



WENATCHEE CITY COUNCIL

Thursday, May 10, 2018

Wenatchee City Hall
129 South Chelan
Wenatchee, WA 98801

AGENDA

4:45 p.m. Executive Session

Executive session to consider the acquisition of real estate by purchase when public knowledge regarding such consideration would cause a likelihood of increased price. RCW 42.30.110(1)(b).

Executive session to discuss with legal counsel representing the city matters relating to potential litigation to which the city is likely to become a party when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the city. RCW 42.30.110(1)(i).

5:15 p.m. Regular Meeting

1. Call to Order, Pledge of Allegiance, and Roll Call.

2. Consent Items:

- Motion to approve agenda, vouchers, and minutes from previous meetings.

Vouchers:

Claim checks #185856 through #185896 in the amount of \$306,249.27 for April 26, 2018

Claim checks #185897 through #185903 in the amount of \$11,281.38 for April 30, 2018

Benefits/deductions checks in the amount of \$768,960.73 for April 30, 2018

Claim checks #185920 through #185983 in the amount of \$343,074.23 for May 3, 2018

Payroll distribution in the amount of \$410,493.37 for May 4, 2018

Payroll distribution in the amount of \$4,188.54 for May 4, 2018

Claim checks #185984 through #185985 in the amount of \$98,311.13 for May 4, 2018

3. Citizen Requests/Comments.

The “Citizen Comments” period is to provide the opportunity for members of the public to address the Council on items either not on the agenda or not listed as a public hearing. The Mayor will ask if there are any citizens wishing to address the Council. When recognized, please step up to the microphone, give your name and mailing address, and state the matter of your interest. If your interest is an agenda item, the Mayor may suggest that your comments wait until that time. Citizen comments will be limited to three minutes.

4. Presentations.

- Apple Blossom Recap
- Arts Month Proclamation
- Community Action Month Proclamation
- American Public Works Week Proclamation
- Service Awards Presentation

5. Action Items.

- A. Stevens and Mission Landscaping Improvements – Authorization to Award Construction Contract - Project SW17-06
Presented by Engineering Services Manager Jacob Huylar

Motion for City Council to award the construction contract for the Stevens and Mission Landscaping Improvements project to the lowest responsible bidder with the recommendation of Public Works staff and authorize the Mayor to sign the construction contract documents.

- B. Middle School Crossing Improvements: Interlocal Agreement with the Wenatchee School District - Project 1715 –
Presented by Engineering Services Manager Jacob Huylar and Project Engineer Charlotte Mitchell

Motion for City Council to authorize the Mayor to approve the Interlocal Agreement between the City of Wenatchee and Wenatchee School District No. 246, providing for the reimbursement of costs incurred with the design and construction of additional improvements associated with project no. 1715.

- C. Olds Station Sanitary Sewer Extension Project Phase 1 – Project No. 1718
Presented by Senior Utilities Engineer Jeremy Hoover

Motion for City Council to award the contract for construction of the Olds Station Sanitary Sewer Extension Project Phase 1, Project #1718 to Rodarte Construction, Inc., in the amount of \$4,473,611.00, and further authorize the Mayor to approve the construction contract, contingent on Chelan County granting a Franchise Agreement or issuing a right-of-way permit for construction.

D. Homeless Grant Budget Amendments
Presented by Community Development Director Glen DeVries

Motion for City Council to accept the recommendation by the Steering Committee and to authorize the Mayor to enter into amended subgrant agreements with the Women's Resource Center to allow a funding transfer of \$22,915 between the Landlord Liaison subgrant and the Bruce Transitional Housing subgrant.

E. Authorization for the Sale, Issuance and Delivery of the City's Water Sewer and Revenue and Refunding Bonds
Presented by Finance Director Brad Posenjak

Motion to approve Ordinance No. 2018-10, an ordinance of the City of Wenatchee, Chelan County, Washington, authorizing the sale, issuance and delivery of not to exceed \$17,500,000 of the City's water and sewer revenue and refunding bonds, of one or more series, to pay, redeem and retire all or a portion of the City's outstanding water and sewer revenue bonds, series 2007, and to finance certain capital improvements to the water, sewer and storm drainage system of the City; providing for the designation, date, terms, maturities, form, payment and redemption provisions of the bonds; designating a fiscal agent; authorizing the execution of an escrow agreement for use in the payment of the refunded bonds; authorizing the purchase of certain government obligations; providing for the call, payment and redemption of the refunded bonds; providing for the registration and authentication of the bonds; creating and adopting certain funds and accounts and providing for deposits therein; covenanting to comply with certain federal tax and securities laws; authorizing the sale of the bonds; delegating certain matters to the Mayor and Finance Director; and providing for other matters properly relating thereto

F. Appointing Voting Representatives - AWC Annual Conference Business Meeting

Motion to approve Resolution No. 2018-18, appointing three (3) City Council members as voting representatives on behalf of the City of Wenatchee at the Association of Washington Cities annual conference meeting.

6. Reports.

- a. Mayor's Report
- b. Reports/New Business of Council Committees

7. Announcements.

8. Adjournment.



WENATCHEE CITY COUNCIL

Thursday, April 26, 2018

Wenatchee City Hall
129 South Chelan Avenue
Wenatchee, WA 98801

DRAFT

MINUTES

In attendance:

Mayor Frank Kuntz
Councilmember Jim Bailey
Councilmember Ruth Esparza
Councilmember Lyle Markhart
Councilmember Keith Huffaker (via phone)
Councilmember Mark Kulaas
Councilmember Linda Herald
Councilmember Mike Poirier

Staff in attendance:

Executive Services Director Allison Williams
City Attorney Steve Smith
Deputy Clerk/Public Information Officer Annagrisel Alvarez
IS Support Jessi Saucedo
Economic Development Director Steve King
Public Works Director Matt Leonard
City Engineer, Gary Owen
Senior Engineer, Jeremy Hoover
Engineering Services Manager, Jacob Huylar
Community Development Director Glen DeVries
Utilities Manager Rob Jammerman
Finance Director Brad Posenjak
Police Chief Steve Crown
Police Chief Steve Crown

Mayor Frank J. Kuntz called the meeting to order at 4:45 p.m. for the purpose of meeting in executive session. Councilmember Keith Huffaker was absent.

4:45 p.m. Executive Session

Motion by Councilmember Jim Bailey to convene in executive session for a time period not to exceed 5:13 p.m., with legal counsel present, Executive session to discuss with legal counsel representing the city potential litigation to which the city may become a party when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the city. RCW 42.30.110(1)(i). Motion seconded by Councilmember Mark Kulaas. Motion carried (6-0).

Councilmember Keith Huffaker joined the executive session via teleconference. Council adjourned from executive session at 5:15 p.m.

5:15 p.m. Regular Meeting

1. Call to Order, Pledge of Allegiance, and Roll Call.

Mayor Frank J. Kuntz called the regular meeting to order at 5:15 p.m. Councilmember Mike Poirier led the Pledge of Allegiance. All Councilmembers were present, with Councilmember Keith Huffaker participating via teleconference.

2. Consent Items:

- Motion by Councilmember Mark Kulaas to approve the agenda, the vouchers, and minutes from previous meetings. Councilmember Jim Bailey seconded the motion. Motion carried (6-0).

3. Citizen Requests/Comments. No citizen comments.

4. Presentations.

- Poppy Day Proclamation read by Councilmember Kulaas and presented to Poppy girl, Peyton Ogle, who offered poppies handmade by veterans to the council and attendees, after reading what Poppy Days is and how it originated.
- Wenatchee Wild Proclamation read by the Mayor Frank Kuntz.

5. Action Items.

A. Franchise Agreement – Sunnyslope Sewer

City Attorney Steve Smith provided an overview of the franchise agreement being discussed with Chelan County. There was no further discussion.

Motion by Councilmember Mark Kulaas for City Council to authorize the Mayor to negotiate and sign a Franchise Agreement with Chelan County to extend sewer into Sunnyslope. Councilmember Mike Poirier seconded the motion. Motion carried (7-0).

B. Interlocal Agreement with Chelan County Public Utility District for Bank Stabilization and Erosion Repair

City Engineer Gary Owen presented the interlocal agreement to be signed by the PUD. Councilmembers Poirier and Bailey commented.

Motion by Councilmember Mike Poirier for City Council to approve the Interlocal Agreement with the Chelan County PUD and authorize the Mayor's signature on the agreement. Councilmember Bailey seconded the motion. Motion carried (7-0).

- C. Real Estate Purchase and Sale Agreement between the City of Wenatchee and BP Easy St., LLC

City Engineer Gary Owen explained the details of the agreement, Councilmember Bailey asked questions.

Motion by Councilmember Linda Herald for City Council to approve the Purchase and Sale Agreement with BP Easy St., LLC, and authorize the Mayor's signature. Councilmember Ruth Esparza seconded the motion. Motion carried (7-0).

- D. Purchase and Sale Agreement – Mission/Kittitas Parking Lot

Economic Development Director Steve King explained the status of the Firestone parking lot, Council had comments.

Motion by Councilmember Jim Bailey for City Council to authorize the Mayor to sign the First Amendment to Real Estate Purchase and Sale Agreement with Weidner Apartment Homes for the Mission and Kittitas parking lot. Councilmember Linda Herald seconded the motion. Motion carried (7-0).

- E. Real Estate Purchase and Sale Agreement – Federal Building

Economic Development Director Steve King provided information regarding the purchase and sale agreement for the Federal Building closing at the end of the month.

Motion by Councilmember Lyle Markhart for City Council to authorize the Mayor to sign a Real Estate Purchase and Sale Agreement with LocalTel Federal Building, LLC, for the purchase of proposed condominium Units 1A, 2, and 3, and further negotiate terms and conditions of the sale. Councilmember Ruth Esparza seconded the motion. Motion carried (7-0).

- F. SR285 Pedestrian Crossing Improvements – Supplement #4 to Agreement with Perteet, Inc.

Engineering Services Manager Jacob Huylar presented the scope of the project and determined a start date of June lasting two and a half months. There were comments and questions by the Council.

Motion by Councilmember Lyle Markhart for City Council to approve and authorize the Mayor to executive Supplemental #4 with Perteet, Inc., providing for construction inspection services for the SR 285 Pedestrian Crossing Improvements Project (City Project Nos. 1601 and SW17-12). Councilmember Ruth Esparza seconded the motion. Motion carried (7-0).

6. Presentation.

Water Comprehensive Plan Update Presentation by Gordon Wilson, Senior Program Manager at FCS group. The City is currently updating its comprehensive water system plan, planning for the City water system is occurring along with planning for the regional water supply system. Consultant is requiring feedback to specific questions from the presentation. Existing revenues (without rate increases) slightly exceed operating expenses and debt service. The level of future rate increases are dependent on decisions about capital expenditures (both City and Regional). This will be further discussed in future Council meetings.

At the end of the presentation there were comments from the council and the Mayor.

7. Reports.

a. Mayor's Report. The Mayor reported on the following:

1. Apple Blossom: Mayor attended two events today, did a speech and read the Stand Against Racism Proclamation at the Stand Against Racism event at the Wenatchee Valley College. He also was the MC for the Chief for a Day event.
2. Attended GWATA's Flywheel Conference.

b. Reports/New Business of Council Committees

Councilmember Lyle Markhart reported attending the NCWEDD forum at the Tech Center.

Councilmember Mark Kulaas invited everyone to stop by the Funnel Cake stand during Apple Blossom to support "Cakes for Kids".

The Mayor reminded everyone that there is no meeting next week, and the Council will be in session again on Thursday, May 10th.

8. **Announcements.** None.

9. **Adjournment.** With no further business the meeting adjourned at 6:38 p.m.

Frank J. Kuntz, Mayor

Attest:

Annagrisel Alvarez, Deputy City Clerk

Proclamation

Of the City of Wenatchee, Washington

WHEREAS, the arts, including dance, music, theatre, and visual arts, are defined as a core content area in Washington State's definition of basic education, and considered an essential component of the complete education that should be provided for all students; and

WHEREAS, learning in and through the arts enables students to develop critical thinking and problem solving skills, imagination and creativity, discipline, alternative ways to communicate and express feelings and ideas, and cross-cultural understanding, which supports academic success across the curriculum as well as personal growth outside the classroom; and

WHEREAS, imagination and creativity are increasingly understood as critical capacities needed for success in the 21st century workforce; and

WHEREAS, the arts can transform schools into havens of creativity and exploration – places where students want to learn, teachers want to teach, and all members of the learning community are more engaged and motivated; and

WHEREAS, we applaud the efforts and dedication of the arts educators and advocates in the community and we call for school and community leaders to continue to broaden and strengthen their commitment to provide arts education for *"Every Student in Every School."*

WHEREAS, the City of Wenatchee is invested in encouraging art through the work of the Wenatchee Arts, Recreation and Parks Commission and 1% for arts fund; and

WHEREAS, the Commission commends the work in the Wenatchee School District for their efforts which include: Beauty of Bronze, Elementary Art Academy Program, the District Art Show, the strong string/band programs that provide annual musicals, and district-wide musicals that rival professional shows seen in much larger venues.

NOW, THEREFORE, I, Frank J. Kuntz, Mayor of the City of Wenatchee do hereby proclaim the month of May 2018 as **"Arts Education Month"** in the City of Wenatchee and I urge all citizens to join us in this special observance.



IN WITNESS WHEREOF, I hereby set my hand and cause the seal of the City of Wenatchee to be affixed on this 10th day of May, 2018.

FRANK J. KUNTZ, Mayor

PROCLAMATION

Community Action Month

WHEREAS, community action agencies in Washington State help low-income community members help themselves and become more self-sufficient; and

WHEREAS, community action agencies in partnership with elected officials, the private sector, and low-income citizens, continue to identify challenges facing those with fixed and low incomes and seek ways to strengthen the community; and

WHEREAS, strong, healthy communities are crucial to quality of life and well-being for all; and

WHEREAS, for more than fifty years, community action agencies have provided vital human services that have produced tremendous outcomes in empowering families and individuals – and the motto of the Community Action Partnership, representing hundreds of community actions agencies across the U.S., is *Helping People, Changing Lives*;

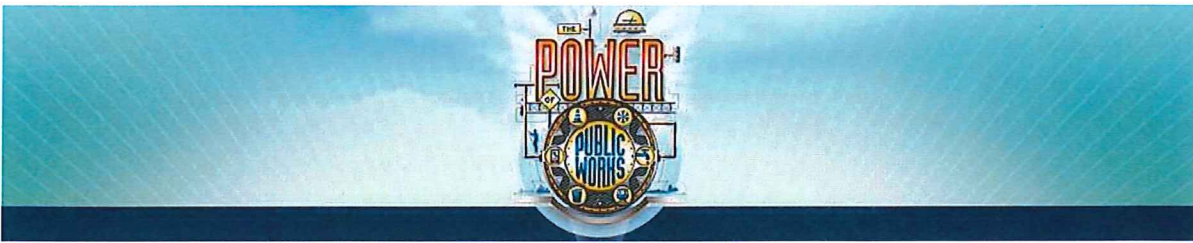
NOW, THEREFORE, I, Frank J. Kuntz, Mayor of the City of Wenatchee, do hereby proclaim May, 2018, as *Community Action Month*, in the City of Wenatchee, and I encourage all people in our community to join me in this special observance.

IN WITNESS WHEREOF, I have caused the seal of the City of Wenatchee to be affixed on this 10th day of May, 2018.



A handwritten signature in blue ink, which reads "Frank J. Kuntz".

FRANK J. KUNTZ, Mayor



National Public Works Week 2018 Proclamation

WHEREAS, public works professionals focus on infrastructure, facilities and services that are of vital importance to sustainable and resilient communities and to the public health, high quality of life and well-being for the citizens of Wenatchee; and,

WHEREAS, these infrastructure, facilities and services could not be provided without the dedicated efforts of public works professionals, who are engineers, managers and employees from state and local governments and the private sector, who are responsible for rebuilding, improving and protecting our nation's transportation, water supply, water treatment and solid waste systems, public buildings, and other structures and facilities essential for our citizens; and,

WHEREAS, it is in the public interest for the citizens, civic leaders and children in the City of Wenatchee to gain knowledge of and to maintain a progressive interest and understanding of the importance of public works and public works programs in their respective communities,

WHEREAS, the American Public Works Association has celebrated the annual National Public Works Week since 1960,

RESOLVED, I, Frank J. Kuntz, Mayor of the City of Wenatchee, do hereby designate the week May 21-27, 2018 as National Public Works Week; I urge all our citizens to join with representatives of the American Public Works Association and government agencies in activities, events and ceremonies designed to pay tribute to our public works professionals, engineers, managers and employees and to recognize the substantial contributions they make to protecting our national health, safety, and quality of life.

IN WITNESS WHEREOF, I have hereunto set my hand and caused the Seal of the City of Wenatchee to be affixed.

DONE at the City of Wenatchee, Washington, this 10th day of May, 2018.




FRANK J. KUNTZ, Mayor

To: Mayor Frank Kuntz
City Council Members

From: Kari Page, Director of Human Resources

RE: **Service Awards – January through April 2018**

Date: May 10th, 2018

Overview / Background:

The City of Wenatchee acknowledges employees who have reached milestones in their years of service with a Certificate and Pin. We recognize the following employees and extend our sincere gratitude for their dedication and many contributions to City of Wenatchee success.

25 Years

Month/Year	Employee Name	Job Title	Department
January 2018	Jim Brown	Support & Technical Services Manager	Police

20 Years

January 2018	Terry O'Keefe	Water Distribution Supervisor	Public Works
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10 Years


December 2017	Erik Vasquez	Corporal	Police
February 2018	Cliff Burdick	Building/Fire Official	Community Development
March 2018	Jason Munson	Mechanic	Public Works
March 2018	Tim McCord	IS Support Technician	IS
April 2018	Ryan Weatherman	Corporal	Police

5 Years

January 2018	Denise Pearce	Accounting Supervisor	Finance
February 2018	Sandra VanOsten	Housing Program Coordinator	Community Development

**COUNCIL AGENDA REPORT
PUBLIC WORKS DEPARTMENT**

TO: Frank Kuntz, Mayor
City Council

FROM: Jacob Huylar, Engineering Services Manager 

SUBJECT: Stevens and Mission Landscaping Improvements – Authorization to Award Construction Contract

DATE: May 7, 2018

MEETING DATE: May 10, 2018

I. OVERVIEW

The Stevens and Mission Landscaping Improvements (City Project No. SW17-06) will construct a landscaping island at the former intersection of Stevens St and Mission St. The project will remove asphalt pavement between Wenatchee’s Best Laundry and La Tortuga Loca and replace it with curb and gutter, concrete benches, a decorative block wall, and landscaping.

II. ACTION REQUESTED

Staff recommends the City Council award the construction contract for the Stevens and Mission Landscaping Improvements project to the lowest responsible bidder with the recommendation of Public Works staff and authorize the Mayor to sign the construction contract documents.

III. FISCAL IMPACT Submitted to the Finance Committee Yes No

The engineer’s estimate for the work is \$80,400. The project is funded through a Complete Streets grant from the Transportation Improvement Board (TIB).

IV. PROPOSED PROJECT SCHEDULE

Bids will be opened on May 8, 2018. The contract documents specify 20 working days to complete construction. If a responsible bid is received and recommended for award, the work should begin in June and be complete by the end of July.

V. ATTACHMENTS

1. Current Project Budget

VI. ADMINISTRATIVE ROUTING

Tammy Stanger, City Clerk
Gary Owen, City Engineer
Charlotte Mitchell, Project Engineer
Rachael Ivie, Public Works Business Manager

North Wenatchee Avenue Pre-Design. This project will look at further defining and evaluating alternatives for the improvements identified in the SR 285 North Wenatchee Transportation Master Plan. This project will also further analyze the options provided in the North Wenatchee Avenue Form and Function Study which introduced transit queue-jumps and other components. The project will also provide recommendations for prioritizing improvements for North Wenatchee Avenue and to continue the public outreach process for these improvements.

N. Wenatchee Ave. Pre-Design Project # 1720	Fund	Prior Years	2018 Budget	Future Years	Project Total
Resources					
Fund balance	109	50,000	50,000	-	100,000
		50,000	50,000	-	100,000
Outlays	109	50,000	50,000	-	100,000

NHS Asset Management. The project will provide for surface treatments programmed by Streetsaver PMS in the first two years of the program. Treatment type is chip seal and a portion of one segment includes 2% pavement repair costs. The 2.71 miles of preservation include Ferry Street from Mission Street to Okanogan, Russell Street from Okanogan to Miller, and Miller Street from Russell to Orchard and 9th to Springwater. The city may elect to upgrade the treatment to HMA overlay

and include two additional segments of these corridors for pavement corridor consistency.

NHS Asset Management Project # 1721	Fund	Prior Years	2018 Budget	Future Years	Project Total
Resources					
Federal grant	109	-	436,830	-	436,830
Fund balance	109	-	58,970	-	58,970
		-	495,800	-	495,800
Outlays	109	-	495,800	-	495,800

Mission/Stevens Landscaping. This project is included in the city's complete streets work plan and will improve an abandoned section of Stevens Street just West of Mission. The area is a portion of the former west leg of the Mission/Stevens intersection prior to the Sellar West project by the WSDOT. The project will enhance non-motorized access and add landscaping to the existing paved and underutilized space.

Mission/Stevens Landscaping Project # SW17-06	Fund	Prior Years	2018 Budget	Future Years	Project Total
Resources					
Complete streets	109	6,000	69,000	-	75,000
		6,000	69,000	-	75,000
Outlays	109	6,000	69,000	-	75,000

Spokane Street Sidewalks. This project will construct curb, gutter, and sidewalk on the north side of Spokane Street between South Wenatchee Avenue and Mission Street. The project has become a higher priority when the SR285 Pedestrian Crossings project was funded which creates an increased demand for pedestrian use of Spokane Street. \$100,000 of the funding for the project is programmed through the complete streets work plan with the remainder of the funding coming from the arterial street fund #109.

Spokane Street Sidewalks Project # SW17-12	Fund	Prior Years	2018 Budget	Future Years	Project Total
Resources					
Complete streets	109	7,500	144,500	-	152,000
Fund balance	109	7,500	92,500	-	100,000
		15,000	237,000	-	252,000
Outlays	109	15,000	237,000	-	252,000

TO: Frank Kuntz, Mayor
City Council

FROM: Jacob Huylar, Engineering Services Manager
Charlotte Mitchell, Project Engineer

SUBJECT: Project No. 1715, Middle School Crossing Improvements: Interlocal Agreement with the Wenatchee School District for additional design and construction services

DATE: May 4, 2018

MEETING DATE: May 10, 2018

I. OVERVIEW

This project received Safe Routes to School (SRTS) funding in June of last year and consists of installing pedestrian crosswalk improvements at two locations – on Maple Street at Foothills Middle School and the intersection of Orchard Ave and Miller Street near Orchard Middle School. Rapid flash beacons, radar speed feedback signs, and ADA compliant curb ramps will be installed at both locations. After looking at the two approaches to Foothills Middle School, the district felt it was in their interest to expand the scope of the project to improve approaches beyond the scope of the City's project. The district has requested to staff that the city include these improvements in the city's capital project. Staff has negotiated this agreement and it was approved by the district board April 23rd, 2018. The agreement is now ready to be executed by the city.

II. ACTION REQUESTED

Staff recommends the City Council authorize the Mayor to approve the Interlocal Agreement between the City of Wenatchee and Wenatchee School District No. 246, providing for the reimbursement of costs incurred with the design and construction of additional improvements associated with project no. 1715.

III. FISCAL IMPACT Submitted to the Finance Committee Yes No

Staff will prepare a capital improvement project budget amendment and present to the finance committee to include the additional funding and expenditures associated with the additional WSD improvements.

IV. PROPOSED PROJECT SCHEDULE

The project is currently scheduled for construction this summer.

V. REFERENCE(S)

1. Interlocal Agreement Between City of Wenatchee and Wenatchee School District No. 246

VI. ADMINISTRATIVE ROUTING

Gary Owen, City Engineer
Matt Leonard, Public Works Director
Tammy Stanger, City Clerk
Brad Posenjak, Finance Director

INTERLOCAL AGREEMENT BETWEEN CITY OF WENATCHEE AND WENATCHEE SCHOOL DISTRICT NO. 246

THIS INTERLOCAL AGREEMENT ("Agreement") is hereby entered into by and between City of Wenatchee, Washington (the "City"), and Wenatchee School District No. 246 of Wenatchee, Washington (the "WSD"), sometimes collectively referred to as the "Parties". This Agreement is made pursuant to the Interlocal Cooperation Act, Chapter 39.34 RCW.

