

7-16-85

Doris A. Ward
Treas. - Clerk
Town Of Coupeville

TOWN OF COUPEVILLE, WASHINGTON

ORDINANCE NO. 391

AN ORDINANCE of the Town of Coupeville, Washington, relating to the waterworks utility of the Town, including the sanitary sewage disposal system as a part thereof, providing for the issuance of \$120,000 par value of water and sewer revenue bonds to provide a part of the cost of carrying out the system or plan of additions to and betterments and extensions of such waterworks utility of the Town, as specified, adopted and ordered to be carried out by Ordinance No. 340; fixing the date, interest rates, form, terms and covenants of such bonds; and providing for the sale and delivery of such bonds to Harper, McLean & Company, Seattle, Washington.

WHEREAS, the Town of Coupeville, Washington (the "Town"), by Ordinance No. 239, passed by the Town Council and approved by the Mayor on December 11, 1972, combined its sanitary sewage disposal system with the waterworks utility of the Town pursuant to the provisions of RCW 35.67.331 and RCW 35.67.340, and such sanitary sewage disposal system thereafter has been operated as a part of and as belonging to its waterworks utility, the combined systems, including all additions thereto and betterments and extensions thereof at any time made, being hereinafter referred to as the "Waterworks Utility;" and

WHEREAS, pursuant to Ordinance No. 254 passed October 14, 1974, as amended by Ordinance No. 264 passed June 9, 1975, the City heretofore issued its \$179,000 par value Water and Sewer Revenue Bond, 1975, for the purpose of carrying out the system or plan of additions to and betterments and extensions of the Waterworks Utility adopted therein, and by such Ordinance No. 254, as amended by Ordinance No. 264, provided that additional bonds could be issued on a parity of lien with such 1975 Bond if the following conditions are met and complied with at the time of the issuance of such bonds:

"(a) No default exists in the payment of the principal or interest on any outstanding water and sewer revenue bonds of the Town and the amount required to have been paid into the respective bond redemption funds for such bonds shall have been paid and maintained intact therein; and

"(b) There shall be on file with the Town Treasurer-Clerk a certificate of a nationally recognized firm of certified public accountants or a professional engineer licensed to practice in the State of Washington and experienced in municipal utilities to the effect that the Net Revenue of the Waterworks Utility of the Town, after deducting the debt service requirements for any outstanding 1957 Bonds, 1959 Bonds and Outstanding Parity Bonds for the calendar year preceding the year in which such Future Parity Bonds are to be issued is not less than 120% of the average annual debt service requirements on all water and sewer revenue bonds of the Town then outstanding, any Future Parity Bonds hereafter issued then outstanding and the Future Parity Bonds proposed to be so issued; provided, however, that this requirement may be waived or modified by the written consent of the owners representing 75% of then outstanding Outstanding Parity Bonds, Bonds and Future Parity Bonds payable out of the Bond Fund";

and

WHEREAS, the 1957 Bonds and 1959 Bonds referred to in the above parity bond provisions heretobefore have been fully redeemed and retired; and

WHEREAS, pursuant to Ordinance No. 305 passed January 15, 1979, the City heretofore issued its \$111,000 par value Water and Sewer Revenue Bond, 1978 (the "1978 Bond") for the purpose of carrying out the system or plan of additions to and betterments and extensions of the Waterworks Utility adopted therein, which 1978 Bond was issued on a parity of lien with the 1975 Bond; and

WHEREAS, the Town by Ordinance No. 340, passed by the Town Council and approved by the Mayor on March 8, 1982, specified and adopted a system or plan of additions to and betterments and extensions of the Waterworks Utility and provided the method of financing the same in part by the issuance and sale of water and sewer revenue bonds in the principal sum of not to exceed \$500,000; and

WHEREAS, it is deemed necessary and in the best interests of the Town and its inhabitants that such sewer system improvements be constructed and installed and that such bonds in the principal sum of \$120,000 par value of the \$500,000 par value of such bonds authorized be now issued and sold to provide a part of the money necessary to carry out such improvements, and Harper, McLean & Company has offered to purchase such bonds on the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF COUPEVILLE, WASHINGTON, as follows:

Section 1. As used in this ordinance, the following words shall have the following meanings:

