



City of Cashmere

101 Woodring Street
Cashmere, WA 98815
Ph (509) 782-3513 Fax (509) 782-2840
Website www.cityofcashmere.org

CASHMERE CITY COUNCIL MEETING
MONDAY, DECEMBER 14, 2020 6:00 P.M., CITY HALL

DUE TO THE COVID-19 PANDEMIC AND THE GOVERNOR'S STAY AT HOME ORDER; CITY COUNCIL MEMBERS AND THE PUBLIC ARE REQUIRED TO CALL IN TO PARTICIPATE IN A DIGITAL CONFERENCE CITY COUNCIL MEETING. PLEASE CALL IN 5 MINUTES PRIOR TO MEETING.

To Join the Meeting Go To <https://zoom.us>
Meeting ID: 882 719 9871 Passcode: 788276
Audio Only: PH# 1-(253)-215-8782

AGENDA

CALL TO ORDER

ROLL CALL

EXECUTIVE SESSION – RCW 42.30.110(1)(i) to Discuss Potential Litigation
Executive Session for approximately 30 minutes

Regular Session will reconvene at 6:30 p.m.

ANNOUNCEMENTS

APPROVAL OF AGENDA

CONSENT AGENDA

1. Minutes of November 23, 2020 Regular Council Meeting by Digital Conference
2. Minutes of November 30, 2020 Special Council Meeting by Digital Conference
3. Payroll and Claims Packet Dated December 14, 2020
4. Extending completion date to 12/31/2021 on Perteet Task Authorization #1
5. Extending completion date to 12/31/2021 on Perteet Task Authorization #2

BUSINESS ITEMS

1. Second Settlement Agreement between Tree Top and City of Cashmere
2. Ordinance No. 1296 Adopting the Budget for 2021
3. Ordinance No. 1297 Authorizing the issuance of the Water and Sewer Refunding Bonds 2021
4. Resolution No. 09-2020 Amending Wastewater Rates through 2025
5. Resolution No. 10-2020 Appointing J.C. Baldwin as the City Representative on the Greater Wenatchee Regional Events Center Public Facilities District Board

PROGRESS REPORTS

ADJOURNMENT

TO ADDRESS THE COUNCIL, PLEASE BE RECOGNIZED BY THE MAYOR AND STATE YOUR NAME WHEN YOU BEGIN YOUR COMMENTS
Americans with Disabilities Act (ADA) accommodations provided upon request (48-hour notice required)

MINUTES OF THE CASHMERE CITY COUNCIL MEETING
MONDAY NOVEMBER 23, 2020 AT CASHMERE CITY HALL – DIGITAL CONFERENCE

OPENING

Mayor Jim Fletcher opened the regular City Council meeting via digital conference at 6:00 p.m. at City Hall. City Clerk-Treasurer Kay Jones took minutes.

Now for the roll call of the council members to document attendance. Please respond with an acknowledgment of your presence when your name is called.

ATTENDANCE

	<u>Present</u>	<u>Not Present</u>
Mayor:	Jim Fletcher	
Council:	Daniel Scott - digital Chris Carlson - digital Dave Erickson - digital Jayne Stephenson - digital Derrick Pratt - digital	
Staff:	Kay Jones, Clerk-Treasurer Steve Croci, Director of Operations	Chuck Zimmerman, City Attorney
Public:	Kirk Beckendorf, Cashmere Valley Record – digital Deanna Gregory, Bond Counsel - digital Lisa Woods, Citizen - digital Tony Ibarra, Citizen - digital	

ANNOUNCEMENTS AND INFORMATION

Director Croci announced that the Planning Commission would be holding a Public Hearing on December 7th at 5:00 to take comments on Accessory Dwelling Units and Short-Term Rentals.

The City will also be accepting amendments to the Comprehensive Plan for consideration.

APPROVAL OF AGENDA

MOVED by Councilor Pratt and seconded by Councilor Scott to approve the agenda as submitted. Motion carried 5-0.

CONSENT AGENDA

Minutes of November 9, 2020 Regular Council Meeting by Digital Conference
Payroll and Claims Packet Dated November 23, 2020

Claims Direct Pay and Check #40801 and #40802 through #40828 totaling \$137,999.43

Manual Check #40799 through #40800

Replaced Check #40795 with Check #40799

MOVED by Councilor Scott and seconded by Councilor Erickson to approve the items on the Consent Agenda. Motion carried 5-0.

PUBLIC HEARING ON FINAL BUDGET FOR 2021

Mayor Fletcher stated that this was the final hearing on the budget for 2021. This budget includes a zero percent property tax increase, no increase in the water and wastewater revenue rates and a 2.25% wage increase for the bargaining unit employees and the exempt employees.

The Mayor opened the public hearing at 6:04 p.m. to accept public comment on the final budget for 2021. With no questions or comments from public the hearing was closed at 6:05 p.m.

DISCUSSION ON BOND ORDINANCE PARAMETERS FOR REFINANCING THE USDA 2013 BONDS

Bond Counsel Deanna Gregory was on-line to explain and answer questions regarding the process to refinance the debt on the wastewater treatment facility.

Deanna explained that she will be drafting a delegation ordinance, which will be the only action needed by the City Council. The ordinance will outline the parameters in which the sale must fit within and delegate authority for approval of the final terms of the bond.

Some questions needed to be answered by the bond underwriter, so a workshop will be scheduled.

RESOLUTION NO. 08-2020 AMENDING WATER RATES THROUGH 2025

Resolution 08-2020 repeals and replaces Resolution 05-2019 to include no increase in rates for 2021 and to add an increase in the rates for 2025 for water service.

MOVED by Councilor Erickson and seconded by Councilor Carlson to approve Resolution No. 08-2020 to include no increase in rates for 2021 and to add an increase in rates for 2025. Motion carried 5-0.

RESOLUTION NO. 09-2020 AMENDING WASTEWATER RATES THROUGH 2025

Resolution 09-2020 repeals and replaces Resolution 06-2019 to include no increase in rates for 2021 and to add an increase in rates for 2025 for wastewater service.

Councilor Scott would like to table the resolution until the Council has more information on refinancing the USDA 2013 Revenue Bonds. The proposed resolution eliminates the 2% rate increase for 2021 and Councilor Scott was concerned about making a decision on sewer rates when the City is in the process of refinancing debt on the wastewater treatment facility. Councilor Scott wants more information on the options for bond sales and interest rates before deciding.

Councilor Erickson stated that the council had already discussed and decided to make the change to both water and sewer rates and directed staff to budget accordingly, so he felt they should stick with that decision.

MOVED by Councilor Pratt and seconded by Councilor Scott to table Resolution No. 09-2020 to the next council meeting for more information regarding the bond refinance before making a decision to amend the rate resolution. Motion carried 3-0 with Councilors Erickson and Stephenson voting no.

BOULDER PARK PROJECT CONTRACT NO. 21-0009

This is an ongoing contract for hauling the biosolids. Previously the City dried the solids before hauling, now the solids are collected in a truck and hauled off. Biosolids generated at the wastewater treatment plant have been put to beneficial use through an agreement with Boulder Park Inc. and King County.

MOVED by Councilor Pratt and seconded by Councilor Scott to approve the Boulder Park Project Contract No. 21-0009 regarding the hauling of biosolids. Motion carried 5-0.

SMALL WORKS CONSTRUCTION CONTRACT FOR CHASE STREET SEWER LINE REPAIR

During the emergency repair of Division Street hill sewer line another hole in the sewer line was discovered on Chase Street. This sewer leak on Chase Street was part of the problem with the leak at Division Street hill and needed to be repaired promptly. Quotes for the repair were received from three contractors and staff recommended the selection of Allied Plumbing, they were the lowest bid at \$15,285.91 and they utilize the least invasive method to fix the problem.

MOVED by Councilor Stephenson and seconded by Councilor Pratt to approve the Small Works Construction Contract for Chase Street sewer line repair and authorize the Mayor to sign. Motion carried 5-0.

ADJOURNMENT

Mayor Fletcher adjourned the meeting at 7:04 p.m.

James Fletcher, Mayor

Attest:

Kay Jones, City Clerk-Treasurer

SPECIAL MINUTES OF THE CASHMERE CITY COUNCIL MEETING
MONDAY NOVEMBER 30, 2020 AT CASHMERE CITY HALL – DIGITAL CONFERENCE

OPENING

Mayor Jim Fletcher opened the regular City Council meeting via digital conference at 6:00 p.m. at City Hall. City Clerk-Treasurer Kay Jones took minutes.

Roll call was taken to document attendance. Council Members and citizens responded with an acknowledgment of their presence when the Mayor called their name.

ATTENDANCE

	<u>Present</u>	<u>Not Present</u>
Mayor:	Jim Fletcher	
Council:	Daniel Scott - digital Chris Carlson - digital	Dave Erickson
	Jayne Stephenson - digital Derrick Pratt - digital	
Staff:	Kay Jones, Clerk-Treasurer Steve Croci, Director of Operations	Chuck Zimmerman, City Attorney
Public:	Kirk Beckendorf, Cashmere Valley Record – digital Deanna Gregory, Bond Counsel - digital David Tregeser, Bond Underwriter – digital Tony Ibarra, Citizen	

WORKSHOP WITH THE BOND UNDERWRITER AND BOND COUNSEL TO DISCUSS AND ANSWER QUESTIONS ON THE PROCESS AND LEGALESE OF REFINANCING THE 2013 BONDS

Bond Underwriter David Tregeser and Bond Counsel Deanna Gregory were both online to answer questions regarding the purchase and sale of the bonds and questions regarding the ordinance.

The City Council was provided a first draft of the ordinance authorizing the Water and Sewer Revenue Refunding Bonds, 2021. Approving the ordinance is the only action needed by the City Council for the sale of the bonds. The ordinance delegates authority to approve the final terms of the bonds and outlines the parameters in which the sale must fit within. The ordinance will be presented to the City Council at the December 14th meeting for final consideration.

The new bonds will be sold to D.A. Davidson who will then resell those bonds on the open market. The Managing Director for D.A. Davidson, David Tregeser explained and answered questions regarding different options, bond series, structures and tax-exempt bonds.

The bonds can be structured however the City wants, as long as the final terms fits within the parameters set by the ordinance.

He explained three different saving structures, assuming today's estimated interest rates and an A+ bond rating for the City.

- Level annual savings – over the life of the bond
Benefits current and future rate payers
- Deferred savings – minor savings over the life and shortens the debt term by 3 years
Benefits future rate payers
- Accelerated savings – pushing most of the savings in the next 3 years
Benefits current rate payers

In the near future, the City Council will have to decide which savings they prefer.

ADJOURNMENT

Mayor Fletcher adjourned the meeting at 6:41 p.m.

James Fletcher, Mayor

Attest:

Kay Jones, City Clerk-Treasurer



**CITY OF CASHMERE
On-Call Planning Services Agreement**

Formal Task Assignment Document

Consultant: Perteet, Inc.

Task Number: 2

Amendment No.: 1

The general provisions and clauses of Agreement for On-Call Consultant Services dated February 25, 2020 shall be in full force and effect for this Task Assignment.

Location of Project: City of Cashmere

Project Title: East Cashmere Redevelopment Plan

Maximum Amount Payable Per Task Assignment: \$20,000 – No Change

Completion Date: December 31, 2021

Task No. 2, Amendment No. 1 extends time of completion to December 31, 2021. All provisions in the basic agreement remain in effect except as expressly modified by this amendment. If you concur in this amendment and agree to the changes as stated above, please sign below.

City of Cashmere Signature: _____ Date: _____

Perteet Signature: Crystal L. Donner Date: 12/4/2020
Crystal L. Donner, President



**CITY OF CASHMERE
On-Call Planning Services Agreement**

Formal Task Assignment Document

Consultant: Perteet, Inc.

Task Number: 1
Amendment No.: 1

The general provisions and clauses of Agreement for On-Call Consultant Services dated February 25, 2020 shall be in full force and effect for this Task Assignment.

Location of Project: City of Cashmere

Project Title: General Planning Services

Maximum Amount Payable Per Task Assignment: \$28,900 – No Change

Completion Date: December 31, 2021

Task No. 1, Amendment No. 1 extends time of completion to December 31, 2021. All provisions in the basic agreement remain in effect except as expressly modified by this amendment. If you concur in this amendment and agree to the changes as stated above, please sign below.

City of Cashmere Signature: _____ Date: _____

Perteet Signature: Crystal L. Donner Date: 12/4/2020
Crystal L. Donner, President

SECOND SETTLEMENT AGREEMENT BETWEEN
TREE TOP, INC., AND CITY OF CASHMERE

This Second Settlement Agreement ("Second Agreement") is entered into by and between the City of Cashmere, Washington, a Washington municipal corporation ("City"), and Tree Top, Inc., a Washington corporation ("Tree Top"). The City and Tree Top may be sometimes individually referred to herein as a "Party" and collectively referred to as the "Parties."

The Parties agree as follows:

1. The real property to which this Agreement applies is legally described in Exhibit "1" to this Agreement (the "Property").

2. The City and Tree Top entered into the following agreements while Tree Top was the owner of the Property:

A. 1. Wastewater Treatment Agreement dated November 5, 1990 (the "1990 Wastewater Agreement");

2. Wastewater Pretreatment Facility Interim Agreement dated September 29, 1999 (the "Interim Agreement");

3. Supplement to Wastewater Pretreatment Facility Interim Agreement dated February 16, 2000 (the "First Supplement"); and

4. Second Supplement to Wastewater Pretreatment Facility Interim Agreement dated April 24, 2000 (the "Second Supplement").

B. The City, Tree Top, and Cashmere Investments, LLC ("Cashmere Investments") entered into the Third Supplement to Wastewater Treatment Agreement dated as of April 1, 2011 (the "Third Supplement"). Cashmere Investments was a party to the Third Supplement because Tree Top sold the Property to Cashmere Investments.

C. The 1990 Wastewater Agreement, Interim Agreement, First Supplement, Second Supplement, and Third Supplement are collectively referred to herein as the "Wastewater Agreements".

D. The Wastewater Agreements obligated Tree Top to make payments to the City and create funds on deposit with the City for the purpose of financing construction of the bulk volume fermenter (the "BVF") and to pay the debt, operations, and maintenance costs associated with the BVF.

