

ORDINANCE NO. 187

AN ORDINANCE of the Town of Yacolt, Washington, providing for the issuance and sale of water revenue bonds in the total principal sum of \$248,800 for the purpose of providing funds to retire outstanding water revenue warrants issued to pay part of the cost of improvements to the water supply and distribution system of the town; providing the date, form, terms and maturities of said bonds to be issued; providing certain covenants and protective features safeguarding the payment of the principal of and interest on said bonds, providing that additional revenue bonds may be issued on a parity therewith upon compliance with certain conditions, and confirming the sale of the bonds herein authorized.

WHEREAS, the improvements to the water supply and distribution system of the Town specified in Ordinance No. 177, adopted August 18, 1975, have been completed; and

WHEREAS, in order to provide part of the funds to pay the cost of such improvements water revenue warrants maturing December 1, 1976 were issued pursuant to Ordinance No. 178, adopted August 18, 1975, and

WHEREAS, in order to provide funds to retire said outstanding water revenue warrants and to pay the costs incidental to the issuance of the bonds herein provided for, it is deemed necessary that the Town issue and sell its water revenue bonds in the total principal amount of \$248,800; and

WHEREAS, the United States Department of Agriculture acting through its Farmers Home Administration has agreed to purchase the bonds herein authorized under the terms and conditions as set forth in this ordinance;

NOW, THEREFORE, BE IT ORDAINED by the Council of the Town of Yacolt, Washington, as follows:

Section 1. As used in this ordinance, the following words and phrases shall have the meanings hereinafter set forth unless the context shall clearly indicate that another meaning is intended.

A. The word "Town" means the Town of Yacolt, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

B. The word "Government" means the Farmers Home Administration of the United States Department of Agriculture.

C. The word "Bond" means the \$248,800 water revenue bond of the Town issued pursuant to and for the purposes provided in this ordinance, or any coupon bonds issued in exchange therefor pursuant to Section 8 hereof.

D. The word "System" means the existing water supply and distribution system of the Town and such improvements or additions as may be made thereto for as long as the Bond and any Parity Bonds are outstanding.

E. The words "Revenue Fund" mean the "Town of Yacolt Water System Revenue Fund Account" established by Section 7 of Ordinance No. 144 of the Town, adopted November 6, 1961.

F. The word "Revenue" means all rates, charges or other income and receipts derived by or for the account of the Town arising from the ownership and operation of the System.

G. The words "Current Expenses" mean all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, and all other expenses incident to the operation of the water system, but shall exclude depreciation, and all general administrative expenses of the Town.

H. The words "Net Revenue" mean the Revenue after payment of Current Expenses.

I. The term "Bond Fund" means the "1976 Farmers Home Administration Water Revenue Bond Redemption Fund," created by Section 10 of this ordinance.

J. The words "Parity Bonds" mean any revenue bonds of the Town issued after the date of the issuance of the Bond and having

a lien upon the money in the Revenue Fund for the payment of the principal thereof and interest thereon equal to the lien upon the money in such fund for the payment of the principal of and interest on the Bond.

K. The words "Prior Lien Bonds" mean the "Water Revenue Bonds of 1961" dated January 1, 1961 and issued pursuant to Ordinance No. 144 of the Town, adopted November 6, 1961.

L. The words "Payment Dates" mean the days of each year on which the interest on and installments of principal of the Bond are payable. The Payment Dates shall be the day in each year which is the anniversary of the day of delivery of the Bonds to the initial purchaser thereof and the day which is six months before or after the anniversary of the day of delivery.

M. The words "Water Revenue Warrants" mean the outstanding water revenue warrants issued pursuant to Ordinance No. 178 of the Town, adopted August 18, 1976.

Section 2. For the purpose of providing part of the funds necessary to redeem and retire the Warrants and to pay interest thereon and to pay the costs incidental to the issuance thereof and the Bond, the Town shall now issue and sell its water revenue bond in the principal sum of \$248,800.

