

RESOLUTION NO. 480

AWARD 1999/ULID WATER SYSTEM IMPROVEMENTS

WHEREAS, the East Wenatchee Water District having complied with R.C.W. 57.08.050 in calling for bids to install water mains and other system improvements to the District's water system and;

WHEREAS, the projects are identified in the District's 1996 Comprehensive Water System Plan and;

WHEREAS, plans and specifications were prepared by the District's engineer for said projects, and the contractor will furnish all the necessary pipe, valves, and other related fittings to complete each job as called for in the contract documents with the projects generally described as follows:

Pangborn ULID:

12" & 10" DI water main	5,309 feet
Connections to existing system	15 each
Fire Hydrants	5 each
Service reconnections	42 each
Trench patching (Nile and Grant)	4,060 sy

1999 Improvements:

12" DI water main	9,823 feet
16" DI water main	555 feet
Connections to existing system	28 each
Fire Hydrants	9 each
Pressure reducing station	1 each
Service reconnections	35 each
Trench patching	8,700 sy

and other miscellaneous bid items required to complete the project, and;


WHEREAS, the District received three bids to install said water mains and other improvements as follows: (The following prices include Bid Alternate A in the 1999 Improvements which replaces the water mains in the 10th Street Reservoir area.)

<u>GOODFELLOW BROS.</u>	\$966,540	Sales Tax Excluded
<u>PIPKIN CONSTRUCTION</u>	\$1,037,836	Sales Tax Excluded
<u>DEBCO</u>	\$1,117,893	Sales Tax Excluded

WHEREAS, having reviewed all the bid documents with the District's engineer, it appears that all bids are responsive bids, and therefor it is recommended that the lowest bid in the amount of \$966,540.00, excluding sales tax, be awarded to Goodfellow Bros. Inc., the General Manager is authorized to do all acts necessary to carry out the contract award as a result of this bid and;

NOW THEREFORE, BE IT HEREBY RESOLVED by the BOARD OF COMMISSIONERS of the EAST WENATCHEE WATER DISTRICT, that the low bid in the amount of Nine Hundred Sixty Six Thousand, Fife Hundred Forty Dollars and No Cents is hereby awarded to Goodfellow Bros., Inc. of Wenatchee, WA.

ADOPTED, this 25th day of March, 1999, by the BOARD OF COMMISSIONERS of the East Wenatchee Water District, Douglas County, Washington at a regular meeting thereof.


Mike McCourt, President

ATTEST:



Larry Witte, Secretary

EXHIBIT B

PERMITTED INVESTMENTS

- A. Ambac Assurance will allow the following obligations to be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow accounts.

(Ambac Assurance does not give a premium credit for the investment of accrued and/or capitalized interest.)

- (1) Cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in paragraph (2) below), or
- (2) Direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America.

- B. Ambac Assurance will allow the following Obligations to be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts.

- (1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including:

- Export-Import Bank
- Farm Credit System Financial Assistance Corporation
- Rural Economic Community Development Administration (formerly the Farmers Home Administration)
- General Services Administration
- U.S. Maritime Administration
- Small Business Administration
- Government National Mortgage Association (GNMA)
- U.S. Department of Housing & Urban Development (PHA's)
- Federal Housing Administration
- Federal Financing Bank;

- (2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America:

- Senior debt obligations rated "Aaa" by Moody's and "AAA" by S&P issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC)
- Obligations of the Resolution Funding Corporation (REFCORP)
- Senior debt obligations of the Federal Home Loan Bank System
- Senior debt obligations of other Government Sponsored Agencies approved by Ambac;

- (3) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank.);
- (4) Commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase;

- (5) Investments in a money market fund rated "AAAm" or "AAAm-G" or better by S&P;
- (6) Pre-refunded Municipal Obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and
 - (A) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of S&P and Moody's or any successors thereto; or
 - (B) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph A(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; [Pre-refunded Municipal Obligations meeting the requirements of subsection (B) hereof may not be used as Permitted Investments for annual appropriation lease transactions without the prior written approval of S&P.]
- (7) General obligations of States with a rating of at least "A2/A" or higher by both Moody's and S&P.
- (8) Investment agreements approved in writing by Ambac Assurance Corporation [supported by appropriate opinions of counsel] with notice to S&P; and
- (9) Other forms of investments (including repurchase agreements) approved in writing by Ambac with notice to S&P.