3. The City financed the BVF by issuing junior lien revenue bonds payable solely from rates paid by Tree Top and as the sole user of the BVF (the "Bonds"). As used in this Second

Agreement, the term "Bonds" shall include the City's Junior Lien Wastewater Pretreatment Revenue Bonds, 2000, and any bonds issued to refund those bonds, including without limitation the City's Junior Lien Wastewater Pretreatment Revenue Refunding Bonds 2011.

4. As of November 30, 2020:

- A. Tree Top has no further need for the BVF;
- B. Tree Top has no further financial obligation to make payments to the City for the BVF; and
- C. Tree Top has made its final Bond payment to the City, and no further Bond payments to the City are due.

5. A dispute has arisen between the Parties concerning the rights of the Parties to the funds remaining in the City's possession related to the Bond payments and fees paid by Tree Top in the form of reserve funds paid to the City related to the BVF and the Bonds ("Reserve Funds"). The purpose of this Second Agreement is to resolve any remaining issues between the Parties relating to the BVF, the Wastewater Agreements, and the Reserve Funds.

6. Previously, a dispute existed between the Parties concerning responsibility for the cleanup and potential dismantling of the BVF formerly used exclusively by Tree Top's operations on the Property. A Settlement Agreement between the City, Tree Top, and Cashmere Investments was entered into effective October 26, 2015 (the "2015 Settlement Agreement"). In the 2015 Settlement Agreement, the City agreed it will be responsible for removing the existing stored solids from the BVF and dismantling the BVF at the completion of payment of all the Bonds associated with the BVF.

7. The City shall retain the obligations for the BVF as set forth in the 2015 Settlement Agreement, but unless otherwise specified in this Second Agreement, each Party waives, releases, and agrees to hold the other Party harmless from, all further claims, costs, charges, obligations, responsibilities, of any kind or manner related to the BVF, the Bonds, the Wastewater Agreements, and the Reserve Funds.

8. As of the Effective Date of this Second Agreement, a total of \$1,065,580.18 remains in the City's Reserve Funds account. From the Reserve Funds, the Parties agree that the City shall be entitled to retain \$150,000 of the Reserve Funds for purposes of future dismantling or other work related to the BVF. All remaining Reserve Funds shall be distributed to Tree Top within ten days of the Effective Date of this Second Agreement.

9. The Parties to this Second Agreement do not believe that Cashmere Investments has any claim to any of the Reserve Funds, but Tree Top agrees to defend and hold the City harmless from any claims made by Cashmere Investments to the portion of the Reserve Funds distributed to Tree Top.

10. The Parties agree they shall have no further obligations to each other related to the Wastewater Agreements.

11. This Second Agreement shall have no effect on any agreements that may exist between the City and Cashmere Investments.

12. The Parties agree that this Second Agreement does not represent an admission of liability or responsibility of any Party and was mutually negotiated to resolve disputes concerning matters related to the Reserve Funds and other issues as set forth in this Second Agreement.

13. The Parties have each been represented by legal counsel of their choosing in this matter and fully understand the terms and conditions of this Second Agreement.

14. The Effective Date of this Second Agreement shall be the date of approval of this Second Agreement by the City Council of the City which shall occur following approval by Tree Top. Once this Second Agreement has been approved by the City Council of the City, Mayor Jim Fletcher shall sign this Second Agreement on behalf of the City.

15. This Second Agreement contains the entire agreement of the Parties with respect to the subject matters contained herein.

16. This Second Agreement may be signed in counterparts, each of which shall be an original, but all of which shall constitute one and the same Agreement. Photocopied signatures shall be treated as original signatures for all purposes.

[the remainder of this page intentionally left blank]

APPROVED by the City Council of the City
of Cashmere, Washington, at an Open Public
Meeting on the ____ day of _____,
2020.

Jim Fletcher, Mayor

ADDRESS FOR NOTICES:

City of Cashmere
Attn; Mayor
101 Woodring Street
Cashmere, WA 98815

STATE OF WASHINGTON)
) ss.
COUNTY OF CHELAN)

I certify that I know or have satisfactory evidence that Jim Fletcher is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the City of Cashmere, Washington, to be the free and voluntary act of such party for the purposes mentioned in the instrument.

Dated: _____

Notary Public
Print Name _____
My commission expires: _____

Approved by Tree Top, Inc., a Washington Corporation, the 8TH day of DECEMBER, 2020.
By: Tom Hurson
Its: PRESIDENT

ADDRESS FOR NOTICES:
Tree Top, Inc.
Attn: CRAIG GREED
220 E. 2nd Avenue
Selah, WA 98942

STATE OF WASHINGTON)
) ss.
COUNTY OF YAKIMA)

I certify that I know or have satisfactory evidence that Tom Hurson is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the President of Tree Top, Inc., a Washington corporation to be the free and voluntary act of such party for the and purposes mentioned in the instrument.

Dated: 12/8/20

Regan L. Brown
Notary Public
Print Name Regan L. Brown
My commission expires: 04/03/2023



Parcel A

That portion of the South half of the Southeast quarter of the Northeast quarter of Section 4, Township 23 North, Range 19, E.W.M., Chelan County, Washington, lying Easterly of the Wenatchee River and North of the following described line: Beginning at a point on the East line of said Section 4, which point is 330 feet North of the East quarter corner of said Section 4; thence make an angle of $00^{\circ}20'$ to the left an arc a distance of 1010 feet, more or less, to the Wenatchee River, and the end of said described line, EXCEPT that portion conveyed to the Town of Cashmere by deed recorded under Auditor's No. 475538.

Parcel B

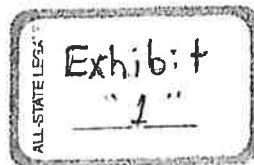
That portion of the Northeast quarter of Section 4, Township 23 North, Range 19, E.W.M., Chelan County, Washington described as follows: Beginning at a point on the East line of Section 4, North $00^{\circ}33'45''$ East 150.00 feet from the East quarter corner; thence continue North $00^{\circ}33'45''$ East 180.00 feet; thence turn an angle of $90^{\circ}20'$ to the left going North $89^{\circ}46'15''$ West 180.00 feet; thence South $44^{\circ}30'15''$ East 253.82 feet to the true point of beginning.

Parcel C

That portion of the North half of the Southeast quarter of the Northeast quarter of Section 4, Township 23 North, Range 19, E.W.M., Chelan County, Washington, described as follows: Beginning at a point on the South line of said North half of the Southeast quarter of the Northeast quarter 100 feet West of the Southeast corner of said subdivision; thence East to said Southeast corner; thence North along the East line of said subdivision 100 feet; thence Southwesterly to the point of beginning.

Parcel D

Those portions of the Southwest quarter of the Northwest quarter, the North 230 feet of the Northwest quarter of the Southwest quarter, and the South 250 feet of the North 480 feet of the Southwest quarter of Section 3, Township 23 North, Range 19, E.W.M., Chelan County, Washington, lying Westerly of the right of way of the State of Washington for State Highway No. 2 as decided in deeds recorded in Auditor's Nos 472639, 473319, and 474482, records of Chelan County, EXCEPT that portion of the South 210.75 feet of the North 230.00 feet of the Southwest quarter of said section, lying West of the following described line: Commencing at the Northwest corner of the South 210.75 feet of the North 230.00 feet of said Southwest quarter; thence North $89^{\circ}57'10''$ East (reference bearing) along the North line thereof, 221.00 feet to the point of beginning of said line; thence South $1^{\circ}14'00''$ East to the South line of said North 230.00 feet of said subdivision and terminus of said line, AND EXCEPT that portion lying West of the following described line: Commencing at the Northwest corner of the South 250 feet of the North 480 feet of said Southwest quarter; thence North $88^{\circ}57'00''$ East (reference bearing) along the North line thereof, 430 feet to the point of beginning of said line; thence South $1^{\circ}14'$ East to the South line of said North 480 feet of said subdivision and terminus of said line.



Parcel E

That portion of Lot 1, Martin Subdivision, Chelan County, Washington, according to the plat thereof recorded in Volume 14 of Plats, Pages 28 and 29, described as follows: Commencing at the Southeast corner of the North half of the Southeast quarter of the Northeast quarter of Section 4, Township 23 North, Range 19, E.W.M., thence North $86^{\circ}41'41''$ West a distance of 100.00 feet, along the South line of said section subdivision, as depicted on that record of survey, recorded under Auditor's No. 88020 10041, to the true point of beginning; thence continuing along said line, North $86^{\circ}41'41''$ West 320.03 feet to the Southern extension of the West line of said Lot 1; thence North $01^{\circ}24'55''$ West 40.14 feet along said West line; thence leaving said line South $86^{\circ}41'41''$ East on a line parallel to an 140.00 feet Northerly of the said South line of the North half of the Southeast quarter of the Northeast quarter of Section 4, a distance of 361.36 feet; thence South $46^{\circ}51'21''$ West a distance of 55.19 feet to the true point of beginning.

ORDINANCE NO. 1296

**AN ORDINANCE ADOPTING THE BUDGET FOR THE CITY OF CASHMERE,
WASHINGTON, FOR THE FISCAL YEAR ENDING DECEMBER 31, 2021.**

WHEREAS, the City Council of the City of Cashmere has heretofore made and filed its preliminary budget for the year 2021 and has given notice of the time and place of hearing thereon according to law and met in accordance with said notice and considered the proposed budget, including salaries for all city employees;

NOW, THEREFORE, the City Council of the City of Cashmere, Washington do ordain as follows:

Section 1. Adoption of budget. In accordance with RCW 35A.33.075 the final budget for the year ending December 31, 2021 to carry on the government of the City of Cashmere, Washington, is hereby adopted at the fund level. Exhibit A (attached) is a summary of the totals of estimated revenues and appropriations for each separate fund and an aggregate total for all such funds combined. Exhibit B (attached) is an employee salary schedule.

Section 2. Copy of detailed budget on file. A detailed final budget adopting the salary schedule for 2021 and including a list of the revenues and expenditures for each separate fund is on file in the Office of the City Clerk and is adopted by this reference.

Section 3. This ordinance shall be in effect five (5) days after its passage and publication of an approved summary thereof consisting of the title.

Passed by the City Council and approved by the Mayor this 14th day of December 2020.

CITY OF CASHMERE

James Fletcher, Mayor

Attest:

Kay Jones, City Clerk-Treasurer

Approved as to form:

Charles D. Zimmerman, City Attorney

Ordinance No: 1296
Passed by the City Council: December 14, 2020
Published in the Cashmere Valley Record: December 23, 2020
Effective date: December 28, 2020

EXHIBIT A

Ordinance No. 1296

Total Estimated Revenues and Appropriations by Fund 2021 Budget

Fund Name	Beginning Balance	Estimated Revenues	Budgeted Appropriations	Ending Balance
001 General Government Fund	603,302	1,082,179	1,082,452	603,029
003 Public Works Fund	888,758	1,347,003	1,338,821	896,940
108 Lodging Tax Fund	0	5,000	5,000	0
302 Capital Improvement Fund	3,493,659	662,763	1,183,000	2,973,422
401 Water/Wastewater Fund	1,062,220	3,091,444	3,279,453	874,211
411 Water Capital Fund	1,722,169	439,885	546,200	1,615,854
412 Wastewater Capital Fund	2,911,519	504,509	361,000	3,055,028
427 Revenue Bond 2013 #R1	269,712	434,170	394,700	309,182
428 Revenue Bond 2013 #R2	155,185	249,810	227,100	177,895
501 Equipment Rental Fund	928,222	270,783	166,651	1,032,354
702 Cemetery Endowment Fund	263,288	7,000	0	270,288
TOTAL ALL FUNDS	12,298,034	8,094,546	8,584,377	11,808,203
		20,392,580	20,392,580	

EXHIBIT B
Ordinance No. 1296

**CITY OF CASHMERE
2021 SALARY SCHEDULE**

POSITION	Hourly Wage Step Levels	Monthly Salary	Annual Salary
Executive & Legislative			
Mayor		1,500.00	
Councilmembers		100.00	
Exempt			
City Clerk-Treasurer		6,836.58	
Director of Planning/Building		6,836.58	
Office/Admin			
Office Staff	16.73 - 23.10		
Office Lead	24.25		
Public Works Department			
Public Works Maint. 1	14.59 - 20.92		
Public Works Maint. 2 (inc. pesticide)	17.00 - 23.44		
Public Works Maint. 3 (inc. arborist)	18.68 - 25.77		
Public Works Foreman	27.52		
Water/Wastewater Department			
Water/Wastewater in Training (no cert.)	15.21 - 21.16		
Water DM 1 / Wastewater 1	16.55 - 23.56		
Water DM 2 / Wastewater 2	19.31 - 26.97		
Wastewater Treatment Plant OP 3	21.16 - 29.57		
Water/Wastewater Foreman	31.44		
City Pool			
30 (+/-) Pool Employees	11.64 - 14.69		
Pool Manager	15.94 - 17.19		
Seasonal/Temporary Employees	15.00		
Fire Department			
Fire Chief		515.00	
Assistant Chief			2,400.00
2 Deputy Chiefs			1,081.50
3 Captains			500.00
2 Lieutenants			400.00
Fire Department Stipend - \$10.00 per call - city calls only (CMC 2.56.070)			
EMT Nightshift Stipend - \$5.00 per night - max 2 people per night (CMC 2.56.070)			

- Above wages do not include longevity
- Above hourly/base wages may be increased during the year due to step and/or longevity increases according to the Collective Bargaining Agreement.
- Pool Employee wages are determined by the number of years of service for the City.

CITY OF CASHMERE, WASHINGTON
WATER AND SEWER REVENUE REFUNDING BONDS, 2021

ORDINANCE NO. 1297

AN ORDINANCE OF THE CITY OF CASHMERE, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF WATER AND SEWER REVENUE REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$13,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING REVENUE OBLIGATIONS OF THE CITY, TO SATISFY THE RESERVE REQUIREMENT, IF NECESSARY, AND TO PAY COSTS OF ISSUANCE FOR THE BONDS; PROVIDING THE FORM, TERMS AND COVENANTS OF THE BONDS; DELEGATING CERTAIN AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED THERETO.

PASSED: DECEMBER 14, 2020

PREPARED BY:

PACIFICA LAW GROUP LLP
Seattle, Washington

ORDINANCE NO. 1297

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Exhibit A Form of Bond

* This Table of Contents is provided for convenience only and is not a part of this ordinance.