The Bond shall be designated "Town of Yacolt Water Revenue Bond, 1976," shall be dated as of the date of delivery thereof, shall be in the denomination of \$248,800, shall be fully registered, shall bear interest on unpaid installments payable semiannually on the Payment Dates (as hereinbefore defined) in each year at the rate of 5% per annum (commencing on the first such day following delivery of the Bond) and shall mature in installments on the Payment Dates in each year as follows:

<u>Year</u>	<u>First Payment Date</u>		<u>Second Payment Date</u>	
	<u>Amount</u>	<u>Nos.</u>	<u>Amount</u>	<u>Nos.</u>
1977	-0-		\$ 800	1
1978	\$ 1,000	2	1,000	3
1979	1,000	4	1,000	5
1980	1,000	6	1,000	7
1981	1,000	8	1,000	9
1982	1,000	10	1,000	11
1983	1,000	12	1,000	13
1984	1,000	14	1,000	15
1985	2,000	16-17	2,000	18-19
1986	2,000	20-21	2,000	22-23
1987	2,000	24-25	2,000	26-27
1988	2,000	28-29	2,000	30-31
1989	2,000	32-33	2,000	34-35
1990	2,000	36-37	2,000	38-39
1991	2,000	40-41	2,000	42-43
1992	2,000	44-45	2,000	46-47
1993	2,000	48-49	2,000	50-51
1994	2,000	52-53	2,000	54-55
1995	2,000	56-57	3,000	58-60
1996	3,000	61-63	3,000	64-66
1997	3,000	67-69	3,000	70-72
1998	3,000	73-75	3,000	76-78
1999	3,000	79-81	3,000	82-84
2000	3,000	85-87	3,000	88-90
2001	3,000	91-93	3,000	94-96
2002	3,000	97-99	4,000	100-103
2003	4,000	104-107	4,000	108-111
2004	4,000	112-115	4,000	116-119
2005	4,000	120-123	4,000	124-127
2006	4,000	128-131	4,000	132-135
2007	4,000	136-139	5,000	140-144
2008	5,000	145-149	5,000	150-154
2009	5,000	155-159	5,000	160-164
2010	5,000	165-169	5,000	170-174
2011	5,000	175-179	6,000	180-185
2012	6,000	186-191	6,000	192-197
2013	6,000	198-203	6,000	204-209
2014	6,000	210-215	6,000	216-221
2015	7,000	222-228	7,000	229-235
2016	7,000	236-242	7,000	243-249

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 Certificate, (or if the Bond be converted to coupon bonds, at the office of the Town Treasurer) and shall be obligations only of the Bond Fund.

Section 3. The Bond shall be registered as to both principal and interest. As long as any of the Bond shall remain outstanding the Town shall maintain at the office of the Town Treasurer books

for registration and transfer of the Bond. No transfer of the Bond so registered shall be valid unless made on said books at the request of the registered owner or his duly authorized agent in writing.

Section 4. The Bond shall be signed on behalf of the Town by the Mayor and shall be attested by the Clerk. The Bond shall have the seal of the Town impressed thereon. (In the event of conversion to coupon bonds, coupons attached to such bonds shall bear the facsimile signatures of said officials.)

Section 5. The Town hereby reserves the right to prepay any or all of the installments remaining unpaid at par plus accrued interest, in whole, or in part in inverse numerical order, on any Payment Date occurring in the year 1986, or on any Payment Date thereafter.

If and as long as the Government owns the Bond, installments may be prepaid on any Payment Date occurring after date of issue. In the event the Bond be converted into coupon bonds, such bonds shall be callable at the same time, and in the same manner, as the respective installments of the Bond.

Section 6. Notice of any such intended prepayment or redemption shall be given by registered mail sent to the registered owner of the Bond to be redeemed at its address appearing on the registry book at least 30 days prior to the prepayment or redemption date. In the event of conversion to coupon form, such notice shall be published once at the same time in a newspaper of general circulation in the Town and in a financial newspaper of general circulation in the City of Seattle, Washington. In the event the Bond is held by the Government, no advance notice of intended prepayment or redemption shall be required.

