve Account" in the bond redemption fund hereinafter created for the refunding revenue bonds proposed to be issued; and that no engineering certificate is required since the additional bonds proposed to be issued are issued for the purpose of refunding outstanding water revenue bonds and the average annual debt service requirements of such proposed refunding water revenue bonds are not increased over the requirements for the bonds so refunded, 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 refund, pay, retire and cancel, on August 1, 1962, the \$30,000.00 par value of then outstanding "Water Revenue Bonds, Issue No. 2, Series A," dated August 1, 1949, and to refund, pay, retire and cancel, on May 1, 1962, the \$106,000.00 par value of then outstanding "Water Revenue Bonds, Issue No. 3, Series A," dated May 1, 1952, there shall be issued and sold \$136,000.00 par value of refunding water revenue bonds of the District. The bonds shall be designated "Refunding Water Revenue Bonds, 1962," (hereinafter called "the Bonds"); shall be dated May 1, 1962; shall be in denominations of \$1,000.00 each; shall bear interest at the rate of $3\frac{1}{4}\%$ per annum, payable semiannually on May 1st and November 1st of each year, 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 the Bonds with interest are paid in full, or funds are on deposit in the bond redemption fund hereinafter referred to to pay the Bonds in full and the Bonds have been called for payment.

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 County Treasurer of Douglas County, Washington in Waterville. 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 serially, annually, in accordance with the following schedule, to-wit:

| <u>Bond Numbers</u> <u>(Inclusive)</u> | <u>Amounts</u> | <u>Maturities</u> |
|---|----------------|-------------------|
| 1 to 13 | \$13,000 | May 1, 1963 |
| 14 to 27 | \$14,000 | May 1, 1964 |
| 28 to 41 | \$14,000 | May 1, 1965 |
| 42 to 55 | \$14,000 | May 1, 1966 |
| 56 to 70 | \$15,000 | May 1, 1967 |
| 71 to 85 | \$15,000 | May 1, 1968 |
| 86 to 101 | \$16,000 | May 1, 1969 |
| 102 to 118 | \$17,000 | May 1, 1970 |
| 119 to 136 | \$18,000 | May 1, 1971 |

Section 2. The Bonds shall be issued without the right or option of the District to retire the same prior to their respective maturity dates.

Section 3. 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, acting as ex-officio Treasurer of the District, to be known as "Refunding Water Revenue Bond Fund, 1962," (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"; and so long thereafter as Bonds are outstanding against such fund, the District shall set aside and pay into the "Principal and Interest Account" in 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, on or before the 20th day of each month, commencing with the month of May, 1962, 1/12 of the next ensuing twelve months' requirements of both principal and interest. The Treasurer of Douglas County, Washington, is hereby authorized and directed to transfer all moneys in the "Reserve Account" in the "East Wenatchee Water Revenue Bond Fund, Issue No. 2" and in the "Reserve Account" in the "Water Revenue Bond Fund, Issue No. 3" to the "Reserve Account" in the Bond Fund. The District agrees that it will at all times, except for withdrawals therefrom as authorized herein, maintain those amounts in the "Principal and Interest Account" and "Reserve Account" to pay the principal of and interest to maturity on all the outstanding Bonds.

In the event that there shall be a deficiency in the "Principal and Interest Account" in said special 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 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 in United States Government obligations maturing not later than twelve years from the date of purchase and in no event 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 District are hereby pledged to such payments, which shall constitute a lien or charge upon all such gross revenue 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, 1955," the outstanding "Water Revenue Bonds, 1959," 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 4. The Commissioners of the District hereby declare that in fixing the amounts to be paid into said bond redemption fund as aforesaid they have exercised due regard to 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 5. 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 all water revenue bonds heretofore issued, and outstanding, the Bonds, and any bonds hereafter issued on a parity with the outstanding "Water Revenue Bonds, 1955," and the outstanding "Water Revenue Bonds, 1959," 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 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, 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 per cent 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.

Section 6. The Bonds shall be in substantially the following form:

No. _____ \$1,000.00

UNITED STATES OF AMERICA

STATE OF WASHINGTON

DOUGLAS COUNTY

EAST WENATCHEE WATER DISTRICT

REFUNDING WATER REVENUE BOND, 1962

3 3/4%

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 1ST DAY OF MAY, 19____, the principal sum of

ONE THOUSAND DOLLARS

together with interest thereon at the rate of THREE AND THREE-QUARTERS PER CENT (3 $\frac{3}{4}$ %) per annum, payable semiannually on the 1st days of May and November of each year 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, Washington, at Waterville, Washington, solely from the special fund created by Resolution No. 25 of the District and known as "Refunding Water Revenue Bond Fund, 1962," 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 Resolution No. 25. The bonds of this issue are not a general obligation of the District.

This bond is one of an issue of \$136,000.00 of bonds, all of like date, tenor and effect, except as to maturities, all payable from the "Refunding Water Revenue Bond Fund, 1962," and all issued by the District under and pursuant to the laws of the State of Washington and Resolution No. 25 of the District for the purpose of providing the funds to pay, retire and cancel \$30,000.00 par value of outstanding "Water Revenue

Bonds, Issue No. 2, Series A," dated August 1, 1949, and \$106,000.00 par value of outstanding "Water Revenue Bonds, Issue No. 3, Series A," dated May 1, 1952, all as set forth in Resolution No. 25. Reference is made to said Resolution as more fully describing the covenants with and rights of the holders of bonds of this issue.