WHEREAS, the City is engaged in Middle School Crossing Improvements, involving improvements to Maple Street in Wenatchee, Chelan County, Washington (the "Project"); and,

WHEREAS, the City staff and the WSD staff will work cooperatively through the design phase of the Project for the mutual benefit of the Parties; and

WHEREAS, as a result of the cooperative planning between the Parties, the City will develop plans and specifications for roadway and sidewalk improvement work (the "WSD Work") for inclusion in the Contract Bid Documents. WSD Work will be specifically referred to as Group 3 Work in the Contract Bid Documents. The Project is scheduled to be advertised for bid around April 26, 2018; and

WHEREAS, as set forth in this Agreement, the City and the WSD desire to continue their cooperative efforts through bidding, construction of the WSD Work and the Project by the City Contractor ("Contractor"), and for such work as may be performed by the Parties' respective forces in addition to each Party's work under the awarded Project Contract ("Contract"); and

WHEREAS, the Project is funded with a combination of federal, state, and local funding, the Washington State Department of Transportation ("WSDOT"), Federal Highway Administration ("FHWA") and other federal and state agencies have oversight responsibility and authority and the parties will be required to cooperate with oversight.

NOW, THEREFORE, in consideration of the mutual promises and covenants herein contained, and the foregoing representations, which are incorporated by this reference into the Agreement, the City and the WSD agree as follows:

- 1. Purpose.** The purpose of this Agreement is to coordinate WSD Work concurrent with Project construction improvements, by inclusion of the WSD Work as Group 3 Work in the Contract Bid Documents, and to set forth duties and responsibilities of each Party for the WSD Work done in conjunction with the Project.
- 2. Scope of Work.** WSD Work for the Project is set forth in Exhibit A. WSD Work includes curb, gutter, irrigation repairs, and sidewalk improvements by the

Contractor. Also included is removal and replacement of the asphalt in the two road approaches to Foothills Middle School.

3. City Obligations. The City shall:

- 3.1. Provide plans, specifications, and an engineering estimate of costs for the WSD Work.
- 3.2. Administer the bidding and contract award, consistent with bid laws applicable to the Project (this includes WSD Work), including:
 - a.) Preparing the Contract Bid Documents to include the WSD Work as provided in Exhibit A;
 - b.) Advertising for Project bids and administering the Project bidding process, answering and documenting responses to prospective bidders questions relating to WSD Work prior to bid award and provide the WSD with copies of the documentation;
 - c.) Requiring the Contractor to name the WSD as an additional insured under its insurance obligations in the Contract;
 - d.) Allow for WSD inspection of bid proposals after bid opening; and
 - e.) Awarding of the Contract.
- 3.3. Administer the Contract subject to the provisions of this Agreement for WSD Work, including:
 - a.) Contract administration for the complete Contract, including WSD Work;
 - b.) Communication and coordination with the Contractor to schedule all Work, including WSD Work, and to be the lead agency for inspection and for coordinating resolution of questions and issues arising during the performance of the Contract;
 - c.) Disbursement of payments to the Project Contractor relating to WSD Work, subject to the WSD's written approval in advance;
 - d.) Administration of change orders relating to WSD Work subject to the WSD's written approval in advance; and
 - e.) Allowing for WSD inspection of the WSD Work performed by the Contractor.
- 3.4. Provide construction engineering, including survey control (except as set forth in paragraph 4.1 below).
- 3.5 Determine Final Project completion. Final completion shall not be determined until the WSD has provided written acceptance to the City of WSD Work performed by the Contractor under the terms of the Contract.
- 3.6 Determine final acceptance of the Project.

3.7 Assign to the WSD any claims or defenses it has related to the WSD Work and the WSD's obligations set forth in Sections 4.7 below.

4. WSD Obligations. The WSD shall:

- 4.1. Provide review and written approval to the City for any change orders for WSD Work before implementation.
- 4.2. Reimburse the City for actual City administration and Preliminary Engineering (Design) costs for WSD Work and Construction Engineering (Inspection), as shown in Exhibit B.
- 4.3. Reimburse the City for Costs of WSD Work.
- 4.4. Provide the City with written acceptance of WSD Work, performed by the Contractor, at and as a prerequisite to Final Project completion.
- 4.5. Cooperate with oversight, audits and public record requests related to the Project.
- 4.6. Pursue and prosecute at its sole cost and discretion any actions against the Contractor for breach of contract related to WSD Work.
- 4.7. Grant City a temporary construction permit allowing its' contractor to work on WSD property to construct the work. Unless modified by separate agreement, this ILA shall suffice as such temporary construction permit.

5. Filing and Effective Date. This Agreement shall become effective upon the date of filing of the executed Agreement with the Chelan County Auditor or upon posting to the City's web site. The City shall file this Agreement with the Chelan County Auditor or post it to its web site promptly after the Agreement is executed.

6. Duration and Termination. Subject to the provisions of section 6.1 below, this Agreement shall terminate upon the following: (1) the City receives final payment from WSD for all work performed by the City on behalf of the WSD as set forth in this Agreement, and (2) upon the final completion of the Project; provided, however, this Agreement may be terminated prior to the award of the Contract by written mutual agreement signed by authorized personnel of each party, by City rejection of all bids, or by the WSD directing the City in writing to reject all bids for the Group 3 WSD Work. Additionally, WSDOT and FHWA must approve incorporation of the WSD Work into the Project. This Agreement terminates if WSDOT and FHWA do not approve incorporation of the WSD Work into the project. The City shall promptly notify the WSD in writing in the event that this Agreement is terminated due to WSDOT and FHWA failure to timely grant the required approval.

6.1 The WSD's obligations for the following matters shall survive the termination of this Agreement:

a. The WSD's obligation to cooperate with audits of the Project as set forth in section 4.5 above; and

b. The WSD's obligation to pursue and prosecute at its sole cost and discretion any actions against the Contractor for breach of contract related to WSD Work as set forth in Section 4.6 above.

7. Property and Equipment. It is not anticipated by the Parties that property or equipment will be purchased in furtherance of this Agreement. That notwithstanding, upon termination of this Agreement, all property and equipment purchased by the City in furtherance of this Agreement shall remain property of the City and all property and equipment purchased by the WSD in furtherance of this Agreement shall remain property of the WSD. All property and equipment shall be returned to the owner within a reasonable time after termination of this Agreement.

8. Costs. Each Party shall be responsible for its respective costs of work under the Contract.

8.1. The Costs of WSD Work shall be the actual cost to complete Group 3 Work, and shall be adjusted for changes to WSD Work, if any, as set forth under Section 1-04.4 of the Standard Specifications 2018, adopted below.

8.2. The WSD shall reimburse the City in the amount of seven percent (7%) of the completed Costs of WSD Work for City administration of construction of WSD Work.

8.3. The Costs of preliminary engineering shall be the actual cost to the City to design WSD's Group 3 work. This amount is estimated as shown in Exhibit B.

9. Payment. Upon receipt of periodic invoices from the City, the WSD shall make corresponding periodic progress payments to the City. Each progress payment and the final payment are due within thirty (30) days from the date the related invoice is mailed by the City to the WSD. The WSD shall timely contact the City regarding any concerns arising from related invoices, and upon such notice to the City, the City shall promptly respond, investigate, and resolve any such concerns so as to avoid delay in payment from the WSD to the City.

10. Records. The Parties shall be responsible for record keeping, record retention, and access to records as follows:

10.1. The City shall keep and maintain accurate and complete cost records pertaining to the Project as administered under the Contract and this Agreement ("City Records"). The WSD shall have full access and the right to examine City Records during the term of this Agreement and until expiration of the applicable record retention period.

10.2. All records, books, documents and other materials owned, used, retained, maintained, prepared, or issued by the WSD in the implementation of this Agreement ("WSD Records") shall be the property of the WSD, which shall have the responsibility of the retention and release of those materials. The City shall have full access and the right to examine WSD Records during the term of this Agreement and until expiration of the applicable record retention period. Federal and state agencies with funding, oversight, auditing or investigative need or right to examine WSD Records shall likewise have full access and the right to examine WSD Records during the term of this Agreement and until expiration of the applicable record retention period.

11. Mutual Indemnity. To the fullest extent allowed by law:

11.1. The WSD shall indemnify, defend and hold harmless the City, its officers, agents and employees, from and against any and all claims, losses or liability, or any portion thereof, arising from injury or death to persons or damage to property occasioned by any negligent act, omission or failure of the WSD, its officers, agents, and employees, in connection with the WSD Work, or arising out of the WSD's non-observance or non-performance of any law, ordinance, or regulation applicable to the WSD Work.

11.2. The indemnification obligation of the WSD shall not be limited in any way by the application of any workmen's compensation acts, disability benefit acts or other employee benefit acts and the WSD expressly waives the protection afforded by such laws. The foregoing waiver and indemnification obligations have been mutually negotiated.

11.3. The City shall indemnify, defend and hold harmless the WSD, its officers, agents, employees, contractors, and subcontractors from and against any and all claims, losses or liability, or any portion thereof, arising from injury or death to persons or damage to property occasioned by any negligent act, omission or failure of the City, its officers, agents, and employees, in connection with the Project, or arising out of the City's non-observance or non-performance of any law, ordinance, or regulation applicable to the Project.

11.4. The indemnification obligation of the City shall not be limited in any way by the application of any workmen's compensation acts, disability benefit acts or other employee benefit acts and the City expressly waives the protection afforded by such laws. The foregoing waiver and indemnification obligations have been mutually negotiated.

12. Amendment. The City and the WSD may mutually amend this Agreement. Such amendment(s) shall not be binding unless made in writing and signed by personnel authorized to bind the City and the WSD.

13. Public Records Act. Public records of either party to this agreement which contain confidential information may be subject to state public records act and other public records laws, as now exist or as may be hereafter amended. If inspection and/or copying of public records containing confidential information is requested, the party to this agreement receiving such request agrees to notify the other party's Public Records Officer of the request at least ten (10) business days prior to the records being made available for inspection or copying by the requestor. The other party to this agreement may promptly seek a protective order in the appropriate court. The party to which a public records act request is made will reasonably cooperate with the other party to this agreement in its protective order action, but is under no obligation to obtain or seek any court protection. The Parties Public Records Officers are:

13.1. The City

City Clerk
PO Box 519
129 South Chelan Avenue
Wenatchee, WA 98801
tel. (509)888-6204
fax (509)888-3636
cityclerk@wenatcheewa.gov

13.2. The WSD

Public Records Officer
Wenatchee School District No. 246
235 Sunset Avenue
Wenatchee, WA 98801
tel. 509-663-8161 ext. 33223
akers.l@wenatcheeschools.org

14. Relationship of Parties. The Parties intend that an independent contractor relationship will be created by this Agreement. Neither party, their officers, employees, agents, contractors or subcontractors shall be considered an agent or employee of the other for any purpose and neither party is entitled to any of the benefits that the other provides for its respective employees.

15. Contact Information. The following shall be the contact person for each party:

15.1. The WSD

Brian Flonas, Superintendent
Wenatchee School District No. 246
235 Sunset Ave.

PO Box 1767
Wenatchee, WA 98801
tel. 509-663-6181
fax 509-663-3082
flonesb@wenatcheeschools.org

15.2. The City

Charlotte Mitchell, Project Engineer
City of Wenatchee
1350 McKittrick Street
Wenatchee, WA 98801
tel. 509-888-33221
fax 509-888-3201
cmitchell@wenatcheewa.gov

15.3. Each party shall arrange for an alternate contact person in the circumstance that the aforementioned contact person is unavailable.

16. Governing Law; Venue. This Agreement is governed by the laws of the State of Washington, both as to interpretation and performance. Any action at law, suit in equity or other judicial proceeding for enforcement of this Agreement shall be instituted only in the Superior Court of Chelan County, State of Washington.

17. Disputes. In the event that a dispute arises under this Agreement and prior to initiation of any legal action, authorized representatives of each party shall meet and negotiate in good faith to attempt to resolve the dispute.

18. Attorney Fees; Costs. If it is necessary for either party to utilize the services of an attorney to enforce any of the terms of this agreement, each party shall be responsible for its own attorneys' fees and costs.

19. Mutual Negotiation and Construction. This Agreement and each of the terms and provisions hereof are deemed to have been explicitly negotiated between, and mutually drafted by, the Parties, and the language in all parts of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either Party.

20. Severability. In the event that any provision of this Agreement shall be determined to be unenforceable or otherwise invalid for any reason, such provision shall be enforced and validated to the extent permitted by law. All other provisions of this Agreement are severable, and the unenforceability or invalidity of any single provision hereof shall not affect the remaining provisions.

21. Standard Specifications. The 2018 edition of the Washington State Department of Transportation's *Standard Specifications for Road, Bridge, and Municipal Construction*, as amended on the effective date of this Agreement, ("Standard

Specifications: 2018") is adopted by this reference and incorporated in this Agreement, except, the express provisions of this Agreement, the Contract Bid Documents, and the Contract shall govern over any conflicting corresponding provision in the Standard Specifications: 2018.

22. Entire Agreement. The preamble and the Exhibit A and the Exhibit B attached to this Agreement are incorporated into this Agreement. This instrument embodies the whole agreement of the Parties. There are no promises, terms, conditions, or obligations between the Parties with regard to the subject matter of this Agreement other than those contained in this Agreement. This Agreement supersedes all previous communications, representations or agreements, either oral or written between the parties about the subject matter of the Agreement.

Dated this ____ day of _____ 2018.

APPROVED BY

City of Wenatchee

Frank Kuntz, Mayor

ATTEST:


Tammy Stanger, City Clerk

Dated: _____

DATED this 23rd day of April 2018.

APPROVED BY

WENATCHEE SCHOOL DISTRICT NO. 246



Brian Fones, Superintendent

EXHIBIT A

Project Boundaries

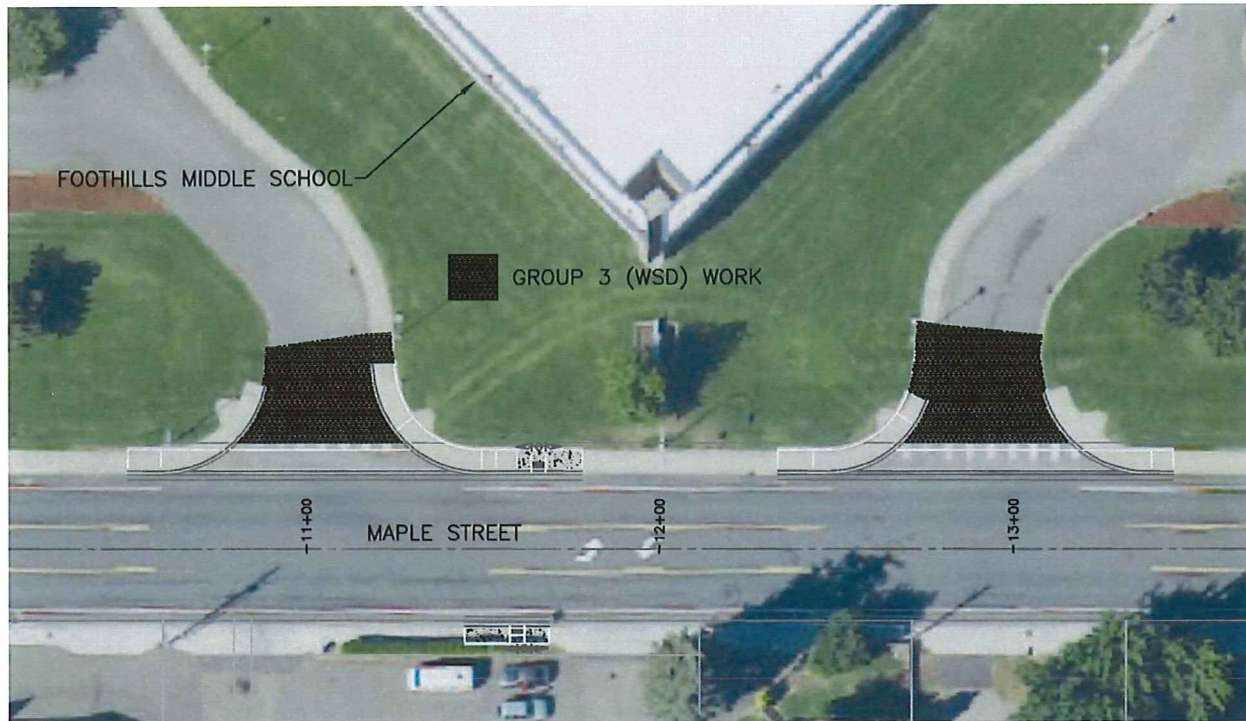


EXHIBIT B

Estimated Cost

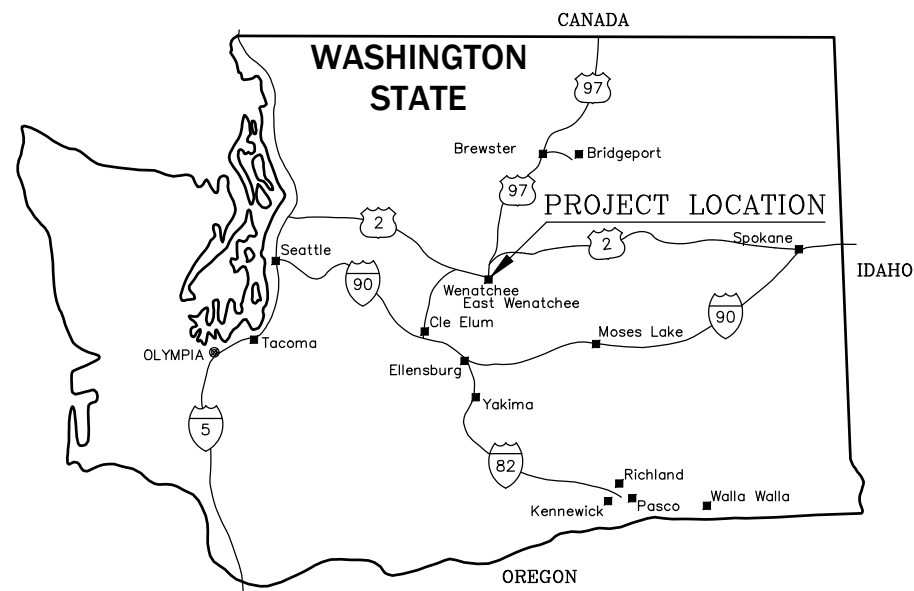
**PROJECT: 1715 Middle School Crossing Improvements
Wenatchee School District work**

ITEM NO.	ITEM	UNITS	UNIT PRICE	WSD Work	GROUP 3 TOTAL COST
PREPARATION					
1	MOBILIZATION	L.S.	7.5%	\$ 2,124.69	\$ 2,124.69
GRADING					
2	ROADWAY EXCAVATION INCL. HAUL	C.Y.	\$ 50.00	113	\$ 5,672.22
SURFACING					
3	CRUSHED SURFACING BASE COURSE	TON	\$ 45.00	122	\$ 5,504.71
4	CRUSHED SURFACING TOP COURSE	TON	\$ 50.00	48	\$ 2,416.99
HOT MIX ASPHALT					
5	COMMERCIAL HMA	TON	\$ 150.00	50	\$ 7,457.44
TRAFFIC					
6	CEMENT CONC. TRAFFIC CURB AND GUTTER	L.F.	\$ 20.00	93	\$ 1,852.00
OTHER ITEMS					
7	ROADWAY SURVEYING	L.S.	\$ 10,000.00	0.10	\$ 1,000.00
8	CEMENT CONC. SIDEWALK	S.Y.	\$ 55.00	16	\$ 888.56
12	FORCE ACCOUNT LANDSCAPE REPAIR	EST.	\$ 1.00	500	\$ 500.00
13	FORCE ACCOUNT IRRIGATION REPAIR	EST.	\$ 1.00	1500	\$ 1,500.00
14	MINOR CHANGE	CALC	\$ 1.00	5000	\$ 1,500.00
CONSTRUCTION SUB TOTAL					\$ 30,416.60
				CE	7% \$ 2,129.16
				TESTING	\$ 500.00
				PE	15% \$ 4,562.49
TOTAL					\$ 37,608.26



City of Wenatchee Project 1715 Middle School Crossing Improvements

Federal Aid Project No. SRTS-9904(014), Contract TA-XXXX



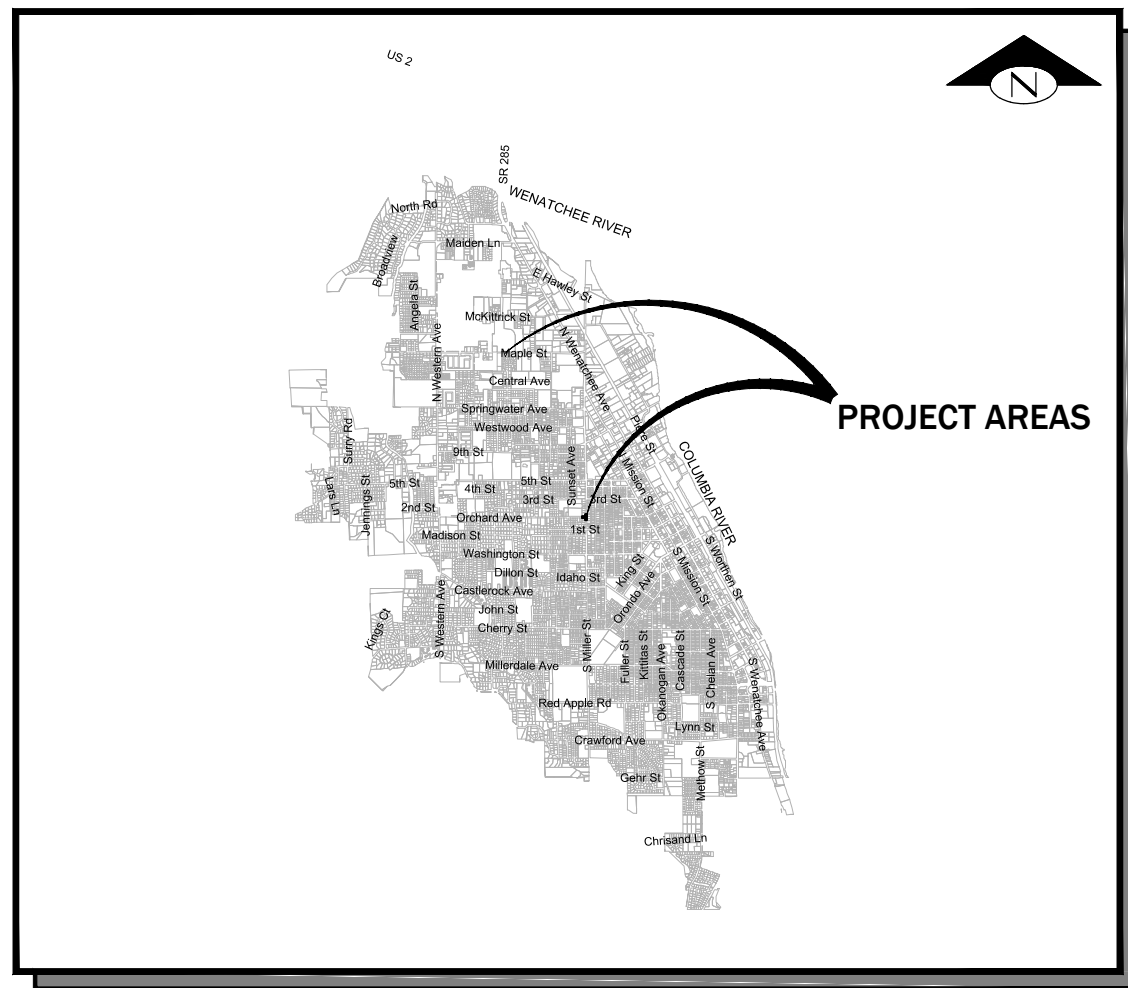
CONTACTS		
CITY ENGINEER	GARY OWEN	509-888-3204
INSPECTOR	GARY FAULKNER	509-888-3207
FRONTIER	STEVE JOHNSTON	509-662-1142
CHARTER	JUSTEN HARKNESS	509-264-8391
CASCADE NATURAL GAS	LINDSAY DOWNS	509-237-9733
CCPUD	TAMMY FISHER	509-661-4267
RECLAMATION DISTRICT	ALICE MEYER	509-663-0002
CITY SIGNALS AND LIGHTING	JOSH WINN	509-888-3222
CITY WATER	TERRY O'KEEFE	509-888-3230
CCPUD WATER	GEORGE STEGMAN	509-670-9700

SHEET INDEX		
COVER SHEET	CV1	1
LEGEND AND ABBREVIATIONS	GN1-GN2	2-3
ALIGNMENT AND CONTROL PLAN	AL1	4
SITE PREPARATION PLAN*	SP	
TYPICAL ROADWAY SECTIONS	TS1	
DRAINAGE PLAN	DR1	
ROADWAY PLAN	RP1	
ROADWAY PROFILES*	RP	
INTERSECTION PLAN*	IP	
CHANNELIZATION PLAN	CH1-CH2	
SIGNING PLAN	SN1-SN2	
MISCELLANEOUS DETAILS*	MD	
TRAFFIC CONTROL PLAN	TC1-TC3	



*NOT INCLUDED IN 30% PLANS
HORIZONTAL: NAD 83 WASHINGTON STATE PLANE NORTH ZONE
VERTICAL: NAVD 88 (GEOID 12B)

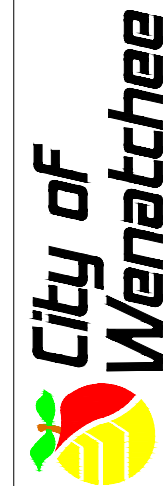
P 1715 MIDDLE SCHOOL CROSSING IMPROVEMENTS
COVER SHEET



VICINITY MAP



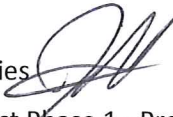
SITE PLAN



SCALE: N/A	DESIGNED: CLM	DRAWN: CLM	APPROVED BY:	DATE DRAWN: 11.06.2017	CHECKED: XXX	DATE APPROVED:	REVISIONS:
PROJECT NO. 1715	DRAWING NAME: 1715_P-COVR.dwg						
CV1	SHEET 1	OF 1					

**COUNCIL AGENDA REPORT
PUBLIC WORKS DEPARTMENT**

TO: Frank Kuntz, Mayor
City Council

FROM: Jeremy Hoover, P.E., Senior Engineer - Utilities 

SUBJECT: Olds Station Sanitary Sewer Extension Project Phase 1 - Project No. 1718
Authorization to Award Construction Contract

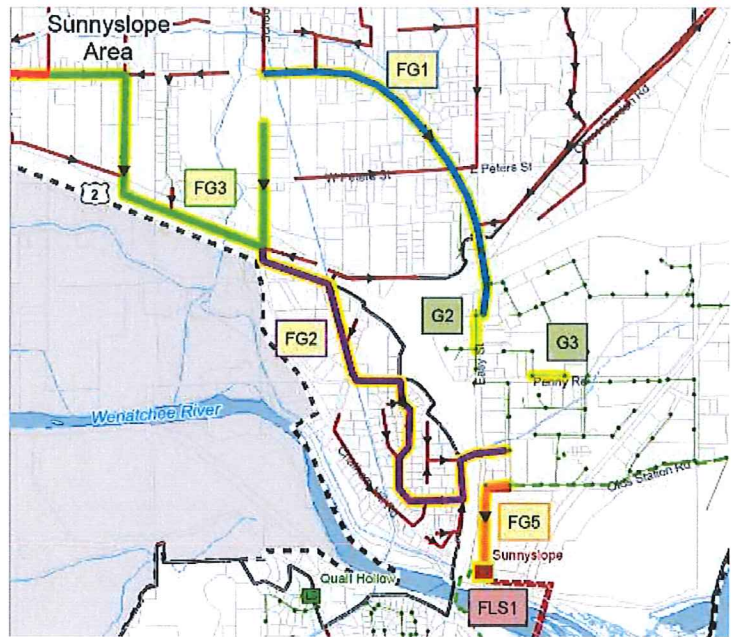
DATE: May 4, 2018

MEETING DATE: May 10, 2018

I. OVERVIEW

Phase 1 of project 1718 will install approximately 13,312 linear feet of 8 inch, 12 inch, 15 inch, and 16 inch sanitary sewer main line in Horan Rd, Easy Street, Chatham Hill Drive, Indy Lane, LeMaister Ave, Cordell Street, Penny Road, Inks Road, School Street, and parallel to US 2 as well as crossings of US 2 and SR 285 as indicated by FG2 and FG3. Associated individual side sewer services will be installed for each developed property.