CITY OF CASHMERE, WASHINGTON

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF CASHMERE, WASHINGTON, AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF WATER AND SEWER REVENUE REFUNDING BONDS IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$13,000,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND CERTAIN OUTSTANDING REVENUE OBLIGATIONS OF THE CITY, TO SATISFY THE RESERVE REQUIREMENT, IF NECESSARY, AND TO PAY COSTS OF ISSUANCE FOR THE BONDS; PROVIDING THE FORM, TERMS AND COVENANTS OF THE BONDS; DELEGATING CERTAIN AUTHORITY TO APPROVE THE FINAL TERMS OF THE BONDS; AND AUTHORIZING OTHER MATTERS RELATED THERETO.

WHEREAS, pursuant to chapters 35A.80, 35.67, 35.91, and 35.92 of the Revised Code of Washington (the "RCW"), the City of Cashmere, Washington (the "City"), owns and operates a water distribution system and a system of sewerage of the City which, under Ordinance No. 314 approved on March 24, 1952, have been combined solely for borrowing purposes (as hereinafter defined, the "System"); and

WHEREAS, the City is authorized by chapters 35A.80 and 39.46 RCW to issue revenue bonds or other obligations to finance and refinance the costs of capital improvements to the System; and

WHEREAS, the City previously issued two series of Water and Sewer Improvement and Refunding Revenue Bonds, 2013 in the original principal amounts of \$8,690,000 and \$5,000,000 (together, the "2013 Bonds"), to evidence loans made to the City from the United States of America, acting through the United States Department of Agriculture, Rural Development ("USDA"); and

WHEREAS, it appears to this Council that the City may prepay the 2013 Bonds prior to their stated dates of maturity at a savings to the City and its ratepayers; and

WHEREAS, the Council now determines that it is in the best interest of the City to issue one or more series of water and sewer refunding bonds in the aggregate principal amount of not to exceed \$13,000,000 (together, the "Bonds") in order to provide funds to prepay the 2013 Bonds, to satisfy the reserve requirement for the Bonds, if necessary, and to pay costs of issuance of the Bonds; and

WHEREAS, the Council wishes to delegate authority to the Mayor and the Clerk-Treasurer of the City (each, a "Designated Representative") for a limited time, to approve the interest rate(s), maturity dates, redemption terms, and other terms for the Bonds within the parameters set by this ordinance; and

WHEREAS, the City expects to receive an offer from D.A. Davidson & Co. (the “Underwriter”) and now desires to issue and sell the Bonds to the Underwriter as set forth herein;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CASHMERE, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Definitions.

(a) *Definitions.* As used in this ordinance, the following words shall have the following meanings:

Adjusted Net Revenue means Net Revenue plus withdrawals from the Rate Stabilization Fund and less deposits into the Rate Stabilization Fund.

Annual Debt Service means for the applicable series of the Parity Bonds for any year, all the interest, plus all principal (except principal of Term Bonds due in any Term Bond Maturity Year), plus all mandatory redemption and sinking fund installments due in that year, less all bond interest payable from the proceeds of any such bonds in that year.

If the interest rate on any Parity Bonds is other than a fixed rate, the rate applicable at the time of the computation shall be used, and for purposes of determining the actual compliance with the Coverage Requirement in any past calendar year, the actual amount of interest paid on any issue of such Parity Bonds shall be taken into account.

For purposes of satisfying the Parity Requirement, if more than 25% of the principal on any Parity Bonds is due in any fiscal year (for instance, a balloon bond), the City may amortize the principal of such obligation by either taking into account any scheduled or expected principal or redemption payments for such obligation, or by amortizing such obligation in approximately equal principal payments for the life of the obligation. For purposes of satisfying the Coverage Requirement, the actual amount of interest and/or principal on any issue of such Parity Bonds shall be taken into account.

For purposes of satisfying the Coverage Requirement or the Parity Requirement, Annual Debt Service for any fiscal year or calendar year shall exclude any Debt Service Offsets received or expected to be received in such fiscal year or calendar year.

Average Annual Debt Service means, as of the date of calculation, the amount determined by dividing (a) the sum of all interest and principal to be paid on all Parity Bonds from the date of determination to the last maturity date of such Parity Bonds, by (b) the number of fiscal years or calendar years from and including the fiscal year or calendar year in which the determination is made to the last fiscal year or calendar year in which any of such Parity Bonds will be outstanding.

Base Period means any consecutive 12-month period selected by the City out of the 24-month period next preceding the date of issuance of an additional series of Future Parity Bonds.

Bond Counsel means Pacifica Law Group LLP or another law firm selected by the City that is nationally recognized in matters concerning bonds and other securities issued by states and local governments, including the tax status of interest on such bonds and other securities.

Bond Fund means the special fund, known as the “Water and Sewer Revenue Bond Fund,” created by the 2013 Bonds Ordinance and established in the office of the Clerk-Treasurer for the purpose of paying and securing the principal of and interest on the Bonds and any Future Parity Bonds.

Bond Purchase Contract means the contract between the City and the Underwriter for the purchase of the Bonds.

Bond Register means the registration records for the Bonds maintained by the Bond Registrar.

Bond Registrar means, initially, the fiscal agent of the State, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

Bondowners’ Trustee means a trustee appointed by the owners of Parity Bonds pursuant to the provisions of Section 21 of this ordinance.

Bonds means the bonds of the City issued pursuant to and for the purposes provided in this ordinance in one or more series and with such additional series and other designation as a Designated Representative may deem appropriate.

City means the City of Cashmere, Washington, a municipal corporation duly organized and existing by virtue of the laws of the State.

Clerk-Treasurer means the Clerk-Treasurer or Finance Officer of the City, including anyone acting in such capacity for the position, and each successor to such position.

Closing means the date of delivery of the Bonds to the Underwriter.

Code means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable proposed, temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

Common Reserve Bonds mean those Future Parity Bonds designated by the City in the ordinance authorizing their issuance as Common Reserve Bonds secured by the Common Reserve Fund.

Common Reserve Fund means that special fund of the City known as the Water and Sewer Common Reserve Fund.

Continuing Disclosure Certificate means the written undertaking for the benefit of the holders of the Bonds as required by Section (b)(5) of the Rule.

Council or City Council means the City Council as the general legislative authority of the City, as duly and regularly constituted from time to time.

Coverage Requirement in any calendar year means an amount of Adjusted Net Revenue in that calendar year, plus ULID Assessments due in that calendar year and not delinquent, at least equal to 1.25 times the Annual Debt Service in that calendar year on all outstanding Parity Bonds.

Debt Service Offset means receipts of the City that are not included in Gross Revenue and that are legally available to pay debt service on Parity Bonds, including without limitation federal interest subsidy payments, designated as such by the City.

Designated Representative means the Mayor and the Clerk-Treasurer of the City, or his or her designee. The signature of one Designated Representative shall be sufficient to bind the City.

DTC means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as initial securities depository for the Bonds.

Event of Default shall have the meaning set forth in Section 21 of this ordinance.

Fair Market Value means the price at which a willing buyer would purchase an investment from a willing seller in a bona fide, arm's-length transaction, except for specified investments as described in Treasury Regulation § 1.148-5(d)(6), including United States Treasury obligations, certificates of deposit, guaranteed investment contracts, and investments for yield restricted defeasance escrows. Fair Market Value is generally determined on the date on which a contract to purchase or sell an investment becomes binding, and, to the extent required by the applicable regulations under the Code, the term "investment" will include a hedge.

Federal Tax Certificate means certificate of the City executed by a Designated Representative pertaining to the tax-exemption of interest on the Tax-Exempt Bonds, and attachments thereto.

Future Parity Bonds means all water and sewer bonds of the City issued after the date of the issuance of the Bonds and having a lien and charge on Net Revenue and ULID Assessments on a parity with the lien and charge on Net Revenue and ULID Assessments for the payment of the principal of and interest on the Bonds.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW constituting direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America, as such chapter may be hereafter amended or restated.

Gross Revenue or Gross Revenue of the System means all earnings and revenue received by the City from the maintenance and operation of the System from any source whatsoever, including the income from investments of money in the Water/Wastewater Fund and any bond fund or from any other investment thereof (except the income from investments irrevocably

pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding), and any connection and capital improvement charges collected and allocated to defray the cost of capital facilities of the System. The term "Gross Revenue" includes federal or state reimbursements of operating expenses to the extent that such expenses are included as "Maintenance and Operation Expense." The term "Gross Revenue" shall not include (a) ULID Assessments (if any), (b) revenues from any property taxes, (c) principal proceeds of bonds or other obligations and earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund System obligations (until commingled with other earnings and revenues of the System) or held in a special account for the purpose of paying a rebate to the United States Government under the Code, (d) income and revenue which may not legally be pledged for revenue bond debt service; (e) federal or state grants, and gifts from any source, allocated to capital projects; (f) insurance or condemnation proceeds used for the replacement of capital projects or equipment; (g) proceeds from the sale of System property; (h) earnings in any construction fund or bond redemption fund; (i) deposits to the Rate Stabilization Fund; or (g) revenue from any Separate System.

Maintenance and Operation Expense means all reasonable expenses incurred by the City in causing the System to be operated and maintained in good repair, working order and condition, including without limitation payments of premiums for insurance on the System; costs incurred in connection with the acquisition of water or the securing of water rights; payments to any public or private entity for water service, sewage treatment and disposal service or other utility service in the event that the City combines such service into the combined utility system and enters into a contract for such service, including pro-rata budget allocations or charges for the City's administration expenses where those represent a reasonable distribution and share of actual costs; and any State-imposed taxes. Maintenance and Operation Expense shall exclude depreciation, taxes or charges in lieu of taxes levied or imposed by the City, payments-in-lieu-of-taxes paid to the City, capital additions and capital replacements to the System.

Maximum Annual Debt Service means, as of the date of calculation, the maximum amount of Annual Debt Service that will mature or come due in the current calendar year or any future calendar year on the outstanding Parity Bonds.

Maximum Reserve Requirement means the maximum dollar amount permitted by the Code to be allocated to a reserve fund from tax-exempt bond proceeds without requiring a balance to be invested at a restricted yield.

Mayor means the duly elected Mayor of the City or the successor to such officer.

MSRB means the Municipal Securities Rulemaking Board or any successors to its functions.

Net Revenue means Gross Revenue less Maintenance and Operation Expense. In calculating Net Revenue, the City shall not take into account any non-cash gains or losses with respect to any real or personal property, investment or agreement that it may be required to recognize under generally accepted accounting principles, such as unrealized mark- to-market gains and losses.

Official Statement means the disclosure documents prepared and delivered in connection with the issuance of the Bonds.

Parity Bond Reserve Fund means any reserve fund or account established by the City for the purpose of securing the payment of the principal of and interest on one or more series of Parity Bonds. The Common Reserve Fund is a Parity Bond Reserve Fund.

Parity Bonds means the Bonds and any Future Parity Bonds.

Parity Requirement means Net Revenue equal to or greater than 1.25 times the Maximum Annual Debt Service in any future fiscal year for all Parity Bonds plus the Future Parity Bonds proposed to be issued (after deducting ULID Assessments from "Annual Debt Service," with ULID Assessments allocated to the years in which they would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll).

Professional Utility Consultant means an independent licensed professional engineer, certified public accountant or other independent person or firm selected by the City having a favorable reputation for skill and experience with municipal utilities of comparable size and character to the System in such areas as are relevant to the purposes for which such consultant is retained.

Project or Projects mean the capital projects financed and/or refinanced with proceeds of the 2013 Bonds.

Qualified Insurance means any non-cancellable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, was rated in one of the two highest rating categories by at least one credit rating agency.

Qualified Letter of Credit means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of one or more series of Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit was rated in one of the two highest rating categories by at least one credit rating agency.

Rate Stabilization Fund means the Rate Stabilization Fund of the City.

Record Date means the close of business for the Bond Registrar that is 15 days preceding any interest and/or principal payment or redemption date.

Registered Owner means the person named as the registered owner of a Bond in the Bond Register. For so long as the Bonds are held in book-entry only form, DTC or its nominee shall be deemed to be the sole Registered Owner.

Reserve Requirement is the dollar amount to be calculated with respect to all Common Reserve Bonds and separately with respect to other Parity Bonds.

(a) With respect to Common Reserve Bonds secured by the Common Reserve Fund, the Reserve Requirement means as of any date an amount equal to the lesser of (i) the Maximum Annual Debt Service for Common Reserve Bonds then outstanding, (ii) 125% of average Annual Debt Service for Common Reserve Bonds then outstanding, or (iii) 10% of the initial face amount of the Common Reserve Bonds then outstanding; provided, however, that the dollar amount required to be contributed, if any, as a result of the issuance of a series of Future Parity Bonds shall not be greater than the Maximum Reserve Requirement. If the dollar amount required to be contributed at the time of issuance of a series of Future Parity Bonds exceeds the Maximum Reserve Requirement, then the amount required to be contributed shall be equal to the Maximum Reserve Requirement.

(b) With respect to any other series of Parity Bonds that are not Common Reserve Bonds but are secured by a Parity Bond Reserve Fund, the Reserve Requirement shall be equal to the amount, if any, specified in the ordinance authorizing the issuance of such Parity Bonds; provided, however, such Reserve Requirement shall not exceed the Maximum Reserve Requirement.

Rule means the SEC's Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SEC means the Securities and Exchange Commission.

Separate System means any water or sewer or other utility service or facilities that may be created, acquired or constructed by the City as provided in this ordinance.

State means the state of Washington.

System means, collectively, the water supply and transmission utility system and sewer collection and treatment utility system of the City, together with all additions thereto and betterments and extensions thereof at any time made, and any other utility systems hereafter combined with any of such utilities.

Tax-Exempt Bonds means any series of Bonds issued pursuant to this ordinance on a tax-exempt basis under the Code.

Term Bonds mean any Parity Bonds identified as such in the bond purchase contract or in the ordinance authorizing the issuance thereof, the payment of which is provided for by a requirement for mandatory deposits of money into the principal and interest account of the bond redemption fund created for the payment of such issue of Parity Bonds in accordance with a mandatory sinking fund requirement.

