

CITY OF WHITE SALMON, WASHINGTON

WATER REVENUE BOND, 2024

\$2,333,000

ORDINANCE NO. 2024-04-1161

AN ORDINANCE of the City of White Salmon, Washington, authorizing the issuance of a water revenue bond of the City in the aggregate principal amount of \$2,333,000 to provide permanent financing for the cost of acquiring, constructing and installing certain additions and betterments to the water utility of the City; fixing the date, form, terms, maturity and covenants of such bond; reserving the right to issue future revenue bonds on a parity with such bond upon compliance with certain conditions; and authorizing the sale of the bond to the United States of America, acting through its Department of Agriculture, Rural Utilities Service.

PASSED: April 3, 2024

Prepared by:

K&L GATES LLP
Seattle, Washington

**CITY OF WHITE SALMON, WASHINGTON
ORDINANCE NO. 2024-04-1161**

TABLE OF CONTENTS*

| | Page |
|---|-------------|
| Section 1. Definitions..... | 2 |
| Section 2. Authorization of Project..... | 6 |
| Section 3. Compliance with Parity Conditions | 6 |
| Section 4. Authorization and Description of Bond..... | 7 |
| Section 5. Registration, Transfer and Exchange | 8 |
| Section 6. Prepayment | 9 |
| Section 7. Water Fund..... | 9 |
| Section 8. Short-Lived Asset Reserve Fund | 9 |
| Section 9. Bond Fund and Reserve Fund..... | 10 |
| Section 10. Sufficiency of Revenues | 11 |
| Section 11. General Covenants | 11 |
| Section 12. Tax Covenants | 14 |
| Section 13. Future Parity Bonds | 15 |
| Section 14. Junior Lien Bonds | 17 |
| Section 15. Form of Bond..... | 18 |
| Section 16. Execution of the Bond | 20 |
| Section 17. Lost or Destroyed Bond | 21 |
| Section 18. Sale of Bond..... | 21 |
| Section 19. Application of Bond Proceeds | 21 |
| Section 20. Amendments | 21 |
| Section 21. Prepayment | 22 |
| Section 22. General Authorization..... | 22 |
| Section 23. Prior Acts | 22 |
| Section 24. Effective Date | 23 |

* This Table of Contents and the cover page are provided for convenience of the reader only and are not a part of this ordinance.

CITY OF WHITE SALMON, WASHINGTON

ORDINANCE NO. 2024-04-1161

AN ORDINANCE of the City of White Salmon, Washington, authorizing the issuance of a water revenue bond of the City in the aggregate principal amount of \$2,333,000 to provide permanent financing for the cost of acquiring, constructing and installing certain additions and betterments to the water utility of the City; fixing the date, form, terms, maturity and covenants of such bond; reserving the right to issue future revenue bonds on a parity with such bond upon compliance with certain conditions; and authorizing the sale of the bond to the United States of America, acting through its Department of Agriculture, Rural Utilities Service.

WHEREAS, the City of White Salmon, Washington (the “City”) operates a water supply and distribution as part of its water utility (the “Water System”); and

WHEREAS, the City has undertaken construction of improvements to the Water System, including installing approximately 12,500 feet of nominal 16-inch inside diameter high-water line and approximately 80 feet of 12-inch inside diameter ductile iron water line in 24-inch casing, valves and fittings, combination air/vacuum valve assemblies and manholes, bridge crossing work, restoration work, and testing, together with all other work as specified (the “Project”) for the benefit of the City; and

WHEREAS, the United States of America, acting through the Department of Agriculture, Rural Utilities Service (the “Government”) issued its Letter of Conditions on June 15, 2021 (the “Letter of Conditions”) setting forth the conditions for a \$2,333,000 loan for the Project;

WHEREAS, pursuant to Ordinance No. 2022-04-1101 of the City, passed on April 6, 2022 (the “Note Ordinance”), the City issued its Water Revenue Bond Anticipation Note, 2022, in the principal amount of not to exceed \$2,333,000 (the “Note”) to establish a line of credit with Cashmere Valley Bank to provide interim financing for costs of the Project; and

WHEREAS, the City issued its Water Revenue Bond, 2015, under date of October 22, 2015, pursuant to Ordinance No. 2015-04-964, as amended by Ordinance No. 2015-09-975, of the City in the original principal amount of \$405,000 of which \$330,555.08 in principal remains outstanding and having a final maturity date of October 22, 2055 (the “2015 Bond”); and

WHEREAS, the City issued its Water Revenue Bond, 2021, under date of March 10, 2021, pursuant to Ordinance No. 2021-02-1073 of the City in the original principal amount of \$2,731,000 of which \$2,584,594.10 in principal remains outstanding and having a final maturity date of March 10, 2061 (the “2021 Bond” and together with the 2015 Bond, the “Outstanding Parity Bonds”); and

WHEREAS, the Project has been completed, and the City has satisfied the conditions for a loan from the Government for the Project and wishes now to authorize the issuance of a water

revenue bond to the Government on a parity with the Outstanding Parity Bonds in the principal amount of \$2,333,000 (the “Bond”) to secure the loan, the proceeds of which will be used, together with other available funds of the City, to pay and redeem the Note and pay costs of issuance of the Bond; and

WHEREAS, the Government has agreed to purchase the Bond pursuant to its Letter of Conditions dated June 15, 2021;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF WHITE SALMON, WASHINGTON, DO HEREBY ORDAIN, as follows:

Section 1. **Definitions.** As used in this ordinance the following terms shall have the following meanings:

Annual Debt Service for any calendar year means the sum of:

- (a) the interest due in such year on all outstanding Parity Bonds excluding, however, interest to be paid from the proceeds of sale of any Parity Bonds,
- (b) the principal of all outstanding Serial Bonds due in such year, and
- (c) the Sinking Fund Requirement, if any, for such year.

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

Bond means the City’s Water Revenue Bond, 2024, authorized to be issued by this ordinance, to evidence a loan from the Government.

Bond Fund means the special fund of the City designated as the “Water Bond Redemption Fund” established by Ordinance No. 2012-05-888 and codified at Section 3.24.151 WMCH to pay and secure the payment of all Parity Bonds.

Bond Register means the books or records maintained by the Bond Registrar containing the name and mailing address of the owner of the Bond.

Bond Registrar means the City Clerk/Treasurer of the City, for the purposes of registering and authenticating the Bond, maintaining the Bond Register, transferring ownership of the Bond, and paying the principal of and interest on the Bond.