A request for bids was issued on March 30, 2018. Five bids were received and opened on April 20, 2018. Rodarte Construction, Inc. is the low bidder at \$4,473,611.00. RH2 Engineering's estimate was \$5,083,651.00, and the high bid was \$4,862,442.00.



II. ACTION REQUESTED

Staff recommends the City Council award the contract for construction of the Olds Station Sanitary Sewer Extension Project Phase 1, Project #1718 to Rodarte Construction, Inc. in the amount of \$4,473,611.00 and further authorize the Mayor to approve the construction contract, contingent on Chelan County granting a Franchise Agreement or issuing a right-of-way permit for construction.

III. FISCAL IMPACT Submitted to the Finance Committee (Yes) No

This project will be funded through Fund 401 - Water/Sewer via bond issue.

Project Budget

Description	Amount
Design	1,600,000
Right of Way	500,000
Construction	6,400,000
Construction Engineering	570,000
Art Fund	320,000
Totals	9,390,000

**COUNCIL AGENDA REPORT
PUBLIC WORKS DEPARTMENT**

IV. PROPOSED PROJECT SCHEDULE

The City will provide a Notice to Proceed (NTP) date on or before June 1, 2018. The project duration includes a total of 120 working days from the Notice to Proceed. Completion is expected prior to the end of November 2018.

V. REFERENCE(S)

1. Bid Tabulation

VI. ADMINISTRATIVE ROUTING

Tammy Stanger, City Clerk
Matt Leonard, Public Works Director
Rob Jammerman, Utilities Manager
Gary Owen, City Engineer
Rachael Ivie, Business Manager / Contracts Coordinator
Brad Posenjak, Finance Director

OLDS STATION SANITARY SEWER EXPANSION PHASE 1						Rodarte		Hurst		Selland	
Item No.	Item	Bid Qty.	Unit	Unit Cost	Engineer Estimate	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
PREPARATION											
1	MOBILIZATION	1	L.S.	\$ 416,000.00	\$416,000.00	\$447,000.00	\$447,000.00	\$200,000.00	\$200,000.00	\$200,000.00	\$200,000.00
2	CLEARING AND GRUBBING	1	L.S.	\$ 10,000.00	\$10,000.00	\$100,000.00	\$100,000.00	\$28,000.00	\$28,000.00	\$25,000.00	\$25,000.00
3	REMOVAL OF STRUCTURES AND OBSTRUCTIONS	1	L.S.	\$ 40,000.00	\$40,000.00	\$100,000.00	\$100,000.00	\$74,000.00	\$74,000.00	\$100,000.00	\$100,000.00
4	REMOVING PAINT LINE	2300	L.F.	\$ 1.00	\$2,300.00	\$1.00	\$2,300.00	\$2.10	\$4,830.00	\$2.00	\$4,600.00
5	TREE PROTECTION	1	L.S.	\$ 4,000.00	\$4,000.00	\$2,500.00	\$2,500.00	\$6,300.00	\$6,300.00	\$25,000.00	\$25,000.00
GRADING											
6	ROADWAY EXCAVATION INCL. HAUL	4050	C.Y.	\$ 15.00	\$60,750.00	\$30.00	\$121,500.00	\$22.00	\$89,100.00	\$25.00	\$101,250.00
DRAINAGE / STORM SEWER											
7	DITCH EXCAVATION INCL. HAUL	580	C.Y.	\$ 5.00	\$2,900.00	\$35.00	\$20,300.00	\$26.00	\$15,080.00	\$25.00	\$14,500.00
8	QUARRY SPALLS	360	TON	\$ 100.00	\$36,000.00	\$45.00	\$16,200.00	\$56.00	\$20,160.00	\$50.00	\$18,000.00
9	UNDERDRAIN PIPE 8 IN. DIAM.	77	L.F.	\$ 150.00	\$11,550.00	\$50.00	\$3,850.00	\$28.00	\$2,156.00	\$60.00	\$4,620.00
10	CORRUGATED POLYETHYLENE CULV. PIPE 12 IN. DIAM.	347	L.F.	\$ 40.00	\$13,880.00	\$70.00	\$24,290.00	\$48.00	\$16,656.00	\$70.00	\$24,290.00
11	CATCH BASIN TYPE 2 48 IN. DIAM.	1	EA.	\$ 4,000.00	\$4,000.00	\$3,500.00	\$3,500.00	\$3,700.00	\$3,700.00	\$3,300.00	\$3,300.00
12	CORRUGATED POLYETHYLENE STORM SEWER PIPE 36	244	L.F.	\$ 200.00	\$48,800.00	\$220.00	\$53,680.00	\$165.00	\$40,260.00	\$200.00	\$48,800.00
13	RESET CATCH BASIN	3	EA.	\$ 1,500.00	\$4,500.00	\$900.00	\$2,700.00	\$800.00	\$2,400.00	\$1,200.00	\$3,600.00
SANITARY SEWER											
14	PVC SANITARY SEWER PIPE (C900) 8 IN. DIAM.	71	L.F.	\$ 120.00	\$8,520.00	\$190.00	\$13,490.00	\$121.00	\$8,591.00	\$300.00	\$21,300.00
15	PVC SANITARY SEWER PIPE 8 IN. DIAM.	2277	L.F.	\$ 110.00	\$250,470.00	\$65.00	\$148,005.00	\$125.00	\$284,625.00	\$110.00	\$250,470.00
16	PVC SANITARY SEWER PIPE 12 IN. DIAM.	3363	L.F.	\$ 135.00	\$454,005.00	\$70.00	\$235,410.00	\$68.00	\$228,684.00	\$150.00	\$504,450.00
17	PVC SANITARY SEWER PIPE 15 IN. DIAM.	7182	L.F.	\$ 145.00	\$1,041,390.00	\$125.00	\$897,750.00	\$140.00	\$1,005,480.00	\$170.00	\$1,220,940.00
18	PVC SANITARY SEWER PIPE (C900) 16 IN. DIAM.	419	L.F.	\$ 175.00	\$73,325.00	\$125.00	\$52,375.00	\$86.00	\$36,034.00	\$110.00	\$46,090.00
19	MANHOLE 48 IN. DIAM. TYPE 1	29	EA.	\$ 5,000.00	\$145,000.00	\$4,000.00	\$116,000.00	\$5,700.00	\$165,300.00	\$3,100.00	\$89,900.00
20	MANHOLE ADDITIONAL HEIGHT 48 IN. DIAM. TYPE 1	19	L.F.	\$ 300.00	\$5,700.00	\$80.00	\$1,520.00	\$660.00	\$12,540.00	\$300.00	\$5,700.00
21	MANHOLE 48 IN. DIAM. TYPE 3	10	EA.	\$ 5,500.00	\$55,000.00	\$4,000.00	\$40,000.00	\$4,000.00	\$40,000.00	\$3,100.00	\$31,000.00
22	MANHOLE 60 IN. DIAM. TYPE 1	17	EA.	\$ 7,500.00	\$127,500.00	\$6,500.00	\$110,500.00	\$16,000.00	\$272,000.00	\$6,500.00	\$110,500.00
23	MANHOLE ADDITIONAL HEIGHT 60 IN. DIAM. TYPE 1	84	L.F.	\$ 500.00	\$42,000.00	\$80.00	\$6,720.00	\$1,200.00	\$100,800.00	\$350.00	\$29,400.00
24	SEWER CLEANOUT 15 IN. DIAM.	1	EA.	\$ 5,000.00	\$5,000.00	\$2,500.00	\$2,500.00	\$3,800.00	\$3,800.00	\$3,500.00	\$3,500.00
25	TRENCHLESS SEWER CROSSING A (SR 285)	205	L.F.	\$ 500.00	\$102,500.00	\$800.00	\$164,000.00	\$715.00	\$146,575.00	\$1,200.00	\$246,000.00
26	TRENCHLESS SEWER CROSSING B (US 2/97)	136	L.F.	\$ 500.00	\$68,000.00	\$900.00	\$122,400.00	\$740.00	\$100,640.00	\$1,250.00	\$170,000.00
27	CONNECTIONS TO EXISTING SEWER SYSTEM	1	L.S.	\$ 4,000.00	\$4,000.00	\$15,000.00	\$15,000.00	\$6,000.00	\$6,000.00	\$5,000.00	\$5,000.00
28	SANITARY SEWER SIDE SERVICE	91	EA.	\$ 5,000.00	\$455,000.00	\$2,500.00	\$227,500.00	\$7,000.00	\$637,000.00	\$2,200.00	\$200,200.00
29	SEWER CLEANOUT	82	EA.	\$ 800.00	\$65,600.00	\$325.00	\$26,650.00	\$1,500.00	\$123,000.00	\$600.00	\$49,200.00
30	PROTECTION OF EXISTING UTILITIES	1	L.S.	\$ 2,000.00	\$2,000.00	\$32,500.00	\$32,500.00	\$9,000.00	\$9,000.00	\$50,000.00	\$50,000.00
31	REMOVAL AND REPLACEMENT OF UNSUITABLE	350	C.Y.	\$ 100.00	\$35,000.00	\$50.00	\$17,500.00	\$50.00	\$17,500.00	\$60.00	\$21,000.00
32	ROCK EXCAVATION	100	C.Y.	\$ 150.00	\$15,000.00	\$550.00	\$55,000.00	\$45.00	\$4,500.00	\$125.00	\$12,500.00
SURFACING/PAVING											
33	CRUSHED SURFACING BASE COURSE	5560	TON	\$ 25.00	\$139,000.00	\$28.00	\$155,680.00	\$22.00	\$122,320.00	\$45.00	\$250,200.00
34	HMA CL. 1/2" PG 64-22	3470	TON	\$ 100.00	\$347,000.00	\$87.00	\$301,890.00	\$78.00	\$270,660.00	\$90.00	\$312,300.00
35	COMMERCIAL HMA	270	TON	\$ 150.00	\$40,500.00	\$100.00	\$27,000.00	\$81.00	\$21,870.00	\$95.00	\$25,650.00
36	BITUMINOUS SURFACE TREATMENT	23100	S.Y.	\$ 5.25	\$121,275.00	\$4.25	\$98,175.00	\$4.00	\$92,400.00	\$4.50	\$103,950.00
37	ASPHALT FOR FOG SEAL	23540	S.Y.	\$ 0.90	\$21,186.00	\$0.55	\$12,947.00	\$0.60	\$14,124.00	\$1.00	\$23,540.00

OLDS STATION SANITARY SEWER EXPANSION PHASE 1						Rodarte		Hurst		Selland	
Item No.	Item	Bid Qty.	Unit	Unit Cost	Engineer Estimate	Unit Cost	Total	Unit Cost	Total	Unit Cost	Total
38	ADDITIONAL BROOMING	16	HR	\$ 350.00	\$5,600.00	\$250.00	\$4,000.00	\$237.00	\$3,792.00	\$550.00	\$8,800.00
39	PLANING BITUMINOUS PAVEMENT	1050	S.Y.	\$ 20.00	\$21,000.00	\$11.00	\$11,550.00	\$15.00	\$15,750.00	\$10.00	\$10,500.00
EROSION CONTROL AND PLANTING											
40	EROSION/WATER POLLUTION CONTROL	25000	DOL	\$ 1.00	\$25,000.00	\$1.00	\$25,000.00	\$1.00	\$25,000.00	\$1.00	\$25,000.00
41	MULCHING WITH MODERATE TERM MULCH	1.64	ACRE	\$ 15,000.00	\$24,600.00	\$6,000.00	\$9,840.00	\$1,750.00	\$2,870.00	\$3,500.00	\$5,740.00
42	SEEDING, FERTILIZING, AND MULCHING	1.64	ACRE	\$ 20,000.00	\$32,800.00	\$6,500.00	\$10,660.00	\$5,000.00	\$8,200.00	\$3,500.00	\$5,740.00
43	LANDSCAPING	50000	DOL	\$ 1.00	\$50,000.00	\$1.00	\$50,000.00	\$1.00	\$50,000.00	\$1.00	\$50,000.00
TRAFFIC											
44	BEAM GUARDRAIL TYPE 31 - 9 FT. LONG POST	701	L.F.	\$ 100.00	\$70,100.00	\$30.00	\$21,030.00	\$30.00	\$21,030.00	\$32.00	\$22,432.00
45	BEAM GUARDRAIL TYPE 31 NON-FLARED TERMINAL	1	E.A.	\$ 4,000.00	\$4,000.00	\$3,200.00	\$3,200.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00
46	BEAM GUARDRAIL ANCHOR TYPE 10	1	E.A.	\$ 1,200.00	\$1,200.00	\$950.00	\$950.00	\$800.00	\$800.00	\$900.00	\$900.00
47	TEMPORARY BARRIER	1134	L.F.	\$ 50.00	\$56,700.00	\$26.00	\$29,484.00	\$25.00	\$28,350.00	\$25.00	\$28,350.00
48	TEMPORARY IMPACT ATTENUATOR	1	EA.	\$ 5,000.00	\$5,000.00	\$4,200.00	\$4,200.00	\$4,000.00	\$4,000.00	\$4,000.00	\$4,000.00
49	FLEXIBLE GUIDE POST	10	EA.	\$ 110.00	\$1,100.00	\$35.00	\$350.00	\$35.00	\$350.00	\$40.00	\$400.00
50	PAINT LINE	9200	L.F.	\$ 1.00	\$9,200.00	\$1.00	\$9,200.00	\$0.90	\$8,280.00	\$0.60	\$5,520.00
51	SHOULDER RUMBLE STRIP TYPE 1	0.16	MI.	\$ 25,000.00	\$4,000.00	\$38,000.00	\$6,080.00	\$37,000.00	\$5,920.00	\$60,000.00	\$9,600.00
52	PERMANENT SIGNING	1	L.S.	\$ 30,000.00	\$30,000.00	\$15,000.00	\$15,000.00	\$16,500.00	\$16,500.00	\$2,500.00	\$2,500.00
53	PROJECT TEMPORARY TRAFFIC CONTROL	1	L.S.	\$ 275,000.00	\$275,000.00	\$315,000.00	\$315,000.00	\$200,000.00	\$200,000.00	\$75,000.00	\$75,000.00
OTHER ITEMS											
54	ADJUST UTILITY	21	EA.	\$ 250.00	\$5,250.00	\$625.00	\$13,125.00	\$550.00	\$11,550.00	\$450.00	\$9,450.00
55	CEMENT CONC. SIDEWALK	318	S.Y.	\$ 75.00	\$23,850.00	\$60.00	\$19,080.00	\$125.00	\$39,750.00	\$80.00	\$25,440.00
56	CEMENT CONC. TRAFFIC CURB AND GUTTER	284	L.F.	\$ 25.00	\$7,100.00	\$45.00	\$12,780.00	\$48.00	\$13,632.00	\$30.00	\$8,520.00
57	CEMENT CONC. ROLLED CURB AND GUTTER	360	L.F.	\$ 25.00	\$9,000.00	\$45.00	\$16,200.00	\$48.00	\$17,280.00	\$30.00	\$10,800.00
58	CEMENT CONC. CURB RAMP TYPE PARALLEL A	1	EA.	\$ 5,000.00	\$5,000.00	\$2,750.00	\$2,750.00	\$3,500.00	\$3,500.00	\$2,500.00	\$2,500.00
59	MONUMENT CASE AND COVER	4	EA.	\$ 250.00	\$1,000.00	\$550.00	\$2,200.00	\$500.00	\$2,000.00	\$1,000.00	\$4,000.00
60	ROADWAY SURVEYING	1	L.S.	\$ 40,000.00	\$40,000.00	\$32,500.00	\$32,500.00	\$35,000.00	\$35,000.00	\$50,000.00	\$50,000.00
61	SHORING OR EXTRA EXCAVATION CLASS B	1	L.S.	\$ 10,000.00	\$10,000.00	\$100.00	\$100.00	\$20,000.00	\$20,000.00	\$50,000.00	\$50,000.00
62	UNKNOWN UTILITY REPAIR	50500	DOL	\$ 1.00	\$50,500.00	\$1.00	\$50,500.00	\$1.00	\$50,500.00	\$1.00	\$50,500.00
63	ROADSIDE CLEANUP	15500	DOL	\$ 1.00	\$15,500.00	\$1.00	\$15,500.00	\$1.00	\$15,500.00	\$1.00	\$15,500.00
64	PVC SANITARY SEWER PIPE (C900) 12 IN. DIA.	150	L.F.	\$ 150.00	\$22,500.00	\$100.00	\$15,000.00	\$134.00	\$20,100.00	\$150.00	\$22,500.00
					Sub Total	\$5,083,651.00	\$4,473,611.00	\$4,848,739.00	\$4,862,442.00		
					Tax	\$416,859.38	\$366,836.10				
					Total	\$5,500,510.38	\$4,840,447.10				

TO: Frank Kuntz, Mayor
City Council

FROM: Glen Devries, Community Development Director

SUBJECT: Homeless Grant Budget Amendments

DATE: May 7, 2018

MEETING DATE: May 10, 2018

I. OVERVIEW

The City of Wenatchee is responsible for administering the Ten-Year Plan to Reduce Homelessness in Chelan and Douglas Counties, pursuant to an Interlocal Agreement with Chelan County, Douglas County, and the City of East Wenatchee. This includes the distribution and management of local homeless funds collected by county auditors from recording surcharge fees and funds distributed by the Department of Commerce through the Consolidated Homeless Grant (CHG).

City staff is requesting approval from the City Council for the following subgrant budget amendments:

Item 1: Women’s Resource Center Landlord Liaison Grant & Bruce Transitional Housing Grant - Budget Line Adjustments

The Women’s Resource Center (WRC) submitted a special funding request to the Homeless Steering Committee on March 28th (see attached letter). Due to potential changes in United Way funding levels, WRC is anticipating a significant drop in their United Way funding for the 2018-2019 grant term. This could have a significant impact on the operational capacity and stability of their Bruce Transitional Housing program.

Currently, WRC has a subgrant with the City for Landlord Liaison services. At their current rate of spending, they are anticipating unused funds of approximately \$60,000 at the end of the grant term. Therefore, they requested that up to \$51,780 in unused funds be transferred from their existing Landlord Liaison subgrant to their Bruce Transitional Housing subgrant in order to make-up for a potential short-fall in United Way funding.

Laurel Turner, WRC’s Executive Director, submitted the attached written request for consideration at the March 28th Homeless Steering Committee meeting. The Committee reviewed the request at that meeting. However, Committee members were hesitant to approve funding changes based on the limited information provided in the written request. As a result, the Committee requested that Mrs. Turner attend the April 30th Homeless Steering Committee meeting to discuss the request in person and share any updates from United Way.

Based on the outcome of the April 30th Steering Committee meeting, the committee is recommending the following:

- Transfer \$22,915 in County Homeless funding from WRC's Landlord Liaison subgrant to WRC's Bruce Transitional Housing subgrant. The additional funding is authorized only for the time period of April – August 2018 with a maximum of \$4,583 per month in additional funding allowable for reimbursement. This five-month timeframe will cover their funding gap until WRC receives a formal funding notification from United Way in July. Depending on the outcome of the United Way award, the Steering Committee recommended that WRC submit a follow-on request in August, if needed, to cover longer-term funding gaps.

II. ACTION REQUESTED

City staff requests the City Council accept the recommendation outlined above and authorize the Mayor to:

1. Enter into amended subgrant agreements with the Women's Resource Center to allow a funding transfer of \$22,915 between the Landlord Liaison subgrant and the Bruce Transitional Housing subgrant.

III. FISCAL IMPACT Submitted to the Finance Committee Yes No - X

There is no additional impact to the City budget.

IV. REFERENCES

See attached request letter from Women's Resource Center

V. ADMINISTRATIVE ROUTING

Tammy Stanger, City Clerk
Allison Williams, Executive Services Director
Brad Posenjak, Finance Director



March 19, 2018

Sandra VanOsten
City of Wenatchee
Department of Community Development
1350 McKittrick Street
Wenatchee, WA 98801

Re: Homeless funding reallocation request

Dear Sandra:

WRC Housing and Supportive Services (aka Women's Resource Center of NCW) (WRC) was recently notified by United Way of Chelan and Douglas Counties (UW) that our request for funds for the coming year would likely be drastically reduced. Our UW grant funds have always been dedicated to the operation of our Bruce Transitional Housing Program (BTH).

As shown on the attached 2018 budget for the BTH, we anticipated an award from UW equaling \$45,000 based on historic award data. Although we do not yet know what our actual UW award will be for the upcoming grant year, which begins April 1, 2018, we anticipate a substantial reduction in the range of \$40,000.

The attached *BTH Funding Timeline* covers the two-year City of Wenatchee Homeless Grant period (July 2017 – June 2019) and reflects total monthly expenditures by BTH equaling \$24,153. It depicts the flow of the various funding sources over that timeframe. With expected monthly revenues from all sources totaling \$24,950, BTH is able to cover its expenses through March of 2018. However, beginning in April 2018 when UW funds are expected to drop from \$4,583 per month to \$417, BTH begins operating at a loss of \$3,369 each month for a 12-month period. Since we have no idea what is likely to happen to the 2019 UW funding, we have omitted it altogether for the last three months of the City's grant cycle. When this loss is annualized over the remaining 15-month homeless grant period, the total estimated loss equals \$51,780.

