

CITY OF CAMAS, WASHINGTON

WATER AND SEWER REVENUE REFUNDING BONDS, 1996

ORDINANCE NO. 2056

AN ORDINANCE of the City of Camas, Washington, authorizing the issuance and sale of water and sewer revenue bonds of the city in the aggregate principal amount of \$1,870,000 for the purpose of defeasing certain water and sewer revenue bonds of the city and refunding an outstanding loan from the Community Economic Revitalization Board; fixing the date, form, terms, maturities and covenants of said bonds; providing certain covenants for the payment of the principal of and interest on said bonds; reserving the right to issue additional revenue bonds on a parity with said bonds upon compliance with certain conditions; approving the sale of said bonds; and approving the form of the official statement and the distribution thereof.

ADOPTED JANUARY 22, 1996

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AN ORDINANCE of the City of Camas, Washington, authorizing the issuance and sale of water and sewer revenue bonds of the city in the aggregate principal amount of \$1,870,000 for the purpose of defeasing certain water and sewer revenue bonds of the city and refunding an outstanding loan from the Community Economic Revitalization Board; fixing the date, form, terms, maturities and covenants of said bonds; providing certain covenants for the payment of the principal of and interest on said bonds; reserving the right to issue additional revenue bonds on a parity with said bonds upon compliance with certain conditions; approving the sale of said bonds; and approving the form of the official statement and the distribution thereof.

WHEREAS, the City of Camas, Washington (hereinafter the "City"), now owns, maintains and operates a combined water and sewerage system; and

WHEREAS, pursuant to Ordinance No. 1192 of the City adopted August 23, 1971, the City issued its revenue bonds in the aggregate principal amount of \$1,000,000 under date of October 1, 1971 (the "1971 Bonds"), and provided in Section 8(d) of said ordinance that additional revenue bonds of the City could be issued on a parity with said 1971 Bonds if certain conditions were met; and

WHEREAS, pursuant to Ordinance No. 1678 of the City adopted April 4, 1988, the City issued its revenue bonds in the aggregate principal amount of \$1,250,000 under date of April 1, 1988 (the "1988 Bonds") and provided in Section 14 of said ordinance that additional revenue bonds of the City could be issued on a parity with such 1988 Bonds if certain conditions were met; and

WHEREAS, pursuant to Ordinance No. 1859 of the City adopted January 13, 1992, the City issued its revenue bonds in the aggregate principal amount of \$1,150,000 under date of January 1, 1992 (the "1992 Bonds"), and provided in Section 14 of said ordinance that additional revenue bonds of the City could be issued on a parity with said 1992 Bonds if certain conditions were met; and

WHEREAS, pursuant to Ordinance No. 1727 of the City, adopted August 28, 1989, the City incurred a loan in the amount of \$720,000 from the Community Economic Revitalization Board (the "CERB Loan"); and

WHEREAS, the ordinance authorizing the issuance of the 1988 Bonds provides that any 1988 Bonds may be defeased when the City sets aside in the Bond Fund or another special account advance refunding bond proceeds or other money lawfully available or Government Obligations or any combination of such proceeds, money and/or Government Obligations in amounts which, together with known earned income from the investment thereof, are sufficient to redeem, retire or pay such 1988 Bonds in accordance with their terms and to pay when due, the interest and redemption premium, if any, thereon; and

WHEREAS, the City has determined that it is in the best interest of the City, its inhabitants and other customers of its water and sewer system to refund and defease a portion of its 1988 Bonds with available revenues and to repay the outstanding balance of the CERB Loan; and

WHEREAS, it appears to the City Council that it is in the best interests of the City and its inhabitants that \$1,870,000 aggregate principal amount of revenue bonds (the "Bonds") be authorized, issued and sold with a lien on the revenue of the water and sewer system of the City on a parity with the lien of such 1971 Bonds, 1988 Bonds and 1992 Bonds;