Bond Year means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bond or the date that is five years after the date of issuance of the Bond, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bond.

City means the City of White Salmon, Washington, a municipal corporation duly organized and existing under and by virtue of the Constitution and laws of the State of Washington.

City Clerk/Treasurer means the City Clerk/Treasurer of the City of White Salmon, or his/her successor in functions, if any.

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

Code means the Internal Revenue Code of 1986, as amended, and the applicable regulations promulgated thereunder.

Costs of Maintenance and Operation means all normal operating expenses, current maintenance expenses, expenses of reasonable upkeep and repairs, insurance and administrative expense as pro rata budget charges for City departments where such charges represent a reasonable distribution or share of actual cost; but exclude depreciation, payments for debt service or into reserve accounts, costs of capital additions to or replacements of the Water System, municipal taxes, or payments to the City in lieu of taxes.

Future Parity Bonds means any revenue obligations of the City issued after the date of issuance of the Bond that are payable from the Bond Fund and the payment of which, both principal and interest, will constitute a lien and charge upon Net Revenue of the Water System and upon all ULID Assessments equal in rank to the lien and charge thereon for the payments required to pay and secure the payment of the Bond.

Government means the United States of America, acting through the Department of Agriculture, Rural Utilities Service.

Government Obligations means those obligations now or hereafter defined as such in chapter 39.53 RCW, as such chapter may be amended or restated.

Gross Revenue means all earnings and revenue, except ULID Assessments, received by the City from the operation of the Water System, including proceeds from the sale, lease or other disposition of any of the properties or facilities of the Water System, and the income from investments of money in the Water Fund and any bond fund or from any other investment thereof except the income from investments irrevocably pledged to the payment of revenue bonds pursuant to a plan of retirement or refunding. The term "Gross Revenue" does not include grants or bond proceeds, but does include federal or state reimbursements of operating expenses to the extent that such expenses are included as "Costs of Maintenance and Operation" of the Water System.

Letter of Conditions means the Letter of Conditions from the Government, dated June 15, 2021, as the same may be amended in the future.

Loan Resolution shall mean that certain Loan Resolution (Public Bodies) adopted by the City on April 3, 2024, 2024 in the form required and provided by the Government pursuant to its RUS Bulletin 1780-27.

Net Proceeds, when used with reference to the Bond, shall mean the face amount of the Bond, plus accrued interest and original issue premium, if any, and less original issue discount.

Net Revenue means the Gross Revenue less Costs of Maintenance and Operation of the Water System.

Note means the City's Water Revenue Bond Anticipation Note, 2022, issued in the principal amount of not to exceed \$2,333,000 pursuant to the Note Ordinance to provide interim financing for costs of the Project.

Note Ordinance means Ordinance No. 2022-04-1101 of the City, passed by the Council on April 6, 2022, authorizing issuance of the Note.

Outstanding Parity Bonds means, the 2015 Bond and the 2021 Bond.

Parity Bonds means, the Outstanding Parity Bonds, the Bond and any Future Parity Bonds.

Private Person means any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property by the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged only a *de minimis* fee to cover custodial expenses.

Project means the plan or system of additions and betterments to the Water System specified and adopted in Section 2 of the Note Ordinance.

Reserve Fund means the Water Bond Reserve Fund established by Ordinance No. 2012-05-888 and codified at Section 3.24.152 WSMC to secure the payment of all Parity Bonds.

Reserve Requirement means during any calendar year an amount equal to the Annual Debt Service payable during the following calendar year.

Registered Owner means the person named as the registered owner of the Bond in the Bond Register.

Serial Bonds means Parity Bonds other than Term Bonds.

Short-Lived Asset Reserve Fund means the Fund of that name established pursuant to Section 8 of this ordinance.

Short-Lived Asset Reserve Requirement means a dollar amount equal to at least \$16,700 annually (or such lower amount as may be agreed to by the Government).

Sinking Fund Requirement means, for any fiscal year or calendar year, the principal amount of Term Bonds required to be purchased, redeemed, or paid at maturity in such year as established by the ordinance of the City authorizing the issuance of such Term Bonds.

Term Bonds means any Parity Bonds identified as Term Bonds in the ordinance or resolution authorizing the issuance thereof, the payment of the principal of which is provided for by a mandatory schedule of deposits of money equal (in the aggregate) to the full principal amount of such Term Bonds, into the Bond Fund, and by a mandatory redemption schedule corresponding (as to time and amounts) to such mandatory schedule of deposits.

Treasurer means the City Clerk/Treasurer, or the successor or successors to the duties of such officer.

2015 Bond means the Water Revenue Bond, 2015, of the City issued and sold to the Government in the principal amount of \$405,000 pursuant to Ordinance No. 2015-04-964, as amended by Ordinance No. 2015-09-975.

2021 Bond means the Water Revenue Bond, 2021, of the City issued and sold to the Government in the principal amount of \$2,731,000 pursuant to Ordinance No. 2021-02-1073.

ULID means any utility local improvement district of the City.

ULID Assessments means the assessments (including installments thereof and interest and any penalties thereon) levied in any ULID hereafter created under State law, if such assessments are to be paid into the Bond Fund for the payment of any Parity Bonds.

Water Fund means the City of White Salmon Water Fund heretofore established in the office of the Clerk/Treasurer, into which all Gross Revenue is deposited as collected.

Water System means the existing water supply and distribution system and all additions and betterments thereto and extensions thereof for as long as any Parity Bonds remain outstanding.

WSMC means the White Salmon Municipal Code, as it may be amended from time to time.

Rules of Interpretation. In this ordinance, unless the context otherwise requires:

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

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) 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;

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

(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

Section 2. Authorization of Project. The City has specified and adopted a Water System Plan for municipal water system improvements, including the reconstruction of several City streets and replacements and upgrades to below grade utilities in those streets, including certain improvements to facilities of the Water System to install approximately 12,500 feet of nominal 16-inch inside diameter high-water line and approximately 80 feet of 12-inch inside diameter ductile iron water line in 24-inch casing, valves and fittings, combination air/vacuum valve assemblies and manholes, bridge crossing work, restoration work, and testing, together with all other work as specified and authorized in Section 2 of the Note Ordinance (the “Project”).

The Project is described with particularity in the plans and specifications prepared by Anderson Perry & Associates, Inc., consulting engineers for the Project, and those plans and specifications are now on file with the City and available for public inspection.