With no other funding sources available to make up this shortfall, we respectfully request that \$51,780 be transferred from the funds allocated to the Landlord-Tenant Liaison Program (LLP). Based on current and estimates of future expenditures in the LLP, there will be surplus funds available for this program.

Without this additional support to shore up the BTH budget shortfall, WRC would be forced to take drastic steps to either reduce services to BTH residents or reduce the number of families

served. That would undoubtedly result in an increase in the number of homeless households living on the street, in their vehicles, or in locations unsuitable for human habitation.

If you have any questions about the operation of the BTH or this request, please do not hesitate to contact me at 662-0121 Ext. 112 or via the internet wrclaurelturner@gmail.com.

Sincerely,

A handwritten signature in blue ink, appearing to read "Laurel Turner", with a long horizontal flourish extending to the right.

Laurel Turner
Executive Director

Enclosures

**COUNCIL AGENDA REPORT
FINANCE DEPARTMENT**

TO: Frank Kuntz, Mayor
City Council Members

FROM: Brad Posenjak, Finance Director

SUBJECT: Ordinance #2018-10, authorizing the sale, issuance and delivery of not to exceed \$17,500,000 of the City's Water and Sewer Revenue and Refunding Bonds.

MEETING DATE: May 10, 2018

I. OVERVIEW

In 2017 the City adopted a sewer comprehensive plan that included expanding and improving the sewer system. New sewer rates were also adopted in 2017 to fund the expansion and improvements. Major projects scheduled for 2018 and 2019 include Horse Lake Road, Old Station sanitary sewer expansion, preliminary engineering of digester & control building, SCADA upgrade, pipeline replacement program, and sewer improvements to Confluence Parkway. To finance these sewer improvements, the City needs to issue Bonds in the amount of \$14,000,000.

The City also has \$3,130,000 in outstanding 2007 Water and Sewer Revenue bonds. It may be financially advantageous to refinance these outstanding bonds. Depending on interest rates at the time of refunding, the City could save up to \$200,000 on the remain debt service payments through 2027.

Staff has been working with Kutak Rock (bond counsel) and D.A. Davidson (underwriter) to compile documents required to authorize and issue these sewer revenue bonds.

II. ACTION REQUESTED

Staff requests the City Council approve Ordinance #2018-10 authorizing the sale, issuance and delivery of not to exceed \$17,500,000 of the City's Water and Sewer Revenue and Refunding Bonds.

III. FISCAL IMPACT

This would commit the City to make additional debt service payments of approximately \$1 million annual through 2028. Revenue generated from the increase in sewer rates will easily cover these debt service payments.

This has been reviewed by Finance Committee.

IV. ATTACHMENTS

Ordinance #2018-10

V. ADMINISTRATIVE ROUTING

Tammy Stanger, City Clerk
Allison Williams, Executive Services Director
Steve King, Economic Development Director
Rob Jammerman, Utilities Manager

ORDINANCE NO. 2018-10

AN ORDINANCE OF THE CITY OF WENATCHEE, CHELAN COUNTY, WASHINGTON, AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF NOT TO EXCEED \$17,500,000 OF THE CITY'S WATER AND SEWER REVENUE AND REFUNDING BONDS, OF ONE OR MORE SERIES, TO PAY, REDEEM AND RETIRE ALL OR A PORTION OF THE CITY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 2007, AND TO FINANCE CERTAIN CAPITAL IMPROVEMENTS TO THE WATER, SEWER AND STORM DRAINAGE SYSTEM OF THE CITY; PROVIDING FOR THE DESIGNATION, DATE, TERMS, MATURITIES, FORM, PAYMENT AND REDEMPTION PROVISIONS OF THE BONDS; DESIGNATING A FISCAL AGENT; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT FOR USE IN THE PAYMENT OF THE REFUNDED BONDS; AUTHORIZING THE PURCHASE OF CERTAIN GOVERNMENT OBLIGATIONS; PROVIDING FOR THE CALL, PAYMENT AND REDEMPTION OF THE REFUNDED BONDS; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF THE BONDS; CREATING AND ADOPTING CERTAIN FUNDS AND ACCOUNTS AND PROVIDING FOR DEPOSITS THEREIN; COVENANTING TO COMPLY WITH CERTAIN FEDERAL TAX AND SECURITIES LAWS; AUTHORIZING THE SALE OF THE BONDS; DELEGATING CERTAIN MATTERS TO THE MAYOR AND FINANCE DIRECTOR; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

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Exhibit "A": Form of the Bond

Exhibit "B": Form Summary of the Ordinance

Exhibit "C": Form of the Escrow Agreement

Exhibit "D": Form of the Continuing Disclosure Undertaking

ORDINANCE NO. 2018-10

AN ORDINANCE OF THE CITY OF WENATCHEE, CHELAN COUNTY, WASHINGTON, AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF NOT TO EXCEED \$17,500,000 OF THE CITY'S WATER AND SEWER REVENUE AND REFUNDING BONDS, OF ONE OR MORE SERIES, TO PAY, REDEEM AND RETIRE ALL OR A PORTION OF THE CITY'S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 2007, AND TO FINANCE CERTAIN CAPITAL IMPROVEMENTS TO THE WATER, SEWER AND STORM DRAINAGE SYSTEM OF THE CITY; PROVIDING FOR THE DESIGNATION, DATE, TERMS, MATURITIES, FORM, PAYMENT AND REDEMPTION PROVISIONS OF THE BONDS; DESIGNATING A FISCAL AGENT; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT FOR USE IN THE PAYMENT OF THE REFUNDED BONDS; AUTHORIZING THE PURCHASE OF CERTAIN GOVERNMENT OBLIGATIONS; PROVIDING FOR THE CALL, PAYMENT AND REDEMPTION OF THE REFUNDED BONDS; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF THE BONDS; CREATING AND ADOPTING CERTAIN FUNDS AND ACCOUNTS AND PROVIDING FOR DEPOSITS THEREIN; COVENANTING TO COMPLY WITH CERTAIN FEDERAL TAX AND SECURITIES LAWS; AUTHORIZING THE SALE OF THE BONDS; DELEGATING CERTAIN MATTERS TO THE MAYOR AND FINANCE DIRECTOR; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

**CITY OF WENATCHEE
Chelan County, Washington**

**WATER AND SEWER REVENUE AND REFUNDING BONDS
PRINCIPAL AMOUNT OF NOT TO EXCEED \$17,500,000**

THE CITY COUNCIL OF THE CITY OF WENATCHEE, CHELAN COUNTY, WASHINGTON, DOES ORDAIN, as follows:

WHEREAS, the City of Wenatchee, Chelan County, Washington (the "City"), is a code city duly organized and existing under and by virtue of the Constitution and the laws of the state of Washington (the "State") now in effect;

WHEREAS, the City owns, maintains and operates a water supply and distribution system, a sewage collection and disposal system, and a storm drainage system, which water, sewer and storm drainage systems have been combined for financing purposes (the "System");

WHEREAS, the City is authorized by chapters 35A.40, 35.41, 39.46 and 39.53 RCW to issue revenue refunding bonds to redeem or retire the Refunded Bonds (as hereinafter defined) and to finance certain capital improvements to the System;

WHEREAS, the City now has outstanding its “City of Wenatchee Water and Sewer Revenue Bonds, 2007,” authorized to be issued pursuant to Ordinance No. 2007-43, adopted by the City Council of the City (the “Council”) on November 8, 2007 (the “2007 Bonds”);

WHEREAS, Ordinance No. 2007-43 provides that the 2007 Bonds maturing on and after December 1, 2018, are subject to redemption prior to their stated dates of maturity in whole or in part at any time, on or after December 1, 2017, at the price of par, plus accrued interest to the date of redemption;

WHEREAS, after due consideration, the Council has determined that it is necessary, advisable and that it will be financially advantageous to the City and a substantial savings to the ratepayers of the City’s System to authorize the sale, issuance and delivery, in one or more series, of not to exceed \$17,500,000 in principal amount of its Water and Sewer Revenue and Refunding Bonds (the “Bonds”) to redeem or retire all or a portion of the 2007 Bonds (the “Refunded Bonds”) if market conditions permit such refunding, and to finance the Costs of the Project (as hereinafter defined);

WHEREAS, the City has adopted comprehensive plans for the System, has performed rate studies for the System and has adopted new rates for the System to assist in financing certain Costs of the Project;

WHEREAS, in order to effect such refunding program in the manner that will be most advantageous to the City, the Council has determined that certain government obligations, bearing interest and maturing at such time or times as necessary to pay the principal of and interest on the Refunded Bonds as each shall become due and payable, and to refund and retire the Refunded Bonds, will be purchased out of a portion of the proceeds of the sale of the Bonds or from other funds of the City on hand and legally available therefor;

WHEREAS, pursuant to the provisions of RCW 43.80.120, the State Finance Committee from time to time designates certain financial institutions to act as the fiscal agent for the State and any political subdivisions thereof who so designate, and the City has established procedures pursuant to which such fiscal agent will carry out its duties with respect to the Bonds;

WHEREAS, pursuant to the provisions of RCW 39.44.130, the Washington State Fiscal Agent is hereby designated as the City’s legally designated fiscal agent;

WHEREAS, the Council has determined it to be in the best interest of the City to authorize the Mayor or Finance Director to accept and execute the Bond Purchase Contract pursuant to chapter 39.46 RCW;

NOW, THEREFORE, IT IS HEREBY FURTHER FOUND, DETERMINED AND ORDAINED as follows:

Section 1: Definitions

As used in this Ordinance, the following terms have the meanings provided in this Section 1.

Additional Bonds shall mean any water and sewer revenue bonds which the City may hereafter issue having a lien upon the Revenue of the System for the payment of the principal thereof and interest thereon equal to the lien upon the Revenue of the System to pay the principal of and interest on the Outstanding Bonds and the Bonds.

Annual Debt Service shall mean the amount required in a given calendar year for the payment of: (1) the interest on all Outstanding Bonds, the Bonds and any Additional Bonds then Outstanding; (2) the principal of all Outstanding Bonds, the Bonds and any Additional Bonds then Outstanding, except Term Bonds; and (3) the payments required to be made in such year into the Sinking Fund Account for the amortization of Term Bonds.

Assessment Income shall mean the principal of and interest on assessments levied in ULIDs and pledged to be paid into the Bond Fund. Assessment Income shall be allocated to the years in which it 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.

Assessments shall mean all assessments levied in any ULID of the City created for the acquisition or construction of additions and improvements to and extensions of the System, if such assessments are pledged to be paid into the Bond Fund. Assessments include any installments of Assessments and any interest or penalties which may be due thereon.

Average Annual Debt Service shall mean the average amount of the Annual Debt Service which will become due on the Outstanding Bonds, the Bonds and any Additional Bonds for the period from the date of such calculation until the final maturity date of such Outstanding Bonds, the Bonds and any Additional Bonds then Outstanding.

Bond Counsel shall mean Kutak Rock LLP or such other nationally recognized bond counsel firm as designated by the Mayor.

Bond Fund shall mean the "City of Wenatchee Water, Sewer and Storm Drainage Revenue Bond Fund" created by Section 8 of Ordinance No. 2011-28 and referred to in Section 16 of this Ordinance.

Bond Purchase Contract shall mean the bond purchase contract between the City and the Purchaser containing the terms set forth in Section 5 of this Ordinance.

Bond Register shall mean the registration records of the City, maintained by the Registrar, on which shall appear the names and addresses of the Registered Owners of the Bonds.

Bonds shall mean the herein authorized Bonds, in one or more series, designated as the “City of Wenatchee, Washington, Water and Sewer Revenue and Refunding Bonds, Series _____,” with such series designation as the Mayor or Finance Director shall determine.

City shall mean the City of Wenatchee, Chelan County, Washington, a code city duly organized and existing under and by virtue of the laws of the State.

City Clerk shall mean the Clerk of the City or other officer of the City who is the custodian of the records of the proceedings of the Council or her successor in functions, if any.

Code shall mean the Internal Revenue Code of 1986, as amended, and any treasury regulations promulgated thereunder or applicable thereto.

Continuing Disclosure Undertaking shall mean the Continuing Disclosure Undertaking substantially in the form attached hereto as Exhibit “D.”

Costs of Maintenance and Operation shall mean all necessary expenses of operating the System, current maintenance expenses, expenses of reasonable upkeep and repairs, insurance and administrative expenses and reasonable pro rata budget charges for services provided to the System by the City departments, but excludes depreciation, payments for debt service or into reserve accounts, costs of capital additions to or replacements of the System, municipal taxes and payments to the City in lieu of taxes.

Costs of the Project shall mean all or any part of the costs designated by the Council as costs of the Project or interest therein. Costs of the Project, at the option of the Council, may include all or part of the incidental costs pertaining to the Project including, without limitation, the costs of: (1) acquiring, bettering, constructing, installing and equipping certain capital improvements to the System; and (2) paying the costs of issuance for the Bonds, all as further described in Section 4 of this Ordinance.

Council shall mean the City Council of the City as the same shall be duly and regularly constituted from time to time.

Debt Service Account shall mean the account of that name created in the Bond Fund by Section 8 of Ordinance No. 2011-28 and referred to in Section 16 of this Ordinance.

District shall mean the Public Utility District No. 1 of Chelan County, Washington.

DTC shall mean The Depository Trust Company, a limited purpose trust company.

Escrow Account shall mean the “City of Wenatchee Water and Sewer Revenue and Refunding Bonds Escrow Account” on deposit with the Refunding Trustee and created by Section 9 of this Ordinance to accomplish the refunding of the Refunded Bonds.

Escrow Agreement shall mean the agreement of that name by and between the City and the Refunding Trustee providing for the refunding of the Refunded Bonds.

Finance Director shall mean the Finance Director of the City or his successor in functions, if any.

Financial Advisor shall mean Northwest Municipal Advisors or such other independent municipal financial advisor registered with the SEC and MSRB as designated by the Mayor or the Finance Director.

Government Obligations shall have the meaning set forth in RCW 39.53.010, as it now reads or is hereafter amended or recodified, and as further set forth in Sections 12 and 23 hereof.

Letter of Representations shall mean the Blanket Issuer Letter of Representations from the City to DTC.

Maximum Annual Debt Service shall mean an amount equal to the greatest Annual Debt Service with respect to the Outstanding Bonds, the Bonds and any Additional Bonds for the calendar year such calculation is made or for any future calendar year.

Mayor shall mean the Mayor of the City, or any presiding officer or titular head of the City, or his successor in functions, if any.

MSRB shall mean the Municipal Securities Rulemaking Board or any successor in functions thereto.

Net Revenue shall mean the Revenue of the System less the Costs of Maintenance and Operation.

Operating Fund shall mean collectively the “Water and Sewer Fund,” the “Regional Water Fund” and the “Storm Drainage Fund” created in the treasury of the City and referred to in Section 15 of this Ordinance, into which all of the Revenue of the System is pledged to be deposited.

Ordinance shall mean this Ordinance No. 2018-10, adopted by the Council on May 10, 2018.

Ordinance No. 2007-43 shall mean the ordinance of the City, adopted by the Council on November 8, 2007, and pursuant to which the 2007 Bonds were authorized.

Ordinance No. 2011-28 shall mean the ordinance of the City, adopted by the Council on May 26, 2011, and pursuant to which the 2011 Bonds were authorized.

Outstanding, when used with reference to an Outstanding Bond, a Bond, or an Additional Bond, as of any particular date, shall mean all such bonds that have been issued, executed, authenticated and delivered under this Ordinance or under any ordinance authorizing the issuance of the Outstanding Bonds or Additional Bonds, except (1) Outstanding Bonds, Bonds or Additional Bonds canceled because of payment or redemption prior to their stated dates of maturity, (2) any Bond (or portion thereof) deemed to have been paid within the meaning of Section 23 hereof, and (3) any Outstanding Bond or Additional

Bond (or portion thereof) deemed to have been paid pursuant to the ordinance under which it was issued.

Outstanding Bonds shall mean, collectively, the following issues of bonds:

- (1) the 2007 Bonds; and
- (2) the 2011 Bonds.

Participants shall mean those broker-dealers, banks and other financial institutions from time to time for which DTC holds the Bonds as securities depository.

Project shall mean the acquisition, betterment, construction, installation and equipping of certain capital improvements to the System, all as described in Section 4 of this Ordinance.

Project Fund shall mean the “City of Wenatchee Water, Sewer and Storm Drainage Project Fund” created by Section 17 of this Ordinance.

Purchaser shall mean D.A. Davidson & Co., Seattle, Washington as initial purchaser of the Bonds.

Qualified Insurance shall mean any noncancelable 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 service corporation, as of the time of issuance of such policy or surety bond, is rated in one of the two highest rating categories by either Moody’s Investors Service or S&P Global Ratings, or their comparably recognized business successors.

Qualified Letter of Credit shall mean any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of any Outstanding Bonds, the Bonds or Additional 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, is rated in one of the two highest rating categories by either Moody’s Investors Service or S&P Global Ratings, or their comparably recognized business successor.

Rate Stabilization Account shall mean the account of that name created in the Operating Fund by Section 6 of Ordinance No. 2011-28.

Refunded Bonds shall mean the “City of Wenatchee Water and Sewer Revenue Bonds, 2007,” authorized pursuant to Ordinance No. 2007-43, and which mature on December 1 in the years 2018 through 2021, inclusive, December 1, 2024 and December 1, 2027, in an aggregate principal amount of \$3,130,000, unless modified pursuant to Section 8(D) of this Ordinance.

Refunding Trustee shall mean U.S. Bank National Association, Seattle, Washington, appointed herein by the Council to supervise the Escrow Account.

Regional Facilities Operating Account shall mean the account of that name created in the Operating Fund by Section 7 of Ordinance No. 2352.

Regional Facilities Repair and Replacement Reserve Account or *Repair and Replacement Reserve* shall mean the account of that name created in the Operating Fund by Section 7 of Ordinance No. 2352.

Regional Water Fund shall mean the “Wenatchee Regional Water Fund” created by Ordinance No. 2284 for the purpose of paying the costs of planning and constructing regional water facilities.

Registered Owner shall mean the person whose name and address shall appear on the Bond Register as the owner of a specific Bond.

Registrar shall mean the Washington State Fiscal Agent acting in the capacity as registrar, authenticating agent, paying agent and transfer agent of the Bonds, or its successors in functions, as now or hereafter designated.

Reserve Account shall mean the account of that name created in the Bond Fund pursuant to Section 8 of Ordinance No. 2011-28 and referred to in Section 16 of this Ordinance.

Reserve Account Requirement shall mean an amount equal to the least of (1) Maximum Annual Debt Service; (2) 125 percent of the Average Annual Debt Service; or (3) 10 percent of the net proceeds of the Bonds, any Outstanding Bonds and any Additional Bonds then Outstanding.

Revenue of the System shall mean all earnings, revenue and money received by the City from or on account of the operation of the System, including the income from contract payments by users of regional facilities of the System and income from investments of money in the Operating Fund and the Bond Fund or from any other investment of such earnings and revenue except the income from investments irrevocably pledged to the payment of revenue bonds refunded pursuant to a plan of refunding now or hereafter adopted by the City. The words “Revenue of the System” shall also include federal, state or municipal reimbursements of operating expenses to the extent such expenses are part of the Costs of Maintenance and Operation of the System.

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

SEC shall mean the Securities and Exchange Commission.

Sinking Fund Account shall mean the account of that name created in the Bond Fund to amortize the principal of Term Bonds.

System shall mean the existing water transmission and distribution system of the City as it now exists and as it may later be added to, extended and improved, and the existing sanitary sewer collection and treatment system of the City including facilities for the collection and disposal of storm water runoff, as it now exists and as it may later be added to, extended and improved, for as long as the Outstanding Bonds, the Bonds or any Additional Bonds remain Outstanding. The System includes regional facilities used jointly with other public agencies.

Term Bonds shall mean the Bonds specifically designated as such in Ordinance No. 2007-43, Ordinance No. 2011-28, the Bond Purchase Contract or pursuant to any ordinance authorizing the issuance of Additional Bonds.

True Interest Cost shall mean the yield that, when discounting all future principal and interest payments to the delivery date of the Bonds, produces a present value equal to the principal amount of the Bonds, less any Bond insurance policy premium, less the underwriter's discount, plus any original issue premium, less any original issue discount, plus accrued interest.

ULID shall mean a utility local improvement district in which Assessments have been or will be levied for improvements financed in whole or in part from proceeds of any Outstanding Bonds or Additional Bonds.

2007 Bonds shall mean the "City of Wenatchee Water and Sewer Revenue Bonds, 2007," authorized to be issued pursuant to Ordinance No. 2007-43.

2011 Bonds shall mean the "City of Wenatchee Water and Sewer Revenue and Refunding Bonds, 2011," authorized to be issued pursuant to Ordinance No. 2011-28.

Section 2: Interpretation

For all purposes of this Ordinance, except as otherwise expressly provided or unless the context otherwise requires:

A. *Internal References.* All references in this Ordinance to designated "Sections" and other subdivisions are to the designated sections and other subdivisions of this Ordinance. The words "herein," "hereof," "hereto," "hereby," "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular section or other subdivision.

B. *Persons.* 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.

C. *Headings.* Any headings preceding the texts of the several sections of this Ordinance and the table of contents 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.

D. *Writing Requirement.* Every “notice,” “certificate,” “consent” or similar action hereunder by the City shall, unless the form thereof is specifically provided, be in writing signed by an authorized representative of the City.

E. *Time.* In the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and each of the words “to” and “until” means “to but excluding.”

F. *Redemption.* Words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond.

G. *Payment Terms.* References to the payment of the Bonds shall be deemed to include references to the payment of interest thereon.

H. *Gender.* Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice-versa. Words imparting the singular number shall include the plural number and vice-versa unless the context shall otherwise indicate.

Section 3: The Purpose of the Bonds

The Bonds are being issued to provide money to: (1) refund the Refunded Bonds, if market conditions permit such refunding; (2) finance the Project; and (3) pay the issuance costs of the Bonds.

Section 4: The Project

A. *Description.* A portion of the net proceeds of the Bonds is being issued for the purpose of providing the funds necessary to acquire, better, construct, install and equip certain capital improvements to the System, more particularly described as follows:

- (1) the acquisition, betterment, construction, installation and equipping of improvements to the System consisting of:
 - (a) sewer analysis and studies;
 - (b) replacement of existing sewer gravity mains;
 - (c) installation of future sewer gravity mains;
 - (d) installation of and improvements to lift stations; and
 - (e) improvements to wastewater treatment plant facilities;

(2) the ancillary costs of engineering, architectural costs, and attorney's fees, bond costs, permits, utilities, accounting costs, and any other expenses or consultant fees incidental to the acquisition, betterment, construction, installation and equipping of improvements described in paragraph (1) above, together with any easements and rights of way required therefor;

(3) the costs of acquiring and installing appurtenances, equipment, fixtures and furnishings necessary for the operation and maintenance of the improvements described in paragraph (1) above;

(4) the costs of appraising, printing, estimates, advices or services of engineers, architects, financial consultants, attorneys at law, clerical help or other agents or employees;

(5) the costs of contingencies;

(6) the costs of any discount or premium on the Bonds, the costs of issuance, registration and authentication of the Bonds and costs, if any, of rating agencies and of bond insurance, if any; and

(7) all other expenses necessary or desirable and appertaining to the improvements described in paragraphs (1) through (6) above, as estimated or otherwise ascertained by the Council.

Such capital improvements and betterments are to be more fully described in the plans and specifications to be prepared, or caused to be prepared, by the City's architects and engineers and filed with the City.

B. *Costs of the Project.* The total Costs of the Project described above are estimated to be \$14,000,000 and shall be paid from a portion of the net proceeds of the Bonds.

C. *Modifications.* The City may make alterations or modifications in the Project so long as such alterations or modifications do not significantly alter the Project.

D. *Excess Bond Proceeds in the Project Fund.* In the event there are Bond proceeds (or interest earnings thereon) remaining in the Project Fund after the Costs of the Project have been completed or the costs thereof are duly provided for, the Council retains the right to: (1) make additional capital improvements as deemed necessary or desirable by the Council, (2) deposit such money into the Bond Fund to make payments on the Bonds, and/or (3) call and redeem a portion of the Bonds prior to maturity.

E. *Insufficient Money.* In the event the proceeds from the sale of the Bonds, plus any or all of the other legally available money deposited in the Project Fund, are insufficient to make the improvements hereinbefore provided for, the City shall use the available money in the Project Fund for paying those Costs of the Project deemed most necessary and to be in the best interest of the City by the Council.