WHEREAS, Seattle-Northwest Securities Corporation of Seattle, Washington (the "Purchaser"), has offered to purchase the revenue bonds authorized herein under the terms and conditions set forth in the purchase contract dated January 22, 1996 (the "Purchase Contract"), a copy of which is attached hereto as Exhibit A and incorporated herein; and

WHEREAS, it appears to the City Council that it is in the best interests of the City that the Bonds be sold to the Purchaser on the terms set forth in the Purchase Contract;

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Camas, Washington, as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. As used in this ordinance, the following words shall have the following meanings:

"Bond Fund" means the special "Water-Sewer Revenue Bond Fund" created by Section 5 of Ordinance No. 1036 to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and any additional bonds issued on a parity therewith.

"Bond Register" means the books or records maintained by the Bond Registrar for the purpose of registration of the Bonds.

"Bond Registrar" or "Registrar" means the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York, whose duties include the registration and authentication of the Bonds, maintenance of the Bond Register, effecting transfer of ownership of the Bonds, and paying the principal of, premium, if any, and interest on the Bonds.

"Bonds" means the \$1,870,000 aggregate principal amount of City of Camas, Washington, Water and Sewer Revenue Refunding Bonds, 1996, issued pursuant to and for the purposes provided in this ordinance.

"CERB Loan" means the loan in the amount of \$720,000 from the Community Economic Revitalization Board to the City incurred pursuant to Ordinance No. 1727, passed August 28, 1989.

"City" means the City of Camas, Washington, a municipal corporation organized and existing as a city under and by virtue of the laws of the State of Washington.

"Council" means the general legislative body of the City as the same shall be duly constituted from time to time.

"Escrow Agent" means the banking institution selected by the Finance Director in accordance with Section 5.1.

"Finance Director" means the person designated as Finance Director by the City Council from time to time.

"Fiscal Year" means the fiscal year used by the City at any time.

"Government Obligations" means obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States as defined in Ch. 39.53 RCW.

"Gross Revenue" means all of the rates, charges or other income and receipts in each case derived by or on account of the City from the operation or ownership of the System.

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

"1988 Bonds" means the \$1,250,000 aggregate principal amount of City of Camas, Washington, Water and Sewer Revenue Bonds, 1988, issued pursuant to Ordinance No. 1678 of the City adopted on April 4, 1988.

"NRMSIR" means a nationally recognized municipal securities information repository.

"Operation and Maintenance Costs" means all necessary costs to the City of operating and maintaining its water and sewer system, including but not limited to the City's administrative and general expenses (which expenses may include pro rata budget charges for city departments when such charges represent a reasonable distribution and share of actual cost), costs of insurance (including reasonable contributions for self-insurance reserves), consulting technical services, excise taxes, and repairs and replacements (only to the extent not properly classifiable as capital costs), but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature, capital costs of additions, betterments, extensions or replacements of all or any portion of the System, or debt service or transfers from money of the System to other funds of the City as taxes or payments in lieu of taxes.

"Ordinance" means this ordinance.

"Outstanding Parity Bonds" means the outstanding Water and Sewer Revenue Bonds, 1971, dated October 1, 1971, issued pursuant to Ordinance No. 1192 of the City, passed on August 23, 1971, the outstanding Water and Sewer Revenue Bonds, 1988, dated April 1, 1988, issued pursuant to Ordinance No. 1678 of the City, passed April 4, 1988 and the outstanding

Water and Sewer Revenue Bonds, 1992, dated January 1, 1992, issued pursuant to Ordinance No. 1859 of the City, passed January 13, 1992.

"Parity Revenue Bonds" means any revenue bonds of the City other than the Outstanding Parity Bonds and the Bonds which are issued hereafter under an ordinance wherein the City pledges that payments to be made out of the Revenue Fund into the Bond Fund and Reserve Account therein created by Ordinance No. 1036 to pay and secure the principal of and interest on such Parity Revenue Bonds will be on a parity with the payments required to be made out of the Revenue Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds.