Section 7. The Bond and the certificate of registration to be endorsed thereon shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$ _____

STATE OF WASHINGTON

TOWN OF YACOLT
WATER REVENUE BOND, 1976

The Town of Yacolt, Washington (hereinafter called the "Town"), acknowledges itself indebted and for value received promises to pay to the Farmers Home Administration, United States Department of Agriculture, or its successor (herein sometimes called the "Payee"), or its registered assigns (herein sometimes called the "Alternate Payee"), the principal sum of

TWO HUNDRED FORTY-EIGHT THOUSAND EIGHT HUNDRED DOLLARS

in the following installments at the following times:

<u>Year</u>	<u>First Payment Date</u>		<u>Second Payment Date</u>	
	<u>Amount</u>	<u>Nos.</u>	<u>Amount</u>	<u>Nos.</u>
1977	-0-		\$ 800	1
1978	\$ 1,000	2	1,000	3
1979	1,000	4	1,000	5
1980	1,000	6	1,000	7
1981	1,000	8	1,000	9
1982	1,000	10	1,000	11
1983	1,000	12	1,000	13
1984	1,000	14	1,000	15
1985	2,000	16-17	2,000	18-19
1986	2,000	20-21	2,000	22-23
1987	2,000	24-25	2,000	26-27
1988	2,000	28-29	2,000	30-31
1989	2,000	32-33	2,000	34-35
1990	2,000	36-37	2,000	38-39
1991	2,000	40-41	2,000	42-43
1992	2,000	44-45	2,000	46-47
1993	2,000	48-49	2,000	50-51
1994	2,000	52-53	2,000	54-55
1995	2,000	56-57	3,000	58-60
1996	3,000	61-63	3,000	64-66
1997	3,000	67-69	3,000	70-72
1998	3,000	73-75	3,000	76-78
1999	3,000	79-81	3,000	82-84
2000	3,000	85-87	3,000	88-90
2001	3,000	91-93	3,000	94-96
2002	3,000	97-99	4,000	100-103
2003	4,000	104-107	4,000	108-111
2004	4,000	112-115	4,000	116-119
2005	4,000	120-123	4,000	124-127
2006	4,000	128-131	4,000	132-135
2007	4,000	136-139	5,000	140-144
2008	5,000	145-149	5,000	150-154
2009	5,000	155-159	5,000	160-164
2010	5,000	165-169	5,000	170-174
2011	5,000	175-179	6,000	180-185
2012	6,000	186-191	6,000	192-197
2013	6,000	198-203	6,000	204-209
2014	6,000	210-215	6,000	216-221
2015	7,000	222-228	7,000	229-235
2016	7,000	236-242	7,000	243-249

in any coin or currency which is legally acceptable on the respective dates of payments for debts due the United States of America and to pay interest on the balance of said principal from time to time remaining unpaid in like coin or currency at the rate of 5% per annum payable semiannually on the _____ days of _____ and _____ of each year from date hereof, commencing on the first such day following delivery hereof until all of such principal installments have been paid or such payment has been duly provided for.

So long as the Payee is the registered owner of this bond, payments of principal and interest shall be made by the Town Treasurer directly to the Payee at the office of the Farmers Home Administration serving the Yacolt, Washington area. So long as an Alternate Payee is the registered owner hereof, said payments shall be made at the office of the Town Treasurer, Yacolt, Washington.

Upon final payment of the principal and interest, this bond shall be submitted to the Town for cancellation and surrender.

Both principal of and interest on this bond are payable solely out of the special fund of the Town known as the "1976 Farmers Home Administration Water Revenue Bond Redemption Fund," (herein called the "Bond Fund") created by Ordinance No. 177 of the Town (the "Bond Ordinance").