The Project has been or will be constructed and installed with all necessary equipment and appurtenances. The City may make such changes in the Project as may be necessary or desirable, either prior to or during the course of acquisition and construction. The City is authorized to acquire by purchase, lease or condemnation all property, both real and personal, or any interest therein, or rights of way and easements necessary to carry out the Project.

The estimated cost of the acquisition, construction and installation of the Project is hereby declared to be as near as may be the sum of \$3,482,500, including costs of issuing the Bond, a portion of which will be financed from the Government’s loan evidenced by the Bond, and the balance of the Project will be paid from other funds available to the City.

Section 3. Compliance with Parity Conditions. The City has reserved the right in Section 13 of Ordinance Nos. 2015-04-964, as amended, and 2021-02-1073, which are the ordinances that authorized issuance of the Outstanding Parity Bonds, to issue Future Parity Bonds upon compliance with the conditions set forth therein.

The City therefore finds and determines as required by the provisions of Ordinance Nos. 2015-04-964 and 2021-02-1073, as follows:

First, that the Bonds are being issued for the purpose of acquiring, constructing and installing additions, betterments and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements of or repairs or capital improvements to the Water System, as described in Section 2 of this ordinance; and

Second, that at the time of passage of this ordinance and at the time of issuance of the Bond, there is not, nor will there be, any deficiency in the Bond Fund or the Reserve Fund; and

Third, that the City has been assured that at the time of the issuance of the Bond, the City will have on file a report from the Clerk/Treasurer showing sufficient Net Revenue of the Water System for 2024 to satisfy the requirements of Section 13(e)(1) of Ordinance Nos. 2015-04-964 and 2021-02-1073. In the alternative, this requirement will be deemed satisfied if the Government consents to the issuance of the Bond on a parity of lien with the City's Outstanding Parity Bonds.

The parity conditions having been complied with or assured, the lien and charge on the Gross Revenue for the payment of the principal of and interest on the Bond shall be equal to the lien and charge on Gross Revenue for the payment of that portion of the principal of and interest on the Outstanding Parity Bonds.

Section 4. Authorization and Description of Bond. For the purpose of providing permanent financing for the Project, the City shall now issue and sell its water revenue bond (the "Bond") in the aggregate principal amount of \$2,333,000.

In the event that the Bond is purchased by the Government, the City hereby agrees to comply with the requirements of the Government as contained in the Letter of Conditions and in the RUS Bulletin 1780-27, Loan Resolution, pertaining to the Project.

The Bond shall be designated "City of White Salmon, Washington, Water Revenue Bond, 2024," shall be dated as of the date of delivery thereof to the Government, as the initial purchaser, shall be numbered R-1, shall be in the denomination of \$2,333,000, shall be fully registered, shall bear interest from the date of its issuance on the unpaid principal balance thereof at the rate of 1.75% per annum and shall be amortized over a 40-year period and shall be repaid in annual installments of principal and interest in the amount of \$81,609 beginning one (1) year following the date of the Bond and annually thereafter, with the last payment to be made not later than the 40th anniversary of the date of the Bond, except that the last payment may be more or less than \$81,609 as required to pay the remaining principal and interest due. If the date of loan closing is the 29th, 30th, or 31st of the month, the due date will be the 28th.

Payments shall be applied first to interest and then to principal, and interest shall accrue on the basis of a 365-day year.

Both principal of and interest on the Bond shall be payable in lawful money of the United States of America to the owner or owners thereof at the address appearing on the registration books of the City maintained by the Bond Registrar; provided, however, that as long as Government is

the owner and holder of the Bond, the City shall make payments directly to the Government office serving the City of White Salmon, Washington, area; and provided further, however, that the City Clerk/Treasurer is hereby requested to establish a Preauthorized Debit Payment (“PAD”) process whereby the Bond Registrar authorizes funds to be withdrawn electronically from the City’s bank account on the exact day that the payment is due.

As long as the Government is the Registered Owner of the Bond, the City agrees not to defease the Bond.

The Bond is payable solely from the Bond Fund and is not a general obligation of the City. Gross Revenue shall be deposited in the Bond Fund as pledged pursuant to the provisions of Section 9 of this ordinance in accordance with the priority of payments set forth in Section 7 of this ordinance.

Section 5. Registration, Transfer and Exchange.

(a) *Bond Registrar/Bond Register.* The Clerk/Treasurer will act as registrar, authenticating agent, paying agent and transfer agent for the Bond (collectively, the “Bond Registrar”). The Bond Registrar shall keep sufficient records for the registration and transfer of the Bond (the “Bond Register”). The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of the Bond and this ordinance and to carry out all of the Bond Registrar’s powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bond.

(b) *Registered Ownership.* The City and the Bond Registrar may deem and treat the Registered Owner of the Bond as the absolute owner for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary. Payment of the Bond shall be made as described in Section 2 hereof, but such registration may be transferred as herein provided. All such payments made as described in Section 2 shall be valid and shall satisfy the liability of the City upon the Bond to the extent of the amount or amounts so paid.

(c) *Transfer or Exchange of Registered Ownership; Change in Denominations.* The registered ownership of the Bond may be transferred or exchanged, but no transfer of the Bond shall be valid unless it is surrendered to the Bond Registrar with the assignment form appearing on the Bond duly executed by the Registered Owner or such Registered Owner’s duly authorized agent in a manner satisfactory to the Bond Registrar. Upon such surrender, the Bond Registrar shall cancel the surrendered Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee therefor, a new Bond of the same date, maturity and interest rate and for the same principal amount, naming as Registered Owner the person listed as the assignee on the assignment form appearing on the surrendered Bond, in exchange for such surrendered and cancelled Bond. The Bond Registrar shall not be obligated to transfer or exchange the Bond during a period beginning at the opening of business on the 15th day of the month next preceding any interest payment date and ending at the close of business on such interest payment date.

The Bond may be transferred in whole by Government to another institutional investor, and any such transfer shall be noted on the bond registration books of the City.

Section 6. Prepayment. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the City. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Government debt, shall, after payment of interest, be applied to the installments last to become due under the Bond and shall not affect the obligation of the City to pay the remaining installments as scheduled.

Advance notice of intended prepayment or redemption shall be as required by the Government. Partial prepayment shall not affect the obligation of the City to pay the remaining installments as scheduled.