- (a) "Annual Debt Service" shall mean, in any year, that year's total of principal and interest requirements for the then outstanding bonds (except the principal maturity of Term Bonds) to which the term Annual Debt Service refers, plus the principal of any bonds subject to a mandatory prior redemption or mandatory sinking fund payment for that year, less all capitalized interest payable that year from such bonds.
- (b) "Bond Fund" shall mean the Water and Sewer Revenue Bond Fund, 1975, created by Ordinance No. 254, as amended by Ordinance No. 264, for the purpose of paying and securing the principal of and interest on the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.
- (c) "Bond" or "Bonds" shall mean the Water and Sewer Revenue Bonds, 1985, authorized to be issued by this ordinance.
- (d) "Bond Registrar" shall mean the fiscal agency of the State of Washington as the same may be designated from time to time.
- (e) "1975 Bond" shall mean the outstanding "Water and Sewer Revenue Bond, 1975," originally issued as a single bond in

the amount of \$179,000, dated September 23, 1975, and held by the United States of America, Department of Agriculture, Farmers Home Administration.

(f) "1978 Bond" shall mean the outstanding Water and Sewer Revenue Bond, 1978, originally issued as a single bond in the amount of \$111,000, dated January 1, 1979, and held by the United States of America, Department of Agriculture, Farmers Home Administration, which bond was issued on a parity of lien with the 1975 Bond.

(g) "Future Parity Bonds" shall mean any and all additional water and sewer revenue bonds of the Town issued after the date of the issuance of the Bonds pursuant to the provisions of Section 16 of Ordinance No. 254 and Section 11 herein, the payment of the principal of and interest on which constitutes a lien and charge on the Gross Revenue of the Waterworks Utility equal in rank with the lien and charge upon such Gross Revenue of the Waterworks Utility required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds.

(h) "Gross Revenue of the Waterworks Utility" shall mean all of the earnings and revenue received by the Town from the maintenance and operation of the Waterworks Utility or from the investment of money received therefrom, except assessments and installments thereof and interest and any penalties thereon levied or collected in any utility local improvement district hereafter created and established to finance any improvements to the Waterworks Utility.

(i) "Maintenance and Operation Expenses" shall mean all reasonable expenses incurred by the Town in causing the Waterworks Utility to be operated and maintained in good repair,

working order and condition, but shall not include any depreciation or taxes levied or imposed by the Town.

(j) "Maximum Annual Debt Service" shall mean the maximum amount of Annual Debt Service which shall become due in any future year on any Outstanding Parity Bonds, Bonds and Future Parity Bonds.

(k) "Net Revenue of the Waterworks Utility" shall mean the Gross Revenue of the Waterworks Utility less the Maintenance and Operation Expenses.

(l) "Outstanding Parity Bonds" shall mean the principal amount outstanding at the applicable time of the 1975 Bond and 1978 Bond.

(m) "Plan of Additions and Betterments" shall mean the system or plan of additions to and betterments and extensions of the Waterworks Utility as adopted and ordered to be carried out by Ordinance No. 340.

(n) "Reserve Requirement" shall mean the Maximum Annual Debt Service.

(o) "Town" shall mean the Town of Coupeville, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington as a fourth class town.

(p) "Waterworks Utility" shall mean the waterworks utility of the Town, including the sanitary sewage disposal system as a part thereof, as the same shall be added to, bettered, improved and extended for as long as any of the Outstanding Parity Bonds, the Bonds or Future Parity Bonds are outstanding.

Section 2. For the purpose of providing a part of the funds with which to carry out the Plan of Additions and Betterments, the Town shall cause to be issued the Bonds in the aggregate principal amount of \$120,000. The Bonds shall be dated August ~~July-1~~, 1985; shall be in the denomination of \$5,000 each or any

integral multiple thereof within a single maturity; shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purpose of identification; shall bear interest at the rates set forth below, payable semiannually on January 1 and July 1 of each year; and shall bear interest and mature on July 1 in years and amounts as follows:

<u>Maturity Years</u>	<u>Amount</u>	<u>Interest Rates</u>
1986	\$ 10,000	7.25%
1987	10,000	7.25%
1988	10,000	7.25%
1989	10,000	7.25%
1990	10,000	7.25%
1991	10,000	7.25%
1992	15,000	8.50%
1993	15,000	8.70%
1994	15,000	8.80%
1995	15,000	8.90%

If any Bond is not redeemed upon proper presentment at its maturity or call date, the City shall be obligated to pay interest at the same rate for each such Bond from and after its maturity or call date until such Bond, both principal and interest, is paid in full or until sufficient money for such payment in full is on deposit in the Bond Fund and such Bond has been called for payment.

Upon surrender thereof to the Bond Registrar, the Bonds may be exchanged for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Such exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to transfer or exchange any Bond during the fifteen days preceding any principal payment or redemption date.