Term Bond Maturity Year means any calendar year in which Term Bonds are scheduled to mature.

ULID means any utility local improvement district now existing or hereafter created for the acquisition or construction of additions, extensions or betterments of any portion of the System.

ULID Assessments mean all assessments levied and collected in any ULID of the City created for the acquisition or construction of additions to and extensions and betterments of the System if such assessments are pledged to be paid into the Bond Fund established for the Parity Bonds (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments shall include installment payments thereof and any interest or penalties that may be due thereon.

Underwriter means D.A. Davidson & Co., or its successors.

USDA means United States of America, acting through the United States Department of Agriculture, Rural Development, as purchaser of the 2013 Bonds.

Water/Wastewater Fund means the special fund designated as the Water/Wastewater Fund of the City.

2013 Bonds means the City's Water and Sewer Improvement and Refunding Revenue Bonds, 2013, issued in two series in the aggregate principal amount of \$13,690,000, pursuant to the 2013 Bonds Ordinance.

2013 Bonds Ordinance means Ordinance No. 1224 passed by the Council on December 9, 2013.

(b) **Interpretation.** In this ordinance, unless the context otherwise requires:

(1) The terms "hereby," "hereof," "hereto," "herein," "hereunder" and any similar terms, as used in this ordinance, refer to this ordinance as a whole and not to any particular article, section, subdivision or clause hereof, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of this ordinance;

(2) Words of the masculine gender shall mean and include correlative words of any gender and words importing the singular number shall mean and include the plural number and vice versa;

(3) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(4) Any headings preceding the text of the several articles and sections of this ordinance, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this ordinance, nor shall they affect its meaning, construction or effect; and

(5) All references herein to "articles," "sections" and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Findings. Pursuant to the terms of the terms of the 2013 Bonds Ordinance, the City has authorized the issuance of the 2013 Bonds and other revenue bonds of the City to finance and refinance costs of the System. The City has also established a debt policy which provides that the City may issue refunding bonds when, among other reasons, such refunding results in a sufficient savings to the City and its ratepayers. The City Council hereby finds (a) it is in the best interest of the City and ratepayers of the System that it refinance, for aggregate net present value debt service savings, the outstanding 2013 Bonds; (b) market conditions are changing and in order to accomplish such refinancing on terms that are in the best interest of the City and its ratepayers it is necessary that the City Council adopt this ordinance; and (c) the bonds authorized herein will be issued without further Council approval only if the parameters provided for herein are satisfied.

The City Council further finds and determines that the Gross Revenue and benefits to be derived from the operation and maintenance of the System at the rates to be charged for services from the System will be more than sufficient to meet all Maintenance and Operation Expense and to permit the setting aside into the Bond Fund out of the Net Revenue of amounts sufficient to pay the principal of and interest on the Bonds when due. After the issuance of the Bonds and the refunding of the 2013 Bonds, the Bonds will be the only Parity Bonds then outstanding.

Section 3. Authorization and Description of Bonds.

(a) *Authorization of Bonds.* The City is hereby authorized to issue one or more series of water and sewer revenue refunding bonds (the "Bonds") in the aggregate principal amount of not to exceed \$13,000,000 for the purpose of providing the funds to prepay the 2013 Bonds, to satisfy the Reserve Requirement with respect to the Bonds, if necessary, and to pay costs of issuance of the Bonds.

(b) *Description of Bonds.* The Bonds shall be designated the "City of Cashmere, Washington, Water and Sewer Revenue Refunding Bonds, 2021" with such series designation as set forth in the Bonds and approved by a Designated Representative. The Bonds of each series shall be dated as of Closing; shall be fully registered as to both principal and interest; shall be in the denomination of \$5,000 each, or any integral multiple thereof, within a series and maturity; shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification; shall bear interest from their date payable on the dates and commencing as provided in the Bond Purchase Contract; and shall mature on the dates and in the principal amounts set forth in the Bond Purchase Contract, as approved and executed by a Designated Representative pursuant to this ordinance.

(c) *Limited Obligations.* The Bonds shall be special limited obligations of the City payable only from the Bond Fund and the Common Reserve Fund and shall be payable and secured as provided herein. The Bonds do not constitute an indebtedness of the City within the meaning of the constitutional provisions and limitations of the State or chapter 39.36 RCW. The full faith and credit of the City is not pledged to the repayment of the Bonds.

Section 4. Redemption and Purchase.

(a) *Mandatory Redemption of Term Bonds and Optional Redemption.* The Bonds shall be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract and as approved by a Designated Representative pursuant to this ordinance. The Bonds shall be subject to optional redemption on the dates, at the prices and under the terms set forth in the Bond Purchase Contract approved by a Designated Representative pursuant to this ordinance.

(b) *Purchase of Bonds.* The City reserves the right to use at any time (i) any surplus Gross Revenue available after providing for the payments required by paragraphs FIRST through SIXTH of Section 6(a) of this ordinance, or (ii) other legally available City funds, to purchase for retirement any of the Bonds offered to the City at any price deemed reasonable by the City.

(c) *Selection of Bonds for Redemption.* For as long as the Bonds are held in book-entry only form, the selection of particular Bonds within a series and maturity to be redeemed shall be made in accordance with the operational arrangements then in effect at DTC. If the Bonds are no longer held in book-entry form, the selection of such Bonds to be redeemed and the surrender and reissuance thereof, as applicable, shall be made as provided in the following provisions of this subsection (c) or as otherwise provided in the Official Statement for the Bonds. If the City redeems at any one time fewer than all of the Tax-Exempt Bonds having the same maturity date within a series, the particular Tax-Exempt Bonds or portions of Tax-Exempt Bonds of such series and maturity to be redeemed shall be selected by lot (or in such manner determined by the Bond Registrar) in increments of \$5,000. In the case of a Tax-Exempt Bond of a denomination greater than \$5,000, the City and the Bond Registrar shall treat each Tax-Exempt Bond of such series as representing such number of separate Tax-Exempt Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Tax-Exempt Bonds of such series by \$5,000. In the event that only a portion of the principal sum of a Tax-Exempt Bond is redeemed, upon surrender of such Tax-Exempt Bond at the principal office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a Tax-Exempt Bond or Bonds of like maturity, series, and interest rate in any of the denominations herein authorized. To the extent the City optionally redeems or purchases for retirement any Term Bond, any remaining mandatory sinking fund payment or mandatory prior redemption requirements for such Term Bond shall be reduced on a pro rata basis. If the City redeems at any one time fewer than all of the Bonds of series issued as taxable obligations having the same maturity date, the particular taxable Bonds or portions of taxable Bonds of such series and maturity to be redeemed shall be selected on a pro rata pass-through distribution of principal basis. In the event that only a portion of the principal sum of a taxable Bond is redeemed, upon surrender of such taxable Bond at the designated office of the Bond Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the Registered Owner, a taxable Bond or Bonds of like series, maturity and interest rate in any of the denominations herein authorized.

(d) *Notice of Redemption.*

(1) Official Notice. For so long as the Bonds are held by DTC, and notwithstanding anything herein to the contrary, notice of redemption (which may be

conditional) shall be given to the Registered Owners thereof in accordance with the operational arrangements of DTC as then in effect, and neither the City nor the Bond Registrar shall provide any notice of redemption to any beneficial owners. If the Bonds are no longer held in uncertificated form, the notice of redemption shall be given as follows. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption (which redemption may be conditioned on the receipt of sufficient funds for redemption or otherwise) shall be given by the Bond Registrar on behalf of the City by mailing a copy of an official redemption notice by first-class mail at least 20 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Bond Registrar.

All official notices of redemption shall be dated and shall state: (A) the redemption date, (B) the redemption price, (C) if fewer than all outstanding Bonds are to be redeemed, the identification by maturity (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (D) any conditions to redemption, (E) that (unless such notice is conditional) on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (F) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated office of the Bond Registrar.

On or prior to any redemption date, unless any condition to such redemption has not been satisfied or waived or notice of such redemption has been rescinded, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

The City retains the right to rescind any redemption notice and the related optional redemption of Bonds by giving notice of rescission to the affected Registered Owners at any time on or prior to the scheduled redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

(2) Effect of Notice; Bonds Due. If an unconditional notice of redemption has been given and not rescinded, or if the conditions set forth in a conditional notice of redemption have been satisfied or waived, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and, if the Bond Registrar then holds sufficient funds to pay such Bonds at the redemption price, then from and after such date such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. All Bonds which have been redeemed shall be canceled by the Bond Registrar and shall not be reissued.

(3) Additional Notice. In addition to the foregoing notice, further notice shall be given by the City as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for

redemption if notice thereof is given as above prescribed. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (A) the CUSIP numbers of all Bonds being redeemed; (B) the date of issue of the Bonds as originally issued; (C) the rate of interest borne by each Bond being redeemed; (D) the series and maturity date of each Bond being redeemed; and (E) any other descriptive information needed to identify accurately the Bonds being redeemed. Each further notice of redemption may be sent at least 20 days before the redemption date to each party entitled to receive notice pursuant to this ordinance and the Continuing Disclosure Certificate and with such additional information as the City shall deem appropriate, but such mailings shall not be a condition precedent to the redemption of such Bonds.

(4) Amendment of Notice Provisions. The foregoing notice provisions of this section 4, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes deemed necessary in order to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Registration, Exchange and Payments.

(a) *Bond Registrar/Bond Register.* The City hereby specifies and adopts the system of registration approved by the Washington State Finance Committee from time to time through the appointment of a State fiscal agent. The City shall cause a Bond Register to be maintained by the Bond Registrar. So long as any Bonds remain outstanding, the Bond Registrar shall make all necessary provisions to permit the exchange or registration or transfer of Bonds at its designated office. The Bond Registrar may be removed at any time at the option of the Clerk-Treasurer upon prior notice to the Bond Registrar and a successor Bond Registrar appointed by the Clerk-Treasurer. No resignation or removal of the Bond Registrar shall be effective until a successor shall have been appointed and until the successor Bond Registrar shall have accepted the duties of the Bond Registrar hereunder. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication of the Bonds.

(b) *Registered Ownership.* The City and the Bond Registrar, each in its discretion, may deem and treat the Registered Owner of each Bond as the absolute owner thereof for all purposes (except as provided in the Continuing Disclosure Certificate), and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of any such Bond shall be made only as described in Section 5(g), but such Bond may be transferred as herein provided. All such payments made as described in Section 5(g) shall be valid and shall satisfy and discharge the liability of the City upon such Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letters of Representations.* The Bonds initially shall be held by DTC acting as depository. The City has executed and delivered to DTC a Blanket Issuer Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees (or any successor

depository) with respect to the Bonds in respect of the accuracy of any records maintained by DTC (or any successor depository) or any DTC participant, the payment by DTC (or any successor depository) or any DTC participant of any amount in respect of the principal or interest on Bonds, any notice which is permitted or required to be given to Registered Owners under this ordinance (except such notices as shall be required to be given by the City to the Bond Registrar or to DTC (or any successor depository)), or any consent given or other action taken by DTC (or any successor depository) as the Registered Owner. For so long as any Bonds are held by a depository, DTC or its successor depository or its nominee shall be deemed to be the Registered Owner for all purposes hereunder, and all references herein to the Registered Owners shall mean DTC (or any successor depository) or its nominee and shall not mean the owners of any beneficial interest in such Bonds.

(d) *Use of Depository.*

(1) The Bonds shall be registered initially in the name of "Cede & Co.", as nominee of DTC, with one Bond maturing on each of the maturity dates for each series of the Bonds in a denomination corresponding to the total principal therein designated to mature on such date. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Clerk-Treasurer pursuant to subsection (2) below or such substitute depository's successor; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Clerk-Treasurer to discontinue the system of book-entry transfers through DTC or its successor (or any substitute depository or its successor), the Clerk-Treasurer may hereafter appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Bond Registrar shall, upon receipt of all outstanding Bonds together with a written request on behalf of the Clerk-Treasurer, issue a single new Bond for each maturity then outstanding, registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such written request of the Clerk-Treasurer.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Clerk-Treasurer determines that it is in the best interest of the beneficial owners of the Bonds that such owners be able to obtain physical Bond certificates, the ownership of such Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held by a depository. The Clerk-Treasurer shall deliver a written request to the Bond Registrar, together with a supply of physical Bonds, to issue Bonds as herein provided in any authorized denomination. Upon receipt by the Bond Registrar of all then outstanding Bonds together with a written request on behalf of the Clerk-Treasurer to the Bond Registrar, new Bonds of such series

shall be issued in the appropriate denominations and registered in the names of such persons as are requested in such written request.

(e) *Registration of Transfer of Ownership or Exchange; Change in Denominations.* The transfer of any Bond may be registered and Bonds may be exchanged, but no transfer of any such Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on such Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond (or Bonds at the option of the new Registered Owner) of the same date, maturity, and interest rate and for the same aggregate principal amount in any authorized denomination, naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. Any Bond may be surrendered to the Bond Registrar and exchanged, without charge, for an equal aggregate principal amount of Bonds of the same date, maturity, and interest rate, in any authorized denomination. The Bond Registrar shall not be obligated to register the transfer of or to exchange any Bond during the period from the Record Date to the redemption or payment date.

(f) *Bond Registrar's Ownership of Bonds.* The Bond Registrar may become the Registered Owner of any Bond with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the right of the Registered Owners or beneficial owners of Bonds.

(g) *Place and Medium of Payment.* Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be calculated on the basis of a year of 360 days and twelve 30-day months. For so long as all Bonds are held by DTC, payments of principal thereof and interest thereon shall be made as provided in accordance with the operational arrangements of DTC referred to in the Letter of Representations. In the event that the Bonds are no longer held by DTC or other depository, interest on the Bonds shall be paid by check or draft mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register on the Record Date, or upon the written request of a Registered Owner of more than \$1,000,000 of Bonds (received by the Bond Registrar at least by the Record Date), such payment shall be made by the Bond Registrar by wire transfer to the account within the United States designated by the Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of such Bonds by the Registered Owners at the designated office of the Bond Registrar.

If any Bond is duly presented for payment and funds have not been provided by the City on the applicable payment date, then interest will continue to accrue thereafter on the unpaid principal thereof at the rate stated on the Bond until the Bond is paid.

Section 6. Water/Wastewater Fund; Priority of Payment; Rate Stabilization Fund.