Section 5: Authorization of the Bonds

A. *General Terms.* Water and sewer system revenue bonds of the City, designated “City of Wenatchee, Washington, Water and Sewer Revenue and Refunding Bonds, Series _____,” (with such series designation as the Mayor or Finance Director shall determine) are hereby authorized to be sold, issued and delivered in the maximum aggregate principal amount of not to exceed \$17,500,000 pursuant to chapters 35A.40, 35.41, 39.46 and 39.53 RCW. The Bonds may be issued in one or more series; shall be issued in fully registered form; shall be in the denomination of \$5,000 each or any integral multiple thereof within a single maturity; and shall be numbered separately in such manner and with any additional designation as the Registrar deems necessary for purposes of identification. The Bonds shall be in substantially the form of Exhibit “A” attached hereto and by this reference incorporated herein.

B. *Negotiated Sale.* The Mayor or Finance Director is hereby authorized to execute a Bond Purchase Contract and cause the Bonds to be delivered to the Purchaser at such time as the following conditions are satisfied:

- (1) the True Interest Cost of the Bonds does not exceed 5.00 percent;
- (2) the final maturity of the Bonds shall not be later than December 1, 2038; and
- (3) the net present value savings due to the refunding of the Refunded Bonds shall not be less than 5.00 percent.

Prior to executing the Bond Purchase Contract, the Mayor or Finance Director shall cause the following information to be included in the Bond Purchase Contract:

- (1) the date of the Bond Purchase Contract;
- (2) the principal amount of the Bonds maturing on each maturity date and the purchase price for the Bonds and its components;
- (3) the principal and interest payment dates and the series designation by year each series of Bonds is issued;
- (4) the interest rate of the Bonds, which rate shall not exceed 5.00 percent per annum;
- (5) the date the Bonds are to be delivered to the Purchaser, which shall be no later than December 31, 2018;
- (6) the yield and price for each maturity of the Bonds, which price shall be not less than 98 percent nor more than 130 percent of the principal amount of the Bonds; and

(7) the optional and mandatory redemption provisions pertaining to the Bonds; provided that the first date the Bonds may be optionally redeemed at par shall not be later than 10.5 years after the date of the Bonds.

C. *Findings.* The Council hereby finds that the determinations made in this Ordinance are the determinations set forth in RCW 39.46.040; and as such, the Council has fully and properly authorized the sale, issuance and delivery of the Bonds.

D. *Negotiable Instruments.* The Bonds shall be negotiable instruments to the extent provided by chapter 62A.3 RCW.

Section 6: Redemption Prior to Maturity

A. *Optional Redemption.* The Bonds shall be subject to redemption prior to their stated dates of maturity at the times and prices and in the manner specified in the Bond Purchase Contract.

B. *Mandatory Redemption.* The Bond Purchase Contract shall specify which, if any, maturity or maturities of the Bonds are Term Bonds, and shall further specify the mandatory Sinking Fund Account deposits necessary to accomplish the mandatory redemption of such Term Bonds.

C. *Partial Redemption.* In accordance with the preceding two subsections, portions of the principal amount of any Bond, in installments of \$5,000 or any integral multiple of \$5,000 within a maturity, may also be redeemed. If less than all the principal amount of any Bond is redeemed, upon surrender of such Bond at the designated corporate trust office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then unredeemed balance of the principal amount thereof, a new Bond or Bonds, at the option of the Registered Owner, with like maturity and interest rate, in any denomination authorized by this Ordinance. To the extent the City partially redeems Term Bonds, the City may, at its discretion, reduce the amount of any mandatory Sinking Fund Account deposit or deposits by an aggregate principal amount equal to the principal amount of the Term Bonds so redeemed.

D. *Notice of Redemption.* Except as set forth in subsection E below, and unless waived by the Registered Owner of any Bond to be redeemed, notice of any such redemption shall be sent by the Registrar by first-class mail, postage prepaid, not less than 20 nor more than 60 days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. The requirements of this subsection D shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the Registered Owner of any Bond to be redeemed. The Mayor and Finance Director are hereby each individually authorized to agree to redemption provisions they deem to be in the best interest of the City within the limitations provided by this Ordinance.

Any notice given pursuant to this subsection D may be rescinded by written notice given to the Registrar no later than one business day prior to the date specified for redemption. The Registrar shall give notice of such rescission as soon thereafter as practicable, and to the same Registered Owners, as notice of such redemption was given pursuant to this subsection D.

E. *Special Notice of Redemption to DTC.* For so long as DTC is the securities depository for the Bonds, the Registrar shall send redemption and defeasance notices to DTC in the manner required by the Letter of Representations.

F. *Continuing Disclosure Undertaking.* Redemption notice shall also be given in the manner specified in the Continuing Disclosure Undertaking; provided, neither any defect in such notice nor any failure to give all or any portion of such notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in subsection D above.

G. *Effect of Redemption.* When so called for redemption, the Bonds shall cease to accrue interest on the specified redemption date, provided money for redemption is on deposit at the place of payment at that time, and shall not be deemed to be Outstanding as of such redemption date.

H. *Voluntary Redemption Notice.* In addition to the notice required by subsection D of this Section 5, further notice may be given by the Registrar as set out below, but neither any defect in such 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 prescribed in such subsection D.

(1) Each further notice of redemption given hereunder may contain the following information: (a) the redemption date; (b) the redemption price; (c) if fewer than all Bonds Outstanding are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed; (d) notification that 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 such date; (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the designated corporate trust office of the Registrar; (f) the CUSIP numbers, if any, of all Bonds being redeemed; (g) the date of issue of the Bonds as originally issued; (h) the rate of interest borne by each Bond being redeemed; (i) the maturity date of each Bond being redeemed; and (j) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption may be sent at least 20 days before the redemption date by registered or certified mail or overnight delivery service to: (a) all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds, such depository now being DTC; and (b) one or more national information services that disseminate notices of

redemption of obligations such as the Bonds (such as Moody's Municipal and Government).

(3) Each such further notice may be published one time in *The Bond Buyer* of New York, New York, or, if such publication is impractical or unlikely to reach a substantial number of the Registered Owners, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least 20 days prior to the date fixed for redemption.

I. *Open Market Purchase and Cancellation.* The City hereby reserves the right and option to purchase any or all of the Bonds on the open market at any time and at any price. To the extent the City partially redeems Term Bonds, pursuant to this Ordinance, the City may, at its discretion, reduce the amount of any mandatory Sinking Fund Account deposit or deposits by an aggregate principal amount equal to the principal amount of the Term Bonds so redeemed. All Bonds purchased or redeemed under this Section 6 shall be canceled.

Section 7: Place, Manner and Medium of Payment

A. *Payment Medium.* Both principal of and interest on the Bonds are payable in lawful money of the United States to the Registered Owners thereof.

B. *Payment of Interest.* Payment of each installment of interest shall be made to the Registered Owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month preceding the interest payment date. Each installment of interest shall be paid by check or draft of the Registrar mailed to such Registered Owner on the due date at the address appearing on the Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. Interest installments may be paid by wire transfer to a Registered Owner of at least \$1,000,000 in principal amount of the Bonds, upon written request of such Registered Owner submitted to the Registrar at least 15 days prior to the interest payment date; provided, the costs of such wire transfer shall be paid by such Registered Owner.

C. *Payment of Principal.* Principal of each Bond shall be payable to the Registered Owner, upon presentation and surrender of the Bonds on or after the date of maturity or prior redemption, whichever occurs first, at the designated corporate trust office of the Registrar. Upon the payment of the Bonds at maturity of any Bond being redeemed, each check or other transfer of money issued for such purpose shall bear the CUSIP number, if any, and identify by issue and maturity the Bonds being paid with the proceeds of such check or other transfer.

D. *Interest on Delinquent Amounts.* If any Bond is not redeemed when properly presented at its maturity date, the City shall pay interest on that Bond at the same rate provided in the Bond from and after its maturity date until the principal of and interest on that Bond is paid in full or until sufficient money for its payment in full is on deposit in the Debt

Service Account and the Bond has been called for payment by giving notice to the Registered Owner of that unpaid Bond.

E. *Ownership of Bonds.* The City and the Registrar may deem and treat the Registered Owner of each Bond as the absolute owner of such Bond for the purpose of receiving payments of principal and interest due on such Bond and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

F. *Unclaimed Money.* The Finance Director may submit a written request to the Registrar that the Registrar return to the Finance Director all money previously remitted to the Registrar for the payment of the Bonds that has not been distributed by the Registrar as of one year after the final maturity of all of the Bonds. The Finance Director shall deposit such money into a separate account to be held solely for the benefit of the Registered Owners of Bonds which have not been presented for payment, and which shall be used solely for paying the principal of such Bonds and the interest which had accrued thereon to the date of maturity. Interest earnings on the money in such account may be deposited into the Debt Service Account to pay the principal of and interest on any Bonds that are Outstanding.

Section 8: The Refunding Plan

A. *Description of the Refunded Bonds.* The City is desirous of paying, redeeming and retiring the Refunded Bonds, if market conditions permit such refunding. The Refunded Bonds mature on the dates and bear interest at the rates set forth in the following schedule:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>
December 1, 2018	\$ 260,000	4.000%
December 1, 2019	270,000	4.000
December 1, 2020	280,000	4.000
December 1, 2021	290,000	4.125

December 1, 2024	950,000	4.200

December 1, 2027	1,080,000	4.300

B. *Payments on the Refunded Bonds.* The City shall, at such time as the Bonds are delivered, irrevocably deposit Government Obligations in a sufficient amount to pay the interest on the Refunded Bonds to and including July 30, 2018, or such other date as determined by the Finance Director, and to redeem and retire the Refunded Bonds on July 30, 2018, or such other date as determined by the Finance Director, at the price of par. Any amounts necessary to pay and retire the Refunded Bonds that are not provided for in full by the purchase and deposit of the Government Obligations shall be provided for by an irrevocable deposit of cash from the proceeds of the Bonds or from other legally available money of the City.

C. *Notice of Redemption.* The Refunding Trustee is hereby directed to give notice of the call and redemption of the Refunded Bonds in substantially the form set forth as

Attachment II to the Escrow Agreement and in the manner required by Ordinance No. 2007-43.

D. *Modification of Refunding Plan.* The Finance Director is hereby authorized with the advice of the Financial Advisor and Purchaser if he deems it to be in the best financial interest of the City to modify the refunding plan.

Section 9: The Refunding Trustee; Escrow Agreement

The City hereby appoints U.S. Bank National Association to serve as Refunding Trustee with respect to the Refunded Bonds. In order to carry out the purposes of this Ordinance, the Mayor, the City Clerk and the Finance Director are authorized and directed to execute and deliver to the Refunding Trustee an Escrow Agreement substantially in the form marked Exhibit "C" attached hereto and by this reference incorporated herein. The Escrow Agreement shall set forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the refunding of the Refunded Bonds as provided herein, and the Refunding Trustee shall state therein that such provisions for the payment of the fees, compensation and expenses of such Refunding Trustee are satisfactory to it. The Refunding Trustee shall be entitled to the fees provided in the Escrow Agreement and no other fees.

Section 10: Creation of the Escrow Account

A. *Creation of the Escrow Account.* The Refunding Trustee is hereby authorized and directed to establish a special account for the City designated the "Water and Sewer Revenue and Refunding Bonds Escrow Account," or such other designation conforming to accounting principles and banking practices.

B. *Deposits into the Escrow Account.* The City shall deposit the net proceeds of the Bonds other than: (1) the amount necessary to pay the Costs of the Project, which shall be deposited into the Project Fund; (2) accrued interest, if any, received from the sale of the Bonds, which shall be deposited into the Debt Service Account; (3) amounts paid to the Purchaser as Purchaser's discount, which shall be retained by the Purchaser; (4) amounts, if any, received due to rounding the principal amount of the Bonds to the next denomination of \$5,000 and to pay for any contingencies, which shall be deposited into the Debt Service Account; and (5) amounts used to pay the costs of issuance for the Bonds; into the Escrow Account and used to acquire Government Obligations and to pay the costs of issuing the Bonds on the issue date of the Bonds. Such Government Obligations, together with any cash balance remaining after the Government Obligations are purchased and the costs of issuing the Bonds have been paid, shall be irrevocably deposited into the Escrow Account. The Government Obligations and money to be deposited into the Escrow Account shall be held by the Refunding Trustee in trust. All Government Obligations, all proceeds thereof, and all money credited to the Escrow Account shall be deemed so credited to and held in the Escrow Account notwithstanding the fact that such Government Obligations, proceeds and money therein are held by the Refunding Trustee in trust for the owners of the Refunded Bonds.

C. *Use of Money in the Escrow Account.* The Refunding Trustee, on behalf of the City, is hereby authorized and directed to use the proceeds of the Bonds, together with

other legally available money of the City, to purchase Government Obligations in the amounts, of the type, bearing interest and maturing in such amounts as are necessary to make the payments described in Section 8 of this Ordinance. The investment income from and maturing principal of the Government Obligations and money to be deposited into the Escrow Account shall be transmitted to the Washington State Fiscal Agent, as Registrar for the City, for the sole purpose of paying the principal of and interest on the Refunded Bonds as herein provided.

D. *Surplus Money.* Any money remaining on deposit in the Escrow Account after the payment in full of the Refunded Bonds and the costs of issuing the Bonds, as herein set forth, shall be transferred by the Refunding Trustee to the City and deposited into the Debt Service Account.

Section 11: Irrevocable Call

A. *Irrevocable Call for Redemption.* In accordance with Ordinance No. 2007-43, the City hereby calls, at such time as the Bonds are delivered, the Refunded Bonds for redemption on July 30, 2018, or such other date as determined by the Finance Director. Such call for redemption shall be irrevocable upon the delivery of the Bonds to the Purchaser.

B. *Irrevocable Pledge of Amounts in the Escrow Account.* The City hereby irrevocably pledges, at such time as the Bonds are delivered, the Government Obligations and amounts on deposit in the Escrow Account to pay the interest on the Refunded Bonds up to and including July 30, 2018, or such other date determined by the Finance Director, and to redeem and retire the Refunded Bonds on such date at the price of par. Such Government Obligations are hereby irrevocably pledged to be set aside to effect such payment, redemption and retirement.

C. *Findings Regarding Defeasance of the Refunded Bonds.* The City hereby finds that, as of the date the Bonds are issued and the money and Government Obligations are deposited into the Escrow Agreement: (1) no further payments need to be made into the Debt Service Account for the payment of the principal of and interest on the Refunded Bonds; (2) the Refunded Bonds and the interest accrued thereon shall cease to be entitled to any lien, benefit or security of Ordinance No. 2007-43 except the right to receive the funds so set aside and pledged; and (3) the Refunded Bonds and the interest accruing thereon shall no longer be deemed to be Outstanding under Ordinance No. 2007-43. The Council hereby further finds and determines that the issuance and sale of the Bonds will benefit the City through a reduction in the debt service requirement, and will thereby effect a savings to the City. In making such finding and determination, the Council has given consideration to the interest to maturity of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the Government Obligations pending the redemption and retirement of the Refunded Bonds.

Section 12: Sufficiency of the Government Obligations

A. *Purpose of the Government Obligations.* The Government Obligations shall be used for the sole purpose of making the payments described in Section 11 above. The

Government Obligations, the earnings thereon and the proceeds therefrom may be used for no other purpose, nor may any of such investments be liquidated prior to maturity without the written opinion of nationally recognized bond counsel that such redemption would not cause the interest on the Refunded Bonds and the Bonds to become includable in gross income for federal income tax purposes.

B. *Sufficiency of the Government Obligations.* Prior to the delivery of the Bonds, the City shall receive an opinion of a nationally recognized independent certified public accounting firm, stating, in substance, that the money and Government Obligations to be deposited with the Refunding Trustee for the payment of the Refunded Bonds will discharge and satisfy the City's obligations under Ordinance No. 2007-43 to make payments on the Refunded Bonds.

C. *Substitution of the Government Obligations.* The City hereby reserves the right to substitute Government Obligations for investments in the Escrow Account in the event it may do so pursuant to Section 103 of the Code, provided that at all times the money and Government Obligations in the Escrow Account shall be sufficient to refund and retire the Refunded Bonds as provided herein. Prior to each such substitution, the City shall obtain:

(1) a supplemental verification addressed to the City and the Refunding Trustee from a nationally recognized independent certified public accounting firm, which shall be satisfactory to nationally recognized bond counsel, that the money and Government Obligations on deposit in the Escrow Account after such substitution will be sufficient to effect the refunding of the Refunded Bonds and that such substitute Government Obligations are noncallable; and

(2) a written opinion addressed to the City from nationally recognized bond counsel that such substitution will not cause the interest on the Refunded Bonds and the Bonds to become includable in gross income for federal income tax purposes.

Section 13: Rates and Charges

The City has established, may from time to time revise, and shall maintain and collect from the users of the System, lawful rates and charges for the use of the services and facilities and all commodities sold, furnished or supplied by the System to such users thereof. Such rates and charges are, and shall continue to be, uniform as to all persons or properties which are of the same class.

Section 14: Pledge of Net Revenue

All of the Net Revenue is pledged for the payment of the Bonds, as a prior first charge and lien thereon equal to and on parity with the charge or lien of the Outstanding Bonds, and Revenue of the System shall be used and applied in the order of priority provided in Section 15 of this Ordinance.

Section 15: The Operating Fund & Other Funds and Accounts

A. *Operating Fund.* There has heretofore been created a special fund of the City known as the Operating Fund. The Revenue of the System, except income from the investment of money in the Bond Fund, shall be deposited in the Operating Fund as collected, and the Operating Fund shall be held separate and apart from all other funds and accounts of the City. The money in the Operating Fund shall be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation of the System;

Second, to make all payments required to be made into the Debt Service Account to pay the interest on the Outstanding Bonds, the Bonds and any Additional Bonds for which money shall not have been provided by income from the investment of money in the Bond Fund;

Third, to make all payments required to be made into the Debt Service Account to pay the principal of the Outstanding Bonds, the Bonds and any Additional Bonds, for which money shall not have been provided by income from the investment of money in the Bond Fund;

Fourth, to make all payments required to be made into any Sinking Fund Account under any schedule for the amortization of Term Bonds;

Fifth, to make all payments required to be made into the Reserve Account to secure the payment of the Outstanding Bonds, the Bonds and any Additional Bonds, including any payments required in connection with obtaining or maintaining Qualified Insurance or a Qualified Letter of Credit to fund all or a portion of the Reserve Account;

Sixth, to make all payments required to be made into the Regional Facilities Repair and Replacement Reserve Account or into any future repair, replacement or contingency reserve which may be required by the covenants of any ordinance authorizing the issuance of Additional Bonds;

Seventh, to make all payments required to be made into any other revenue bond redemption fund or revenue warrant redemption fund and debt service account or reserve account created to pay and secure the payment of the principal of and interest on any revenue bonds or revenue warrants of the City having a lien upon the Revenue of the System and the money in the Operating Fund junior and inferior to the lien thereon for the payment of the principal of and interest on the Outstanding Bonds, the Bonds and any Additional Bonds;

Eighth, to retire by redemption or purchase in the open market any outstanding water and sewer revenue bonds or revenue warrants of the City or to make necessary additions, betterments, improvements, extraordinary repairs, extensions and replacements of the System, deposit funds into the Rate Stabilization Account or any other lawful City purposes.

B. *Regional Water Fund.* A separate fund of the City has been established and is known as the Regional Water Fund. All costs of maintenance and operation of the regional water supply facilities, as such costs are defined in the contract between the City and the District dated February 13, 1979, and all costs of debt service on bonds issued to pay for regional water supply facilities shall be charged to such fund and all payments chargeable pursuant to such contract for the delivery of water from the regional water supply facilities to the City, the District and any future public agency users thereof and all income received from the investment of money derived from such payments shall be credited to such fund. The Regional Water Fund was established for the purpose of separately accounting for the costs of such regional facilities as between the City, the District and any future public agency user of the regional water supply facilities, and the establishment and maintenance of such fund shall not alter or impair the deposit of Revenue of the System into the Operating Fund or the priority of use of money in the Operating Fund as otherwise provided in this section.

C. *Regional Facilities Repair and Replacement Reserve Account.* A separate account of the City has been established and is known as the Regional Facilities Repair and Replacement Reserve Account. The City has set aside and paid into such Account the sum of \$250,000. All costs of replacements of and extraordinary repairs to regional water supply facilities which the City determines for any reason should not be paid from money in the Regional Water Fund shall be paid out of the Regional Facilities Repair and Replacement Reserve Account. The Repair and Replacement Reserve was established for the purpose of insuring continuity of water supply for the City, the District and any future public agency user of regional water supply facilities. In the event money is withdrawn from the Repair and Replacement Reserve Account any such withdrawal shall be made up either forthwith from money available on hand in the Water and Sewer Fund and credited to the Regional Water Fund, or within 12 months following such withdrawal from the proceeds of future revenue bonds of the City, or by approximately equal monthly payments out of money to be paid into the Water and Sewer Fund and credited to the Regional Water Fund within a period of not more than two calendar years commencing with the first calendar year after such withdrawal.

D. *Rate Stabilization Account.* A special account of the City has been established within the Operating Fund and is known as the Rate Stabilization Account. The Rate Stabilization Account was established to cope with future increases in revenue requirements of the System. The City may from time to time appropriate or budget amounts in the Operating Fund after making the deposits described in subparagraphs *First* through *Eighth* in Section 15A hereof for deposit in the Rate Stabilization Account and may from time to time withdraw amounts therefrom to prevent or mitigate rate increases or for other lawful purposes of the District related to the System. Amounts withdrawn from the Rate Stabilization Account shall increase Revenue of the System for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Revenue of the System for the period for which they are deposited. Credits to or from the Rate Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within such fiscal year. Earnings on the Rate Stabilization Account shall be credited to the Operating Fund.

Section 16: The Bond Fund & Accounts

A. *Bond Fund.* There has heretofore been created a special fund of the City, known as the “City of Wenatchee Water, Sewer and Storm Drainage Revenue Bond Fund” solely for the purpose of paying the principal of, premium, if any, and interest on the Outstanding Bonds, the Bonds and any Additional Bonds. The Bond Fund shall consist of a Debt Service Account, Sinking Fund Accounts and a Reserve Account, as hereinafter described.

The City shall deposit any Assessments into the Bond Fund for payment of the principal of and interest on the Outstanding Bonds, the Bonds and any Additional Bonds without allocation to any particular series of bonds payable from the Bond Fund.

B. *Debt Service Account.* A Debt Service Account has heretofore been created in the Bond Fund for the purpose of paying the interest on the Outstanding Bonds, the Bonds and any Additional Bonds, and the principal of and premium, if any, on the Outstanding Bonds, the Bonds and any Additional Bonds except Term Bonds.

As long as any Outstanding Bond, Bond or Additional Bond remains Outstanding, the City hereby irrevocably obligates, pledges and binds itself to set aside and pay from the Operating Fund into the Debt Service Account, those amounts necessary, together with such other funds as are on hand and available in the Debt Service Account, to pay: (1) the interest on all Outstanding Bonds, Bonds and any Additional Bonds, and (2) the principal of all Outstanding Bonds, the Bonds and any Additional Bonds except Term Bonds, as such interest and principal respectively become due and payable.

C. *Sinking Fund Accounts.* If the City issues Term Bonds, it will provide in each ordinance authorizing the issuance of the same for a schedule of payments to be made from the Operating Fund into the Sinking Fund Account sufficient to amortize the principal of such Term Bonds on or before the maturity date thereof. The City may merge the Sinking Fund Account into the Debt Service Account.

D. *Reserve Account.* A Reserve Account has heretofore been created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Outstanding Bonds, the Bonds and any Additional Bonds. The City will deposit an amount into the Reserve Account simultaneously with the issuance and delivery of the Bonds that, together with the money already on deposit therein, will be at least equal to the Reserve Account Requirement.

The City further covenants and agrees that in the event it issues any Additional Bonds, it will provide in each ordinance authorizing the issuance of the same that payments will be made into the Reserve Account so that on the date of the issuance and delivery of such Additional Bonds the total amount in the Reserve Account, with the money already on deposit therein, will be at least equal to the Reserve Account Requirement.

The City hereby further covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount which,

with the money already on deposit therein, will be at least equal to the Reserve Account Requirement. The City hereby reserves the right to recalculate the Reserve Account Requirement from time to time, and at any time.

Whenever there is a sufficient amount in the Bond Fund to pay the Annual Debt Service on all Outstanding Bonds, Bonds and Additional Bonds then Outstanding, the money in the Reserve Account may be used to pay such Annual Debt Service.

Money in the Reserve Account may also be withdrawn to redeem and retire, and to pay the premium, if any, and interest due to such date of redemption, on any Outstanding Bonds, Bonds or Additional Bonds, as long as the money left remaining on deposit in the Reserve Account is at least equal to the Reserve Account Requirement. If at any time the amount in the Reserve Account exceeds the Reserve Account Requirement, such surplus may be deposited into the Debt Service Account.