"Purchaser" means Seattle-Northwest Securities Corporation of Seattle, Washington.

"Qualified Letter of Credit" means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of any Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is currently rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation or their comparably recognized business successors.

"Qualified Insurance" means any noncancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Corporation or their comparably recognized business successors.

"Refunded Bonds" means the 1988 Bonds and the CERB Loan.

"Reserve Account" means that account in the Bond Fund created by Section 6 of Ordinance No. 1036 of the City.

"Revenue Fund" means the special "Water and Sewer Revenue Fund" of the City, created by Section 4 of Ordinance No. 781. The City by such ordinance has pledged that the Gross Revenue of the system shall be paid into the Revenue Fund as collected.

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

"SEC" means the Securities and Exchange Commission.

"SID" means a state information depository for the State of Washington, if one is created.

"System" means the existing water supply and distribution system and sanitary sewage collection and disposal system of the City as the same has heretofore been combined and as the same shall be added to, improved and extended for as long as any of the Outstanding Parity Bonds, the Bonds, and any Parity Revenue Bonds are outstanding.

Section 1.2 Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words imparting the singular number shall include the plural numbers and vice versa unless the context shall otherwise indicate. Reference to Articles, Sections and other subdivisions of this Ordinance are to the Articles, Sections and other subdivisions of this Ordinance as originally adopted unless expressly stated to the contrary. The headings or titles of the Articles and Sections hereof, and the Table of Contents appended hereto, are for convenience of reference only and shall not define or limit the provisions hereof.

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.1 Best Interests of the City. The public interest, welfare, convenience and necessity require the refunding by the City of the 1988 Bonds and the CERB Loan.

Section 2.2 Refunding. The Council hereby finds and determines that the money and Government Obligations to be deposited with the Escrow Agent to pay the principal, premium and interest due and to become due on the 1988 Bonds will be sufficient to discharge and satisfy the obligations of the City under Ordinance No. 1678 and all pledges, charges, trusts, covenants and agreement of the City therein made or provided for with respect to said 1988 Bonds and said 1988 Bonds shall no longer be deemed to be outstanding obligations under Ordinance No. 1678

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immediately upon the deposit of such money and Government Obligations with the Escrow Agent.

The Council hereby finds and determines that the money and Government Obligations to be deposited with the Escrow Agent to pay the principal, premium and interest due and to become due on the CERB Loan will be sufficient to discharge and satisfy the obligations of the City under Ordinance No. 1727 and all pledges, charges, trusts, covenants and agreement of the City therein made or provided for with respect to said CERB Loan and said CERB Loan shall no longer be deemed to be outstanding obligations under Ordinance No. 1727 immediately upon the deposit of such money and Government Obligations with the Escrow Agent.

The City shall obtain a verification by a certified public accountant which shall be satisfactory to Bond Counsel and to the City that the money and Government Obligations to be deposited with the Escrow Agent will be sufficient to pay the principal, premium and interest due and to become due on the Refunded Bonds.

Section 2.3 Parity. The City Council hereby finds and determines as follows:

First, that the Bonds will be issued for the purpose of refunding the 1988 Bonds and refunding the CERB Loan.

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

Third, that this ordinance contains the provisions and covenants required by Section 12(d) of Ordinance No. 1434, Section 14 of Ordinance No. 1678 and Section 14 of Ordinance No. 1859 regarding the payment or payments to be made into the Bond Fund and Reserve Account, regarding the establishment, maintenance and collection of rates and charges for water and sanitary sewage collection and disposal service by the City and regarding the certificate from an independent licensed professional engineer.

Fourth, that the City has been assured that the certificate of an independent professional engineer licensed to practice in the State of Washington as required by Ordinance No. 1434,

No. 1678 and No. 1859 for the issuance of Parity Revenue Bonds will be provided to the City at or prior to the issuance of the Bonds.