(a) *Water/Wastewater Fund.* A special fund of the City known as the “Water/Wastewater Fund” has been established by the City. All of the Gross Revenue shall be deposited in the Water/Wastewater Fund as collected. All ULID Assessments (if any) shall be paid into the Bond Fund as provided by Section 7. The Water/Wastewater Fund shall be held separate and apart from all other funds and accounts of the City.

Gross Revenue on deposit in the Water/Wastewater Fund (other than in any bond redemption or federal rebate account) shall be used in the following order of priority:

FIRST, to pay the Maintenance and Operation Expense;

SECOND, to make all payments required to be made into the Bond Fund to pay the interest on any Parity Bonds;

THIRD, to make all payments required to be made into the Bond Fund to pay the maturing principal of any Parity Bonds and to make all payments required to be made into the Bond Fund to satisfy any sinking fund requirements for Term Bonds;

FOURTH, to make all payments required to be made pursuant to a reimbursement agreement or agreements (or other equivalent documents) in connection with Qualified Insurance or a Qualified Letter of Credit; provided that if there is not sufficient money to make all payments under such reimbursement agreements the payments will be made on a pro rata basis;

FIFTH, to make all payments required to be made into the Parity Bond Reserve Funds;

SIXTH, to make all payments required to be made into any revenue obligation redemption fund, debt service account or reserve account created to pay or secure the payment of the principal of and interest on any other revenue bonds, notes, warrants or other obligations of the City having a lien upon the revenue of the System junior and inferior to the lien thereon for the payment of the principal of and interest on the Parity Bonds; and

SEVENTH, to retire by redemption or purchase in the open market any outstanding revenue bonds or other revenue obligations of the System, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the System, to make deposits into the Rate Stabilization Fund, or for any other lawful System purpose, in the order and priority as determined by the City.

The City may transfer any money from any funds or accounts of the System legally available therefor, except bond redemption funds, refunding escrow funds or defeasance or other trust funds, to meet the required payments to be made into the Bond Fund.

(b) *Rate Stabilization Fund.* The City reserves the right to create and maintain in the office of the Clerk-Treasurer, the Rate Stabilization Fund. The City may at any time, as determined by the Clerk-Treasurer and as consistent with this section, deposit Gross Revenue and any other money received by the System and available to be used therefor, excluding principal proceeds of Parity Bonds or other borrowing, into the Rate Stabilization Fund. The

City may withdraw money from the Rate Stabilization Fund at any time and for inclusion in the Adjusted Net Revenue for any fiscal year of the City. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the fiscal year for which the deposit or withdrawal will be included as Adjusted Net Revenue for that fiscal year. No deposit of Gross Revenue will be made into the Rate Stabilization Fund to the extent that such deposit would prevent the City from meeting the Coverage Requirement.

Earnings from investments in the Rate Stabilization Fund shall be deposited in that fund and shall not be included as Adjusted Net Revenue unless and until withdrawn from that fund as provided herein.

Section 7. Funds and Accounts.

(a) *Bond Fund.* The Bond Fund has previously been established by the City. The Bond Fund shall be maintained for the purpose of paying the principal of and interest on the Parity Bonds. The City may create accounts and subaccounts within the Bond Fund for the purpose of paying debt service on the Parity Bonds.

So long as any Parity Bonds are outstanding, the City shall set aside and pay into the Bond Fund all ULID Assessments (if any) on their collection and, out of the Net Revenue on deposit in the Water/Wastewater Fund, those amounts necessary, together with such other funds as are on hand and available in the Bond Fund, to pay the interest or principal and interest next coming due on the Parity Bonds. Such payments from the Water/Wastewater Fund to the Bond Fund shall be made in a fixed amount without regard to any fixed proportion following the closing and delivery of the Parity Bonds on or before each date on which an installment of interest or principal and interest falls due on the Parity Bonds equal to the installment of interest or principal and interest.

The Clerk-Treasurer is hereby authorized and directed and the City hereby obligates and binds itself to set aside and pay into the Bond Fund all ULID Assessments (if any) as the same are collected.

All money in any Bond Fund may be kept in cash or may be invested in any legal investment for City funds, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Investments in the Bond Fund must mature prior to the date on which such money shall be needed for required interest or principal payments (for investments in the Bond Fund) or having a guaranteed redemption price prior to maturity.

(b) *Parity Bond Reserve Funds.* The Common Reserve Fund has been established by the City as a Parity Bond Reserve Fund. The Common Reserve Fund is a common reserve, securing the payment of the principal of and interest on all Parity Bonds that are designated as Common Reserve Bonds in the ordinance authorizing their issuance. Depending on market conditions, the Bonds may be issued as Common Reserve Bonds secured by the Common Reserve Fund. If a Designated Representative determines that it is in the best interest of the City to issue the Bonds as Common Reserve Bonds, such designation shall be set forth in the Bond Purchase Contract and in the Official Statement for the Bonds.

The City may create separate reserve funds and/or accounts and establish separate Reserve Requirements, if any, to secure the payment of the principal of and interest on other Parity Bonds. Terms related to any other Parity Bond Reserve Fund shall be provided for in the ordinance authorizing the issuance of the series of Future Parity Bonds secured by such fund, as applicable.

The Common Reserve Fund shall be maintained for the purpose of securing the payment of the principal of and interest on all Common Reserve Bonds. The Reserve Requirement may be maintained by deposits of cash, a Qualified Letter of Credit or Qualified Insurance, or a combination of the foregoing. The Reserve Requirement and the amount on deposit in the Common Reserve Fund shall be revalued in connection with the issuance of Future Parity Bonds, redemption or defeasance, and on December 1 of each year, and may be revalued at any time as determined to be necessary by the City. In computing the amount on hand in the Common Reserve Fund, Qualified Insurance and/or a Qualified Letter of Credit shall be valued at the face amount thereof, and all other obligations purchased as an investment of moneys therein shall be valued at cost. As used herein, the term "cash" shall include U.S. currency, cash equivalents and evidences thereof, including demand deposits, certified or cashier's check; and the deposit to the Common Reserve Fund may be satisfied initially by the transfer of qualified investments to such account.

If the balances on hand in the Common Reserve Fund are sufficient to satisfy the Reserve Requirement, interest earnings shall be applied as provided in the following sentences. Whenever there is a sufficient amount in the Bond Fund and the Common Reserve Fund to pay the principal of and interest on all outstanding Common Reserve Bonds, the money in the Common Reserve Fund may be used to pay such principal and interest. As long as the money left remaining on deposit in the Common Reserve Fund is equal to the Reserve Requirement, money in the Common Reserve Fund may be transferred to the Bond Fund and used to pay the principal of and interest on Common Reserve Bonds as the same becomes due and payable. The City also may transfer out of the Common Reserve Fund any money required in order to prevent any Parity Bonds from becoming "arbitrage bonds" under the Code.

If a deficiency in the Bond Fund for the payment of debt service on Common Reserve Bonds shall occur, such deficiency shall be made up from the Common Reserve Fund by the withdrawal of cash therefrom for that purpose and by the sale or redemption of obligations held in the Common Reserve Fund, in such amounts as will provide cash in the Common Reserve Fund sufficient to make up any such deficiency with respect to Common Reserve Bonds, and if a deficiency still exists immediately prior to an interest payment date and after the withdrawal of cash, the City shall then draw from any Qualified Letter of Credit or Qualified Insurance for Common Reserve Bonds in sufficient amount to make up the deficiency. Such draw shall be made at such times and under such conditions as the agreement for such Qualified Letter of Credit or such Qualified Insurance shall provide.

In making the payments and credits to the Common Reserve Fund required by this section, to the extent that the City has obtained Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Common Reserve Fund, such amounts so covered by Qualified Insurance or a Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Common Reserve Fund by

this section to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution.

Any deficiency created in the Common Reserve Fund by reason of any such withdrawal shall then be made up within three years of the date of withdrawal from Net Revenue or from ULID Assessments (or out of any other money on hand legally available for such purpose), after making necessary provision for the payments required to be made into the Bond Fund within each year.

Any Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than 30 days' notice to the City. In the event of any cancellation, the Common Reserve Fund shall be funded as if the Common Reserve Bonds that remain outstanding had been issued on the date of such notice of cancellation.

In the event that the City elects to meet the Reserve Requirement through the use of a Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device, the City may contract with the entity providing such Qualified Letter of Credit, Qualified Insurance or other equivalent credit enhancement device that the City's reimbursement obligation, if any, to such entity shall be made in accordance with the priority of payments set forth in Section 6 of this ordinance.

Money in any Parity Bond Reserve Fund may be kept in cash or invested as permitted by law, but only to the extent that the same are acquired, valued and disposed of at Fair Market Value. Investments in any Parity Bond Reserve Fund shall mature not later than the last maturity of any then outstanding Parity Bonds secured by such fund.

(c) *Pledge of Revenue and Lien Position.* The Net Revenue and all ULID Assessments deposited into the Bond Fund are hereby pledged to the payment of the Parity Bonds, and the Parity Bonds shall constitute a lien and charge upon such Net Revenue and ULID Assessments prior and superior to any other charge whatsoever.

All Parity Bonds are special limited obligations of the City payable from and secured solely by a charge and lien as set forth in this section. There are hereby pledged as security for the payment of the principal of, premium, if any, and interest on all Parity Bonds in accordance with the provisions of this ordinance, subject to the provisions of this ordinance restricting or permitting the application thereof, (a) Net Revenue and ULID Assessments and (b) the money and assets credited to the Bond Fund and the income therefrom. The pledge of Net Revenue, ULID Assessments and money and assets credited to the Bond Fund constitutes a lien and charge on the Net Revenue, ULID Assessments and the Bond Fund superior to all other charges of any kind or nature.

If the Bonds are issued as Common Reserve Bonds, the City further pledges the amounts on deposit in the Common Reserve Fund to the payment of principal of and interest on the Bonds and to other Common Reserve Bonds that may be issued from time to time.

All Parity Bonds hereafter outstanding shall be equally and ratably payable and secured hereunder without priority by reason of date of adoption of the ordinance providing for their issuance or by reason of their number or date of sale, issuance, execution or delivery, or by the

liens, pledges, charges, trusts, assignments and covenants made herein, except as otherwise expressly provided or permitted in this ordinance and except as to insurance which may be obtained by the City to insure the repayment of one or more series or maturities within a series.

Parity Bonds shall not in any manner or to any extent constitute general obligations of the City or of the State, or any political subdivision of the State, or a charge upon any general fund or upon any money or other property of the City or of the State, or of any political subdivision of the State, not specifically pledged thereto by this ordinance.

(d) *Regarding Sufficiency of Gross Revenue.* The Council hereby finds that in fixing the amounts to be paid into the Bond Fund out of Gross Revenue, it has exercised due regard for the Maintenance and Operation Expense and has not obligated the City to set aside and pay into such Fund a greater amount of such Gross Revenue than in its judgment will be available over and above the Maintenance and Operation Expense.

Section 8. Covenants. The City covenants and agrees with the owners of the Parity Bonds as follows:

(a) *Maintenance and Operation.* It will at all times maintain, preserve and keep the properties of the System in good repair, working order and condition, will make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof, and will at all times operate or cause to be operated the properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(b) *Establishment and Collection of Rates and Charges.* It will establish, maintain and collect rates and charges for all services and facilities provided by the System that will be fair and nondiscriminatory, and will adjust those rates and charges from time to time so that:

(i) The Gross Revenue together with ULID Assessments collected will at all times be sufficient to (A) pay all Maintenance and Operation Expense on a current basis, (B) pay when due all amounts that the City is obligated to pay into the Bond Fund and the accounts therein, and (C) pay all taxes, assessments or other governmental charges lawfully imposed on the System or the Gross Revenue or payments in lieu thereof and any and all other amounts that the City may now or hereafter become obligated to pay from the Gross Revenue by law or contract, and

(ii) The Adjusted Net Revenue in each calendar year will be at least equal to the Coverage Requirement.

(c) *Sale or Disposition of the System.* It will not sell or otherwise dispose of the System in its entirety unless, simultaneously with such sale or other disposition, all Parity Bonds are defeased and/or refunded pursuant to the provisions of the ordinance authorizing their issuance.

It will not sell, lease, mortgage or in any manner encumber or otherwise dispose of any part of the System (other than timber), including all additions and improvements thereto and extensions thereof at any time made, that are used, useful or material in the operation of the System, unless provision is made for the replacement thereof or for payment into the Bond Fund

of an amount which will be in the same proportion to the net amount of any Parity Bonds then outstanding (defined as the total amount of those bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Gross Revenue from the portion of the System sold or disposed of for the preceding calendar year bears to the total Gross Revenue for that period. Any such money paid into the Bond Fund shall be used to pay the outstanding Parity Bonds at the earliest possible date.

Notwithstanding any other provision of this subsection, (i) the City in its discretion may sell or otherwise dispose of any of the works, plant, properties or facilities of the System or any real or personal property comprising a part of the same which shall have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful to the operation of the System, or whose depreciated cost value in any given year is less than 5% of the total assets of the System, without making any deposits in the Bond Fund, and (ii) the City may transfer the System to another municipal corporation so long as ULID Assessments and Net Revenue of the portion of the System so transferred are used for payment of debt service on the Parity Bonds prior to any other purpose. In no event shall such proceeds be treated as Gross Revenue for purposes of this ordinance.

(d) *No Free Service.* Except as otherwise permitted by law, it will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the System free of charge to any person, firm or corporation, public or private, other than the City, so long as any Parity Bonds are outstanding.

(e) *Collection of Delinquent Accounts.* It will promptly collect all rates, charges and ULID Assessments, determine in a timely manner all delinquencies, and take all necessary legal action to enforce collection of such delinquencies.

(f) *Insurance.* It at all times will carry fire and extended coverage and such other forms of insurance with responsible insurers and with policies payable to or on behalf of the City and any additional insureds on such of the buildings, equipment, works, plants, facilities and properties of the System and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or will implement and maintain a self-insurance or an insurance pool program with reserves adequate, in the reasonable judgment of the City, to protect the System and the owners of the Parity Bonds against loss. The premiums on such insurance policies are declared to be a normal part of Maintenance and Operation Expense.