The Bonds shall be issued only in registered form as to both principal and interest and recorded in the books and records maintained by the Bond Registrar (the "Bond Register"). The Bond Register shall contain the name and mailing address of the owner of each Bond and the principal amount and number of Bonds held by each owner.

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by check or draft mailed to the registered owners at the addresses appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the registered owners at either office of the Bond Registrar, in Seattle, Washington, and New York, New York, at the option of such owners. The Bonds shall be payable solely out of the Bond Fund and shall not be general obligations of the City.

The Bonds shall be issued without the right or option of the Town to redeem the same prior to their stated maturity dates.

The City reserves the right to purchase any or all of the Bonds in the open market at a price not in excess of par plus accrued interest to the date of such purchase.

Section 3. There heretofore was created and established in the office of the Town Treasurer by Ordinance No. 254, as amended by Ordinance No. 264, a special fund designated the Water and Sewer Revenue Bond Fund, 1975 (herein defined as the "Bond Fund"), which fund shall be drawn upon for the sole purpose of paying the principal of and interest on the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds. The Bond Fund has been divided into two accounts, namely, a Principal and

Interest Account and a Reserve Account. So long as any Outstanding Parity Bonds, Bonds and/or Future Parity Bonds are outstanding, the Town shall set aside and pay into the Bond Fund, in addition to the amounts to be set aside and paid therein for the Outstanding Parity Bonds, out of the Gross Revenue of the Waterworks Utility, a fixed amount, without regard to any fixed proportion, namely:

(a) Into the Principal and Interest Account, at least 15 days prior to each interest payment date and each principal payment date, an amount which, together with other money on deposit in that account for the Bonds and Future Parity Bonds, shall on each such interest payment date or principal payment date be sufficient to pay the interest or principal and interest, as the case may be, then falling due upon the Bonds and upon any Future Parity Bonds hereafter issued; and

(b) Into the Reserve Account, amounts necessary to fund the Reserve Requirement for the Bonds by July 1, 1990, in five approximately equal annual installments.

The Town further agrees that when the total Reserve Requirement has been paid into the Reserve Account, it will at all times, except for withdrawals therefrom as authorized herein, maintain such amount therein until there is a sufficient amount in the Principal and Interest Account and Reserve Account to pay the principal of and interest to maturity on all the outstanding Outstanding Parity Bonds, Bonds and/or Future Parity Bonds. When the total amount in the Bond Fund shall equal the total amount of principal and interest requirements of all the outstanding Outstanding Parity Bonds, Bonds and/or Future Parity Bonds to the last maturity thereof, no further payments need be made into the Bond Fund.

The Reserve Account shall be used for the sole purpose of making up any deficiency existing in the Principal and Interest Account to meet maturing installments of either principal or

interest, as the case may be, of any or all outstanding Outstanding Parity Bonds, Bonds and/or Future Parity Bonds. Any deficiency created in the Reserve Account by reason of any such withdrawal therefrom shall be made up from the Gross Revenue of the Waterworks Utility payable into the Bond Fund first available after making necessary provisions for the required payments into the Principal and Interest Account. Money in the Reserve Account also may be used to pay the last maturing principal installments of the outstanding Outstanding Parity Bonds, Bonds and/or Future Parity Bonds.

All money in the Reserve Account may be kept in cash or on deposit in the official bank depository of the Town, may be invested in direct obligations of the United States Government maturing not later than one month prior to the last maturity date of the outstanding Outstanding Parity Bonds, Bonds and/or Future Parity Bonds and/or may be deposited in shares of savings and loan institutions to the extent that such shares are guaranteed by the Federal Savings and Loan Insurance Corporation. Interest earned on any such deposits or investments shall be deposited in and become a part of the Principal and Interest Account in the Bond Fund.

It is declared that in creating the Bond Fund and in fixing the amounts to be paid into it, as aforesaid, the Town Council has had due regard for the Maintenance and Operation Expenses of the Waterworks Utility, and declares that the Town Council is not setting aside into the Bond Fund a greater amount than in its judgment will be available over and above such Maintenance and Operation Expenses.

If the Town fails to set aside and pay into the Bond Fund the amounts above set forth, the holder or owner of any outstanding Outstanding Parity Bonds, Bonds and/or Future Parity

Bonds payable out of the Bond Fund may bring action against the Town and compel the setting aside and payment.