All of the conditions of Ordinance Nos. 1434, 1673 and 1859 thus have been met and fully complied with, and the City hereby finds that the Bonds may now be issued on a parity of lien with the Outstanding Parity Bonds.

ARTICLE III

AUTHORIZATION AND ISSUANCE OF BONDS

Section 3.1 Authorization of Bonds. For the purpose of providing the moneys necessary to carry out the defeasance of the 1988 Bonds pursuant to Article V hereof and refund the CERB Loan, the City shall issue the Bonds.

The Bonds shall be dated February 1, 1996, shall be in denominations of \$5,000 each, or integral multiples thereof (provided that no Bond shall represent more than one maturity), shall be fully registered as to principal and interest, and shall be numbered separately in such manner and with any additional identification as the Bond Registrar deems necessary for identification. The Bonds shall bear interest at the rate set forth in the Purchase Contract attached hereto as Exhibit A and incorporated herein. Interest shall be payable October 1, 1996, and semiannually thereafter on the first days of April and October of each year until the Bond bearing such interest has been paid or its payment duly provided for. The Bonds shall mature on the following dates and in the following amounts:

Maturity	Amount
10/1/96	\$75,000
4/1/97	165,000
4/1/98	185,000
4/1/99	190,000
4/1/00	195,000
4/1/01	205,000
4/1/02	210,000
4/1/03	225,000
4/1/04	190,000
4/1/05	55,000
4/1/06	55,000
4/1/07	60,000
4/1/08	60,000

Section 3.2 Additional Provisions of the Bonds. 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 (on the date such interest is due) 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 the principal office of the fiscal agency of the State of Washington in Seattle, Washington or New York, New York, at the option of such owners. Principal of and interest on the Bonds shall be payable solely from the Bond Fund. The Bonds are not general obligations of the City or of the State of Washington or any political subdivision thereof.

The Bond Register shall be maintained by the Bond Registrar, and shall contain the name and mailing address of the registered owner or owners of each Bond or nominee of such registered owner or owners and the principal amount and number of Bonds held by each registered owner or nominee.

Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for Bonds of any authorized denomination of equal aggregate principal amount and of the same interest rate and maturity. The 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.

Section 3.3 Redemption.

A. Optional Redemption. The Bonds maturing on or after April 1, 2006 are subject to redemption prior to maturity, at the option of the City, on or after April 1, 2005, on any interest payment date (in inverse order of maturity and by lot within a maturity), upon written notice mailed as provided herein, at the price of 100% of the principal amount of the Bonds to be redeemed plus interest accrued thereon to the date fixed for redemption.

If less than the whole of a maturity is so called for redemption, the Bond Registrar shall choose by lot the Bonds to be redeemed. In the case of a Bond of a denomination greater than \$5,000, the City shall treat each such Bond as representing such number of separate Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Bond by \$5,000. In the event that only a portion of the principal sum of a Bond is redeemed, upon surrender of the Bond at the principal office of the Bond Registrar there shall be issued to the registered owner, without charge therefor, for the then unredeemed balance of the principal sum thereof, at the option of the owner, a Bond or Bonds of like maturity and interest rate in any of the denominations herein authorized.

On or prior to any redemption date, the City shall deposit with the Bond Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Upon surrender of such Bonds for redemption, such Bonds shall be paid by the Bond Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest.

B. Notice of Redemption. Official notice of each optional redemption shall be given not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption, by first class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register.

All official notices of redemption shall be dated and shall state: (1) the redemption date, (2) the redemption price, (3) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed, (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and (5) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal offices of the Bond Registrar.

The requirements of this Section shall be deemed to be complied with when official notice is mailed as herein provided regardless of whether or not it is actually received by the owner of any Bond. The Bonds so called for redemption shall, on the date specified in such notice, become due and payable, and from and after the date so fixed for redemption (unless the City shall default in the payment of the Bonds so called for redemption), interest on said Bonds so called for redemption shall cease to accrue.