(g) *Books and Accounts.* It will keep proper books, records and accounts with respect to the operations, income and expenditures of the System in accordance with proper accounting procedures and any applicable rules and regulations prescribed by the State. It will prepare annual financial and operating statements within 270 days of the close of each fiscal year showing in reasonable detail the financial condition of the System as of the close of the previous fiscal year, and the income and expenses for such year, including the amounts paid into the Bond Fund and into any and all special funds or accounts created pursuant to the provisions of this ordinance, the status of all funds and accounts as of the end of such fiscal year, and the amounts expended for maintenance, renewals, replacements and capital additions to the System.

(h) *Liens Upon the System.* It will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the Net Revenue, or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Net Revenue, or any part thereof, prior to or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

(i) *ULID Assessments.* All ULID Assessments shall be paid into the Bond Fund as collected and used to pay the principal or interest on any Parity Bonds without those assessments being particularly allocated to the payment of principal or interest on any particular series of Parity Bonds.

Section 9. Tax Covenants. The City will take all actions necessary to assure the exclusion of interest on the Tax-Exempt Bonds from the gross income of the owners of the Tax-Exempt Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Tax-Exempt Bonds, including but not limited to the following:

(a) *Private Activity Bond Limitation.* The City will assure that the proceeds of the Tax-Exempt Bonds are not so used as to cause the Tax-Exempt Bonds to satisfy the private business tests of Section 141(b) of the Code or the private loan financing test of Section 141(c) of the Code.

(b) *Limitations on Disposition of Project.* The City will not sell or otherwise transfer or dispose of (i) any personal property components of the Projects refinanced with proceeds of Tax-Exempt Bonds other than in the ordinary course of an established government program under Treasury Regulation § 1.141-2(d)(4) or (ii) any real property components of the Projects refinanced with proceeds of Tax-Exempt Bonds, unless it has received an opinion of nationally recognized bond counsel to the effect that such disposition will not adversely affect the treatment of interest on the Tax-Exempt Bonds as excludable from gross income for federal income tax purposes.

(c) *Federal Guarantee Prohibition.* The City will not take any action or permit to suffer any action to be taken if the result of such action would be to cause any of the Tax-Exempt Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) *Rebate Requirement.* The City will take any and all actions necessary to assure compliance with Section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Tax-Exempt Bonds.

(e) *No Arbitrage.* The City will not take, or permit or suffer to be taken, any action with respect to the proceeds of the Tax-Exempt Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(f) *Registration Covenant.* The City will maintain a system for recording the ownership of each Tax-Exempt Bond that complies with the provisions of Section 149 of the Code until all Tax-Exempt Bonds have been surrendered and canceled.

(g) *Record Retention.* The City will retain its records of all accounting and monitoring it carries out with respect to the Tax-Exempt Bonds for at least three years after the Tax-Exempt Bonds mature or are redeemed (whichever is earlier); however, if the Tax-Exempt Bonds are redeemed and refunded, the City will retain its records of accounting and monitoring at least three years after the earlier of the maturity or redemption of the obligations that refunded the Tax-Exempt Bonds.

(h) *Compliance with Federal Tax Certificate.* The City will comply with the provisions of the Federal Tax Certificate with respect to the Tax-Exempt Bonds, which are incorporated herein as if fully set forth herein. In the event of any conflict between this section and the Federal Tax Certificate, the provisions of the Federal Tax Certificate will prevail.

(i) *Bank Qualification.* The City hereby authorizes each Designated Representative to designate any Tax-Exempt Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code for investment by financial institutions.

The covenants of this section will survive payment in full or defeasance of the Tax-Exempt Bonds.

Section 10. Future Parity Bonds. The City reserves the right to issue Future Parity Bonds from time to time as may be required for any lawful purpose of the City relating to the System, including but not limited to, acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary renewals, replacements or repairs and capital improvements to the System and refunding any outstanding indebtedness.

The City covenants that Future Parity Bonds shall be issued only upon compliance with the following conditions:

(a) At the time of the issuance of such Future Parity Bonds there is no deficiency in the Bond Fund or any Parity Bond Reserve Fund.

(b) The ordinance providing for the issuance of the Future Parity Bonds shall provide that all assessments and interest thereon that may be levied in any ULID created for the purpose of paying, in whole or in part, the principal of and interest on those Future Parity Bonds, shall be paid directly into the Bond Fund, except for any prepaid assessments permitted by law to be paid into a construction fund or account.

(c) The ordinance providing for the issuance of such Future Parity Bonds shall provide for the payment of the principal thereof and interest thereon out of the Bond Fund and the accounts held therein.

(d) With respect to Common Reserve Bonds, the ordinances authorizing the issuance of the Future Parity Bonds shall require that there shall be paid into the Common Reserve Fund

(A) from the proceeds of such Future Parity Bonds an amount such that the amount on deposit in the Common Reserve Fund is equal to the Reserve Requirement, or (B) from the Water/Wastewater Fund in approximately equal monthly payments, such amounts and at such times so that by no later than five years from the date of issuance of such Future Parity Bonds or by the final maturity established for such series of Future Parity Bonds, whichever occurs first, there will be credited to the Common Reserve Fund an amount equal to the Reserve Requirement. Upon the issuance of any series of Future Parity Bonds, the City shall recalculate the Reserve Requirement, which recalculated Reserve Requirement shall become effective as of such date of recalculation.

(e) There shall be on file with the City either:

(1) a certificate of the Clerk-Treasurer demonstrating that Net Revenue for the Base Period, as determined from the financial statements of the System (which may or may not be audited), without regard to deposits into or withdrawals from the Rate Stabilization Fund, is equal to at least the Parity Requirement. The Clerk-Treasurer, in estimating Net Revenue available for debt service for purposes of this subparagraph, may adjust Net Revenue to reflect any changes in rates in effect and being charged or expressly committed by ordinance to be made in the future; or

(2) a certificate of a Professional Utility Consultant that in such Consultant's opinion Net Revenue for the Base Period, as determined from the financial statements of the System (which may or may not be audited), as adjusted, without regard to deposits into or withdrawals from the Rate Stabilization Fund, shall be equal to at least the Parity Requirement. The Professional Utility Consultant, in estimating Net Revenue available for debt service for purposes of this subparagraph, may adjust Net Revenue to reflect:

(A) Any changes in rates in effect and being charged or expressly committed by ordinance to be made in the future;

(B) Income derived from customers of the System who have become customers during the 12 consecutive month period or thereafter adjusted to reflect one year's Net Revenue from those customers;

(C) Income from any customers to be connected to the System who have paid the required connection charges;

(D) The Professional Utility Consultant's estimate of the Net Revenue to be derived from customers anticipated to connect for whom building permits have been issued;

(E) Income received or to be received which is derived from any person, firm corporation or municipal corporation under any executed contract for water, sewage disposal or other utility service, which revenue was not included in the historical Net Revenue;

(F) The Professional Utility Consultant's estimate of the Net Revenue to be derived from customers with existing homes or buildings which will be required to connect to any additions to and improvements and extensions of the System constructed and to be paid

for out of the proceeds of the sale of the additional Future Parity Bonds or other additions to and improvements and extensions of the System when such additions, improvements and extensions are not completed; and

(G) Any increases or decrease in Net Revenue as a result of any actual or reasonably anticipated changes in Maintenance and Operation Expense subsequent to the 12-month period.

(f) *No Acceleration.* Future Parity Bonds shall not be subject to acceleration under any circumstances, including, without limitation, upon the occurrence and continuance of an Event of Default. This prohibition against acceleration shall not be deemed to prohibit mandatory tender or other tender provisions with respect to variable rate obligations.

(g) *Refunding Obligations.* If Future Parity Bonds proposed to be so issued are for the sole purpose of refunding outstanding bonds payable from the Bond Fund, such certification of coverage shall not be required if the amount required for the payment of the principal and interest in each year for the refunding bonds is not increased more than \$5,000 over the amount for that same year required for the bonds or the portion of that bond issue to be refunded thereby and if the maturities of such refunding bonds are not extended beyond the maturities of the bonds to be refunded thereby.

Nothing contained herein shall prevent the City from issuing Future Parity Bonds to refund maturing Parity Bonds, money for the payment of which is not otherwise available.

(h) *Subordinate Lien Obligations.* Nothing contained herein shall prevent the City from issuing revenue bonds that are a charge upon Net Revenue subordinate to the payments required to be made therefrom into the Bond Fund or from pledging the payment of utility local improvement district assessments into a bond redemption fund created for the payment of the principal of and interest on those junior lien bonds as long as such utility local improvement district assessments are levied for improvements constructed from the proceeds of those junior lien bonds. In the event the City issues revenue bonds or other revenue obligations having a lien upon the Net Revenue junior and inferior to the lien on the Parity Bonds, the City covenants that a default on such junior lien bonds will not constitute an Event of Default on the Parity Bonds. Subordinate lien obligations shall not be subject to acceleration in the event of a default on such bonds.

Section 11. Form of Bond. The Bonds shall be in substantially the form set forth in Exhibit A, which is incorporated herein by this reference, with such changes thereto as may be approved by a Designated Representative, consistent with the provisions of Section 14 hereof.

Section 12. Execution of Bonds. The Bonds shall be executed on behalf of the City by the facsimile or manual signature of the Mayor and shall be attested to by the facsimile or manual signature of the Clerk-Treasurer, and shall have the seal of the City impressed or a facsimile thereof imprinted, or otherwise reproduced thereon.

In the event any officer who shall have signed or whose facsimile signatures appear on any of the Bonds shall cease to be such officer of the City before said Bonds shall have been authenticated or delivered by the Bond Registrar or issued by the City, such Bonds may

nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issuance, shall be as binding upon the City as though said person had not ceased to be such officer. Any Bond may be signed and attested on behalf of the City by such persons who, at the actual date of execution of such Bond shall be the proper officer of the City, although at the original date of such Bond such persons were not such officers of the City.

Only such Bonds as shall bear thereon a Certificate of Authentication manually executed by an authorized representative of the Bond Registrar shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

Section 13. Defeasance. In the event that the City, in order to effect the payment, retirement or redemption of any Bond, sets aside in the Bond Fund or in another special account, cash or noncallable Government Obligations, or any combination of cash and/or noncallable Government Obligations, in amounts and maturities which, together with the known earned income therefrom, are sufficient to redeem or pay and retire such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such cash and/or noncallable Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond. The owner of a Bond so provided for shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive payment of principal, premium, if any, and interest from the Bond Fund or such special account, and such Bond shall be deemed to be not outstanding under this ordinance. The City shall give written notice of defeasance of the Bonds in accordance with the Continuing Disclosure Certificate.

Section 14. Sale of Bonds.

(a) *Bond Sale.* The Bonds shall be sold by negotiated public sale to the Underwriter pursuant to the terms of a Bond Purchase Contract. The Council has determined that it would be in the best interest of the City to delegate to each Designated Representative, for a limited time, the authority to determine the number of series, to designate one or more series of Bonds as Tax-Exempt Bonds, and to approve the final interest rates, maturity dates, redemption terms and principal maturities for each series of Bonds.

(b) *Sale Parameters.* Subject to the terms and conditions set forth in this section, each Designated Representative is hereby authorized to approve the number of series of Bonds, to designate each series as taxable or Tax-Exempt Bonds, and to approve the final interest rates, aggregate principal amount, principal maturities, and redemption rights for each series of Bonds so long as:

- (1) the aggregate principal amount (face amount) of all Bonds issued under this ordinance does not exceed \$13,000,000,
- (2) the final maturity date for the Bonds is no later than December 1, 2053,
- (3) the aggregate purchase price for the Bonds shall not be less than 98% of the aggregate stated principal amount of the Bonds,

(4) the true interest cost for the Bonds (in the aggregate) does not exceed 3.25%,

(5) the Bonds are sold for a price that results in net present value debt service savings over the 2013 Bonds (in the aggregate) of at least 4.0%, and

(6) the Bonds conform to all other terms of this ordinance.

Subject to the terms and conditions set forth in this section, each Designated Representative is hereby authorized to execute the Bond Purchase Contract on behalf of the City. The signature of one Designated Representative shall be sufficient to bind the City.

Following the execution of the Bond Purchase Contract, a Designated Representative shall provide a report to the Council describing the final terms of the Bonds approved pursuant to the authority delegated in this section. The authority granted to each Designated Representative by this section shall expire 365 days after the effective date of this ordinance. If a Bond Purchase Contract for the Bonds has not been executed within 365 days after the effective date of this ordinance, the authorization for the issuance of the Bonds shall be rescinded, and the Bonds shall not be issued nor their sale approved unless such Bonds are re-authorized by ordinance of the Council. The ordinance re-authorizing the issuance and sale of such Bonds may be in the form of a new ordinance repealing this ordinance in whole or in part or may be in the form of an amendatory ordinance approving a Bond Purchase Contract or establishing terms and conditions for the authority delegated under this section.

(c) *Delivery of Bonds; Documentation.* Upon the passage and approval of this ordinance and execution of the Bond Purchase Contract, the proper officials of the City, including the Designated Representatives, are authorized and directed to undertake all action necessary for the prompt execution and delivery of the Bonds to the Underwriter and further to execute all closing certificates and documents required to effect the closing and delivery of the Bonds in accordance with the terms of the Bond Purchase Contract. Such documents may include, but are not limited to, documents related to a municipal bond insurance policy delivered by an insurer to insure the payment when due of the principal of and interest on all or a portion of the Bonds as provided therein, if such insurance is determined by a Designated Representative to be in the best interest of the City.

(d) *Preliminary and Final Official Statements.* Each Designated Representative is hereby authorized to approve and to deem final the preliminary Official Statement relating to the Bonds for the purposes of the Rule. Each Designated Representative is further authorized to approve for purposes of the Rule, on behalf of the City, the final Official Statement relating to the issuance and sale of the Bonds and the distribution of the final Official Statement pursuant thereto with such changes, if any, as may be deemed to be appropriate.

Section 15. Application of Bond Proceeds. Proceeds of the Bonds, net of any Underwriter's discount and fees, shall be applied as follows:

(a) The amount necessary to prepay the outstanding balance on the 2013 Bonds shall be deposited, together with other available funds of the City as necessary, into the Bond Fund or

into another fund or account specified by USDA, and used by the City, within 30 days of Closing of the Bonds, to prepay the 2013 Bonds in full.