Section 7. Water Fund. A special fund of the City designated as the City of White Salmon Water Fund (the "Water Fund") has been established in the office of the Clerk/Treasurer. All of the Gross Revenue shall be deposited in the Water Fund as collected. The Water Fund must be held separate and apart from all other funds and accounts of the City, and the Gross Revenue deposited in the Water Fund may be used only for the following purposes and in the following order of priority:

First, to pay the Costs of Maintenance and Operation;

Second, to make all payments required to be made into the Bond Fund to pay principal of and interest on any Parity Bonds;

Third, to make all payments required to be made into the Reserve Fund;

Fourth, to make all payments required by subsequent ordinances of the City to be made out of Gross Revenue into any 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 Gross Revenue junior and inferior to the lien thereon of the Parity Bonds;

Fifth, to make all payments required to be made into the Short-Lived Asset Reserve Fund; and

Sixth, to retire by redemption or purchase in the open market any outstanding revenue bonds or revenue warrants of the City, to make necessary additions, betterments, improvements and repairs to or extensions and replacements of the Water System.

Section 8. Short-Lived Asset Reserve Fund. A special fund of the City designated the "Water Short-Lived Asset Reserve Fund" (the "Short-Lived Asset Reserve Fund") is hereby authorized to be established in the office of the Clerk/Treasurer. Money in the Short-Lived Asset Reserve Fund may be used from time to time to replace short-lived assets of the Water System. So long as the Bond remains outstanding, subject to the priorities established in Section 7 of this ordinance, the City must deposit \$16,700 annually into the Short-Lived Asset Reserve Fund. Payments into the short-lived Asset Reserve Fund are payable from Gross Revenue, and Gross Revenue is hereby pledged to make the payments out of the Water Fund into the Short-lived Asset Reserve Fund. As described in Section 7, the amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue and the money in the Water Fund junior to the lien thereon for the Costs of Maintenance and Operation and to the lien and charge thereon to pay and secure the

payment of the principal of and interest on the Bond and any future Parity Bonds and junior lien bonds, and superior to all other charges of any kind or nature.

Section 9. Bond Fund and Reserve Fund.

(a) *Bond Fund.* A special fund of the City designated as the “Water Bond Redemption Fund” (the “Bond Fund”) has been established in the office of the Clerk/Treasurer by Ordinance No. 2012-05-888 (codified as Section 5.24.151 WSMC) to pay principal of and interest on all Parity Bonds. The Bond Fund shall be drawn upon for the sole purpose of paying the principal of, premium, if any, and interest on the Parity Bonds.

As long as the Bond remains outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay from the Water Fund into the Bond Fund, in addition to amounts required to be paid therein on account of any other issue of Parity Bonds, those amounts necessary, after taking into consideration other funds on hand in the Bond Fund and available for the payment of principal and interest on the Bond, to pay the interest or principal and interest next coming due on the Bond. Such amounts from the Water Fund shall be paid into the Bond Fund on or before the day on which such payment is due and payable.

On each day on which a payment of principal of and/or interest on any Parity Bond is due and payable, the funds will be withdrawn electronically from the City’s bank account in accordance with the previously established Preauthorized Debit Payment (“PAD”) process.

(b) *Reserve Fund.* A special fund of the City designated as the Water Bond Reserve Fund (the “Reserve Fund”) has been established in the office of the Clerk/Treasurer by Ordinance No. 212-05-888 (codified as Section 5.24.152 WSMC) to secure the payment of the principal of and interest on all Parity Bonds. The City covenants and agrees that it will pay into the Reserve Fund out of Gross Revenue or any other funds on hand legally available for such purposes not less than approximately equal monthly deposits of \$680.08 sufficient with other money in the Reserve Fund to have on deposit therein within ten years (as permitted by the Letter of Conditions) from the date of delivery of the Bond, a total amount equal to the greater of \$81,609 or the Reserve Requirement.

The City hereby covenants and agrees that if it issues any Future Parity Bonds, it will provide in the ordinance authorizing the issuance of the same that it will pay into the Reserve Fund out of proceeds of such Future Parity Bonds, Gross Revenue, or any other funds on hand legally available for such purpose, above and beyond the initial Reserve Requirement, approximately equal monthly or annual payments of any Reserve Requirement amount not paid into the Reserve Fund at closing of such Future Parity Bonds, so that within not less than five years from the date of issuance of such Future Parity Bonds there will have been paid into the Reserve Fund an amount that, with the money already on deposit therein, will be equal to the then-applicable Reserve Requirement.

The City further covenants and agrees that when the required deposits have been made into the Reserve Fund, it will at all times maintain therein an amount at least equal to the Reserve Requirement, as it may be adjusted from time to time. Amounts in the Reserve Fund in excess of the Reserve Requirement may from time to time be transferred to the Water Fund. Whenever there

is a sufficient amount in the Bond Fund and the Reserve Fund to pay the principal of, premium if any, and interest on all outstanding Parity Bonds, the money in the Reserve Fund may be used to pay such principal, premium, if any, and interest. Money in the Reserve Fund 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 Parity Bonds, as long as the money left remaining on deposit in the Reserve Fund is equal to the Reserve Requirement.

If there is a deficiency in the Bond Fund to make a payment of interest on or principal of any outstanding Parity Bonds, the deficiency will be made up from the Reserve Fund by the withdrawal of money therefrom. Any deficiency created in the Reserve Fund by reason of any such withdrawal will then be made up out of Gross Revenue after making necessary provision for the payments required to be made prior thereto by Section 5 of this ordinance.(c) *Lien of Bond Fund and Reserve Fund.* Principal of and interest on the Bond are payable from Gross Revenue, and Gross Revenue is hereby pledged to make the payments out of the Water Fund into the Bond Fund and the Reserve Fund as provided in Section 9(a) and 9(b) of this ordinance. The amounts so pledged are hereby declared to be a lien and charge upon Gross Revenue and the money in the Water Fund junior to the lien thereon for the Costs of Maintenance and Operation, equal to the lien and charge thereon to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and any Future Parity Bonds, and superior to all other charges of any kind or nature.

(d) *Investment of Money in Bond Fund and Reserve Fund.* All money in the Bond Fund or Reserve Fund may be kept in cash or invested in Permitted Investments maturing not later than the last maturity of the Parity Bonds outstanding at the time of such purchase. Interest earned on or profits made from the sale of such investments shall be deposited in and become a part of the Water Fund.

Section 10. Sufficiency of Revenues. The Council hereby declares that in fixing the amounts to be paid into the Bond Fund, Reserve Fund, and Short-Lived Asset Reserve Fund as aforesaid it has exercised due regard to the Costs of Maintenance and Operation and the charges necessary to pay and secure the payment of the principal of and interest on the Bond and has not obligated the City to set aside and pay into the Bond Fund, Reserve Fund, and Short-Lived Asset Reserve Fund a greater amount of the Gross Revenue than in its judgment will be available over and above such Costs of Maintenance and Operation.