In addition to the foregoing notice, further notice shall be given as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

1. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

2. Each further notice of redemption shall be sent at least 35 days before the redemption date to Standard & Poor's Corporation and Moody's Investors Service, Inc. in New York, New York, or their business successors.

Section 3.4 Purchase of Bonds in Open Market. The City hereby reserves the right whenever it has any surplus money in the Revenue Fund over and above any amounts necessary to pay necessary costs of maintaining and operating the System, costs of necessary additions, improvements and repairs thereto and extensions and replacements thereof when the same are not to be financed by the issuance of bonds or warrants, all payments required to be made into the Bond Fund and Reserve Account therein, all payments required to be made into other funds or accounts out of the Revenue Fund and all payments required for any other proper purpose in connection with the operation of the System, to use such surplus money at any time to purchase any of the Outstanding Parity Bonds, the Bonds and any Parity Revenue Bonds in the open market for retirement, only if the same may be purchased at a price of not more than par plus accrued interest.

Section 3.5 Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City and attested with the manual or facsimile signature of the Clerk-Treasurer thereof; and the seal of the City shall be impressed or imprinted on each of the Bonds. In case any of the officers who shall have signed, attested or registered any of the Bonds shall cease to be such officer before such Bonds have been actually issued and delivered, such Bonds shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed, attested or registered such Bonds had not ceased to be such officers.

Only such Bonds as shall bear thereon a Certificate of Authentication in the form set forth in Section 7.1 of this Ordinance, manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Ordinance.

ARTICLE IV

CREATION OF FUNDS AND ACCOUNTS

Section 4.1 Revenue Fund. There has heretofore been created by Section 4 of Ordinance No. 781 of the City a special fund of the City known as the "Water and Sewer Revenue Fund" ("Revenue Fund") into which fund the City has obligated and bound itself to pay all of the Gross Revenue of the System as collected. The money in the Revenue Fund shall be kept segregated from any and all other moneys of the City.

All Operation and Maintenance Costs, all payments required to be made into the Bond Fund and Reserve Account therein, all payments which may be required by subsequent ordinances or resolutions of the City to be made into any reserve fund created for the payment of additions to and betterments and extensions of the System, and all payments which may be required later to be made into any other fund or account of the City or for any other proper purpose in connection with the operation and ownership of the System shall be paid out of the Revenue Fund.

Section 4.2 Bond Fund. There has heretofore been created by Section 5 of Ordinance No. 1036 of the City another special fund of the City known as the "Water-Sewer Revenue Bond Fund" (the "Bond Fund"), which Fund shall be drawn upon for the sole purpose of paying the principal of, premium if any, and interest on the Outstanding Parity Bonds, the Bonds, and any Parity Revenue Bonds. The moneys in the Bond Fund shall be kept segregated from any and all other moneys of the City.

The appropriate officer of the City shall promptly, after the sale of the Bonds, deposit the accrued interest thereon into the Bond Fund.

The City hereby covenants and agrees to set aside and pay into the Bond Fund out of the Revenue Fund the following fixed amounts necessary to pay the principal of and interest on the Bonds as the same respectively become due and payable, which amounts shall be paid into the Bond Fund on or before the 20th day of each month as follows:

A. Beginning with the month of April, 1996, and continuing for as long as any of the Bonds are outstanding and unpaid, an amount equal to at least one-sixth of the interest to become due and payable on the next interest payment date on all of the Bonds then outstanding.

B. Beginning with the month of April, 1996, an amount equal to at least one-sixth of the principal to become due and payable October 1, 1996 and beginning with the month of April, 1996, and continuing for as long as any of the Bonds are outstanding and unpaid, an amount equal to at least one-twelfth of the principal of the Bonds to become due and payable on April 1, 1997 and on each principal payment date thereafter.