The bonds are issued without the right or option of the District to retire the same prior to their respective maturity dates.

The gross revenues 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, 1955," the outstanding "Water Revenue Bonds, 1959," and for any additional water revenue bonds that may be hereafter issued pursuant to the parity 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 all water revenue bonds heretofore issued, the bonds of this issue, and any bonds hereafter issued on a parity with the outstanding "Water Revenue Bonds, 1955," and the "Water Revenue Bonds, 1959," 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 East Wenatchee Water District, Douglas County, Washington, 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.

IN WITNESS WHEREOF, East Wenatchee Water District, Douglas County, Washington, has caused this bond to be signed by the President of its Board of Water Commissioners and attested by the Secretary and its corporate seal to be hereto affixed and the interest coupons attached to be signed with the facsimile signatures of said officials this 1st day of May, 1962.

EAST WENATCHEE WATER DISTRICT
DOUGLAS COUNTY, WASHINGTON

By J. H. Fralby
President of its Board of
Water Commissioners

ATTEST:

Samuel C. Taylor
Secretary of its Board of
Water Commissioners

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

\$18.75

On the 1ST DAY OF (MAY)(NOVEMBER), 19___,
EAST WENATCHEE WATER DISTRICT, DOUGLAS
COUNTY, WASHINGTON, will pay to bearer at
the office of the Treasurer of Douglas
County, in Waterville, Washington, the sum
of EIGHTEEN AND SEVENTY-FIVE/HUNDREDTHS
DOLLARS (\$18.75) in lawful money of the
United States of America from the special
fund of the District known as "Refunding
Water Revenue Bond Fund, 1962," said sum
being the semiannual interest due that
date on its "Refunding Water Revenue Bond,
1962," dated May 1, 1962, and numbered ___.

EAST WENATCHEE WATER DISTRICT
DOUGLAS COUNTY, WASHINGTON

By J. H. Fralby
President of its Board of
Water Commissioners

ATTEST:

Samuel C. Taylor
Secretary of its Board of Water
Commissioners

The Bonds shall be signed on behalf of the District by the President of the Board of Water Commissioners and attested by its Secretary, and the corporate seal of the District shall be affixed thereto and the interest coupons attached to the Bonds shall be signed with the facsimile signatures of said officials.

Section 7. The proceeds from the sale of the Bonds shall be used for the sole purpose of paying, retiring and cancelling, on August 1, 1962, \$30,000.00 par value of outstanding "Water Revenue Bonds, Issue No. 2, Series A," and, on May 1, 1962, \$106,000.00 par value of outstanding "Water Revenue Bonds, Issue No. 3, Series A."

Section 8. Wm. P. Harper & Son & Co. of Seattle, Washington, has offered to purchase the Bonds at a price of par, plus accrued interest from the date of the issuance of the Bonds to the date of delivery thereof, the District to furnish at its expense the printed Bonds, together with the unqualified approving legal opinion of Weter, Roberts & Shefelman, municipal bond counsel of Seattle, Washington. The Board of Water Commissioners, deeming that no better price could be obtained for the Bonds and that it is for the best interest of the District, hereby accepts said offer. The Bonds shall, therefore, immediately upon their execution by the President and Secretary of the Board of Water Commissioners be delivered by the Treasurer of Douglas County, Washington, and shall then be delivered by the Treasurer to Wm. P. Harper & Son & Co. upon said purchaser's paying the price therefor in accordance with its offer. The Treasurer of Douglas County, Washington, as ex-officio Treasurer for the District, is hereby authorized and directed to call for payment, on August 1, 1962, in the manner provided

in the bonds, the outstanding \$30,000.00 par value of "Water Revenue Bonds, Issue No. 2, Series A," being Bonds numbered 71 to 100, inclusive, maturing August 1, 1963, to August 1, 1965, inclusive, and to call for payment on May 1, 1962, in the manner provided in the bonds, the outstanding \$106,000.00 par value of "Water Revenue Bonds, Issue No. 3, Series A," being Bonds numbered 20 to 125, inclusive, maturing May 1, 1963, to May 1, 1971, inclusive, and the said Treasurer is hereby authorized and directed to deposit, from the proceeds received from the sale of the Bonds, in the "Principal and Interest Account" in the "East Wenatchee Water District Water Revenue Bond Fund, Issue No. 2" the sum of \$30,000.00, and in the "Principal and Interest Account" in the "Water Revenue Bond Fund, Issue No. 3" the sum of \$106,000.00, said sums being the amounts required to pay, retire and cancel said outstanding "Water Revenue Bonds, Issue No. 2, Series A," and said outstanding "Water Revenue Bonds, Issue No. 3, Series A," respectively, on said call dates. The accrued interest received from the sale of the Bonds, if any, shall be deposited in the Bond Fund.

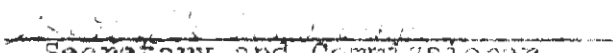
ADOPTED by the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, at the regular meeting the 24th day of March, 1962.



President and Commissioner

Commissioner

ATTEST:



Secretary and Commissioner

Pat Thomson
I, PAT THOMSON, Secretary of the Board of Water

Commissioners of East Wenatchee Water District, Douglas County,
Washington, do hereby certify that the attached resolution,
being Resolution No. 85, is a full, true, complete and
correct copy of the original Resolution passed the 24th day of
March, 1962, as said Resolution appears on the Minute Book
of the Water District.

DATED this 24th day of March, 1962.

Pat Thomson
Secretary, Board of Water
Commissioners