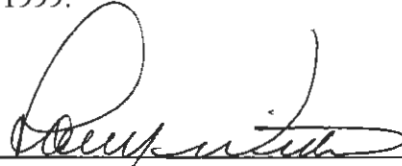
C. The value of the above investments shall be determined as follows:

"Value", which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

- (1) As to investments the bid and asked prices of which are published on a regular basis in The Wall Street Journal (or, if not there, then in The New York Times): the average of the bid and asked prices for such investments so published on or most recently prior to such time of determination;
- (2) As to investments the bid and asked prices of which are not published on a regular basis in The Wall Street Journal or The New York Times: the average bid price at such time of determination for such investments by any two nationally recognized government securities dealers (selected by the Trustee in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (3) As to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (4) As to any investment not specified above: the value thereof established by prior agreement between the Issuer, the Trustee and Ambac Assurance Corporation.

I, LARRY WITTE, Secretary of the Board of Water Commissioners of East Wenatchee Water District, Douglas County, Washington, certifies that the attached copy of Resolution No. 479 is a true and correct copy of the original resolution passed on the 11th day of February, 1999, as such resolution appears on the Minute Book of the District.

DATED this 11 day of February, 1999.



LARRY WITTE, Secretary of the Board of Water Commissioners

FOSTER PEPPER & SHEFELMAN PLLC

ATTORNEYS AT LAW



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(509) 777-1602

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menej@foster.com

February 11, 1999

VIA PERSONAL DELIVERY

Mr. Greg Brizendine
General Manager
East Wenatchee Water District
692 Eastmont
East Wenatchee, WA 98802-0190

Re: East Wenatchee Water District, Douglas County, Washington
Water Improvement Revenue Bonds, 1999

WEST 422
RIVERSIDE
Suite 1310
SPOKANE
Washington
99201-0302

Dear Greg:

Enclosed for distribution to you, the Board members, Randy Asplund and Mike Arch are six copies of the bond resolution mentioned in the February 10, 1999 letter from Lee Voorhees.

Website
WWW.FOSTER.COM

Yours sincerely,

FOSTER PEPPER & SHEFELMAN PLLC

A handwritten signature in blue ink that reads 'Jim McNeill'.

James P. McNeill III

cc: Lee Voorhees

ANCHORAGE
Alaska

BELLEVUE
Washington

PORTLAND
Oregon

SEATTLE
Washington

SPOKANE
Washington

Jack D. McLaughlin
 Vice President Public Finance
 Spokane Regional Office

February 11, 1999

Members of the Board of Directors
 East Wenatchee Water District
 692 Eastmont Avenue P.O. Box 7190
 East Wenatchee, WA 98802-7190

\$6,305,000
East Wenatchee Water District
Douglas County, Washington
Water Improvement Revenue Bonds, 1999

Members of the Board:

D.A. Davidson & Co. (the "Underwriter") offers to enter into the following agreement with you, the East Wenatchee Water District, Douglas County, Washington (the "District") which, upon your acceptance of this offer will be binding upon the District and the Underwriter. This offer is made subject to your acceptance on the date hereof.

- 1) **Purchase and Sale of the Bonds.** Upon the terms and conditions set forth herein, the Underwriter hereby agrees to purchase from the District and the District hereby agrees to sell to the Underwriter, \$6,305,000 East Wenatchee Water District, Douglas County, Washington, Water Improvement Revenue Bonds, 1999 (the "Bonds").

The Bonds shall be dated February 1, 1999, shall mature on February 1 in the years and amounts set forth below, subject to prior redemption, and shall bear interest from their date to their respective maturities or prior dates of redemption at the rates per annum set forth opposite such years and amounts:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2001	\$10,000	3.50%	2009	\$25,000	4.30%
2002	20,000	3.60%	2010	30,000	4.40%
2003	20,000	3.70%	2011	25,000	4.50%
2004	15,000	3.80%	2012	25,000	4.50%
2005	15,000	3.90%	2013	380,000	4.55%
2006	10,000	4.00%	2014	400,000	4.55%
2007	20,000	4.10%	2019	2,315,000*	5.00%
2008	20,000	4.20%	2024	2,975,000*	5.00%

**Term Bonds*

Interest on the Bonds will be payable on each August 1 and February 1, commencing August 1, 1999.

The Underwriter agrees to make a bonafide public offering of the Bonds and to abide by the rules of the Municipal Securities Rulemaking Board in connection with such offering.