Said amounts so pledged to be paid out of the Revenue Fund into the Bond Fund and amounts hereinafter pledged to be paid into the Reserve Account are hereby declared to be a prior lien and charge upon the money in the Revenue Fund equal in rank to the lien and charge thereon of amounts necessary to pay and secure the payment of the principal of and interest on Outstanding Parity Bonds and any Parity Revenue Bonds and superior to all other charges of any kind or nature except necessary Operation and Maintenance Costs of the System.

Section 4.3 Reserve Account. A Reserve Account has heretofore been created in the Bond Fund by Section 6 of Ordinance No. 1036 for the purpose of securing the payment of the principal of and interest on all revenue bonds of the City payable out of the Bond Fund.

At closing, the City shall deposit into the Reserve Account \$30,657 out of proceeds of the Bonds and shall deposit additional amounts out of the Revenue Fund and out of any other moneys available for such purposes so that, together with other moneys on deposit pursuant to Section 8 of Ordinance No. 1434, Section 11 of Ordinance No. 1673 and Section 11 of Ordinance No. 1859 there will be on deposit in the Reserve Account a total amount at least equal to the maximum annual amount required to pay the principal of and interest on the Bonds and the Outstanding Parity Bonds.

The City will at all times maintain the amounts hereinabove stated in the Reserve Account until there is a sufficient amount in the Bond Fund and Reserve Account to pay the principal of, premium if any and interest on all outstanding bonds payable out of the Bond Fund, at which time

the money in the Reserve Account may be used to pay such principal, premium, if any, and interest. It is hereby provided, however, that money in the Reserve Account may be withdrawn to pay the principal of, premium, if any, and interest on all of the outstanding bonds of any single issue or series of revenue bonds payable out of the Bond Fund, so long as the moneys left remaining on deposit in the Reserve Account are at least equal to the maximum annual debt service due thereafter on each of the remaining issues payable out of the Bond Fund.

In the event the Bonds are ever refunded, the money set aside in the Reserve Account to secure the payment of the Bonds may be used to retire Bonds, may remain in the Reserve Account, or may be transferred to any other reserve account which may be created to secure the payment of the bonds issued to refund the Bonds outstanding.

In the event the money in the Bond Fund over and above the amount therein set aside and credited to the Reserve Account is insufficient to meet maturing installments of either principal or interest on any outstanding bonds payable out of such Bond Fund, such deficiency shall be made up from the Reserve Account by the withdrawal of money therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from money in the Revenue Fund first available after making necessary provision for the payments required to be made into the Bond Fund.

All money in the Reserve Account above provided for may be kept in cash or invested in such obligations as may now or hereafter be permitted cities and towns of the State of Washington by law and maturing not later than the last maturity of any outstanding bonds that are payable out of the Bond Fund. Interest earned on or any profits made from the sale of any such investments shall be deposited in and become a part of the Revenue Fund and shall be considered revenue of the System.

When no 1971 Bonds and 1992 Bonds remain outstanding, any ordinance providing for the issuance of Parity Revenue Bonds may provide (or the City may provide by ordinance at any other time) for the City to obtain Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this Section to be paid out of the Reserve Account. The face

amount of any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account by this Section 4.3 to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of this Section 4.3 providing for payment to the Reserve Account in the event of a deficiency therein.

Section 4.4 Adequacy of Revenue. The City Council hereby declares that, in fixing the amounts to be paid into the Bond Fund and the Reserve Account as hereinbefore provided, they have exercised due regard for the necessary Operation and Maintenance Costs of the System and the amounts necessary to pay the principal of and interest on the Outstanding Parity Bonds, and have not obligated the City to set aside and pay into the Bond Fund and Reserve Account a greater amount of revenue of the System than in their judgment will be available over and above such Operation and Maintenance Costs and the amounts necessary to pay such principal and interest.