Section 11. General Covenants. So long as the Bond remains unpaid, the City hereby covenants and agrees with the owner of the Bond from time to time, as follows:

(a) *Maintenance and Operations.* The City will at all times keep and maintain the Water System in good repair, working order and condition, will at all times operate the Water System and the business in connection therewith in an efficient manner and at a reasonable cost, and will comply with all applicable laws of the State of Washington.

(b) *Rates.* All service rendered by the Water System shall be subject to the full rates prescribed in the rules and regulations of the City; and that no free service by the Water System will be permitted. The City will impose and collect rates and charges for service

rendered by the Water System that are fair and nondiscriminatory (within the limits provided by law) and will adjust those rates and charges from time to time so that

(1) Gross Revenue, together with ULID Assessments collected, will at all times be sufficient (i) to provide for the payment of the Costs of Maintenance and Operation, (ii) to pay the principal of and interest on the Bond and all other Parity Bonds, including any Sinking Fund Requirements, as and when the same become due and payable, (iii) to make when due any required payments into the Bond Fund and the accounts therein, and (iv) to pay all taxes, assessments or other governmental charges lawfully imposed on the Water System or on the Gross Revenue, or payments in lieu thereof, and (v) to pay all other amounts that the City may now or hereafter be obligated to pay from Gross Revenue by law or contract; and

(2) Net Revenue in each calendar year will be equal to at least 1.20 times Annual Debt Service for that year (after deducting from "Annual Debt Service" the amount of ULID Assessments actually collected for that year).

(c) *Books and Records.* The City will maintain complete books and records relating to the operation of the Water System and its financial affairs in accordance with applicable rules and regulations prescribed by the State of Washington and will cause those books and records to be audited periodically in accordance with the laws of the State of Washington. At all reasonable times, representatives of the Government have the right to inspect the Water System and the books, records, accounts and data of the City relating to the Water System.

(d) *Financial Audit.* If the City expends in any fiscal year \$750,000 or more in federal financial assistance, the City shall submit an audit performed in accordance with the requirements of 2 CFR Part 200, as adopted by the Government through 2 CFR Part 400. If the City expends in any fiscal year less than \$750,000 in federal financial assistance, but has debt owing to the Government in excess of \$1,000,000, including the Bond, the City shall submit an audit to the Government within 150 days after the end of each fiscal year performed in accordance with water and waste audit requirements (i.e., a GAGAS audit). Two copies of each audit report shall be provided to the Government and a copy submitted to the Federal clearinghouse in accordance with RUS Bulletin 1780-30 "Water Programs Audit Guide and Compliance Supplement" (as the same may be supplemented or replaced by the Government during the term of the Bond). If the City expends in any fiscal year less than \$500,000 in federal financial assistance and has debt owing to the Government, including the Bond, less than \$1,000,000, the City may submit a management report in lieu of an audit report unless notified by the Government otherwise. Such management reports shall be submitted to the Government no later than 60 days after the end of the fiscal year. The management report shall consist of: Form RD 442-3, "Balance Sheet", and Form RD 442-2, "Statement of Budget, Income and Equity", or forms that provide the information in a similar format. Form 442-2 shall have Schedule 1, all Columns completed on page 1 and page 2. Schedule 2 shall not be required for year-end reports. Annual audit reports or similar financial statements may be submitted in lieu of Forms RD 442-2 and 442-3; provided that so long as the Government is the Registered Owner, prior written consent to the use of alternative forms must be obtained from the Government.

(e) *Insurance.* The City will carry fire and extended coverage insurance for all above-ground structures of the Water System, including equipment and machinery, as is ordinarily

carried on the property of similar municipal utilities, in an amount at least equal to the depreciated replacement value. The City will also carry adequate public liability insurance, workers' compensation insurance and other kinds of insurance as under good practice are ordinarily carried on such properties by similar municipal utilities. The premiums paid for all such insurance shall be regarded and paid as Costs of Maintenance and Operation. The City may, if deemed necessary and advisable by the Council and with the prior written consent of the Government, institute or continue a self-insurance program with respect to any or all of the risks described in this Section 11(d).

(f) *ULID Assessments.* All ULID Assessments shall be paid into the Bond Fund as collected.

(g) *Delinquencies.* The City covenants that it will promptly collect all rates, charges and ULID Assessments, determine in a timely manner all delinquencies, and take all necessary legal action to enforce collection of such delinquencies.

(h) *Fidelity Bond.* The City will maintain an officer's fidelity bond for its Clerk/Treasurer, and any other City position(s) responsible for City funds, for as long as the Government is the registered owner of the Bond. A certified copy of the bond will be delivered to the Government.

(i) *Disposition of Facilities.* After obtaining the consent of the Government as long as the Government is the owner and holder of the Bond, the City will not sell or otherwise dispose of the Water System in its entirety unless simultaneously with such sale or disposition, provision is made (i) for the payment into the Bond Fund of cash or Government Obligations sufficient together with interest to be earned thereon to pay the principal of and interest on all then outstanding Parity Bonds and (ii) for the prompt defeasance or redemption of all such Parity Bonds, nor will it sell or otherwise dispose of any part of the useful operating properties of the Water System unless such facilities are replaced or provision is made for payment into the Bond Fund of the greatest of the following:

(1) An amount that will be in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of the Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Gross Revenue from the portion of the Water System sold or disposed of for the preceding year bears to the total Gross Revenue for that period; or

(2) An amount that will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined in paragraph (1) above) that the Net Revenue from the portion of the Water System sold or disposed of for the preceding year bears to the total Net Revenue for that period; or

(3) An amount that will be in the same proportion to the net amount of Parity Bonds then outstanding (as defined in paragraph (1) 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 of the Water System (to the extent required above) shall be paid into the Bond Fund.

Notwithstanding any other provision of this subsection (h) to the contrary, however, the City may sell or otherwise dispose of any of the works, plant, properties and facilities of the Water System or any real or personal property comprising a part of the same with a value less than 5% of the net utility plant of the Water System or that has become unserviceable, inadequate, obsolete or unfit to be used in the operation of the Water System, or no longer necessary, material to or useful in such operation, without making any deposit into the Bond Fund to retire Parity Bonds.