(b) If determined to be in the best interest of the City by a Designated Representative, a portion of the proceeds of the Bonds shall be used to satisfy the Reserve Requirement with respect to the Bonds by depositing a portion of the proceeds of the Bonds into the Common Reserve Fund and/or by paying the premium related to Qualified Insurance.

(c) The remaining proceeds of the Bonds shall be deposited into a fund or account created by the Clerk-Treasurer to pay costs of issuance of the Bonds in the amounts specified in the closing memorandum prepared in connection with the issuance of the Bonds. After all costs have been paid, any remaining proceeds of the Bonds (including interest earnings thereon) shall be transferred to the Bond Fund and used to pay debt service on the Bonds.

Section 16. Ongoing Disclosure; Additional Covenants. The City covenants to execute and deliver at the time of Closing a Continuing Disclosure Certificate. Each Designated Representative is hereby authorized to execute and deliver such Continuing Disclosure Certificate upon the issuance, delivery and sale of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interests of the City. The Clerk-Treasurer (or his or her designee) is hereby designated to carry out the obligations of the City in the Continuing Disclosure Certificate in accordance with the Rule.

Section 17. Separate Systems. The City may create, acquire, construct, finance, own and operate one or more additional systems for water supply, sewer service, water, sewage or stormwater transmission, treatment or other commodity or utility service (a "Separate System"). The revenue of that Separate System, and any assessments payable solely with respect to improvements to a Separate System, shall not be included in Gross Revenue and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the Separate System.

Section 18. Changes in Accounting. The calculation of the Coverage Requirement and the Parity Requirement and the City's compliance therewith may be made solely with reference to this ordinance without regard to future changes in generally accepted accounting principles. If the City has changed one or more of the accounting principles used in the preparation of its financial statements, because of a change in generally accepted accounting principles or otherwise, then a default relating to the Coverage Requirement shall not be considered an Event of Default hereunder if the Coverage Requirement ratio would have been complied with had the City continued to use those accounting principles employed at the date of the most recent audited financial statements prior to the date of this ordinance.

Section 19. Lost, Stolen or Destroyed Bond. In case any of the Bonds shall be lost, stolen or destroyed, the Bond Registrar may at the request of the Registered Owner execute and deliver a new Bond of like date, number and tenor to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon its filing with the City written certification that such Bond was actually lost, stolen or destroyed and of its ownership thereof. In the case the Bonds shall be lost, stolen, or destroyed while in the Registered Owner's possession, the Registered Owner may

elect upon final payment of principal and interest of the Bond to surrender a photocopy of the Bond for cancellation at the office of the Bond Registrar together with written certification that such Bond was actually lost, stolen or destroyed and of its ownership thereof.

Section 20. Amendments.

(a) *Amendments Without the Consent of Bondowners.* The Council may adopt an ordinance or ordinances supplemental hereof, which ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more or all of the following purposes:

(i) To add to the covenants and agreements of the City in this ordinance, other covenants and agreements thereafter to be observed, that shall not adversely affect the interests of the owners of any Parity Bonds, or to surrender any right or power herein reserved; or

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance or any ordinance authorizing Future Parity Bonds in regard to matters or questions arising under such ordinance as the Council may deem necessary or desirable and not inconsistent with such ordinances and that shall not adversely affect, in any material respect, the interest of the owners of Parity Bonds.

Any such supplemental ordinance may be adopted without the consent of the owners of any Parity Bonds at any time outstanding, notwithstanding any of the provisions of subsection (b) of this section.

(b) *Amendments With the Consent of Bondowners.* With the consent of the owners of not less than 51% in aggregate principal amount of the Parity Bonds at the time outstanding, which may include the consent of Future Parity Bond holders who are deemed to have consented to such amendments by their purchase of such Parity Bonds, the Council may pass an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

(i) Extend the fixed maturity of any Parity Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the holder of each Parity Bond so affected; or

(ii) Reduce the percentage of bondowners required to approve any such supplemental ordinance, without the consent of owners of all of the Parity Bonds then outstanding.

It shall not be necessary for the consent of bondowners under this subsection (b) to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof. Consent of any bond insurer insuring the Future Parity Bonds may be required in lieu of bondholder consent from owners of any Future Parity Bonds.

(c) *Effect of Amendment.* Upon the adoption of any supplemental ordinance pursuant to the provisions of this section, this ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City under this ordinance and all owners of Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all terms and conditions of any such supplemental ordinance shall be deemed to be part of the terms and conditions of this ordinance for any and all purposes.

Section 21. Events of Default.

(a) *Defaults.* Any one or more of the following events shall constitute an “Event of Default” under this ordinance:

(i) If default shall be made in the punctual payment of the principal of and premium, if any, on any of the Parity Bonds when the same shall become due, either at maturity or by proceedings for mandatory redemption or otherwise;

(ii) A default in the due and punctual payment of any installment of interest on any Parity Bond;

(iii) If the City shall fail to purchase or redeem Term Bonds in an aggregate principal amount at least equal to the mandatory sinking fund requirements for the applicable calendar year; or

(iv) If the City shall default in the observance and performance of any other of the covenants on the part of the City contained in this ordinance and such default or defaults shall have continued for a period 60 days after the City shall have received from the Bondowners’ Trustee or from the owners of not less than 25% in principal amount of Parity Bonds outstanding, a written notice specifying and demanding the cure of such default.

(b) *Remedies Upon Default.* The remedies of the owners of Parity Bonds during the continuance of an Event of Default shall, to the extent permitted by law, be governed by this section.

So long as such Event of Default has not been remedied, a Bondowners’ Trustee may be appointed by the owners of 25% in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners’ Trustee, notification thereof being given to the City. That appointment shall become effective immediately upon acceptance thereof by the Bondowners’ Trustee. Any Bondowners’ Trustee appointed under the provisions of this section shall be a bank or trust company organized under the laws of the State of New York or a national banking association. The bank or trust company acting as Bondowners’ Trustee may be removed at any time, and a successor Bondowners’ Trustee may be appointed, by the registered owners of a majority in principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Bonds or by their attorneys-in-fact duly authorized. The Bondowners’ Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties.

In the event that any Event of Default in the sole judgment of the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the City a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the City, the Bondowners' Trustee and the owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

(c) *Suits at Law or in Equity.* Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the registered owners of not less than 25% in principal amount of the Parity Bonds outstanding shall, take such steps and institute such suits or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Bonds, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or in any of the Parity Bonds.

Nothing contained in this section shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on any Parity Bonds, and the remedy of acceleration is expressly denied to the owners of all Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Bondowners and all such rights of action upon or under any of the Parity Bonds or the provisions of this ordinance may be enforced by the Bondowners' Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Bonds, subject to the provisions of this ordinance. The respective owners of the Parity Bonds, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective owners of those Parity Bonds, with authority to institute any such suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Registered Owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.

(d) *Application of Money Collected by Bondowners' Trustee.* Any money collected by the Bondowners' Trustee at any time pursuant to this ordinance shall be applied in the following order of priority:

FIRST, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

SECOND, to the payment to the persons entitled thereto first of required interest, and then of unpaid principal amounts on any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(e) *Duties and Obligation of Bondowners' Trustee.* The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this ordinance.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct. The Bondowners' Trustee shall not be bound to recognize any person as a registered owner of any Bond until his or her title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

(f) *Suits by Individual Bondowners Restricted.* Neither the registered owner nor the beneficial owner of any one or more of Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

- (i) an Event of Default has happened and is continuing; and
- (ii) a Bondowners' Trustee has been appointed; and

(iii) such owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and

(iv) the owners of 25% in principal amount of the Parity Bonds, after the occurrence of such Event of Default, has made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and

(v) there have been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(vi) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No registered owner nor the beneficial owner of any Parity Bond shall have any right in any manner whatever by his or her action to affect or impair the obligation of the City to pay from the Net Revenue the principal of and interest on such Parity Bonds to the respective owners thereof when due.

Section 22. Contract; Savings Clause. The covenants contained in this ordinance and in the Bonds shall constitute a contract between the City and the Registered Owners of the Bonds. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements of this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds. All acts taken pursuant to the authority granted in this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 23. General Authorization; Ratification of Prior Acts. The Designated Representatives and other appropriate officers of the City are authorized to take any actions and to execute documents as in their judgment may be necessary or desirable in order to carry out the terms of, and complete the transactions contemplated by, this ordinance. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified.

Section 24. Corrections by Clerk-Treasurer. Upon approval of the City Attorney and Bond Counsel, the Clerk-Treasurer is hereby authorized to make necessary corrections to this ordinance, including but not limited to the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; ordinance numbering and section/subsection numbering; and other similar necessary corrections.

Section 25. Effective Date of Ordinance. This ordinance will take effect from and after its passage and the expiration of five days after its publication as provided by law.

PASSED by the City Council of the City of Cashmere, Washington, at a regular open public meeting thereof held this 14th day of December, 2020.

CITY OF CASHMERE, WASHINGTON

Mayor

ATTEST:

City Clerk-Treasurer

APPROVED AS TO FORM:

Pacifica Law Group LLP

Exhibit A

Form of Bond

[DTC LANGUAGE]

UNITED STATES OF AMERICA

NO. _____

\$ _____

STATE OF WASHINGTON
CITY OF CASHMERE

WATER AND SEWER REVENUE REFUNDING BOND, 2021[][(Taxable)]

INTEREST RATE: % MATURITY DATE: CUSIP NO.:

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Cashmere, Washington, a municipal corporation organized and existing under and by virtue of the laws of the state of Washington (herein called the "City"), hereby acknowledges itself to owe and for value received promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, the Principal Amount indicated above and to pay interest thereon from _____, 20____, or the most recent date to which interest has been paid or duly provided for until payment of this bond at the Interest Rate set forth above, payable on _____, and semiannually thereafter on the first days of each succeeding _____ and _____. Both principal of and interest on this bond are payable in lawful money of the United States of America. The fiscal agent of the State of Washington (the "State") has been appointed by the City as the authenticating agent, paying agent and registrar for the bonds of this issue (the "Bond Registrar"). For so long as the bonds of this issue are held in fully immobilized form, payments of principal and interest thereon shall be made as provided in accordance with the operational arrangements of The Depository Trust Company ("DTC") referred to in the Blanket Issuer Letter of Representations (the "Letter of Representations") from the City to DTC.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State and Ordinance No. _____ duly passed by the City Council on December 14, 2020 (the "Bond Ordinance"). Capitalized terms used in this bond have the meanings given such terms in the Bond Ordinance. Reference is made to the Bond Ordinance and any and all modifications and amendments thereto for a description of the nature and extent of the security for this bond, the funds or revenues pledged, and the terms and conditions upon which such bond is issued.

Proceeds of the bonds of this issue will be used to refund outstanding obligations of the System, to satisfy the Reserve Requirement with respect to the bonds, if necessary, and to pay costs of issuance of the bonds.

The bonds of this issue are subject to redemption as provided in the Bond Ordinance and the Bond Purchase Contract.

[The bonds of this issue have been designated by the City as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended (the “Code”).]

This bond is payable solely from the Bond Fund [and the Common Reserve Fund]. The City has irrevocably obligated and bound itself to pay into the Bond Fund out of the Net Revenue and ULID Assessments, if any, or from such other money as may be provided therefor certain amounts necessary to pay and secure the payment of the principal and interest on this bond.

The City does hereby pledge and bind itself to set aside from the Water/Wastewater Fund out of the Gross Revenue and ULID Assessments, if any, and to pay into the Bond Fund [and the Common Reserve Fund] the various amounts required by the Bond Ordinance to be paid into and maintained in such Funds, all within the times provided by the Bond Ordinance. To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid from the Water/Wastewater Fund out of the Gross Revenue and from ULID Assessments, if any, into the Bond Fund shall be a lien and charge thereon equal in rank to the lien and charge upon said revenue and assessments of the amounts required to pay and secure the payment of any revenue bonds of the City hereafter issued on a parity with such bond and this bond and superior to all other liens and charges of any kind or nature except Maintenance and Operation Expense.

The bonds of this issue are special fund obligations of the City payable solely from and secured solely by the sources identified in the Bond Ordinance. The bonds of this issue do not constitute an indebtedness or general obligation of the City or the State, either general or special, within the meaning of the constitutional provisions and limitations of the State, but are special obligations of the City payable solely out of the funds and revenues identified in the Bond Ordinance. Owners of the bonds of this issue shall not have any claim for the payment thereof against the City except for payment from the funds and revenues identified therein. Owners of the Bonds do not have any claim against the State for the payment for the principal of or interest on the bonds of this issue. Tax revenues of the City shall not be used directly or indirectly to secure or guarantee the payment of the principal of or interest on the bonds of this issue.

This bond is issued under and in accordance with the provisions of the Constitution and applicable statutes of the State and duly adopted ordinances of the City. The City hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept and performed, and reference is hereby made to the Bond Ordinance for a complete statement of such covenants.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

It is hereby certified that all acts, conditions, and things required by the Constitution and statutes of the State to exist, to have happened, been done, and performed precedent to and in the issuance of this bond have happened, been done, and performed.

IN WITNESS WHEREOF, the City of Cashmere, Washington has caused this bond to be signed with the facsimile or manual signature of the Mayor, to be attested by the facsimile or manual signature of the Clerk-Treasurer, all as of this ____ day of _____, 2021.

CITY OF CASHMERE, WASHINGTON

[SEAL]

By _____ /s/ facsimile or manual
Mayor

ATTEST:

_____/s/ facsimile or manual
Clerk-Treasurer

The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within-mentioned Bond Ordinance and is one of the Water and Sewer Revenue Refunding Bonds, 2021[_____] of the City of Cashmere, Washington, dated _____, 2021.

WASHINGTON STATE FISCAL AGENT,
as Bond Registrar

By _____

CERTIFICATE

I, the undersigned, Clerk-Treasurer of the City Council of the City of Cashmere, Washington (the "City"), DO HEREBY CERTIFY:

1. The attached copy of Ordinance No. _____ (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on December 14, 2020, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect after publication in the City's official newspaper as provided by law; and

2. That said meeting was duly convened and held in all respects in accordance with law, including but not limited to Washington State Governor Inslee's emergency proclamation No. 20-28 issued on March 24, 2020, as amended and supplemented, temporarily suspending portions of the Open Public Meetings Act (chapter 42.30 RCW), and due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Ordinance; that all other requirements and proceedings incident to the proper passage of said Ordinance have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 14th day of December, 2020.