Section 4. The Town Council finds and declares as required by Section 16 of Ordinance No. 254 and Section 11 of Ordinance No. 305 that no default exists in the payment of the principal of or interest on the Outstanding Parity Bonds; that the amount required to have been paid into the Bond Fund for such Outstanding Parity Bonds has been paid and maintained intact therein; and further finds and declares that there will be on file with the Town Treasurer-Clerk a certificate of a nationally reorganized firm of certified public accountants or a professional engineer licensed to practice in the State of Washington and experienced in municipal utilities that the coverage requirements in Section 16, subsection (b) of Ordinance No. 254 have been met.

The Gross Revenue of the Waterworks Utility of the Town is pledged to the payments required to be made into the Bond Fund, and the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds shall constitute a lien and charge upon such Gross Revenue of the Waterworks Utility prior and superior to all other liens and charges whatsoever, subject only to Maintenance and Operation Expenses.

Section 5. The Bonds shall be printed on lithographed or good bond paper in a form consistent with the provisions of this ordinance and state law, shall be signed by the Mayor and Town Treasurer-Clerk, both of whose signatures shall be in facsimile, and a facsimile reproduction of the seal of the Town shall be printed thereon.

Only such Bonds as shall bear thereon a Certificate of Authentication in the following form, manually executed by the

Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance:

CERTIFICATE OF AUTHENTICATION

This bond is one of the fully registered Town of Coupeville, Washington, Water and Sewer Revenue Bonds, 1985, described in the within mentioned Bond Ordinance.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By _____
Authorized Signature

Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this ordinance.

In case either or both of the officers who shall have executed the Bonds shall cease to be such officer or officers of the Town before the Bonds so signed shall have been authenticated or delivered by the Bond Registrar or issued by the Town, such Bonds nevertheless may be authenticated, delivered and issued and upon such authentication, delivery and issue, shall be as binding upon the Town as though those whose facsimile signatures appear on the Bonds had continued to be such officers of the Town. Any Bond also may be signed on behalf of the Town by such persons as at the actual date of execution of such Bond shall be proper officers of the Town authorized to execute Bonds although on the original date of such Bond such persons were not such officers of the Town.

Section 6. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds which shall at all times be open to inspection by the Town.

The Bond Registrar shall be responsible for its representations contained in the Registrar's Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond owners.

Section 7. The Bonds shall be negotiable instruments to the extent provided by RCW 62A.8-102 and 62A.8-105.

Section 8. The Bonds are not obligations of the State of Washington or general obligations of the Town, and no officer of the Town nor any member of its Town Council shall be liable in any manner for the payment of the principal thereof and/or interest thereon.

Section 9. The Town covenants and agrees with the owner of each of the Bonds as follows:

(a) It will at all times maintain and keep the Waterworks Utility in good repair, working order and condition; will at all times operate such Waterworks Utility and the business in connection therewith in an efficient manner and at a reasonable cost; and will collect such rates and charges for water and sanitary sewage disposal service furnished as will provide sufficient revenue to produce Gross Revenue of the Waterworks Utility required to meet the operation of the Waterworks Utility, together with the general maintenance and administrative costs of the Waterworks Utility and the debt service requirements for the outstanding Outstanding Parity Bonds, Bonds and any Future Parity Bonds.

(b) It will establish, maintain and collect such rates and charges for water and for sanitary sewage disposal service as long as any Bonds are outstanding as will make available for the payment of the principal of and interest on the outstanding Outstanding Parity Bonds and such Bonds and any Future Parity Bonds as the same shall accrue an amount equal to at least 1.10 times the average Annual Debt Service of the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds after deducting Maintenance and Operation Expenses from the Gross Revenue of the Waterworks Utility.

(c) It will, while any Bonds remain outstanding, keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Waterworks Utility; will furnish the original owner or owners of the Bonds or any subsequent owner or owners thereof, at the written request of such owner or owners, complete operating and income statements of the Waterworks Utility in reasonable detail covering any fiscal year, not more than 60 days after the close of such fiscal year; and will grant any owner or owners of at least 25% of the outstanding Bonds the right at all reasonable times to inspect the Waterworks Utility and all records, accounts and data of the Utility relating thereto.

(d) It will carry fire and such other forms of insurance on such of the buildings, equipment and facilities of the Waterworks Utility as under good practice is ordinarily carried on such buildings, equipment and facilities by utilities engaged in the operation of water and sanitary sewage disposal systems to the full insurable value thereof; and also will carry adequate public liability insurance at all times.