In addition to the installments of principal required to be paid by the Town as hereinabove set forth, the Town, at its option, shall have the right to prepay any or all unpaid installments on any principal payment date occurring in the year 1986 or thereafter, in the inverse numerical order of such installments, at the principal amount thereof plus accrued interest to the date of prepayment. So long as this bond is held by the Payee such unpaid installments may be prepaid on any principal payment date after the date of delivery.

Notice of any such optional prepayment shall be given at least thirty days prior to the prepayment date by mailing to the registered owner of this bond a notice fixing such prepayment date, and the amount of the principal to be prepaid; provided that so long as this bond is held by the Payee such advance notice shall not be required.

As provided in Ordinance No. 177 of the Town (the "Bond Ordinance") this bond is exchangeable, at the sole expense of the holder, at any time upon ninety days' notice at the request of the registered owner hereof, and upon surrender of this bond to the Town, for definitive bonds payable to bearer, of the denomination of \$1,000 each (except for Bond No. 1 which may, if necessary, be a different amount), bearing interest at the same rate as this bond, with the same rights of redemption as the respective principal installments of this bond in an aggregate principal amount equal to the unpaid principal amount of this bond.

The bond is issued for the purpose of providing funds to pay part of the cost of retiring certain water revenue warrants of the Town issued to pay for certain improvements to the water supply and distribution system of the Town, is payable solely out of the Revenue of the System (as such term is defined in the Bond Ordinance) and does not constitute a general obligation of the Town.

The Town hereby covenants and agrees with the owner and holder 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.

The Town has pledged and bound itself to set aside from the Revenue of the System and to pay into the Bond Fund, the various amounts required to be paid and maintained therein, all within the times provided in the Bond Ordinance.

Said amounts so pledged to be paid into the Bond Fund are hereby declared to be a lien and charge upon the Revenue equal in rank to any charges which may hereafter be made thereon to pay and secure the payment of any bonds which may later be issued on a parity with the bonds of this issue and superior to all other charges of any kind or nature, except the lien and charge of the outstanding water revenue bonds of the Town dated January 1, 1961 and the costs of maintenance and operation of the System.

The Town has further bound itself to maintain said System in good condition and repair and to operate the same in an efficient manner and at a reasonable cost.

The Town has further pledged that so long as any portion of this bond remain unpaid, it will establish, maintain and collect rates and charges for water supply and distribution service which will be sufficient to pay when due the principal of and interest on this bond, the outstanding prior lien revenue bonds heretofore issued, and any revenue bonds hereafter issued on a parity herewith, and the costs of maintenance and operation of the System.

This bond may be assigned, and upon such assignment the assignor shall promptly notify the Town Treasurer by registered mail.

It is hereby certified and declared that this bond is issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and ordinances of the Town, and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Town of Yacolt, Washington, has caused this bond to be signed on behalf of the Town by its Mayor, to be attested by the Clerk, and the seal of the Town to be impressed hereon, as of the 27th day of Jan, 1976.

TOWN OF YACOLT, WASHINGTON

By _____
Mayor

ATTEST:

Clerk

REGISTRATION CERTIFICATE

This bond is registered in the name of the holder on the books of the Town in the office of the Town 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 duly authorized agent in writing, and similarly noted hereon. All payments of principal and interest on this bond shall be made by the Town with full acquittance by the Town Treasurer's check, or by warrant of the Town drawn on the Treasurer, made payable to the last registered holder shown hereon and delivered to such holder or mailed to him at his address noted hereon.

Date of Registration	Name and Address of Registered Holder	Signature of Registrar

A fully registered bond shall have endorsed thereon the following form of assignment:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner thereof hereby sells, assigns and transfers the within bond unto _____.

DATED _____.

In the presence of:

(Repeat this form of assignment)

Section 8. The Bond may be transferred by the registered owner thereof, provided that such transfer relates to the entire unpaid principal amount of the Bond and any such transfer shall be noted on the bond registration book of the Town.