(j) *Compliance with Loan Resolution.* The City will comply with the requirements of the Loan Resolution, unless the City obtains an express written waiver from the Government of any such requirements.

Section 12. Tax Covenants. The covenants of this section shall be applicable to any Bond issued as a tax-exempt obligation or Bond that is required to observe the applicable rules and regulations under the Code for tax-exempt bonds.

(a) *Arbitrage Covenant.* Without limiting the generality of the foregoing, the City covenants that it will not take any action or fail to take any action with respect to the proceeds of sale of the Bond or any other funds of the City which may be deemed to be proceeds of the Bond pursuant to Section 148 of the Code and the regulations promulgated thereunder which, if such use had been reasonably expected on the dates of delivery of the Bond to the Government, would have caused the Bond as an “arbitrage bond” within the meaning of such term as used in Section 148 of the Code.

The City represents that it has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is an issuer whose arbitrage certifications may not be relied upon. The City will comply with the requirements of Section 148 of the Code and the applicable regulations thereunder throughout the term of the Bond.

(b) *Private Person Use Limitation for Bond.* The City covenants that for as long as the Bond is outstanding, it will not permit:

(1) More than 10% of the Net Proceeds of the Bond to be used for any Private Person Use; and

(2) More than 10% of the principal or interest payments on the Bond in a Bond Year to be directly or indirectly: (A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The City further covenants that, if:

(3) More than five percent of the Net Proceeds of the Bond are to be used for any Private Person Use; and

(4) More than five percent of the principal or interest payments on the Bond in a Bond Year are (under the terms of this ordinance or any underlying arrangement) directly or indirectly:

(A) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or

(B) derived from payments (whether or not made to the City) in respect of property, or borrowed money, used or to be used for any Private Person Use,

then, (i) any Private Person Use of the projects described in subsection (3) hereof or Private Person Use payments described in subsection (4) hereof that is in excess of the five percent limitations described in such subsections (3) or (4) will be for a Private Person Use that is related to the state or local governmental use of the Project, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the project to which the Private Person Use of such portion of the Project relates. The City further covenants that it will comply with any limitations on the use of the projects by other than state and local governmental users that are necessary, in the opinion of its bond counsel, to preserve the tax exemption of the interest on the Bond. The covenants of this section are specified solely to assure the continued exemption from regular income taxation of the interest on the Bond.

To that end, the provisions of this section may be modified or eliminated without any requirement for formal amendment thereof upon receipt of an opinion of the City's bond counsel that such modification or elimination will not adversely affect the tax exemption of interest on the Bond.

Section 13. Future Parity Bonds. The City hereby covenants and agrees with the owner from time to time of the Bond for so long as any of the same remains unpaid that it (i) will not issue any bonds hereafter with a lien on Gross Revenue superior to the lien on Gross Revenue of the Bond and (ii) will issue Future Parity Bonds and pledge that payments be made into the Bond Fund out of the Water Fund sufficient to pay the principal of and interest on such Future Parity Bonds and maintain the Reserve Requirement therefor (which payments may rank equally with the payments out of the Water Fund into the Bond Fund to pay and secure the payment of the principal of and interest on the Bond and any other Parity Bonds then outstanding), only as follows:

First, to provide funds for acquiring, constructing and installing additions and improvements to and extensions of, acquiring necessary equipment for, or making necessary replacements of or repairs and capital improvements to the Water System; or

Second, to provide funds for refunding by exchange or purchasing and retiring at or prior to their maturity any outstanding revenue bonds or other obligations payable out of Gross Revenue;

upon compliance with the following conditions:

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

(b) If there are special assessments levied in any ULID in which additions and improvements to and extensions of the Water System will be constructed from the proceeds of such Future Parity Bonds, the ordinance authorizing those Future Parity Bonds must require that those special assessments be paid into the Bond Fund, except for prepaid assessments, which may be paid into a construction fund or account to pay costs of such additions and improvements to and extensions of the Water System.

(c) If there are special assessments levied in any ULID pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing those Future Parity Bonds must require that those special assessments be used for the refunding or paid into the Bond Fund.

(d) The principal of and interest on the Future Parity Bonds will be payable out of the Bond Fund, and the ordinance authorizing their issuance will further provide for payments into the Bond Fund to satisfy the Sinking Fund Requirement and payments into the Reserve Fund to satisfy the Reserve Requirement, all as required by Section 9(b) of this ordinance.

(e) At the time of the issuance of any Future Parity Bonds, the City must have on file one of the following:

(1) a statement or report from the Clerk/Treasurer or from an independent accountant showing that the Net Revenue for the fiscal year preceding the year in which such Future Parity Bonds are proposed to be issued was equal to at least 1.20 times the Average Annual Debt Service (after deducting ULID Assessments from "Annual Debt Service," with ULID Assessments allocated to the years in which they would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll) for all Parity Bonds plus the Future Parity Bonds proposed to be issued, as well as the total proposed Reserve Requirement and Short-Lived Asset Reserve Requirement; or

(2) a certificate of a Professional Utility Consultant showing that the Net Revenue, which shall be determined and may be adjusted as hereafter provided (the "Adjusted Net Revenue"), is equal to at least 1.20 times the Average Annual Debt Service (after deducting ULID Assessments from "Annual Debt Service," with ULID Assessments allocated to the years in which they would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll) for all Parity Bonds plus the Future Parity Bonds proposed to be issued.

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 the proposed Future Parity Bonds and may be adjusted by such Professional Utility Consultant to take into consideration changes in Net Revenue estimated to occur under any or all of the following conditions for each year after such delivery for so long as any Parity Bonds, including the Future Parity Bonds proposed to be issued, will be outstanding:

(A) the additional Net Revenue that would have been received if any change in rates and charges adopted by the City prior to the date of such certificate and subsequent to the beginning of such 12-month period had been in force during the full 12-month period;

(B) the additional Net Revenue that would have been received if any facility of the Water System that became fully operational after the beginning of such 12-month period had been so operating for the entire period;

(C) the additional Net Revenue that would have been received if those customers added to the Water System subsequent to the beginning of such 12-month period had been customers for the entire period;

(D) the additional Net Revenue estimated to be received from any potential customers of the Water System with existing homes or other buildings who paid any required connection charge subsequent to the beginning of such 12-month period;

(E) The additional Net Revenue estimated to be received from any person, firm, association, private or municipal corporation under any executed service contract, which additional revenue is not included in any of the sources of Net Revenue heretofore described in this subsection (e)(2); and

The Professional Utility Consultant may rely upon, and his or her certificate must have attached to it, financial statements of the Water System certified by the Finance Director showing income and expenses for the period upon which the certification is based.