2) **Optional Redemption.** Bonds maturing in the years 2001 through and including 2009 are not be subject to redemption prior to their stated maturities. Bonds maturing on or after February 1, 2010 are subject to redemption at the option of the District on or after February 1, 2009, in whole or in part (by lot in the manner determined by the Registrar within one or more maturities selected by the District) at any time, at the price of par plus interest accrued to the date of redemption, if any:

3) **Mandatory Sinking Fund Redemption-2019 and 2024 Maturities.** The Bonds with stated maturities in the years 2019 (the "2019 Term Bonds") and 2024 (the "2024 Term Bonds") are subject to mandatory sinking fund redemption prior to maturity, in part, by lot in such manner as the Registrar shall determine, on February 1, in the years 2015 through and including 2018 for the 2019 Term Bonds and in the years 2020 through 2023 for the 2024 Term Bonds, at 100% of the principal amount thereof plus accrued interest to the date of redemption, from mandatory sinking fund deposits into the Bond Fund in the principal amounts set forth below:

<i>2019 Term Bond</i>		<i>2024 Term Bond</i>	
<u>Dates (February 1)</u>	<u>Amount</u>	<u>Dates (February 1)</u>	<u>Amount</u>
2015	\$420,000	2020	\$535,000
2016	\$440,000	2021	\$565,000
2017	\$460,000	2022	\$595,000
2018	\$485,000	2023	\$625,000
2019*	\$510,000	2024*	\$655,000

*Maturity

4) **Purchase Price, Fees and Expenses.** The Underwriter agrees to purchase the Bonds from the District, and the District agrees to sell the Bonds to the Underwriter, at a purchase price of 98.4212477% of the par amount thereof on the Bonds. The Bonds will be reoffered at an average price of 99.4920222%. It is understood that the District will be responsible for all other fees and charges relating to the issuance of the Bonds, such as the fees of Foster Pepper & Shefelman PLLC in connection with their services as Bond Counsel, AMBAC for bond insurance, Moody's for bond rating, the fees of RH2 for a Parity Certificate, and the fees of the Registrar, etc.

5) **Delivery of the Bonds. Delivery of the Bonds.** The City shall deliver, or cause to be delivered, through The Depository Trust Company, New York, New York ("DTC"), the Bonds, and the Underwriter shall make arrangements for the acceptance of delivery and arrange for the payment of the purchase price for the Bonds in immediately available funds payable to the City on February 25, 1999 or at such other time or date as shall be mutually agreed upon in writing by the City and the Underwriter. The delivery of and payment for the Bonds is referred to herein as the "Closing". The date of such delivery and payment is referred to herein as the "Closing Date". It is anticipated that the Closing Date shall be on or about February 25, 1999. The Bonds shall be delivered through DTC in definitive form, bearing CUSIP numbers and shall be issued under a book-entry system.

6) **Conditions to Closing.** The obligations of the Underwriter hereunder are subject to the following conditions:

- a) the District shall have taken all actions required for the valid authorization, sale, issuance, and delivery of the Bonds;
- b) the District shall perform or have performed at or prior to Closing all of their respective obligations required to be performed by them at or prior to Closing under this Agreement and Resolution No. 479, adopted on February 11, 1999, authorizing the issuance, sale and delivery of the Bonds (the "Bond Resolution");
- c) the representations and warranties made by the District in the Bond Resolution shall, as of the Closing

Date, be true and correct in all material respects; and

- d) at Closing, the Underwriter shall receive executed copies of the following documents:
- i) the Bond Resolution and other resolutions and agreements relating to the Bonds, if any;
 - ii) a certificate from duly authorized officials for the District stating that the information contained in the offering materials with respect to the District, is as of the date of Closing to the best of their knowledge, true and correct and that such offering materials do not omit to state any material fact necessary to make the statements made therein not misleading;
 - iii) the approving opinion of Foster Pepper & Shefelman PLLC, as Bond Counsel, in form acceptable to the Underwriter; and
 - iv) such other legal opinions, certificates, resolutions and documents as the Underwriter and Bond Counsel may reasonably request.


If the foregoing is in accordance with your understanding, kindly confirm your acceptance by signing in the spaces provided below, whereupon this Agreement shall become effective.

Very truly yours,

D.A. DAVIDSON & CO.

By: 
Jack McLaughlin, Vice President

ACCEPTED AS OF THE DATE HEREOF BY:
East Wenatchee Water District, Douglas County, Washington

By: 
Mike McCourt, President

Attachment

EAST WENATCHEE WATER DISTRICT
DOUGLAS COUNTY, WASHINGTON
WATER IMPROVEMENT REVENUE BONDS, 1999 AMBAC INS./Moody's A3

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Bond Production Report

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Dated 2/ 1/1999
Delivery 2/25/1999