(e) It will not furnish water or sanitary sewage disposal service to any customer whatsoever free of charge; and it shall, not later than 60 days after the end of each calendar year, take such legal action as may be feasible to enforce collection of all such collectible delinquent accounts.

(f) It will not mortgage, sell, lease, or in any manner encumber or dispose of all the property of the Waterworks Utility, unless provision is made for payment into the Bond Fund of a sum sufficient to pay the principal of and interest on the outstanding Outstanding Parity Bonds and Bonds; and that it will not mortgage, sell, lease, or in any manner encumber or dispose of any part of the Waterworks Utility that is used, useful and material to the operation of the Waterworks Utility unless provision is made for replacement thereof or for payment into the Bond Fund of an amount which shall bear the same ratio to the amount of the outstanding Outstanding Parity Bonds and the Bonds as the Revenue available for debt service for the Outstanding Parity Bonds and the Bonds for the 12 months preceding such sale, lease, encumbrance or disposal from the portion of the Waterworks Utility so sold, leased, encumbered or disposed of bears to the Revenue available for debt service for the Outstanding Parity Bonds and the Bonds from the entire Waterworks Utility for the same period. Any such money so paid into the Bond Fund shall be used to retire the outstanding Outstanding Parity Bonds and the Bonds at the earliest possible date.

(g) It will not take or permit to be taken on its behalf any action which would adversely affect

the exemption from federal income taxation of the interest on the Bonds and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exemption from federal income taxation of the interest on the Bonds. Without limiting the generality of the foregoing, and except to the extent the investment of any Bond proceeds is limited to a yield required to comply with federal arbitrage regulations, the Town will spend the proceeds of the Bonds with due diligence to completion of the purpose specified herein and will not invest or make other use of the proceeds of the Bonds or of its other money at any time during the term of the Bonds, which if such use had been reasonably expected at the date that the Bonds are issued, would have caused such Bonds to be arbitrage bonds within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations thereunder.

It has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certifications may not be relied upon.

Section 10. In the event the Town shall issue advance refunding bonds pursuant to the laws of the State of Washington, or have money available from any other lawful source, to pay the principal of and interest on the Bonds or such portion thereof included in the refunding plan as the same become due and payable and to refund all such then outstanding Bonds and to pay the costs of refunding, and shall have irrevocably set aside for and pledged to such payment and refunding, money and/or direct obligations of the United States of America or other legal investments sufficient in amount, together with known earned income from the investments thereof, to make such payments and to accomplish the refunding as scheduled (hereinafter called the "trust account") and shall make irrevocable provisions for redemption of such Bonds, then in that case all right and interest of the owners of the Bonds to be so retired or refunded (hereinafter collectively called the "defeased Bonds") in the covenants of this ordinance, in the Gross Revenue of the Waterworks Utility, and interest and penalties thereon, and

funds and accounts obligated to the payment of such Bonds shall thereafter cease and become void, except such owners shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account and, in the event the funds in the trust account are not available for such payment, shall have the residual right to receive payment of the principal of and interest on the defeased Bonds from the Gross Revenue of the Waterworks Utility without any priority of lien or charge against that revenue or covenants with respect thereto except to be paid therefrom. After the establishing and full funding of such trust account, the Town may then apply any money in any other fund or account established for the payment or redemption of the defeased Bonds to any lawful purposes as it shall determine, subject only to the rights of the owners of any other bonds then outstanding.

In the event that the refunding plan provides that the Bonds being refunded or the refunding bonds to be issued be secured by cash and/or direct obligations of the United States of America or other legal investments pending the prior redemption of those Bonds being refunded and if such refunding plan also provides that certain cash and/or direct obligations of the United States of America or other legal investments are pledged irrevocably for the prior redemption of those Bonds included in the refunding plan, then only the debt service on the Bonds which are not defeased Bonds and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of coverage for issuance of Future Parity Bonds and the annual computation of coverage for determining compliance with any rate covenants.