(3) It is hereby provided, however, that the limitations or conditions described in this subsection (e) may be waived or modified by the written consent of the Government.

(f) Notwithstanding the provisions of subsection (e), if Future Parity Bonds are to be issued to provide funds for refunding at or prior to their maturity any part or all of the then outstanding Parity Bonds and the issuance of those refunding Future Parity Bonds will result in a debt service savings and will not require an increase of more than \$5,000 in any fiscal or calendar year for principal of and interest on such refunding Future Parity Bonds over and above the amount required in such year for the principal of and interest on the bonds being refunded thereby, a certificate described in subsection (e) is not required.

(g) Prior to the delivery of any Future Parity Bonds, the City must have received the written consent of the Government to the issuance of such Future Parity Bonds, if required by the Letter of Conditions or the Loan Resolution; provided, however, that such consent is not required if proceeds of the Future Parity Bonds will be used to pay and redeem the Bond in full.

Section 14. Junior Lien Bonds. Nothing herein contained shall prevent the City from issuing revenue bonds or like obligations the payment of the principal of and interest on which is a charge on money in the Water Fund junior or inferior to the payments required to be made from such money into the Bond Fund and the Reserve Fund, or from pledging the payment of special assessments into a fund or account created to pay and secure the payment of the principal of and

interest on such junior lien bonds or obligations as long as such assessments are levied in a ULID or ULIDs created in connection with carrying out the improvements to be constructed from the proceeds of the sale of such junior lien bonds or obligations; provided, however, that the City must have received the written consent of the Government if required by the Letter of Conditions or the Loan Resolution. Nothing herein contained shall prevent the City from issuing revenue bonds to refund maturing revenue bonds of the City for the payment of which money is not otherwise available.

Section 15. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$2,333,000

STATE OF WASHINGTON

CITY OF WHITE SALMON
WATER REVENUE BOND, 2024

INTEREST RATE: 1.75%

MATURITY DATE: April 9, 2064_

REGISTERED OWNER: UNITED STATES OF AMERICA, ACTING THROUGH THE
UNITED STATES DEPARTMENT OF AGRICULTURE,
RURAL UTILITIES SERVICE

PRINCIPAL AMOUNT: TWO MILLION THREE HUNDRED THIRTY-THREE
THOUSAND AND NO/100 DOLLARS

The City of White Salmon (the “City”), a municipal corporation duly organized and existing under the laws of the State of Washington, hereby acknowledges itself to owe and for value received promises to pay, but only from the sources and as hereinafter provided, to the Registered Owner identified above, or registered assigns, the principal of and interest on this bond as provided in Ordinance No. 2024-04-1161 passed by the City on April 3, 2024, (the “Bond Ordinance”). Reference is made to the Bond Ordinance for the definitions of the capitalized terms used and not otherwise defined herein.

This bond shall bear interest at the rate of 1.75% per annum and interest shall accrue from the date of issuance of this bond. Principal of and interest on this bond shall be payable in annual amortized installments in the amount of \$81,609 beginning one (1) year following the date of the Bond and annually thereafter, with the last payment to be made not later than the 40th anniversary of the date of the Bond, except that the last payment may be more or less than \$81,609 as required to pay the remaining principal and interest due on the Maturity Date. If any installment of principal and interest is not paid when due, the City shall be obligated to pay interest on that installment at the same rate provided herein from and after its due date until that installment is paid in full.

This bond, designated as the “Water Revenue Bond, 2024,” is issued by the City in fully registered form to provide permanent financing for the costs of acquiring, constructing and

installing certain additions and betterments to the Water System of the City as further described in the Bond Ordinance.

Installments of interest or principal of and interest on this bond are payable in lawful money of the United States of America and shall be paid electronically on each day due from the City's bank account in accordance with the previously established Preauthorized Debit Payment ("PAD") process. The last installment of principal and interest shall be payable upon presentation and surrender of this bond by the registered owner at the principal office of the Bond Registrar.

The City does hereby pledge and bind itself to set aside from Gross Revenue and to pay into the Bond Fund and Reserve Fund the various amounts required by the Bond Ordinance to be paid into and maintained in such funds, all within the times provided by the Bond Ordinance. The bond is not a general obligation of the City and the City's full faith, credit and resources are not pledged for the principal of and interest on this bond.

To the extent more particularly provided by the Bond Ordinance, the amounts so pledged to be paid from Gross Revenue into the Bond Fund and Reserve Fund shall be a lien and charge thereon equal in rank to the lien and charge upon Gross Revenue of the amounts required to pay and secure the payment of the Outstanding Parity Bonds and any Future Parity Bonds, and superior to all other liens and charges of any kind or nature, except the Costs of Maintenance and Operation of the Water System.

Reference is made to the Bond Ordinance for a description of the Bond Fund, the Reserve Fund, and the covenants and declarations of the City and other terms and conditions upon which this bond has been issued and Future Parity Bonds may hereafter be issued.

This bond is subject to prepayment prior to maturity in accordance with the terms set forth in the Bond Ordinance.


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

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


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

IN WITNESS WHEREOF, the City of White Salmon, Washington, has caused this bond to be signed on behalf of the City with the manual or facsimile signature of its Mayor and to be attested by the manual or facsimile signature of its City Clerk/Treasurer, as of this 10th day of April, 2024.

CITY OF WHITE SALMON,
WASHINGTON


DocuSigned by:

361DCEFE6E64421... Mayor

ATTEST:

DocuSigned by:

F5160DBA85C4B3... City Clerk/Treasurer

REGISTRATION CERTIFICATE

This bond is registered in the name of the owner on the books of the City in the office of the City Clerk/Treasurer as to both principal and interest as noted in the registration blank below. No transfer hereof shall be valid unless made by the registered owner or his/her duly authorized agent in writing, and similarly noted hereon and on the bond registration books of the City. All payments of principal of and interest on this bond shall be made by the City by Preauthorized Debit or with full acquittance by City Clerk/Treasurer's check, or by warrant of the City drawn on the City Clerk/Treasurer, made payable to the last registered holder shown hereon and delivered to such owner or mailed to him/her at his/her address noted hereon.

| Date of Registration | Name and Address of Registered Owner | Signature of Registrar |
|----------------------|---|--|
| April 10, 2024 | United States of America, c/o United States Department of Agriculture, Rural Utilities Service Finance Office Miscellaneous Servicing Section FC-340D, P.O. Box 200011 St. Louis, MO 63120-0011 | DocuSigned by:  F5160DBA85C4B3... |

Section 16. Execution of the Bond. The Bond shall be signed on behalf of the City with the manual or facsimile signature of the Mayor and shall be attested by the manual or facsimile signature of its City Clerk/Treasurer.