Upon ninety days' written notice by the holder of the Bond, the Town shall cause to be prepared and shall deliver to such holder, at the sole cost and expense of the holder, definitive coupon bonds of type composition and on bond paper of weight and strength that is customarily used for serial bonds of an issue comparable to this issue.

Such definitive bonds shall be in the denomination of \$1,000 each, (except for Bond No. 1, which may, if necessary, be in a different amount) shall be in the total principal sum of the unpaid balance due on the Bond, and shall be numbered and mature in the same amounts and at the same times as the installments of principal remaining unpaid on the Bond at the time of such conversion. Such definitive bonds shall be executed and authenticated as herein provided for the Bond and shall be in substantially the form provided for the Bond, with such changes, additions or deletions as are appropriate for coupon bonds.

Section 9. There has heretofore been created in the office of the Town Treasurer a special fund of the Town heretofore defined as the "Revenue Fund" into which shall be paid all of the Revenue of the System.

All Current Expenses, all costs of additions, betterments, improvements and repairs of the System and extensions and replacements thereof (except when the same are financed by the issuance of bonds or warrants), all payments required to be made into any bond redemption fund and/or reserve account created to pay and secure the payment of the principal of and interest on any water revenue bonds of the Town, and all payments which may be required later to be made into any fund or account for any other proper purposes in connection with the operation, maintenance and financing of the System shall be paid out of the Revenue Fund.

Any amounts remaining in the Revenue Fund after paying Current Expenses, paying and securing the payment of principal of and interest on the Prior Lien Bonds, and the payments required

by the Sections 10-11 may be used for the Town for any lawful purpose.

Section 10. There is hereby created in the office of the Town Treasurer a special fund to be known as the "1976 Farmers Home Administration Water Revenue Bond Redemption Fund" (herein called the "Bond Fund") for the purpose of paying and securing the payment of the principal of and interest on the Bond and any Parity Bonds. A "principal and interest account" is hereby created in the Bond Fund, and the Town Treasurer shall set aside and transfer therein from the Revenue Fund the following amounts:

A. On or before the 20th day of each of the first six months after the day of delivery of the Bond, an amount equal to one-sixth of the interest coming due on the Bond on the next Payment Date, and on or before the twentieth day of each month thereafter an amount equal to one-sixth of the principal and interest coming due on the Bond on the next Payment Date.

B. If the Town for any reason shall fail to make such monthly transfers, then an amount equal to the deficiency shall be set apart and deposited in the principal and interest account out of the Revenue Fund - or the Reserve Account - in the ensuing month or months, which amount shall be in addition to the regular monthly deposit required during such succeeding month or months.

The amounts herein pledged to be paid into the principal and interest account and the amounts hereafter pledged to be paid into the Reserve Account are hereby declared to be a prior lien and charge upon Revenue equal to the lien and charge thereon of the amounts required to pay and secure the payment of any Parity Bonds and superior to all other charges of any kind or nature whatsoever, except for the payment of Current Expenses and the lien and charge of the Prior Lien Bonds.

The corporate authorities of the Town hereby declare in fixing the amounts to be paid into the principal and interest account and

the Reserve Account as hereinbefore provided that they have exercised due regard for the reasonable and necessary costs of maintenance and operation of the System.

If there shall ever be accumulated in the Bond Fund amounts in excess of the requirements thereof during the next twelve months for payment of the principal of and interest on the Bond, such excess may be used by the Town to call bonds for redemption prior to their fixed maturities as authorized herein, or may be invested as provided in Section 11 hereof.

Section 11. A Reserve Account is hereby created in the Bond Fund for the purpose of securing the payment of the principal of and interest on the Bond and any Parity Bonds. The Town covenants and agrees that from and after the issuance and delivery of the Bond the Town will pay into the Reserve Account out of Revenue (or out of any other funds on hand and legally available for such purpose) not less than \$120 per month until there is on deposit therein the total amount of \$14,400.