In the event there shall be a deficiency in the Debt Service Account to meet maturing installments of principal of and interest on the Outstanding Bonds, Bonds or Additional Bonds, or a deficiency in the Sinking Fund Account to meet the required schedule of payments for the amortization of Term Bonds, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up out of Revenue of the System after making the necessary provision for the payments required to be made by subparagraphs *First, Second, Third* and *Fourth* of Section 15 hereof.

Notwithstanding anything in this Section 16 to the contrary, the City may obtain Qualified Insurance or a Qualified Letter of Credit to fund all or a portion of the Reserve Account. Such Qualified Insurance or Qualified Letter of Credit shall not be cancellable on less than five years' notice. In the event of any cancellation, the Reserve Account shall be funded in not more than 18 approximately equal consecutive monthly installments.

E. *Priority of Lien of Payments into the Bond Fund.* The amounts so pledged to be paid into the Bond Fund from the Operating Fund are hereby pledged and declared to be a prior lien and charge thereon superior to all other charges of any kind or nature whatsoever except the Costs of Maintenance and Operation of the System, and except that the amounts so pledged are of equal lien upon such Revenue of the System for the payment of the principal of and interest on the Outstanding Bonds, the Bonds and any Additional Bonds.

F. *Application and Investment of Money in the Bond Fund.* Money in the Bond Fund may be invested as permitted by law and the investment policy of the City. Investments of money in the Debt Service Account shall mature prior to the date on which such money shall be needed for required interest or principal payments. Investments of money in the Sinking Fund Account shall mature prior to the date on which such money shall be needed for required principal payments on Term Bonds. Investments of money in the Reserve Account shall be available to pay any deficiencies that may occur in the Debt Service Account and shall mature not later than the last maturity of any Outstanding Bond, Bond or Additional Bond then Outstanding. All interest earned and income derived by virtue of such investments shall remain in the Bond Fund and be used to meet the required deposits into any

account therein. Subject to the other provisions of this paragraph, money in the Debt Service Account, the Sinking Fund Account and the Reserve Account may be combined for the purpose of purchasing investments; *provided*, the records of the City shall show to which Account the respective portions of any such combined investments are credited.

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

Section 17: The Project Fund

A. *Project Fund.* There is hereby created a special fund of the City, known as the “City of Wenatchee Water, Sewer and Storm Drainage Project Fund,” or such other designation conforming to banking requirements or accounting practices, which shall be used to pay Costs of the Project.

B. *Deposits to the Project Fund.* The City shall, in order to pay Costs of the Project, deposit into the Project Fund the net proceeds from the sale of the Bonds other than: (1) accrued interest, if any, received from the sale of the Bonds, which shall be deposited into the Debt Service Account; (2) amounts paid to the Purchaser as Purchaser’s discount, which shall be retained by the Purchaser; (3) amounts, if any, received due to rounding the principal amount of the Bonds to the next denomination of \$5,000 and to pay for any contingencies, which shall be deposited into the Debt Service Account; (4) amounts used, if any, to refund the Refunded Bonds, which shall be deposited into the Escrow Account; and (5) amounts used to pay the costs of issuance for the Bonds.

C. *Use of the Project Fund.* The money in the Project Fund shall be used to pay the Costs of the Project, as described in Section 4 of this Ordinance. After the Costs of the Project have been completed or the costs thereof are duly provided for, any balance remaining in the Project Fund may be used for other improvements and betterments as provided in Section 4 of this Ordinance or may be deposited into the Bond Fund.

D. *Investment of Money in the Project Fund.* Money in the Project Fund may be invested as permitted by law and the investment policy of the City. Any interest earnings on money invested from the Project Fund shall be deposited into the Project Fund. The City’s share of any liquidated damages or other money paid by defaulting contractors or their sureties will be deposited into said Project Fund to assure the completion of the improvements described in Section 4 of this Ordinance or may be deposited into the Bond Fund.

E. *Segregation of Bond Proceeds.* The City shall segregate Bond proceeds and investment earnings thereon from all other money that may be deposited into the Project Fund from time to time.

Section 18: Execution and Authorization of the Bonds

A. *Execution of the Bonds.* Without unreasonable delay, the City shall cause definitive Bonds to be prepared, executed, and delivered, which Bonds shall be lithographed or printed with steel engraved or lithographed borders. The Bonds shall be executed on behalf of the City by the manual or facsimile signature of the Mayor, shall be attested by the manual or facsimile signature of the City Clerk and shall have the seal of the City impressed or imprinted thereon.

B. *Authentication of the Bonds.* The executed Bonds shall be delivered to the Registrar for authentication. The Bonds shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification. Only those Bonds that bear a Certificate of Authentication substantially in the form set forth in Exhibit "A" attached hereto and manually executed by an authorized representative of the 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.

C. *Temporary Bonds.* Until the definitive Bonds are prepared, the City may, if deemed necessary by the City Clerk, utilize a temporary Bond which shall be typewritten, and which shall be delivered to the Purchaser in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds. Such temporary Bond shall be dated as of the date of the Bonds, shall be in the denomination of not to exceed \$17,500,000, shall be numbered T-1, shall be substantially of the tenor of such definitive Bonds, but with such omissions, insertions and variations as may be appropriate to temporary bonds, and shall be manually signed by the Mayor and the City Clerk and shall have the seal of the City impressed or imprinted thereon. The Finance Director shall be the Registrar in the event and for so long as a temporary Bond is utilized.

D. *Validity of Signatures.* In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the City before the Bonds so signed or attested shall have been authenticated or delivered by the Registrar, or issued by the City, such Bonds may nevertheless be authenticated, delivered and issued, and, upon such authentication, delivery and issue, shall be as binding upon the City as though those who signed and attested the same had continued to be such officers of the City. Any Bond may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City although at the original date of such Bond any such person shall not have been such officer of the City.

Section 19: The Registrar

A. *Registrar Appointed.* The Finance Director has designated the Washington State Fiscal Agent as the City's legally designated fiscal agent with respect to the Bonds pursuant to RCW 39.44.130. The Council hereby confirms such designation with respect to the Bonds and appoints the Washington State Fiscal Agent as Registrar, authenticating agent,

paying agent and transfer agent with respect to the Bonds, subject to the terms and conditions set forth in this Section 19.

B. *Delegated Duties.* The Registrar is hereby authorized and directed, on behalf of the City, to authenticate and deliver Bonds initially issued or transferred or exchanged in accordance with the provisions of the Bonds and this Ordinance and to carry out all of the Registrar's powers and duties under this Ordinance and the Washington State Fiscal Agency Agreement between the Washington State Finance Committee and the Registrar (as the same may be amended or readopted from time to time).

C. *Bond Register.* The Bonds shall be issued only in registered form as to both principal and interest. The Registrar shall keep, or cause to be kept, at its designated corporate trust office, the Bond Register which shall at all times be open to inspection by the City. The City hereby specifies and adopts the system of registration for the Bonds approved by the Washington State Finance Committee.

D. *Fees and Costs.* The City shall pay to the Registrar from time to time reasonable compensation for all services rendered under this Ordinance together with reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of its attorneys, agents and employees, incurred in good faith in and about the performance of their powers and duties under this Ordinance. The administrative fees provided for in this subsection D may be paid from the Bond Fund.

E. *Representations.* The Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bonds.

F. *Ownership Rights.* The Registrar may become the Registered Owner of Bonds with the same rights it would have if it were not the 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 rights of Registered Owners of the Bonds.

G. *Cancellation of Surrendered Bonds.* Bonds surrendered to the Registrar for payment, redemption, transfer or exchange, as well as Bonds surrendered by the City for cancellation, shall be canceled immediately by the Registrar and returned to the City. Such Bonds thereafter shall be destroyed.

Section 20: Book-Entry System Authorized

A. The Bonds shall be initially issued in the form of a separate, single-certificated, fully registered Bond for each maturity set forth in the Bond Purchase Contract, in the aggregate principal amount of such maturity. Upon initial issuance, the ownership of each Bond shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the securities depository for the Bonds. Except as provided in subsection D of this Section 20 all of the Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of DTC.

B. With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, the City and the Registrar shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Registrar shall have no responsibility or obligation with respect to: (1) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (2) the delivery to any Participant or any other person, other than a Registered Owner, of any notice with respect to the Bonds, including any notice of redemption, or (3) the payment to any Participant or any other person, other than a Registered Owner, of any amount with respect to principal of, premium, if any, or interest on the Bonds. The City and the Registrar may treat and consider the Registered Owner of each Bond as the absolute owner of such Bond for the purpose of payment of principal, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and the interest on the Bonds as provided in this Ordinance, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sums so paid. No person other than a Registered Owner shall receive a certificated Bond evidencing the obligation of the City to make payments of principal, premium, if any, and interest pursuant to this Ordinance. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to the transfer and payment of the Bonds, the phrase "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

C. The City heretofore has delivered a Letter of Representations to the Registrar and DTC. The delivery of the Letter of Representations shall not in any way limit the provisions of subsection B of this Section 20 or in any other way impose upon the City any obligation whatsoever with respect to persons having interests in the Bonds other than the Registered Owner. The Registrar shall take all action necessary for all representations of the City in the Letter of Representations with respect to the Registrar, to at all times be complied with.

D. (1) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and to the Registrar, and discharging its responsibilities with respect thereto under applicable law.

(2) The City, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the City determines that: (a) DTC is unable to discharge its responsibilities with respect to the Bonds or (b) a continuation of the requirement that all of the Bonds be registered in the Bond Register in the name of Cede & Co., or any other nominee of DTC, is not in the best interest of the beneficial owners of the Bonds.

(3) Upon termination of the services of DTC with respect to the Bonds pursuant to subsection D(2)(b) of this Section 20, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to

subsection D(1) or subsection D(2)(a) of this Section 20 after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found that, in the opinion of the City, is willing and able to undertake such functions upon reasonable and customary terms, the City shall deliver certificated Bonds at the expense of the City, as described in this Ordinance, and the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co. as nominee of DTC, but may be registered in the names that the Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

E. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or premium, if any, and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the Letter of Representations.

Section 21: Transfer and Exchange of the Bonds

A. *Transfer of Bonds.* Each Bond shall be transferable by the Registered Owner thereof in person, or by its attorney duly authorized in writing, upon due completion of the assignment form appearing thereon and upon surrender of such Bond at the designated corporate trust office of the Registrar for cancellation and issuance of a new Bond registered in the name of the transferee, in exchange therefor.

B. *Exchange of Bonds.* Each Bond shall be exchangeable by the Registered Owner thereof in person, or by its attorney duly authorized in writing, for one or more new Bonds, upon surrender of such Bond at the designated corporate trust office of the Registrar for cancellation.

C. *Authentication and Delivery of New Bonds.* Whenever a Bond shall be surrendered for transfer or exchange, the Registrar shall authenticate and deliver to the transferee or exchangee, in exchange therefor, a new fully registered Bond or Bonds of any authorized denomination or denominations, of the same maturity and interest rate as, and for the aggregate principal amount of, the Bond being surrendered. Notwithstanding the foregoing sentence, the Registrar is not required to transfer or exchange any Bond during the 15 days preceding any principal or interest payment date.

D. *Payment of Fees and Costs.* The Registrar shall require the payment by the Registered Owner requesting such transfer or exchange of any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

Section 22: Mutilated, Destroyed, Lost or Stolen Bonds

A. *Issuance of Substitute Bonds.* If any Bond shall become mutilated, destroyed, lost or stolen, the affected Registered Owner shall be entitled to the issuance of a substitute Bond only as follows:

(1) in the case of a lost, stolen or destroyed Bond, the Registered Owner shall (a) provide notice of the loss, theft or destruction to the City and the Registrar within a reasonable time after the Registered Owner receives notice of the loss, theft or destruction, (b) request the issuance of a substitute Bond, (c) provide evidence, satisfactory to the City and the Registrar, of the ownership and the loss, theft or destruction of the affected Bond, and (d) file in the offices of the Finance Director and the Registrar a written affidavit specifically alleging on oath that such Registered Owner is the proper owner, payee or legal representative of such owner or payee of the Bond that has been lost, stolen or destroyed, giving the date the Bond was issued, the number, principal amount and series of such Bond, and stating that the Bond has been lost, stolen or destroyed, and has not been paid and has not been received by such Registered Owner;

(2) in the case of a mutilated Bond, the Registered Owner shall surrender the Bond to the Registrar for cancellation; and

(3) in all cases, the Registered Owner shall provide indemnity against any and all claims arising out of or otherwise related to the issuance of substitute Bonds pursuant to this Section 22 satisfactory to the City and the Registrar.

Upon compliance with the foregoing, a new Bond of like tenor and denomination, bearing the same number as the mutilated, destroyed, lost or stolen Bond, and with the word "DUPLICATE" stamped or printed plainly on its face, shall be executed by the City, authenticated by the Registrar and delivered to the Registered Owner, all at the expense of the Registered Owner to whom the substitute Bond is delivered. Notwithstanding the foregoing, the Registrar shall not be required to authenticate and deliver any substitute Bond for a Bond which has been called for redemption or which has matured or is about to mature and, in any such case, the principal or redemption price and interest then due or becoming due shall be paid by the Registrar in accordance with the terms of the mutilated, destroyed, lost or stolen Bond without substitution therefor.

B. *Notation on the Bond Register.* Upon the issuance and authentication of any substitute Bond under the provisions of this Section 22, the Registrar shall enter upon the Bond Register a notation that the original Bond was cancelled and a substitute Bond was issued therefor.

C. *Rights of Registered Owners of Substitute Bonds.* Every substituted Bond issued pursuant to this Section 22 shall constitute an additional contractual obligation of the City and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued hereunder unless the Bond alleged to have been destroyed, lost or stolen shall be at any time enforceable by a bona fide purchaser for value without notice. In the event the Bond alleged to have been destroyed, lost or stolen shall be enforceable by anyone, the City may recover the substitute Bond from the Registered Owner to whom it was issued or from anyone taking under the Registered Owner except a bona fide purchaser for value without notice.

D. *Exclusive Rights.* All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or of investment or other securities without their surrender.

Section 23: Defeasance of the Bonds

In the event that money and/or Government Obligations, maturing or having guaranteed redemption prices at the option of the owner at such times and bearing interest to be earned thereon, in such amounts as are sufficient (together with any resulting cash balances) to redeem and retire part or all of the Bonds in accordance with their terms, are hereafter irrevocably set aside in a special account and pledged to effect such redemption and retirement, then no further payments need be made into the Bond Fund or any account therein for the payment of the principal of and interest on the certain Bonds so provided for, and such Bonds and interest accrued thereon shall no longer be deemed to be Outstanding hereunder.

If the principal or redemption price of any Bonds becoming due, at maturity or otherwise, together with all interest accruing thereon to the due date, has been paid or provision therefor made in accordance with this Section 23, all interest on such Bonds shall cease to accrue on the due date and all liability of the City with respect to such Bonds shall likewise cease, except as hereinafter provided. Thereafter the Registered Owners of such Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bonds, and the Registrar shall hold such funds in trust for such Registered Owners uninvested and without interest.

Section 24: Bond Covenants

A. The City shall at all times maintain, preserve and keep the properties of the System in good repair, working order and condition and will from time to time make all necessary and proper repairs, renewals, replacements, extensions and betterments thereto, so that at all times the business carried on in connection therewith will be properly and advantageously conducted, and the City will at all times operate or cause to be operated such properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

B. The City shall establish, maintain and collect lawful rates and charges for the use of the services and facilities and all commodities sold, furnished or supplied by the System, which shall be fair and nondiscriminatory and shall adjust such rates and charges from time to time so that:

(1) the Revenue of the System will at all times be sufficient (a) to pay the Costs of Maintenance and Operation, (b) to make any payments required to be made on account of the Outstanding Bonds, the Bonds and any Additional Bonds, as and when the same shall become due and payable, (c) to make adequate provision for the payment on account of any Term Bonds as and when the same shall become due and

payable, (d) to make when due all payments which the City is obligated to make into the Reserve Account and all other payments which the City is obligated to make pursuant to this Ordinance, and (e) to pay all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue therefrom or payments in lieu thereof and any and all other amounts which the City may now or hereafter become obligated to pay from the Revenue of the System by law or contract; and

(2) the Net Revenue together with Assessment Income in each calendar year will equal at least the sum of (a) 125 percent of the amounts required in such calendar year to be paid as Annual Debt Service on all Outstanding Bonds, Bonds and Additional Bonds then Outstanding minus the amount of Assessments collected in such year and (b) 100 percent of the amount of Assessments collected in such year.

C. The City will not sell or otherwise dispose of the System in its entirety unless simultaneously with such sale or other disposition provision is made for payment into the Bond Fund of cash or Government Obligations sufficient (taking into account interest to be earned on any such Government Obligations) to pay the principal of and interest on all the Outstanding Bonds, Bonds and Additional Bonds then Outstanding, nor will it sell or otherwise dispose of any part of the useful operating properties of the System in excess of 5% unless such facilities are replaced or provision is made for payment into the Bond Fund of the greatest of the following:

(1) an amount which will be in the same proportion to the net amount of the Outstanding Bonds, Bonds and Additional Bonds then Outstanding (defined as the total principal amount of Outstanding Bonds, Bonds and Additional Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the revenue from the portion of the System sold or disposed of for the preceding year bears to the total Revenue of the System for such period; or

(2) an amount which will be in the same proportion to the net amount of Outstanding Bonds, Bonds and Additional Bonds then Outstanding (as defined above) that the Net Revenue from the portion of the System sold or disposed of for the preceding year bears to the total Net Revenue for such period; or

(3) an amount which will be in the same proportion to the net amount of the Outstanding Bonds, Bonds and Additional Bonds then Outstanding (as defined above) that the depreciated cost value of the facilities sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition.

The proceeds of any such sale or disposition of a portion of the properties and facilities of the System (to the extent required above) shall be paid into the Bond Fund.

Notwithstanding any other provision of this paragraph, the City may sell or otherwise dispose of any of the works, plant, properties and 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 in such operation, without making any deposit into the Bond Fund.

D. The City will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the System or the Net Revenue, or any part thereof, prior or superior to the lien thereon for the payment of the Outstanding Bonds, the Bonds and any Additional 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 Revenue of the System, or any part thereof, prior to or superior to the lien of the Outstanding Bonds, the Bonds and any Additional Bonds, or which might impair the security of the Outstanding Bonds, the Bonds and any Additional Bonds.

E. The City will keep the works, plants and facilities comprising the System insured, and will carry such other insurance, with responsible insurers, with policies payable to the City, against risks, accidents or casualties, at least to the extent that insurance is usually carried by municipal corporations operating like properties, or will implement a self-insurance program with reserves adequate, in the judgment of the Council, to protect the City and the Registered Owners of the Outstanding Bonds and the Bonds against loss. In the event of any loss or damage, the City will promptly repair or replace the damaged portion of the insured property and apply the proceeds of any insurance policy for that purpose; or in the event the City should determine not to repair or reconstruct such damaged portion of the properties of the System, the proceeds of such insurance shall be paid into the Reserve Account to the extent that such transfer shall be necessary to make up any deficiency in such Reserve Account and the balance, if any, shall at the option of the City be used either for repairs, renewals, replacements, or capital additions to the System, for the redemption of Outstanding Bonds, the Bonds or Additional Bonds, or for deposit into the Reserve Account.

F. The City will keep and maintain proper books and accounts with respect to the operations, income and expenditures of the System that are in accordance with proper and legal accounting procedures. After each fiscal year of the City's operation of the System it will prepare or cause to be prepared an operating statement of the System for such preceding fiscal year. Each such statement shall contain a statement in detail of the Revenue of the System, necessary and current expenses of operation and maintenance, repairs, administrative expenses and expenditures for capital purposes of the System for such fiscal year and shall contain a statement as of the end of such year showing the status of all the funds and accounts created by the various ordinances pertaining to the operation of the System and authorizing the issuance of outstanding bonds payable from the Revenue of the System. Copies of such statement shall be placed on file in the office of the City Clerk and shall be open to inspection at any reasonable time by any owner or holder of Outstanding Bonds and the Bonds. All expenses incurred in the maintenance of such books and accounts and the preparation of such statement may be regarded and paid as an expense of operation of the System.

G. The City will not furnish or supply or permit the furnishing or supplying of any service or facility furnished by or in connection with the operation of the System, free of charge to any person, firm or corporation, public or private, so long as any Outstanding Bonds and the Bonds are Outstanding and unpaid.

H. The City shall promptly take action to enforce the payment of delinquent service charges or contract payments by such means as legally available.

I. The City will not expend any of the Revenue of the System or the proceeds of any indebtedness payable therefrom for any extensions, betterments and improvements to the System which are not legally required or economically sound, and which will not properly and advantageously contribute to the conduct of the business of the System in an efficient manner.

J. Notwithstanding any other provision of this Ordinance to the contrary, (1) upon the City's failure to observe or refusal to comply with the covenants set forth in this Ordinance, the Registered Owners, or any trustee acting on their behalf, shall be entitled to the rights and remedies provided to the Registered Owners under this Ordinance, other than the right to declare the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable; and (2) neither the holder or registered owner of bonds of any series other than the Bonds, nor any trustee acting on their behalf, shall be entitled to exercise any right or remedy provided to the Registered Owners under this Ordinance based upon the City's failure to observe, or refusal to comply with, the covenants set forth in this Ordinance.

Section 25: Tax Covenants

A. The City covenants to comply with each requirement of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. In furtherance of the covenant contained in the preceding sentence, the City covenants to comply with the provisions of the Tax Certificate executed by the City on the date of initial issuance and delivery of the Bonds, as such Tax Certificate may be amended from time to time.

B. The City covenants to make any and all payments required to be made to the United States Department of the Treasury in connection with the Bonds pursuant to Section 148(f) of the Code.

C. Notwithstanding any other provision of this Ordinance to the contrary, so long as necessary in order to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes, the covenants contained in this Section 25 shall survive the payment of the Bonds and the interest thereon, including any payment or defeasance thereof pursuant to Section 23 of this Ordinance.

Section 26: Issuance of Additional Bonds

The City hereby further covenants and agrees with the Registered Owners of the Bonds for as long as any of the same remain Outstanding as follows:

The City will not issue any bonds having a greater or equal priority of lien upon the Revenue of the System to pay and secure the payment of the principal of and interest on such bonds than the priority of lien created on such Revenue of the System to pay and secure the

payment of the principal of and interest on the Outstanding Bonds and the Bonds except that the City may issue bonds having an equal lien as follows:

- A. The City reserves the right to issue Additional Bonds for the purposes of:
- (1) providing funds to acquire, construct, reconstruct, install, or replace any equipment, facilities, additions, betterments or other capital improvements to the System for which it is authorized by law to issue revenue bonds, or
 - (2) refunding at or prior to their maturity, any revenue bond anticipation notes or outstanding revenue bonds or other obligations payable out of the Revenue of the System.

Upon the occurrence of (1) or (2) above, the City shall pledge that payments will be made out of the Operating Fund and into the Debt Service Account and the Reserve Account to pay and secure the payment of the principal of and interest on such Additional Bonds on a parity with the payments required herein to be made out of the Operating Fund into such accounts to pay and secure the payment of the principal of and interest on any Outstanding Bonds and the Bonds then Outstanding, upon compliance with the following conditions:

- (1) at the time of the issuance of any Additional Bonds there is no deficiency in the Bond Fund or any of the accounts therein.
- (2) the principal of and interest on any Additional Bonds shall be payable out of the Bond Fund and the required deposits into or provision for the Reserve Account in Section 16 hereof shall be accomplished.
- (3) if Term Bonds are to be issued, the ordinances authorizing their issuance shall provide for a schedule of payments to be made from the Operating Fund into the Sinking Fund Account sufficient to amortize the principal of such Term Bonds on or before the maturity date thereof.
- (4) prior to the delivery of any Additional Bonds, the City shall have on file in the office of the City Clerk a certificate of an independent engineer experienced in the design, construction and operation of municipal utilities showing that the Adjusted Net Revenue for each calendar year after the issuance of such Additional Bonds, together with Assessment Income, will equal at least the sum of (a) 125 percent of the amounts required in each calendar year to be paid as Annual Debt Service on all Outstanding Bonds, Bonds and Additional Bonds then Outstanding and on such proposed Additional Bonds, minus the amount of Assessments due in each year, and (b) 100 percent of the amount of Assessments due in each year (the "Coverage Requirement").

The "Adjusted Net Revenue" shall be the Net Revenue for a period of any 12 consecutive months out of the 24 months immediately preceding the date of delivery of such proposed Additional Bonds as adjusted by such engineer to take into consideration changes in Net Revenue estimated to occur under one or more of the

following conditions for each year after such delivery for so long as any Outstanding Bonds, Bonds and Additional Bonds, including the Additional Bonds to be issued, shall be Outstanding:

(a) the additional Net Revenue which would have been received if any change in rates and charges adopted prior to the date of such certificate and subsequent to the beginning of such 24 month period had been in force during the full 24 month period;

(b) the additional Net Revenue which would have been received if any facility of the System which became fully operational after the beginning of such 24 month period had been so operating for the entire period;

(c) the additional Net Revenue estimated by such engineer to be received as a result of any additions, betterments and improvements to and extensions of any facilities of the System which (i) are under construction at the time of such certificate or (ii) will be constructed from the proceeds of the Additional Bonds to be issued; and

(d) the additional Net Revenue which would have been received if any customers added to the System during such 24 month period were customers for the entire period.