Section 11. The Town reserves the right to issue Future Parity Bonds, which shall constitute a lien and charge upon the

Gross Revenue of the Waterworks Utility of the Town, on a parity with the Outstanding Parity Bonds and the Bonds, if the following conditions are met and complied with at the time of the issuance of such Future Parity Bonds:

(a) No default exists in the payment of the principal or interest on any outstanding water and sewer revenue bonds of the Town and the amount required to have been paid into the respective bond redemption funds for such bonds shall have been paid and maintained intact therein;

(b) There shall be on file with the Town Treasurer-Clerk a certificate of a nationally recognized firm of certified public accountants or a professional engineer licensed to practice in the State of Washington and experienced in municipal utilities to the effect that the Net Revenue of the Waterworks Utility of the Town, after deducting the debt service requirements for any outstanding Outstanding Parity Bonds, Bonds and Future Parity Bonds for the calendar year preceding the year in which such Future Parity Bonds are to be issued is not less than 120% of the average annual debt service requirements on all water and sewer revenue bonds of the Town then outstanding, any Future Parity Bonds hereafter issued then outstanding and the Future Parity Bonds proposed to be so issued; provided, however, that this requirement may be waived or modified by the written consent of the owners representing 75% of then outstanding Outstanding Parity Bonds, Bonds and Future Parity Bonds payable out of the Bond Fund; and

(c) The ordinance authorizing any Future Parity Bonds shall provide for the payment of the principal of and interest thereon out of the Bond Fund and shall further provide for the payment of an amount equal to at least one-fifth of the Reserve Requirement for such Future Parity Bonds annually into the Reserve Account so that within a period of five years from the date of issuance of such Future Parity Bonds the Reserve Requirement of such Future Parity Bonds will be funded; except that in the event such Future Parity Bonds are issued for the purpose of refunding outstanding bonds and/or Future Parity Bonds, the amount of such reserve allocated to such bonds being so refunded shall be retained or used as a reserve for such refunding Future Parity Bonds or used to retire outstanding Outstanding Parity Bonds or outstanding Future Parity Bonds pursuant to the refunding plan, which reserve amount shall be replaced in the same manner and within the same time as required for additional Future Parity Bonds, or such reserve may remain in the Reserve Account to be used as the reserve for remaining bonds payable from the Bond Fund.

Nothing herein contained shall prevent the Town from issuing water and sewer revenue bonds which are a charge upon the

Gross Revenue of the Waterworks Utility of the Town junior or inferior to the payments required to be made therefrom into the Bond Fund for the payment of the Outstanding Parity Bonds, Bonds and Future Parity Bonds or from pledging the payment of assessments into a fund or account created to pay and secure the payment of the principal of and interest on such junior lien bonds as long as such assessments are levied in a utility local improvement district or districts created in connection with carrying out the improvements to be constructed from the proceeds of the sale of such junior lien bonds, nor shall anything herein contained prevent the Town from issuing water and sewer revenue bonds to refund maturing water and sewer revenue bonds of the Town for the payment of which money is not otherwise available.

Section 12. Harper, McLean & Company of Seattle, Washington, has offered to purchase the Bonds at a price of par plus accrued interest to the date of delivery of the Bonds, the Town to furnish the printed Bonds and the unqualified approving legal opinion of Roberts & Shefelman, municipal bond counsel of Seattle, Washington, at the Town's expense. Bond counsel shall not be required to review or express any opinion concerning the completeness or accuracy of any official statement, offering circular or other sales material issued or used in connection with the Bonds, and bond counsel's opinion shall so state. The Town Council being of the opinion that it is in the best interest of the Town to accept such offer, accepts the same. The Bonds, therefore, after their authentication, shall be delivered to the purchaser upon payment therefor as aforesaid.

The Town Treasurer-Clerk is authorized and directed to deposit in the Bond Fund the accrued interest received, if any, from the Purchaser and to deposit in the Sewer Construction

Fund, 1982, heretofore created by Ordinance No. 340, the principal proceeds received from the Purchaser. All of the money so deposited in the Sewer Construction Fund, 1982, together with the proceeds of grants and other money of the Town, shall be expended solely to pay the cost of carrying out the Plan of Additions and Betterments. Pending the expenditure of money from the Sewer Construction Fund, 1982, interest earned on the investment of money therein may be retained in and expended for the purposes of such special construction fund.

Section 13. This ordinance shall be in full force and effect after its passage and posting as required by law.

PASSED by the Town Council and APPROVED by the Mayor of the Town of Coupeville, Washington, at a regular open public meeting thereof this 8th day of July, 1985.

Lew Gladky
Mayor

ATTEST:

Town Treasurer-Clerk

FORM APPROVED:

James L. Linn
Town Attorney

1275c

I, DORIS A. WARD, Town Treasurer-Clerk of the Town of Coupeville, Washington, certify that the attached copy of Ordinance No. 391 is a true and correct copy of the original ordinance passed on the 8th day of July, 1985, as such ordinance appears on the Minute Book of the Town.

DATED this 8th day of July, 1985.

Doris A. Ward

DORIS A. WARD
Town Treasurer-Clerk