The Town hereby further covenants and agrees, in the event it issues any Parity Bonds, that beginning one month from the date of delivery of such bonds, it will make further or additional equal monthly payments into the Reserve Account out of Revenue (or out of any other funds on hand and legally available for such purpose), so that within 120 months from the date of such Parity Bonds there shall have been paid into the Reserve Account an amount which together with the moneys and value of investments on deposit therein, equals the average annual debt service on the Bond and all Parity Bonds outstanding thereafter.

The Town further covenants and agrees that when said required deposits have been made into the Reserve Account, it will at all times maintain therein the total amount thereof. Whenever there is a sufficient amount in the Bond Fund, including the Reserve Account and the principal and interest account, to pay the principal of and interest on all outstanding Bonds payable out of such Fund,

the money in the Reserve Account may be used to pay such principal and interest. Money in the Reserve Account may be withdrawn to pay the interest and principal due on any outstanding revenue bonds payable out of the Bond Fund, as long as the moneys left remaining on deposit in the Reserve Account are equal to the amounts required on account of the remaining outstanding Bonds payable out of the Bond Fund.

In the event there shall be a deficiency in the principal and interest account to meet maturing installments of either interest on or principal of and interest on the outstanding Bonds payable out of such Account, such deficiency shall be made up from the Reserve Account by the withdrawal of moneys therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up out of Revenue (or out of any other moneys on hand legally available for such purpose) after making necessary provision for Current Expenses, the Prior Lien Bonds and the payments of principal and interest on all outstanding Bonds payable out of the Bond Fund and next coming due.

All money in the Reserve Account may be kept in cash or invested in any legal investment maturing not later than 20 years from date of purchase, and in no event maturing later than the last maturity of the installments or 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 Bond Fund.

Section 12. In the event that money and/or "Government Obligations," as such Obligations are now or may hereafter be defined in Ch. 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire the Bond in accordance with its terms are set aside in a special account to effect such redemption or retirement and such money and the principal of and interest on such obligations are irrevocably set aside and pledged for such

purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bond (and, in the event of conversion to coupon form) the appurtenant coupons shall cease to be entitled to any lien, benefit or security of this ordinance except that right to receive the funds so set aside and pledged, and such Bond and/or coupons shall be deemed not to be outstanding hereunder.

Section 13. The Town Treasurer shall be the custodian of all funds of the System, and said funds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation. The Town shall provide a fidelity bond on the position of its Treasurer in the amount of \$5,000 and in an amount at least equal to the total amount of the funds of the System that will be on hand at any one time exclusive of loan funds.

Section 14. The Town hereby covenants and agrees with the owners and holders of the Bond for as long as it remains unpaid as follows:

a. It will at all times keep and maintain the System in good repair, working order and condition, will at all times operate the 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. It will impose and collect such rates and charges for service rendered by the System that Revenue paid into the Revenue Fund will be sufficient at all times to provide for the payment of Current Expenses, the amounts required to pay and secure the payment of the Prior Lien Bonds, the installments of the Bond, and any future Parity Bonds; that all service rendered by the System shall be subject to the full rates prescribed by the rules and regulations of the Town, and that no free service from the System will be permitted.

c. It will maintain complete books and records relating to the operation of the System and its financial affairs. At all

reasonable times the Farmers Home Administration shall have the right to inspect the System and the records, accounts and data of the Town relating thereto.

d. It will carry fire and extended coverage insurance of the System as is ordinarily carried on the property of similar public utilities by municipal corporations engaged in the operation of the same, to the full insurable value thereof, and will also carry usual amounts of public liability insurance, and other kinds of insurance as under good practice are ordinarily carried on the properties of similar public utilities by municipal corporations engaged in the operation of the same. The premiums paid for all such insurance shall be regarded and paid as a Current Expense of the System.

Section 15. The Bond shall be sold to the Government on the terms and conditions set forth herein.