Such engineer may rely upon, and his certificate shall have attached thereto, financial statements of the System certified by the Finance Director showing income and expenses for the period upon which the same is based. The certificate of such engineer shall be conclusive and the only evidence required to show compliance with the provisions and requirements of this subsection 4.

In lieu of such certificate of an engineer, prior to the issuance of Additional Bonds the City may have on file a certificate of an appropriate financial officer of the City stating that the Coverage Requirement will be met based on the Net Revenues for a period of any 12 consecutive months out of the 24 months preceding the delivery of such bonds for any future year on all Outstanding Bonds, Bonds, and Additional Bonds then Outstanding and the Additional Bonds to be issued.

Notwithstanding the foregoing requirement, if Additional Bonds are to be issued for the purpose of refunding at or prior to their maturity any part or all of the Outstanding Bonds, Bonds, or Additional Bonds then Outstanding, and the issuance of such refunding Additional Bonds will result in a debt service savings and does not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding Additional Bonds over and above the amount required in such year for the principal of and interest on the bonds being refunded thereby, the condition stated in subsection A(4) of this section need not be met.

B. Nothing herein contained shall prevent the City from issuing revenue bonds or other obligations which are a charge upon the Revenue of the System junior or inferior to the payments required by this Ordinance to be made out of such revenue into the Bond Fund and accounts therein to pay and secure the payment of the Outstanding Bonds, the Bonds and any Additional Bonds.

C. Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing Outstanding Bonds, Bonds or Additional Bonds for the payment of which money is not otherwise available.

Section 27: Amendments to Ordinance

A. The Council may adopt at any time ordinances supplemental hereto, which ordinances thereafter shall become a part of this Ordinance, for any one or more of all of the following purposes:

(1) to add to or delete from the covenants and agreements of the City in this Ordinance, so long as the covenants and agreements thereafter to be observed shall not adversely affect the interests of the Registered Owners of any Bonds, or surrender any right or power herein reserved; or

(2) 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 bonds in regard to matters or questions arising under such ordinances as the Council may deem necessary or desirable and not inconsistent with such ordinances and which shall not adversely affect, in any material respect, the interests of the Registered Owners of the Bonds.

Any such supplemental ordinance may be adopted without the consent of the Registered Owners of any Bonds at any time Outstanding, notwithstanding any of the provisions of subsection B of this Section 27.

B. With the consent of not less than 65 percent in aggregate principal amount of the Bonds at the time Outstanding, the Council may adopt 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:

(1) extend the fixed maturity of any Bonds, or reduce the rate of interest thereon, or extend the time of payments 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 Registered Owner of each Bond so affected; or

(2) reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such supplemental ordinance, without the consent of the Registered Owners of all of the Bonds then Outstanding.

It shall not be necessary for the consent of Registered Owners of Bonds 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.

C. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section 27, 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 Registered Owners of 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.

D. Bonds executed and delivered after the execution of any supplemental ordinance adopted pursuant to the provisions of this Section 27 may have a notation as to any matter provided for in such supplemental ordinance, and if such supplemental ordinance shall so provide, new Bonds so modified as to conform in the opinion of the Council to any modification of this Ordinance contained in any such supplemental ordinance, may be prepared and delivered without cost to the Registered Owners of any affected Bonds then Outstanding, upon surrender for cancellation of such Bonds in equal aggregate principal amounts.

Section 28: Bonds Not General Obligations

The Bonds are payable solely from amounts deposited into the Bond Fund, and shall not constitute general obligations of the City and are not payable from ad valorem taxes collected within the City. Accordingly, the full faith and credit of the City is not pledged for the payment of the principal of and interest on the Bonds.

Section 29: Sale and Delivery of the Bonds and Taking of Other Actions Authorized

The Council hereby authorizes and directs each of the Mayor, the Finance Director, the City Clerk and Bond Counsel to prepare, execute and deliver the Bonds to the Purchaser, to execute all other documents, and to take all such further action for the proper application and use of the proceeds of the sale thereof, including:

- A. preparing the final official statement regarding the Bonds; and
- B. executing such certificates and receipts as may be necessary to properly document the issuance of the Bonds.

In addition, the Mayor, the Finance Director, the City Clerk and Bond Counsel are hereby authorized by the Council to execute and deliver such other certificates, agreements and documents, and to take such other actions on behalf of the City as may be reasonable and necessary:

- A. to facilitate the issuance and sale of the Bonds;

B. to meet all provisions of the Code in order to maintain tax-exempt status of the Bonds; and

C. in connection with any matters related thereto, until the final maturity date of the Bonds or redemption, whichever occur first.

Section 30: The Preliminary Official Statement

The Council hereby delegates authority to the Mayor or the Finance Director to determine all acts to be undertaken by the City's officers, employees and agents with respect to the preparation and distribution of the preliminary official statement regarding the Bonds, including any action taken to deem such preliminary official statement final as of its date except for the omission of information dependent upon the pricing of the issue and the completion of the underwriting agreement, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the Bonds dependent on the foregoing matters. The City agrees to cooperate with the Purchaser to deliver or cause to be delivered, within seven business days from the date of the Bond Purchase Contract and in sufficient time to accompany any confirmation that requests payment from any customer of the Purchaser, copies of a final official statement in sufficient quantity to comply with the rules of the MSRB and paragraph (b)(4) of the Rule.

Section 31: Covenant to Provide Continuing Disclosure

The City covenants to execute and deliver at the time of issuance of the Bonds a Continuing Disclosure Undertaking in substantially the form set forth in Exhibit "D" attached hereto and by this reference incorporated herein. The Mayor or Finance Director are each individually authorized and directed to execute and deliver a Continuing Disclosure Undertaking upon the sale, issuance and delivery of the Bonds with such terms and provisions as such officer shall deem appropriate and in the best interest of the City, upon consultation with Bond Counsel. The City hereby reserves the right to comply with this Section 31 by meeting its annual disclosure requirements through any system approved by the SEC. All required filings shall be made in an electronic format as prescribed by the MSRB.

Section 32: Ratification

All actions not inconsistent with the provisions of this Ordinance heretofore taken by the Council and the City's employees with respect to the adoption of this Ordinance and the issuance, sale and delivery of the Bonds, are hereby in all respects ratified, approved and confirmed.

Section 33: Contract; Severability

The covenants contained in this Ordinance and in the Bonds shall constitute a contract between the City and the holder of each and every Bond. All the covenants, promises and agreements in this Ordinance contained by or on behalf of the City, or by or on behalf of the Registrar, shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

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 covenants or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Ordinance and shall in no way affect the validity of the other provisions of this Ordinance or of any Bonds.

Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon or give to any person other than the City, the Registrar and the Registered Owners any rights, remedies or claims under or by reason of this Ordinance or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in this Ordinance contained by or on behalf of the City shall be for the sole and exclusive benefit of the City, the Registrar and the Registered Owners.

Section 34: Repealer

All ordinances or resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

Section 35: No Personal Recourse

No recourse shall be had for any claim based on this Ordinance or Bonds against any Council member, officer or employee, past, present or future, of the City or of any successor body as such, either directly or through the City or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 36: Effective Date

This Ordinance shall be effective from and after its adoption and five days after its publication, or a publication of its summary in substantially the form set forth in Exhibit "B" hereto, in the official newspaper of the City.

ADOPTED by the Council of the City of Wenatchee, Chelan County, Washington, at a regular meeting thereof, held this 10th day of May, 2018.

CITY OF WENATCHEE
Chelan County, Washington

Frank Kuntz, Mayor

ATTEST:

Tammy L. Stanger, City Clerk

(S E A L)

* * * * *

CERTIFICATE

I, Tammy L. Stanger, the City Clerk of the City of Wenatchee, Chelan County, Washington, hereby certify that the foregoing ordinance is a full, true and correct copy of an ordinance duly adopted at a regular meeting of the City Council duly and regularly held at the regular meeting place thereof on May 10, 2018, of which meeting all members of such Council had due notice and at which a majority thereof was present; and that at such meeting such ordinance was adopted by the following vote:

AYES, and in favor thereof:

NAYS:

ABSENT:

ABSTAIN:

I further certify that I have carefully compared the same with the original ordinance on file and of record in my office; that such ordinance is a full, true and correct copy of the original ordinance adopted at such meeting; and that such ordinance has not been amended, modified or rescinded since the date of its adoption and shall be in full force and effect five days after the publication of its summary in the City's official newspaper.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of such City on this 10th day of May, 2018.

CITY OF WENATCHEE
Chelan County, Washington

Tammy L. Stanger, City Clerk

(S E A L)

EXHIBIT "A"

[Face of Bond]

**UNITED STATES OF AMERICA
STATE OF WASHINGTON
COUNTY OF CHELAN
CITY OF WENATCHEE**

WATER AND SEWER REVENUE AND REFUNDING BONDS, SERIES _____

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Registrar for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co., or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co., or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein

INTEREST RATE:

MATURITY DATE:

CUSIP NO.:

See Pages 2 through __
for Additional Provisions

The CITY OF WENATCHEE, Washington (the "City"), an optional municipal code city duly organized and existing under and by virtue of the Constitution and laws of the state of Washington (the "State") now in force, acknowledges itself to owe and, for value received, promises to pay from the City's "Wenatchee Water, Sewer and Storm Drainage Bond Fund" (the "Bond Fund"), referred to in Ordinance No. 2018-10, adopted by the City Council of the City (the "Council") on May 10, 2018 (the "Ordinance"), to

CEDE & CO.

or registered assigns, on the Maturity Date set forth above, the principal sum of

AND NO/100 DOLLARS

and to pay interest thereon from the Bond Fund from _____, 2018, or from the most recent date to which interest has been paid or duly provided for, whichever is later, at the Interest Rate per annum set forth above, payable commencing on _____ 1, 20__, and semiannually thereafter on each June 1 and December 1, to the Maturity Date set forth above. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Any capitalized term used in this Bond and not otherwise defined herein shall have the same meaning as in the Ordinance.

The principal of and interest on this Bond are payable in lawful money of the United States of America to the Registered Owner hereof, whose name and address shall appear on the

registration books of the City (the "Bond Register") maintained by the Washington State Fiscal Agent (the "Registrar"). Interest shall be paid to the Registered Owner whose name appears on the Bond Register at the close of business on the fifteenth day of the calendar month preceding the interest payment date, and shall be paid by check or draft of the Registrar mailed to such Registered Owner on the due date at the address appearing on the Bond Register, or at such other address as may be furnished in writing by such Registered Owner to the Registrar. Interest installments may be paid by wire transfer to a Registered Owner of at least \$1,000,000 in principal amount of the Bonds, upon written request of such Registered Owner submitted to the Registrar at least 15 days prior to the interest payment date; provided, the costs of such wire transfer shall be paid by such Registered Owner. Principal of this Bond shall be paid to the Registered Owner upon presentation and surrender of this Bond on or after the Maturity Date set forth above or the date of prior redemption, whichever occurs first, at the designated corporate trust office of the Registrar.

Notwithstanding any other provision of this Bond to the contrary, so long as this Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of or premium, if any, and interest on this Bond shall be made in the manner provided in the Letter of Representations.

Reference is hereby made to the Additional Provisions of this Bond set forth on page 2 hereof, and such Additional Provisions shall for all purposes have the same effect as if set forth in this space.

The City and the Registrar may deem and treat the Registered Owner of this Bond as the absolute owner of this Bond for the purpose of receiving payments of principal and interest due on this Bond and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things essential to the validity of this Bond and the Bonds of this series do exist, have happened, been done and been performed and that every requirement of the Constitution and the laws of the State now in force and the ordinances and resolutions of the City, particularly the Ordinance, affecting the issue hereof has been duly complied with; and that the Net Revenue to be derived from the operation of the System, including any future improvements, additions or extensions thereto, have been pledged and will be set aside into the Bond Fund to be used for the payment of principal of and interest on this Bond in the order of priority provided in the Ordinance.

IN WITNESS WHEREOF, City of Wenatchee, Washington, has caused this Bond to be executed by the manual or facsimile signature of the Mayor, attested by the manual or facsimile signature of its City Clerk and impressed with its seal on _____, 2018.

CITY OF WENATCHEE
Chelan County, Washington

[manual of facsimile signature]
Mayor

ATTEST:
[manual or facsimile signature]
City Clerk
(S E A L)

CERTIFICATE OF AUTHENTICATION

Date of Authentication:

This Bond is one of the City of Wenatchee Water and Sewer Revenue and Refunding Bonds, Series 20__, dated _____, 2018, and described in the within-mentioned Ordinance.

WASHINGTON STATE FISCAL AGENT, as
Registrar

By _____
Authorized Signatory

ADDITIONAL PROVISIONS

This Bond is one of a duly authorized series of Bonds of like date, tenor, and effect, except for variations required to state denominations, numbers, interest rates, redemption provisions and dates of maturity, aggregating the principal sum of \$[_____]. The Bonds are issued in fully registered form, in denominations of \$5,000 each or any integral multiple thereof within a single maturity, mature on December 1 of the years 20__through 20__, inclusive, and are special obligations of the City payable solely from the Bond Fund. For a more particular description of the Bond Fund, the revenues to be deposited therein, and the nature and extent of the security afforded thereby, reference is made to the provisions of the Ordinance. This Bond is not a general obligation of the City, and its full faith and credit are not pledged for payment of the principal hereof and interest hereon.

The Bonds constitute a prior lien and charge upon the Net Revenue superior to all other charges of any kind or nature, and are equal to the charges necessary to pay the principal of and interest on the Outstanding Bonds or any Additional Bonds.

The Bonds are issued by the City pursuant to and in full compliance with the Constitution and laws of the State now in force, particularly chapters 35A.40, 35.41, 39.46 and 39.53 RCW, and proceedings duly adopted and authorized by the Council, more particularly the Ordinance, for the purpose of redeeming the Refunded Bonds if market conditions permit such redemption, paying the Costs of the Project, and paying certain expenses incurred in connection with the issuance of the Bonds, all as more particularly described in the Ordinance.

The Bonds maturing on December 1, 20__ through December 1, 20__ are not subject to redemption prior to their stated maturity dates. The Bonds maturing on or after December 1, 20__, are subject to optional redemption, as a whole or in part (and if in part, with maturities to be selected by the City), on any date on or after ___ 1, 20__, at a price of par plus accrued interest, if any, to the date fixed for redemption.

The Bonds maturing in the year 20__ are Term Bonds and are subject to mandatory sinking fund redemption prior to maturity, in part, randomly in such manner as the Registrar shall determine, on December 1 in the years 20__ through 20__, inclusive, at 100 percent of the principal amounts set forth in the following schedule (subject to any partial optional redemptions made in accordance with the preceding paragraph), plus accrued interest to the date of redemption, from mandatory sinking fund deposits into the Bond Fund in the principal amounts set forth below:

Mandatory Sinking Fund Redemption Dates	Mandatory Sinking Fund Redemption Amounts
December 1, ____	\$
December 1, ____	
December 1, ____	
December 1, ____*	

* Maturity.

In accordance with the preceding two paragraphs, any Bond in the principal amount of greater than \$5,000 may be redeemed partially in any integral multiple of \$5,000. In such event, upon surrender of such Bond at the designated corporate trust office of the Registrar, a new Bond (or Bonds at the option of the Registered Owner) of the same interest rate and maturity shall be issued to the Registered Owner, without charge, in any of the denominations authorized by the Ordinance in the aggregate principal amount remaining unredeemed. To the extent the City partially redeems Term Bonds, pursuant to the Ordinance, the City may, at its discretion, reduce the amount of any mandatory sinking fund deposit or deposits by an aggregate principal amount equal to the principal amount of the Term Bonds so redeemed.

So long as the Bonds are in book-entry only form, the Registrar will notify DTC of a redemption, not less than 20 days and not more than 60 days prior to the date fixed for redemption, and will provide such information as required by the operational arrangements of DTC referenced in the Blanket Letter of Representations from the City to DTC.

During any period in which the Bonds are not in book-entry only form, unless waived by any Registered Owner of the Bonds to be redeemed, notice of any redemption of Bonds will be given by the Registrar on behalf of the City by mailing a copy of a redemption notice by first-class mail, postage prepaid, not less than 20 days nor more than 60 days prior to the date fixed

for redemption, to the Registered Owners of each Bond to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owners to the Registrar.

Such requirements shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the Registered Owner of any Bond to be redeemed. Interest on any Bond so called for redemption shall cease to accrue on the date fixed for redemption, and the Bonds shall not be deemed to be Outstanding as of such redemption date, provided funds for redemption are on deposit at the place of payment at that time. Any notice of redemption given may be rescinded by written notice from the City to the Registrar no later than one business day prior to the date specified for redemption. The Registrar shall give notice of such rescission as soon thereafter as practicable, and to the same Registered Owners, as notice of such redemption was given. Any notice of redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of redemption has been rescinded shall remain Outstanding.

The City has reserved the right to purchase any or all of the Bonds on the open market at any time and at any price. To the extent the City purchases Term Bonds on the open market, the City may reduce, at its discretion, the amount of any mandatory sinking fund deposit or deposits by an aggregate principal amount equal to the principal amount of the Term Bonds so purchased. Any Bonds so purchased or redeemed shall be canceled.

This Bond is transferable or exchangeable by the Registered Owner hereof in person, or by its attorney duly authorized in writing, upon due completion of the Assignment appearing hereon and upon presentation and surrender of this Bond at the designated corporate trust office of the Registrar. Upon such transfer or exchange, a new Bond or Bonds of any authorized denomination, of the same maturity and interest rate, and for the same aggregate principal amount of the Bond being surrendered will be issued to the transferee or exchangee, in exchange therefor. The Registrar is not required to transfer or exchange any Bond during the 15 days preceding any principal or interest payment date.

The City has covenanted and agreed with the Registered Owners of the Bonds that it will keep and perform all of the covenants of this Bond and of the Ordinance to be by it kept and performed. The City has further covenanted to maintain the System in good repair, working order and condition, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect lawful rates and charges for service furnished by or through the System, sufficient in amount, for as long as any of the Bonds of this series are Outstanding, to make available from Revenue of the System, after Costs of Maintenance and Operation, all amounts required to be paid into the Bond Fund in any year hereafter to pay the principal of and interest on the Outstanding Bonds, the Bonds and any Additional Bonds.

Reference is hereby made to the Ordinance for the covenants and declarations of the City and other terms and conditions under which this Bond and the Bonds of this series have been issued. The covenants contained herein and in the Ordinance, as such may pertain to this Bond, may be discharged by making provision, at any time, for the payment of the principal of and interest on this Bond in the manner provided in the Ordinance.

BOND COUNSEL OPINION

It is hereby certified that the following is a true and complete copy of the bond counsel opinion of Kutak Rock LLP, on file in my office, which opinion is dated the date of delivery of and payment for the Bonds described therein, an original of which was delivered to me on such date, and is a part of the permanent records of the City.

CITY OF WENATCHEE
Chelan County, Washington

[manual or facsimile signature]

City Clerk

[Insert Bond Counsel Opinion of Kutak Rock LLP]

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT – under Uniform Transfer to Minors Act _____
TEN ENT - as tenants by the entireties	(Cust) (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	(State)

Additional abbreviations may also be used although not in the above list.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

Name of Transferee: _____

Address: _____

Tax Identification No.: _____

the within Bond and hereby irrevocably constitutes and appoints _____

to transfer such Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____

Signature: _____

Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the Registered Owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

Bank, Trust Company or Member
Firm of the New York Stock Exchange

Authorized Officer

EXHIBIT “B”

FORM SUMMARY OF ORDINANCE NO. 2018-10

The following is a summary of the principal provisions of Ordinance No. 2018-10 of the City of Wenatchee, Chelan County, Washington, adopted on May 10, 2018. A full text of the Ordinance will be mailed upon request.

AN ORDINANCE OF THE CITY OF WENATCHEE, CHELAN COUNTY, WASHINGTON, AUTHORIZING THE SALE, ISSUANCE AND DELIVERY OF NOT TO EXCEED \$17,500,000 OF THE CITY’S WATER AND SEWER REVENUE AND REFUNDING BONDS, OF ONE OR MORE SERIES, TO PAY, REDEEM AND RETIRE ALL OR A PORTION OF THE CITY’S OUTSTANDING WATER AND SEWER REVENUE BONDS, SERIES 2007, AND TO FINANCE CERTAIN CAPITAL IMPROVEMENTS TO THE WATER, SEWER AND STORM DRAINAGE SYSTEM OF THE CITY; PROVIDING FOR THE DESIGNATION, DATE, TERMS, MATURITIES, FORM, PAYMENT AND REDEMPTION PROVISIONS OF THE BONDS; DESIGNATING A FISCAL AGENT; AUTHORIZING THE EXECUTION OF AN ESCROW AGREEMENT FOR USE IN THE PAYMENT OF THE REFUNDED BONDS; AUTHORIZING THE PURCHASE OF CERTAIN GOVERNMENT OBLIGATIONS; PROVIDING FOR THE CALL, PAYMENT AND REDEMPTION OF THE REFUNDED BONDS; PROVIDING FOR THE REGISTRATION AND AUTHENTICATION OF THE BONDS; CREATING AND ADOPTING CERTAIN FUNDS AND ACCOUNTS AND PROVIDING FOR DEPOSITS THEREIN; COVENANTING TO COMPLY WITH CERTAIN FEDERAL TAX AND SECURITIES LAWS; AUTHORIZING THE SALE OF THE BONDS; DELEGATING CERTAIN MATTERS TO THE MAYOR AND FINANCE DIRECTOR; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

EXHIBIT “C”

**CITY OF WENATCHEE
Chelan County, Washington**

**WATER AND SEWER REVENUE AND REFUNDING BONDS
PRINCIPAL AMOUNT OF \$_____**

ESCROW AGREEMENT

This ESCROW AGREEMENT is made and entered into as of _____, 2018, by and between the City of Wenatchee, Washington (the “City”), a code city and political subdivision created under the Constitution and laws of the state of Washington (the “State”), and U.S. Bank National Association, Seattle, Washington (the “Refunding Trustee”), with respect to the redemption of certain bonds, as provided for in Ordinance No. 2018-10 of the City, adopted on May 10, 2018 (the “Ordinance”). Unless otherwise defined in this Escrow Agreement, all capitalized terms shall have the meanings set forth in Section 1 of the Ordinance.

W I T N E S S E T H

WHEREAS, the City Council of the City (the “Council”) authorized this Escrow Agreement to be executed pursuant to Section 9 of the Ordinance;

WHEREAS, pursuant to Ordinance No. 2007-43, adopted by the Council on November 8, 2007, the City issued bonds designated the “City of Wenatchee Water and Sewer Revenue Bonds, 2007” (the “2007 Bonds”);

WHEREAS, Ordinance No. 2007-43 provides that the 2007 Bonds maturing on or after December 1, 2018, are subject to redemption prior to their stated dates of maturity in whole or in part at any time, on or after December 1, 2017 at the price of par, plus accrued interest to the date of redemption; and

WHEREAS, after due consideration, the Council has determined that it is necessary, advisable and that it will be financially advantageous to the City and a substantial savings to the ratepayers of the City’s System to redeem or retire the 2007 Bonds that mature on December 1 in the years 2018 through 2021, inclusive, December 1, 2024 and December 1, 2027, in an aggregate principal amount of \$3,130,000 (the “Refunded Bonds”), with a portion of the bond proceeds from the sale, issuance and delivery, in one or more series, of \$[_____] principal amount of its Water and Sewer Revenue and Refunding Bonds (the “Bonds”).

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto covenant, agree and bind themselves as follows:

Section 1. *Acceptance of Refunding Trustee Duties.* U.S. Bank National Association, Seattle, Washington, hereby accepts its appointment by the City as the Refunding Trustee with respect to the Refunded Bonds.

Section 2. *City Representations.* The City represents to the Refunding Trustee that: (i) the City is a code city organized and existing under and by virtue of the Constitution and laws of the State; and (ii) the City is authorized to enter into this Escrow Agreement.

Section 3. *Refunding Trustee Representations.* The Refunding Trustee represents to the City that: (i) the Refunding Trustee is a trust company or state or national bank having the powers of a trust company within or without the State; and (ii) the Refunding Trustee is authorized to enter into this Escrow Agreement.