Clerk-Treasurer

Staff Summary

Date: December 10, 2020
To: City Council
From: Jim Fletcher, Mayor
RE: Resolution No. 09-2020 Utility rates

There are two objects regarding utility rates. First, to keep rates low, second to retire debt and reduce interest cost. Three example options regarding wastewater rates for 2021 are listed below. Bond structure, debt payments and interest savings will be determined by the amount of money the Council feels the community can afford in a new rate structure. D.A. Davidson can then structure a bond strategy that produces the best savings.

Wastewater Base Rate Alternatives					3 Year
	2020	2021	2022	2023	Total
Base rates to cover inflation and sustain operations of the Wastewater system	\$106.07	\$108.19	\$110.35	\$112.56	
Year over year increased revenue		2%	2%	2%	
		\$44,000	\$45,000	\$46,000	135,000
Deferred 2% Rate Increases 30-year bond term		\$106.07	\$108.19	\$110.35	
Year over year increased revenue		0%	2%	2%	
		-	\$44,000	\$45,000	89,000
Estimated Rate to cover inflation and retire new bonds in 25-year term plus 2% inflation on operations		\$110.31	\$112.52	\$114.77	
Year over year increased revenue		4%	2%	2%	
		\$88,000	\$46,000	\$47,000	181,000

Future utility rate increases will need to consider maintaining cash reserves for ongoing capital expenses in treatment plant equipment along with sewer infrastructure repairs and improvements.

Examples of future capital projects

- Decommission BVF
- Decommission and remove BVF storage tank facilities
- Sewer line replacements, various streets.
- Phosphate removal process equipment
- Extend utility services to obtain new customers
- Emergency repairs

Staff Recommendation: To keep base wastewater utility rates at \$106.07 and defer the scheduled 2021 increase in wastewater rates until 2022. This option spreads the cost savings from bond refinance over time, so present and future rate payers receive some benefit each year from a lower base rate.

MOVE to approve Resolution 09-2020 Amending Wastewater Rates

RESOLUTION 09-2020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CASHMERE, WASHINGTON, REPEALING AND REPLACE RESOLUTION 06-2019, AMENDING WASTEWATER RATES OF THE CITY EFFECTIVE JANUARY 1, 2021.

WHEREAS, the City Council of the City of Cashmere, desires to repeal and replace Resolution 06-2019 to include no increase in rates for 2021 and to add an increase in the rates for 2025 for wastewater services provided by the City of Cashmere; now, therefore,

THE CITY COUNCIL OF THE CITY OF CASHMERE, WASHINGTON, HEREBY RESOLVE AS FOLLOWS:

Section 1. Effective January 1, 2021, the rates for wastewater shall be as follows:

WASTEWATER RATES AND CHARGES

SCHEDULE 1-WW

CITY SINGLE-FAMILY AND DUPLEX RESIDENTIAL WASTEWATER SERVICE

Character of service:

Service under this schedule is applicable to single-family dwellings and duplexes. A duplex is a house of single structure consisting of two separate family dwellings. Each dwelling shall be charged separately. Manufactured homes, regardless of whether placement is in a park development or single lot, are considered single-family dwellings.

Metering: None

2021-2025 MONTHLY RATES

1-WW CITY

Base Monthly Rate

1/1/21	1/1/22	1/1/23	1/1/24	1/1/25
0%	2%	2%	2%	2%
\$106.07	\$108.19	\$110.35	\$112.56	\$114.81

1-WW COUNTY

Base Monthly Rate-Calculated at 1.5 times the City Single-Family and Duplex Rates

1/1/21	1/1/22	1/1/23	1/1/24	1/1/25
0%	2%	2%	2%	2%
\$159.11	\$162.29	\$165.53	\$168.85	\$172.22

Discount:

Low-income Senior and Disabled 20% off base rate

SCHEDULE 2-WW
MULTI-FAMILY RESIDENTIAL WASTEWATER SERVICE

Character of service:

Service under this schedule is applicable to multi-family dwellings of three or more residential units.

Metering:

This schedule is based on WATER use. There shall be no meter to measure actual wastewater use.

2-WW CITY

Base Monthly Rate

1/1/21	1/1/22	1/1/23	1/1/24	1/1/25
0%	2%	2%	2%	2%
\$225.15	\$229.65	\$234.24	\$238.93	\$243.71

Per 1,000 gallons over 11,000 gallons water used

\$5.87	\$5.99	\$6.11	\$6.23	\$6.35
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2-WW COUNTY

Monthly Base Rate-Calculated at 1.5 times the City Multi-family Residential Rates

1/1/21	1/1/22	1/1/23	1/1/24	1/1/25
0%	2%	2%	2%	2%
\$337.72	\$344.47	\$351.36	\$358.39	\$365.56

Per 1,000 gallons over 11,000 gallons water used

\$8.80	\$8.97	\$9.15	\$9.34	\$9.52
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SCHEDULE 3-WW
COMMERCIAL WASTEWATER SERVICE
Wastewater strength less than 300ppm BOD, less than 300ppm TSS

Character of service:

Service under this schedule is applicable to commercial enterprises including, but not limited to, retail stores, motels, hotels, clinics, schools, storage warehouses, businesses and professional offices that do not produce a higher strength wastewater than a typical single-family residence.

Metering:

Service rates shall be based on metered City water usage whenever metered water serves the applicable property. If service does not include City metered water, then usage shall be determined by a City-approved wastewater meter. Customers with a water meter may request to be charged for actual wastewater discharge measured with, a Wastewater Discharge Meter approved by the City, installed and maintained at the customers expense.

Each separately accessible space with fixtures that discharge into the City sewer system shall be charged at least the base fee. Depending on the business type, at the City's sole discretion, the monthly rate may be determined by a fixture count and calculation based on commonly recognized and accepted formulas. All customers will pay no less than the monthly base rate identified below.

3-WW CITY

Base Monthly Rate

1/1/21	1/1/22	1/1/23	1/1/24	1/1/25
0%	2%	2%	2%	2%
\$106.07	\$108.19	\$110.35	\$112.56	\$114.81

Per 1,000 gallons over 11,000 gallons of water used

\$6.53	\$6.66	\$6.79	\$6.93	\$7.06
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Per 1,000 gallons of metered sewer discharge beginning with the first 1,000 gallons of metered discharge

\$6.53	\$6.66	\$6.79	\$6.93	\$7.06
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3-WW COUNTY

Monthly Base Rate-Calculated at 1.5 times the City Commercial Rates.

1/1/21	1/1/22	1/1/23	1/1/24	1/1/25
0%	2%	2%	2%	2%
\$159.11	\$162.29	\$165.53	\$168.85	\$172.22

Per 1,000 gallons over 11,000 gallons of water used

\$9.81	\$10.00	\$10.20	\$10.41	\$10.61
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Per 1,000 gallons of metered sewer discharge beginning with the first 1,000 gallons of metered discharge

\$9.81	\$10.00	\$10.20	\$10.41	\$10.61
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The applicable Base Monthly Rate in Schedule 1-W, Schedule 2-W and Schedule 3-W shall be charged each month regardless of whether a water meter or wastewater discharge meter is in use or is temporarily disconnected or not in use. For purposes of this Resolution, a water meter or wastewater discharge meter shall be considered "temporarily disconnected or not in use" if the period of disconnection or non-use is less than one year in duration.

SCHEDULE 4-WW
INDUSTRIAL WASTEWATER SERVICE (City or County)
Wastewater Strength more than 300ppm BOD, more than 300ppm TSS

Character of service:

This schedule is applied as determined pursuant to Ordinance #1132 and Resolution #04-2008 unless otherwise provided by contract between the City and the utility customer.

Metering:

Usage shall be determined by a City-approved wastewater meter.

Base Monthly Rate

1/1/21	1/1/22	1/1/23	1/1/24	1/1/25
0%	2%	2%	2%	2%
\$250.04	\$255.04	\$260.14	\$265.34	\$270.65

**Per 1,000 gallons of metered sewer discharge beginning with
the first 1,000 gallons of metered discharge**

\$9.81	\$10.00	\$10.20	\$10.41	\$10.61
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NEW WASTEWATER SERVICE COSTS

Materials

Repair Materials and Labor	Actual cost
New Service Tap up to 3"	\$250.00
New Service Tap 4" and over	\$500.00
Asphalt Street Repair	\$4.95/sq. ft.
Concrete Repair	\$5.25/sq. ft.
Shutoff Valve (For services not served by City Water)	Actual Cost

Wastewater service line is the owner's responsibility from the City wastewater main to the building served or as described in CMC 13.01.100 (2). Any excavation required is at the owner's expense and is not provided by City crews.

SYSTEM DEVELOPMENT CHARGES

System Development Charges will be increased 2% each year and rounded to the nearest dollar.

NEW SERVICES OR UPGRADES TO EXISTING SERVICES

Charges per Unit within any single building

Residential Units	2021 0%	2022 2%	2023 2%	2024 2%	2025 2%
One unit	\$2213.00	\$2257.00	\$2302.00	\$2348.00	\$2395.00
Two units	\$2036.00	\$2077.00	\$2119.00	\$2161.00	\$2204.00
Three units	\$1873.00	\$1910.00	\$1948.00	\$1987.00	\$2027.00
Four to eight units	\$1723.00	\$1757.00	\$1792.00	\$1828.00	\$1865.00
Nine to sixteen units	\$1585.00	\$1617.00	\$1649.00	\$1682.00	\$1716.00
Over sixteen units	\$1459.00	\$1488.00	\$1518.00	\$1548.00	\$1579.00

The purpose of the system development fee is to help defray the costs of past and future system improvements. Once it has been paid for a property, it will not be collected again if the service is repaired or replaced with the same size service in the future, with the exception of property where service has been discontinued for more than 5 years. Development fees for new construction are due at time of issuance of a building permit and for all others at time of connection. For new construction not served by City water, a shutoff valve is required at owner's expense.

System development charges (SDC's) for the wastewater systems are determined for an equivalent residential unit (ERU). Unless specifically provided for otherwise, SDC's for connections involving more than one ERU are determined according to the ERU's calculated for the service at the new connection. An ERU shall be defined as 250 gallons per day, normal strength (250 ppm) wastewater.

Each single-family living unit shall be defined as one ERU. Each residential unit in a multi-family structure with two or more residential units shall be considered a 0.8 ERU. ERU equivalencies for any other connection will be determined by the City using the following formula:

$$(\text{flow in gpd} / 250\text{gpd}) \times [0.38 + 0.387 \times (\text{BOD in ppm} / 250\text{ppm}) + 0.233 \times (\text{TSS in ppm} / 250\text{ppm})] = 1 \text{ ERU (but not less than 1 ERU)}$$

Section 2. Resolution No. 06-2019 is hereby repealed and replaced by this Resolution.

Section 3. This Resolution shall be effective immediately upon passage by the City Council.

Passed by the City Council of the City of Cashmere, Washington this 14th day of December 2020.

CITY OF CASHMERE

By: _____
James Fletcher, Mayor

Attest:

By: _____
Kay Jones, City Clerk-Treasurer

Published in the Cashmere Valley Record December 23, 2020

Adopted by Resolution 09-2020
Effective January 1, 2021

RESOLUTION NO 10-2020

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CASHMERE, WASHINGTON
APPOINTING J.C. BALDWIN AS THE CITY OF CASHMERE REPRESENTATIVE ON THE
GREATER WENATCHEE REGIONAL EVENTS CENTER PUBLIC FACILITIES DISTRICT BOARD.**

WHEREAS, the City of Cashmere City Council is responsible for appointment of a person to serve on the Board of Directors of the Greater Wenatchee Regional Events Center Public Facilities District selected based on recommendations received from local organizations including the local chambers of commerce and/or local economic development council; and

WHEREAS, the Cashmere Economic Development Committee of the Cashmere Chamber of Commerce recommends the City Council appoint J.C. Baldwin as the City of Cashmere representative to the aforementioned Board; and

WHEREAS, the Mayor and City Council concur with the recommendation of the Cashmere Economic Development Committee of the Cashmere Chamber of Commerce; NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF CASHMERE, WASHINGTON HEREBY RESOLVES AS FOLLOWS:

Section 1. J.C. Baldwin is hereby appointed to the position of Board of Directors of the Greater Wenatchee Regional Events Center Public Facilities District as the City of Cashmere representative.

Section 2. This appointment shall be effective beginning January 1, 2021 and is for a four (4) year term ending December 31, 2024.

Section 3. This Resolution shall be effective immediately upon passage by the City Council.

APPROVED by the City Council the 14th day of December, 2020.

APPROVED:

James Fletcher, Mayor

ATTEST:

Kay Jones, City Clerk-Treasurer



P.O. Box 22 | 600 Cotlets Way | Cashmere, WA 98815
(509) 782-3230 | info@cashmeremuseum.org



December 3, 2020

The Honorable James Fletcher and Members of the City Council
c/o City of Cashmere
101 Woodring St.
Cashmere, WA 98815

Re: November 9, 2020 City Council meeting

Dear Mayor Fletcher, Mme. Stephenson, and Messrs. Scott, Carlson, Erickson, and Pratt:

Thank you all, so much, for voting to increase the City of Cashmere's contribution to the Cashmere Museum from \$8,500 to \$12,000, with a 1% increase per annum. I am so grateful to Mayor Fletcher for getting the process started and to the Council members for making it happen. You have breathed new life into the Museum, and have re-energized the relationship between us.

As you can imagine, 2020 has been particularly difficult for the Museum, especially because we operate seasonally - so we had to close in March before we could even open! By recognizing our value, not only to the community but to the cultural and educational landscape of the Wenatchee Valley, you have strengthened our purpose, confirmed our historic importance, and shown that the City of Cashmere supports and is invested in our success. Having a deep connection such as this, between the City and the Museum, will benefit both of us going forward. And having a specific date by which the agreement must be reconsidered, will keep us setting and meeting new benchmarks.

The Board and I are beyond thrilled, and ever so appreciative, that the agreement was renewed and renegotiated in this way. We will continue to strive to make Cashmere a place that is warm, welcoming, and one of a kind.

Thank you again.

Sincerely,

A handwritten signature in black ink that reads "Lexie Palmer-Gapper". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Lexie Palmer-Gapper
Director