Date	Principal	Bond Type	B/Y	Coupon	Yield	\$Price	Priced to Call	Gross Production	Takedown /\$1000	Takedown \$ Amount
2/ 1/ 1	10,000.00	Standard	20	3.5000	3.5000	100.000		10,000.00	10.00	100.00
2/ 1/ 2	20,000.00	Standard	80	3.6000	3.6000	100.000		20,000.00	10.00	200.00
2/ 1/ 3	20,000.00	Standard	160	3.7000	3.7000	100.000		20,000.00	10.00	200.00
2/ 1/ 4	15,000.00	Standard	235	3.8000	3.8000	100.000		15,000.00	10.00	150.00
2/ 1/ 5	15,000.00	Standard	325	3.9000	3.9000	100.000		15,000.00	10.00	150.00
2/ 1/ 6	10,000.00	Standard	395	4.0000	4.0000	100.000		10,000.00	10.00	100.00
2/ 1/ 7	20,000.00	Standard	555	4.1000	4.1000	100.000		20,000.00	10.00	200.00
2/ 1/ 8	20,000.00	Standard	735	4.2000	4.2000	100.000		20,000.00	10.00	200.00
2/ 1/ 9	25,000.00	Standard	985	4.3000	4.3000	100.000		25,000.00	10.00	250.00
2/ 1/10	30,000.00	Standard	1315	4.4000	4.4000	100.000		30,000.00	10.00	300.00
2/ 1/11	25,000.00	Standard	1615	4.5000	4.5000	100.000		25,000.00	10.00	250.00
2/ 1/12	25,000.00	Standard	1940	4.5000	4.5500	99.512		24,878.00	10.00	250.00
2/ 1/13	380,000.00	Standard	7260	4.5500	4.5500	100.000		380,000.00	5.00	1,900.00
2/ 1/14	400,000.00	Standard	13260	4.5500	4.6000	99.461		397,844.00	5.00	2,000.00
2/ 1/15	420,000.00	Term Bond	19980	5.0000	5.0000	100.000		420,000.00	5.00	2,100.00
2/ 1/16	440,000.00	Term Bond	27460	5.0000	5.0000	100.000		440,000.00	5.00	2,200.00
2/ 1/17	460,000.00	Term Bond	35740	5.0000	5.0000	100.000		460,000.00	5.00	2,300.00
2/ 1/18	485,000.00	Term Bond	44955	5.0000	5.0000	100.000		485,000.00	5.00	2,425.00
2/ 1/19	510,000.00	Term Bond	55155	5.0000	5.0000	100.000		510,000.00	5.00	2,550.00
2/ 1/20	535,000.00	Term Bond	66390	5.0000	5.0778	99.000		529,650.00	5.00	2,675.00
2/ 1/21	565,000.00	Term Bond	78820	5.0000	5.0758	99.000		559,350.00	5.00	2,825.00
2/ 1/22	595,000.00	Term Bond	92505	5.0000	5.0740	99.000		589,050.00	5.00	2,975.00
2/ 1/23	625,000.00	Term Bond	107505	5.0000	5.0724	99.000		618,750.00	5.00	3,125.00
2/ 1/24	655,000.00	Term Bond	123880	5.0000	5.0709	99.000		648,450.00	5.00	3,275.00

6,305,000.00								6,272,972.00		32,700.00

Par Amount	6,305,000.00	
Production	-32,028.00	
Gross Production	6,272,972.00	99.4920222
Bond Insurance	0.00	0.0000000

Underwriting Fee	0.00	0.0000000
Management Fee	31,525.00	0.5000000
Underwriters Expenses	3,287.33	0.0521385
Takedown	32,700.00	0.5186360

Underwriters Discount	67,512.33	1.0707745
Bid	6,205,459.67	98.4212477

Accrued	20,644.00
Net to Issuer	6,226,103.67

Gross Interest Cost	6,128,555.00
+Net Discount	99,540.33
Net Interest Cost	6,228,095.33

N I C %	5.0275229	Using 98.4212477
T I C %	5.0679742	From Delivery Date
Arbitrage Yield	4.9797415	

Bond Years	123,880.000
Average Coupon	4.947171
Average Life	19.647898

FOR INFORMATION ONLY

Weighted Bond Years	122,740.626	
Weighted Average Life	19.566583	
Weighted N I C %	5.0573730	Using 98.4212477

TERM BOND(S):	PRINCIPAL	COUPON	YIELD	\$Price	GROSS PRODUCTION	BOND YEARS	AVG. LIFE
2/ 1/19	2,315,000.00	5.0000	5.0000	100.000	2,315,000.00	41,895.000	18.097192
2/ 1/24	2,975,000.00	5.0000	5.0709	99.000	2,945,250.00	68,725.000	23.100840

SERIAL BONDS:	1,015,000.00	1,012,722.00
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