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

Section 17. Lost or Destroyed Bond. In case the Bond shall be lost, stolen or destroyed, the City may execute and deliver a new bond of like date, number and tenor to the registered owner thereof in the manner provided by law and upon the owner's paying the expenses and charges of the City in connection therewith.

Section 18. Sale of Bond. The Bond shall be sold to the Government at a price of par on the terms and conditions set forth herein and in the Letter of Conditions and the Loan Resolution.

Section 19. Application of Bond Proceeds. Upon the date of issuance of the Bond, proceeds of the Bond shall be remitted to Cashmere Valley Bank in an amount sufficient to pay and redeem the Note in full.

Section 20. Amendments.

(a) The City from time to time and at any time may adopt an ordinance or ordinances additional or supplemental hereto, which ordinance or ordinances thereafter will become a part of this ordinance, for any one or more or all of the following purposes:

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

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

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

(b) With the consent of the owners of not less than a majority in aggregate principal amount of the Parity Bonds at the time outstanding (provided, however, that so long as the Government owns the Bond its consent must always be obtained), the City may adopt an amendatory ordinance 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 amendatory ordinance shall:

(i) Extend the fixed maturity of any of the Parity 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 owner of each Parity Bond so affected; or

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

It shall not be necessary for the consent of Parity Bond owners under this subsection (b) to approve the particular form of any such proposed amendatory 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, 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 the Parity Bonds outstanding hereunder shall thereafter be determined, exercised and enforced thereunder, subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental ordinance shall be deemed to be a part of the terms and conditions of this ordinance for any and all purposes.

(d) Parity Bonds executed and delivered after the execution of any supplemental ordinance adopted pursuant to the provisions of this section 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 by the City and delivered without cost to the Registered Owners of any affected Parity Bonds then outstanding, upon surrender for cancellation of such bonds, in equal aggregate principal amounts.

Section 21. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bond.

Section 22. General Authorization. The Mayor, City Clerk/Treasurer and all other appropriate officers of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance.

Section 23. Prior Acts. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 24. Effective Date. This ordinance shall become effective from and after its passage, and approval and publication as required by law.


PASSED by the City Council of the City of White Salmon, Washington, at a special open public meeting thereof this 3rd day of April, 2024.

CITY OF WHITE SALMON,
WASHINGTON

DocuSigned by:

361DCEFE8E04421...
Marla Keethler, Mayor

ATTEST:

DocuSigned by:

F5160DB6A85C4B3...
Stephanie Porter, City Clerk/Treasurer

APPROVED AS TO FORM:


DocuSigned by:

8D43A75E83504E9...
Shawn MacPherson, City Attorney

EXHIBIT A

CONSENT

The United States of America acting through its Department of Agriculture (the “Government”) (such term and other capitalized terms used in this Consent are defined in Ordinance No. 2024-04-1161 (the “Bond Ordinance”) to which a draft of this Consent was annexed), hereby certifies as follows:

1. The Government is the owner and holder of (a) the City’s Water Revenue Bond, 2015, under date of October 22, 2015, pursuant to Ordinance No. 2015-04-964, as amended by Ordinance No. 2015-09-975, of the City in the original principal amount of \$405,000 of which \$330,555.08 in principal remains outstanding and having a final maturity date of October 22, 2055 (the “2015 Bond”); and (b) the City’s Water Revenue Bond, 2021, issued under date of March 10, 2021, pursuant to Ordinance No. 2021-02-1073 of the City in the original principal amount of \$2,731,000 of which \$2,584,594.10 in principal remains outstanding and having a final maturity date of March 10, 2061 (the “2021 Bond” and together with the 2015 Bond, the “Outstanding Parity Bonds”).

2. By the execution of this Consent, the Government waives the requirement to obtain a certificate of a professional consultant, as a condition precedent in Ordinance No. 2015-04-964 and Ordinance No. 2021-02-1073 to the issuance of the Bond as a Parity Bond; and

3. The Bond authorized to be issued by the Bond Ordinance shall be, upon execution and delivery, a Parity Bond, having a lien and charge upon the Gross Revenue in the Revenue Fund for the payment of the principal thereof and interest thereon equal to the lien and charge upon the money in the Revenue Fund for the payment of the principal of and interest on the Outstanding Parity Bonds described in paragraph 1.

DATED as of this ____ day of April, 2024.

UNITED STATES OF AMERICA
ACTING THROUGH ITS DEPARTMENT
OF AGRICULTURE

By _____
Marlene Canatsey
State Specialist

CITY OF WHITE SALMON, WASHINGTON
WATER REVENUE BOND, 2024

Summary of Ordinance No. 2024-04-1161, passed on April 3, 2024

AN ORDINANCE of the City of White Salmon, Washington, authorizing the issuance of a water revenue bond of the City in the aggregate principal amount of \$2,333,000 to provide permanent financing for the cost of acquiring, constructing and installing certain additions and betterments to the water utility of the City; fixing the date, form, terms, maturity and covenants of such bond; reserving the right to issue future revenue bonds on a parity with such bond upon compliance with certain conditions; and authorizing the sale of the bond to the United States of America, acting through its Department of Agriculture, Rural Utilities Service.

Approved this 3rd day of April, 2024.

CITY OF WHITE SALMON,
WASHINGTON

DocuSigned by:



301DCEFE8E04421...

Marla Keethler, Mayor

ATTEST:

DocuSigned by:



F5160DB6A85C4B3...

Stephanie Porter, City Clerk/Treasurer

CERTIFICATE

I, the undersigned, City Clerk/Treasurer of the City of White Salmon, Washington (herein called the “City”), DO HEREBY CERTIFY:

1. That the attached ordinance numbered 2024-04-1161 (herein called the “Ordinance”) is a true and correct copy of an ordinance of the City as passed at a special meeting of the City Council of the City held on the 3rd day of April, 2024, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of the Ordinance; that all other requirements and proceedings incident to the proper passage of the Ordinance have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 3rd day of April, 2024.

DocuSigned by:

F5160DB6A95C4B3...

City Clerk/Treasurer