Section 16. If at any time it shall appear to the Government that the Town is able to refund the amount of the Bonds then outstanding,* in whole or in part, by the issuance and sale of water revenue bonds to responsible credit sources at a substantial interest saving to the Town, the Town will upon request of the Government issue and sell such refunding bonds in an amount sufficient to redeem all of the Bonds to be refunded, and will take all of such actions as may be required in connection with such issuance and sale.

Section 17. The Mayor and Clerk of the Town are hereby authorized and directed to execute for and on behalf of the Town form FHA 400-1, entitled "Equal Opportunity Agreement," which includes an Equal Opportunity Clause. An Equal Opportunity Clause will be incorporated in each construction contract or subcontract involving \$10,000 or more.

Section 18. The Mayor and Clerk of the Town are hereby also authorized and directed to execute on behalf of the Town form FHA 400-4, entitled "Non-Discrimination Agreement" (under Title VI, Civil Rights Act of 1964).

Section 19. The provisions of this ordinance shall constitute a contract between the Town and the Government so long as any installment of the Bond remains unpaid.

Section 20.

A. The Town hereby further covenants and agrees with the owners and holders of the Bond for as long as any of the same remains unpaid that it will not issue any water revenue bonds hereafter which will have a lien and charge upon the money in the Revenue Fund for the payment of the principal thereof and interest thereon prior to or equal to the lien and charge of the money in the Revenue Fund for the payment of the principal of and interest on the Bond, except that it reserves the right for

First, 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 to the System, or

Second, the purpose of refunding by exchange or purchase at or prior to their maturity any outstanding water revenue bonds of the Town that may have a lien on the money in the Revenue Fund for the payment of the principal thereof and interest thereon,

to issue Parity Bonds (herein called "Parity Bonds") and to pledge that payments shall be made out of the Revenue Fund into the Bond Fund for the credit of the Principal and Interest on such Parity Bonds on a parity with the payments required herein to be made out of the Revenue Fund into the Bond Fund to pay and secure the payment of the principal of and interest on the Bond, upon compliance with the following conditions:

1. That at the time of the issuance of such Parity Bonds there is no deficiency in the Principal and Interest Account or the Reserve Account created herein.

2. That at the time of the issuance of such Parity Bonds the Town shall have on file a statement or report from the Town

Treasurer or from an independent accountant showing that the Net Revenue of the System for the fiscal year preceding the year in which such Parity Bonds are to be issued was equal to at least 1.20 times the average annual amount required for the payment of the principal of and interest on all of the outstanding Prior Lien Bonds, the Bond, any Parity Bonds then outstanding, and the Parity Bonds to be issued.

It is hereby provided, however, that the limitation or condition contained in subparagraph 2 of this section may be waived or modified by the written consent of the holders of 75% in principal amount of all of the Bonds and any Parity Bonds then outstanding.

B. Nothing herein contained shall prevent the Town from issuing water revenue bonds or warrants (coupon or otherwise) the payment of the principal of and interest on which is a charge upon the money in the Revenue Fund junior or inferior to the payments required to be made out of such money into the Bond Fund for the credit of the Principal and Interest Account for the payment of the principal of and interest on the Bond or any Parity Bonds then outstanding.

Section 21. This ordinance shall become effective upon its passage, approval and publication as required by law.

PASSED by the Town Council of the Town of Yacolt, Washington, at a regular meeting of said Council held this 20th day of December 1976, and approved by the Mayor on said date.

TOWN OF YACOLT, WASHINGTON

By

Richard L. Allen
Mayor

ATTEST:

Pat Krieger
Town Clerk

I, Pat Kuchess, Clerk of the Town of Yacolt,
Washington, DC HEREBY CERTIFY that the foregoing is a true and
correct copy of Ordinance No. 187 of said Town, passed by the
Town Council at a regular meeting held the 20th day of December
1976.

Pat Kuchess
Clerk