Section 4. *The Escrow Account.* The Refunding Trustee hereby agrees to establish, hold, invest and otherwise administer the Escrow Account in the manner provided by Section 10 of the Ordinance. In the furtherance of the foregoing, the Refunding Trustee will, on behalf of the City, use the Bond proceeds and other money, if any, deposited with the Refunding Trustee to purchase Government Obligations in the amounts, of the type, bearing interest and maturing as set forth in the following schedule:

<u>Type of Obligation</u>	<u>Par Amount</u>	<u>Interest Rate</u>	<u>Delivery Date</u>	<u>Maturity Date</u>
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Section 5. *Receipt of Certain Money.* Execution of this Escrow Agreement by the Refunding Trustee shall constitute written acknowledgment by the Refunding Trustee of its receipt from the City of \$_____, \$_____ of which will be invested in Government Obligations, \$_____ of which will be held as an initial cash balance and the balance of \$_____ will be used to pay costs of issuance of the Bonds.

Section 6. *Sufficiency of Government Obligations.* Based on the opinion of Grant Thornton LLP, the City represents that the Government Obligations and the maturing principal thereof and the interest thereon, if paid when due, together with a beginning cash balance of \$_____, will be sufficient to make the payments described in Section 7 hereof.

Section 7. *Payments on the Refunded Bonds.* The Refunding Trustee will transfer money from the Escrow Account to the Washington State Fiscal Agent in the amounts, and at the times, necessary to enable the Washington State Fiscal Agent to make the payments described in the following schedule:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$

Section 8. *The Government Obligations.* The Refunding Trustee will purchase the Government Obligations described in Section 4 above, on behalf of the City, from the Bond proceeds and other money, if any, deposited with the Refunding Trustee on the date the Bonds are issued. The Refunding Trustee will use such Government Obligations, and the earnings thereon, for the sole purpose of making the transfers to the Washington State Fiscal Agent described in Section 7 hereof. The Refunding Trustee will not allow any Government Obligations to be liquidated prior to maturity without: (i) the City's written consent; (ii) receiving a supplemental verification addressed to the City and the Refunding Trustee of a nationally recognized independent certified public accounting firm, which shall be satisfactory to nationally recognized bond counsel, that the money and Government Obligations on deposit after such liquidation will be sufficient to effect the refunding of the Refunded Bonds; and (iii) receiving the written opinion of nationally recognized bond counsel that such redemption would not cause the interest on the Refunded Bonds or the Bonds to become includable in gross income for federal income tax purposes.

Section 9. *Safekeeping of Money and Investments.* All Government Obligations, money and investment income deposited with or received by the Refunding Trustee pursuant to this Escrow Agreement shall be subject to the trust created by this Escrow Agreement, and the Refunding Trustee shall be liable for the safekeeping thereof. All money deposited with the Refunding Trustee or received by the Refunding Trustee as maturing principal or interest on the Government Obligations prior to the times the Refunding Trustee is required to make the payments described in Section 7 of this Escrow Agreement shall be held uninvested, in cash, by the Refunding Trustee.

Section 10. *Substitution of the Government Obligations.* The Refunding Trustee acknowledges the City's right to substitute Government Obligations for investments in the Escrow Account. The Refunding Trustee will cooperate with the City in making any such substitution, so long as such substitution is made in accordance with Section 12 of the Ordinance.

Section 11. *Transfer of Surplus Money Prior to Full Redemption.* The Refunding Trustee will transfer to the City any money remaining on deposit in the Escrow Account prior to the payment in full of the Refunded Bonds if the City furnishes to the Refunding Trustee: (i) a supplemental verification addressed to the City and the Refunding Trustee of a nationally recognized independent certified public accounting firm, which shall be

satisfactory to nationally recognized bond counsel, that the money and Government Obligations on deposit after such transfer will be sufficient to effect the refunding of the Refunded Bonds; and (ii) an opinion addressed to the City and to the Refunding Trustee from nationally recognized bond counsel that such transfer will not cause the interest on the Refunded Bonds or the Bonds to become includable in gross income for federal income tax purposes.

Section 12. *Transfer of Surplus Money After Full Redemption.* The Refunding Trustee will transfer to the City any money remaining on deposit in the Escrow Account after the payment, redemption and retirement in full of all of the Refunded Bonds.

Section 13. *Notices of Defeasance and Redemption.* The Refunding Trustee will cause notice of the defeasance of the Refunded Bonds to be given, substantially in the form set forth in Attachment I hereto, not later than 10 days after the Bonds are delivered to the Purchaser by the City. The notice of defeasance shall be given to the MSRB. The Refunding Trustee will direct the Washington State Fiscal Agent to give notice, or cause notice to be given, at the expense of the City, of the redemption of the Refunded Bonds in the form and manner required by Ordinance No. 2007-43. Such notice of redemption shall be substantially in the form set forth in Attachment II hereto, and shall be given not less than 20 nor more than 60 days prior to the redemption date.

Section 14. *Limitation of Refunding Trustee's Duties.* The duties and obligations of the Refunding Trustee shall be prescribed by the provisions of this Escrow Agreement and Sections 8 through 12 of the Ordinance, and the Refunding Trustee shall not be liable except for the performance of its duties and obligations as specifically set forth herein or therein and the duty to act in good faith in the performance thereof and no implied duties or obligations shall be incurred by such Refunding Trustee other than those specified herein and therein. Nothing contained herein shall require the Refunding Trustee to advance its own money or otherwise to incur any financial liability to carry out its obligations hereunder. The Refunding Trustee shall not be responsible or liable for: (i) the sufficiency, correctness, genuineness or validity of the Government Obligations; (ii) the performance or compliance by any party other than the Refunding Trustee with the terms or conditions of any such instruments; or (iii) any loss which may occur by reason of forgeries, false representations or the exercise of the Refunding Trustee's discretion in any particular manner, unless such exercise is negligent or constitutes willful misconduct.

Section 15. *Interpleader.* If any controversy arises between the City and any third person, the Refunding Trustee shall not be required to determine the same or to take any action in the premises, but it may institute, in its discretion, an interpleader or other proceedings in connection therewith as it may deem proper, and in following either course, it shall not be liable.

Section 16. *Reporting Requirements.* For as long as any of the Refunded Bonds are Outstanding, the Refunding Trustee shall render a statement as of the last day of the preceding month to the City's Finance Director setting forth: (i) the Government Obligations which have matured and the amounts received by the Refunding Trustee by reason of such

maturity; (ii) the amounts paid to the Washington State Fiscal Agent pursuant to Section 7 of this Escrow Agreement and the dates of such payments, for payments on the Refunded Bonds; and (iii) any other transactions of the Refunding Trustee pertaining to its duties and obligations as set forth herein.

Section 17. *Compensation of the Refunding Trustee.* The Refunding Trustee hereby acknowledges receipt of the sum of \$_____ for services rendered and to be rendered by it pursuant to the provisions of this Escrow Agreement in payment of all fees, compensation and expenses of the Refunding Trustee. The Refunding Trustee hereby agrees that such compensation has been made to the satisfaction of the Refunding Trustee. Such amount does not take into consideration any extraordinary fees and expenses of the Refunding Trustee. The Refunding Trustee represents that it has incurred no extraordinary fees and expenses pertaining to this Escrow Agreement. The Refunding Trustee shall comply with the requirements of the following paragraph before incurring any extraordinary fees and costs to be billed to the City. The Refunding Trustee acknowledges that it is not entitled to a lien on any Government Obligations or other obligations or money of the City held by it pursuant to this Escrow Agreement or any other agreement.

The Refunding Trustee shall provide the City with a good faith estimate of its fees and costs if and when it is requested by the City to: (i) render any service that is not provided for in this Escrow Agreement; (ii) amend this Escrow Agreement; or (iii) substitute securities under this Escrow Agreement. The City will pay the Refunding Trustee reasonable compensation for such unanticipated services, provided the City is first provided with such estimate and approves thereof in writing.

Section 18. *Amendments to this Escrow Agreement.* The Refunding Trustee and the City recognize that the owners of the Refunded Bonds have a beneficial interest in the money and the Government Obligations to be held in trust by the Refunding Trustee pursuant to this Escrow Agreement. Therefore, this Escrow Agreement shall be subject to amendment only in writing executed by the City and the Refunding Trustee for the purposes of: (i) clarifying an ambiguity in the duties and obligations set forth hereunder; or (ii) altering the reporting or other ministerial obligations of the Refunding Trustee to the City. The parties will not amend this Escrow Agreement in such a manner as to permit the Refunding Trustee to invest in or deposit in the Escrow Account any obligations other than noncallable, nonprepayable obligations of, or obligations unconditionally guaranteed by, the United States of America. Each amendment to this Escrow Agreement shall be accompanied by an opinion addressed to the City and to the Refunding Trustee from nationally recognized bond counsel that such amendment will not cause the interest on the Refunded Bonds or the Bonds to become includable in gross income for federal income tax purposes. In addition, if such amendment results in any change of the maturities, interest earnings or redemption features of the Government Obligations, then such amendment shall also be accompanied by a supplemental verification addressed to the City and to the Refunding Trustee from a nationally recognized independent certified public accounting firm, which shall be satisfactory to nationally recognized bond counsel, that the money and Government Obligations on deposit after the amendment will be sufficient to effect the refunding of the Refunded Bonds.

Section 19. *Notification of Deficiency.* The Refunding Trustee will give the City prompt notice if the Refunding Trustee shall determine there are or will be insufficient money or Government Obligations to make the payments specified in Section 7 of this Escrow Agreement, and the City shall promptly deposit with the Refunding Trustee additional sums of money required to correct such deficiencies. This Section 19 is not intended to create an obligation on the part of the Refunding Trustee to calculate or in any way verify the sufficiency or projected future sufficiency of the maturing principal of and interest on the Government Obligations and other money held by the Refunding Trustee pursuant to this Escrow Agreement to pay the debt service on the Refunded Bonds.

Section 20. *Successor Refunding Trustee.* The Refunding Trustee shall, upon receiving a written request from the City, or may, upon providing 30 days prior written notice to the City, be removed as Refunding Trustee hereunder; provided, the Refunding Trustee will not relinquish its duties hereunder until a qualified successor accepts its appointment. The City shall promptly appoint a successor Refunding Trustee upon the removal of the Refunding Trustee; *provided*, the Refunding Trustee may petition a court of competent jurisdiction for the appointment of a successor Refunding Trustee if the successor Refunding Trustee appointed by the City does not accept its appointment within 45 days after the giving of notice described in the preceding sentence. Any successor Refunding Trustee shall meet the requirements of RCW 39.53.070, as now in effect or hereafter amended, and shall assume all the obligations of the Refunding Trustee under this Escrow Agreement. All the Government Obligations and money then held by the Refunding Trustee pursuant to this Escrow Agreement shall thereafter be transferred to such successor.

Any corporation or association into which the Refunding Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger, consolidation or reorganization to which the Refunding Trustee may be a party, or any corporation or association to which the Refunding Trustee may sell or transfer all or substantially all of its corporate trust business, shall be the successor to the Refunding Trustee without the execution or filing of any paper or any further act on the part of the City or the Refunding Trustee.

Section 21. *Receipt of Statements.* The Refunding Trustee hereby acknowledges receipt from the City of statements setting forth the interest payment schedules and maturity schedules of the Refunded Bonds by number, amount, date of maturity and interest rates, the amount of interest to be paid on each semiannual interest payment date of such bonds, if any, and the amount of the principal to be paid on the date that the Refunded Bonds are to be redeemed.

Section 22. *Holidays.* If the date for making any payment or the last date for performance of any act or the exercising of any right or duty, as provided in this Escrow Agreement, shall be a legal holiday, a day on which banking institutions in Seattle, Washington, and New York, New York, are authorized by law to remain closed, or a day on which the New York Stock Exchange is closed, such payment may be made, such act performed, or such right exercised on the next succeeding day, with the same force and effect as if done on the nominal date provided in this Escrow Agreement.

Section 23. *Term.* The term of this Escrow Agreement shall commence on the date the Bonds are delivered to the Purchaser and shall expire on the later of: (i) the date the final payment is made pursuant to Section 7 hereof; (ii) the date any surplus money remaining in the Escrow Account is transferred to the City pursuant to Section 12 hereof; and (iii) the date the final statement required by Section 16 hereof is received by the City. Notwithstanding the expiration of this Escrow Agreement, the Refunding Trustee shall not be relieved of any liability for a breach of this Escrow Agreement occurring during the term hereof.

Section 24. *Writings Required.* Any notice, authorization, request or demand required or permitted to be given in accordance with the terms of this Escrow Agreement shall be in writing.

Section 25. *Governing Law.* This Escrow Agreement shall be governed by and construed in accordance with the laws of the State, without regard to conflict of law principles.

Section 26. *Severability.* In the event any one or more of the provisions contained in this Escrow Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Escrow Agreement, and this Escrow Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. If any portion of this Escrow Agreement is amended, severed or revoked, the City agrees to notify any rating agency with a current rating on the Bonds prior to such action.

Section 27. *Counterparts.* This Escrow Agreement may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same Escrow Agreement.

CITY OF WENATCHEE
Chelan County, Washington

Frank Kuntz, Mayor

ATTEST:

Tammy L. Stanger, City Clerk

(S E A L)

U.S. BANK NATIONAL ASSOCIATION,
Seattle, Washington, as Refunding Trustee

Carolyn Morrison, Vice President

ATTACHMENT "I"

NOTICE OF DEFEASANCE

**CITY OF WENATCHEE
Chelan County, Washington**

WATER AND SEWER REVENUE BONDS, SERIES 2007

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Ordinance No. 2007-43, adopted on November 8, 2007, by the City Council of the City of Wenatchee, Washington (the "City"), the City has defeased its outstanding Water and Sewer Revenue Bonds, Series 2007, as set forth below, by depositing certain Government Obligations in an escrow account held by U.S. Bank National Association of Seattle, Washington, as Refunding Trustee.

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>CUSIP Nos.</u>
December 1, 2018	\$ 260,000	4.000%	950511JJ5
December 1, 2019	270,000	4.000	950511JK2
December 1, 2020	280,000	4.000	950511JL0
December 1, 2021	290,000	4.125	950511JM8

December 1, 2024	950,000	4.200	950511JN6

December 1, 2027	1,080,000	4.300	950511JP1

The Bonds will become due and will be redeemed and paid on _____, at the redemption price of par, together with interest accrued to such date. Interest on the Bonds shall cease to accrue on and after _____, whether or not such Bonds are presented for redemption.

U.S. BANK NATIONAL ASSOCIATION,
Seattle, Washington, as Refunding Trustee

By: _____
Trust Officer

Dated: _____, 2018.

ATTACHMENT “II”

NOTICE OF REDEMPTION

**CITY OF WENATCHEE
Chelan County, Washington**

WATER AND SEWER REVENUE BONDS, SERIES 2007

NOTICE IS HEREBY GIVEN that pursuant to the provisions of Ordinance No. 2007-43, adopted on November 8, 2007, by the City Council of the City of Wenatchee, Washington (the “City”), the City has called for redemption on _____, the outstanding \$3,130,000 principal amount of its Water and Sewer Revenue Bonds, Series 2007, dated November 21, 2007, that mature on December 1 in the years 2018 through 2021, inclusive, December 1, 2024 and December 1, 2027 (the “Bonds”), as set forth below:

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>CUSIP Nos.</u>
December 1, 2018	\$ 260,000	4.000%	950511JJ5
December 1, 2019	270,000	4.000	950511JK2
December 1, 2020	280,000	4.000	950511JL0
December 1, 2021	290,000	4.125	950511JM8

December 1, 2024	950,000	4.200	950511JN6

December 1, 2027	1,080,000	4.300	950511JP1

The Bonds will become due and will be redeemed and paid on _____, at the redemption price of par, together with interest accrued to such date. Interest on the Bonds shall cease to accrue on and after _____, whether or not such Bonds are presented for redemption.

On _____, the Bonds designated will become due and payable at the specified redemption price at the following address:

In Person or By Mail: [Washington State Fiscal Agent]
[address]
_____ [ZIP Code]

U.S. Bank National Association, as Refunding Trustee, shall not be held responsible for the selection or use of the CUSIP numbers, nor is any representation made as to their correctness indicated in this Redemption Notice. They are included solely for convenience of the Registered Owners.

[insert relevant federal and state law tax consequences of redemption payments]

No representation is made as to the correctness of the numbers either as printed on the Bonds or as contained in any notice of redemption and reliance may be placed only on the identification numbers printed on the Bonds.

WASHINGTON STATE FISCAL AGENT

By: _____

Title: _____

Dated: _____, 2018.

EXHIBIT “D”

CITY OF WENATCHEE, WASHINGTON

WATER AND SEWER REVENUE AND REFUNDING BONDS PRINCIPAL AMOUNT OF \$ _____

FORM OF CONTINUING DISCLOSURE UNDERTAKING

A. *Limitation of Rights.* The City of Wenatchee, Washington (the “City”), intends that this Continuing Disclosure Undertaking constitute the City’s undertaking to provide the information and notices described by 17 CFR § 240.15c2-12(b)(5) with respect solely to the above-referenced bonds (the “Undertaking”). Notwithstanding any other provision of Ordinance No. 2018-10, adopted by the City Council of the City (the “Council”) on May 10, 2018 (the “Ordinance”) to the contrary, neither the Registered Owner or holder of bonds of any series other than the above-referenced bonds (“the Bonds”), nor any trustee acting on their behalf, shall be entitled to any right or to exercise any remedy provided to the Holders under this Undertaking based upon the City’s failure to observe, or refusal to comply with, the covenants contained in this Undertaking.

B. *Definitions for Purposes of this Undertaking.* Solely for the purposes of this Undertaking, the following terms shall have the following meanings unless the context otherwise requires:

“Annual Financial Information” shall mean: (i) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to Washington state local governmental units, as such principles may be changed from time to time, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the City they will be provided; (ii) the outstanding principal amount of the Outstanding Bonds, Bonds and Additional Bonds; (iii) the debt service coverage for Outstanding Bonds, Bonds and Additional Bonds for the prior year; and (iv) the rates for the System;

“Audited Financial Statements” shall mean financial statements prepared and audited pursuant to the laws of the State (presently RCW 43.09.200 through 43.09.285), as such laws may be amended from time to time.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system, which shall receive all required filings under Rule 15c2-12.

“Holder” shall mean any Registered Owner of a Bond and any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares: (i) voting power which includes the power to vote, or to direct the voting of, a Bond; and/or (ii) investment power which includes the power to dispose, or direct the disposition of, a Bond.

“MSRB” shall mean the Municipal Securities Rulemaking Board or any successor in functions thereto.

“Official Statement” shall mean the City’s final official statement relating to the Bonds, together with any amendments thereto.

“Required Filings” shall mean any filing made pursuant to subsections C, D, E and F of this Continuing Disclosure Undertaking.

“Rule 15c2-12” shall mean Rule 15c2-12 of the SEC, as amended.

“SEC” shall mean the Securities and Exchange Commission or any successor in functions thereto.

C. *Annual Financial Information.* The City will provide to EMMA within nine months after the end of each fiscal year of the City, commencing on or before September 30, 2018, Annual Financial Information for the City. Presently, the City’s fiscal year commences on January 1. All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which have been filed with: (i) EMMA; (ii) the SEC; or (iii) if the document is a final official statement, with the MSRB.

Annual Financial Information for any fiscal year containing any modified operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, the initial Annual Financial Information after such modification shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles. The City will provide notice of the modification of operating data or financial information or change in accounting principles to EMMA.

D. *Audited Financial Statements.* To the extent the City’s Audited Financial Statements are not submitted as part of the Annual Financial Information under subsection C of this Continuing Disclosure Undertaking, the City will provide to EMMA the Audited Financial Statements of the City (commencing with the audited financial statements for the fiscal year ending December 31, 2017), when and if such Audited Financial Statements are available. Although the City may submit a comprehensive annual financial report (a “CAFR”) together with such Audited Financial Statements, there is no requirement to do so hereunder, and the dissemination of a CAFR in any year shall not be construed as a requirement to disseminate a CAFR in any subsequent year.

E. *Event Notices.*

(1) The City will provide to EMMA, within 10 business days of the occurrence, notice of any of the following events with respect to the Bonds:

- (a) principal and interest payment delinquencies;
- (b) unscheduled draws on debt service reserves reflecting financial difficulties;
- (c) unscheduled draws on credit enhancements reflecting financial difficulties;
- (d) substitution of credit or liquidity providers, or their failure to perform;
- (e) defeasances;
- (f) rating changes;
- (g) tender offers;
- (h) bankruptcy, insolvency, receivership or similar proceeding of an obligated person, if any; and
- (i) adverse tax opinions, the issuance by the Internal Revenue Service of a proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other notice of determination with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds.

(2) The City will provide to EMMA, within 10 business days of the occurrence, notice of any of the following events with respect to the Bonds, if material:

- (a) non-payment related defaults;
- (b) modifications to rights of Bond holders;
- (c) Bond calls (optional, contingent or unscheduled Bond calls other than scheduled mandatory sinking fund redemptions of Term Bonds);
- (d) release, substitution, or sale of property securing repayment of the Bonds;
- (e) consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
- (f) the appointment of a successor or additional trustee or the change of name of a trustee.

F. *Notice of Late Filing.* The City will provide to EMMA in a timely manner, notice of a failure of the City to provide the required Annual Financial Information on or before the date specified in subsection C of this Continuing Disclosure Undertaking.

G. *Term of this Undertaking.* The term of this Undertaking shall commence on the date of closing and initial delivery of the Bonds to the Registered Owners, and shall terminate when the Bonds shall have been paid in full or defeased in accordance with this Ordinance. The City shall provide notice of such defeasance to EMMA; provided, such notice shall not be a condition to such defeasance.

H. *Amendments.* Notwithstanding any provision of this Ordinance to the contrary, the City may amend this Undertaking in conformity with Rule 15c2-12, as interpreted from time to time by the courts of competent jurisdiction, the SEC, or the SEC staff. Upon the adoption of any amendment to the Rule, this Undertaking shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City and all Holders under this Undertaking 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 amendment shall be deemed to be part of the terms and conditions of this Undertaking for any and all purposes. If the consent of Holders is necessary for such amendment, only the Holders of the Bonds shall be considered for purposes of determining whether such consent has been rendered.

I. *Additional Information.* Nothing in this Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other information in any Required Filing, in addition to that which is required by this Undertaking. If the City chooses to include any information in any Required Filing in addition to that which is specifically required by this Undertaking, the City shall have no obligation under this Undertaking to update such information or include it in any future Required Filing.

J. *Defaults of this Undertaking.* If the City shall fail to comply with any provision of this Undertaking, then any Holder may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, such provision against the City and any of the officers, agents and employees of the City, and may compel the City or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided, that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the City hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

K. *Rescission Rights.* The City hereby reserves the right to rescind this Undertaking without the consent of the Holders in the event Rule 15c2-12 is repealed by the SEC or is ruled to be invalid by a federal court and the time to appeal from such decision has expired. In the event of a partial repeal or invalidation of Rule 15c2-12, the City hereby reserves the right to rescind those provisions of this Undertaking that were required by those parts of Rule 15c2-12 that are so repealed or invalidated.

L. *EMMA.* Any filing under this Continuing Disclosure Undertaking may be made solely by transmitting such filing to EMMA as provided at <http://emma.msrb.org>.

Dated as of _____, 2018.

CITY OF WENATCHEE
Chelan County, Washington

By:

Brad Posenjak, Finance Director

COUNCIL AGENDA REPORT

TO: Frank Kuntz, Mayor
City Council Members

FROM: Tammy Stanger, City Clerk

SUBJECT: Voting Representatives for AWC Annual Business Meeting

DATE: May 7, 2018

The City of Wenatchee can appoint three delegates as voting representatives for the Association of Washington Cities Annual Business Meeting, to be held on Thursday, June 28, 2018, as part of the AWC Annual Conference in Yakima, Washington. At this time Councilmembers Jim Bailey and Lyle Markhart are registered for the conference and both have expressed interest in serving as voting delegates.

Resolution No. 2018-18 is attached which needs to be completed with the names of the voting delegates and sent to AWC.

Action Requested:

Motion to approve Resolution No. 2018-18, appointing three (3) City Council members as voting representatives on behalf of the City of Wenatchee at the Association of Washington Cities annual conference business meeting.

RESOLUTION NO. 2018-18

A RESOLUTION, appointing three (3) City Council members as voting representatives on behalf of the City of Wenatchee at the Association of Washington Cities annual conference business meeting.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Wenatchee makes the following appointments as voting representatives on behalf of the City of Wenatchee at the 2018 Association of Washington Cities annual conference business meeting:

PASSED BY THE CITY COUNCIL OF THE CITY OF WENATCHEE at a regular meeting thereof this ____ day of May, 2018.

CITY OF WENATCHEE, a Municipal
Corporation

By _____
FRANK KUNTZ, Mayor

ATTEST:

By _____
TAMMY L. STANGER
City Clerk

APPROVED:

By _____
STEVE D. SMITH, City Attorney