ARTICLE V

DEFEASANCE OF 1988 BONDS AND REPAYMENT OF CERB LOAN

Section 5.1 Plan of Defeasance. There is hereby authorized to be created with a banking institution to be chosen the Finance Director (hereinafter called the "Escrow Agent") a special fund which shall be known as the Escrow Fund. The Escrow Fund shall be funded as hereinafter set forth in this section and be drawn upon for the sole purpose of paying the principal of and interest on the Refunded Bonds.

The City shall purchase or cause to be purchased noncallable Government Obligations which, together with the beginning cash balance, if any, will be sufficient for the payment of the redemption price of the 1988 Bonds on April 1, 1996 and interest thereon as the same shall become due on and prior to that date, and to repay the CERB Loan on April 1, 1996, together with interest become due on and prior to that date.

The beginning cash balance and Government Obligations shall be irrevocably deposited in trust with the Escrow Agent pursuant to an Escrow Agreement between the City and the Escrow Agent (the "Escrow Agreement"). Such money and Government Obligations are hereby irrevocably pledged to be held and applied solely for the payment of the principal, premium and interest due and to become due on the Refunded Bonds, provided, however, that the City may from time to time transfer, or cause to be transferred, from the Escrow Fund to the Revenue Fund any money not required for such purposes upon compliance with the applicable provisions of the Escrow Agreement.

Section 5.2 Irrevocable Call for Redemption. The City hereby irrevocably calls for redemption on April 1, 1996 the 1988 Bonds maturing thereafter at a price of par plus accrued interest, all in accordance with the provisions of Section 6 of Ordinance No. 1678. The City also irrevocably determines to prepay the CERB Loan on April 1, 1996, at par plus accrued interest all in accordance with the provision of Section 4 of Ordinance No. 1727. The Escrow Agent is hereby irrevocably instructed to act in concert with the City to effect a timely notice of such call and prepayment in accordance with the provisions of Section 6(B) of Ordinance No. 1678 and Section 4 of Ordinance No. 1727.

Section 5.3 Escrow Agreement Relating to the Refunded Bonds.

A. In order to carry out the defeasance of the Refunded Bonds as provided for in this Ordinance, the Mayor and City Clerk are authorized and directed to execute and deliver to the Escrow Agent an Escrow Agreement substantially in the form on file with the City Clerk with such changes or modifications as the Mayor with the advice of Bond Counsel to the City, considers necessary or advisable.

B. The City irrevocably sets aside for and pledges to the payment of the Refunded Bonds the money and securities to be deposited with the Escrow Agent pursuant to the Escrow Agreement to accomplish the plan of refunding and defeasance set forth herein and in the Escrow Agreement.

Section 5.4 Payment and Redemption of Outstanding Bonds. The money and securities deposited in the Escrow Fund shall be sufficient to pay, when due, the principal of and interest on all 1988 Bonds on April 1, 1996 and to pay, when due, the principal of and interest on, the CERB Loan on April 1, 1996.

ARTICLE VI
COVENANTS

Section 6.1 General Covenants. The City hereby covenants and agrees with the owner and holder of each of the Bonds for as long as the same remain outstanding as follows:

A. It will establish, maintain and collect rates and charges for water and sanitary sewage disposal service for as long as any of the Outstanding Parity Bonds, the Bonds, and any Parity Revenue Bonds are outstanding that will make available for the payment of the principal of and interest on all of such bonds, as the same shall become due, an amount equal to at least 1.4 times the maximum amount required in any calendar year hereafter to pay all of such principal and interest as the same shall become due. The amount "available for the payment of the principal of and interest on all of such bonds as the same shall become due" is hereby defined as "the Gross Revenue of the System less Operation and Maintenance Costs of the System but before depreciation."

B. It will at all times maintain and keep said System in good repair, working order and condition and will also at all times operate the same and the business in connection therewith in an efficient manner and at a reasonable cost.

C. It will not sell or otherwise dispose of any of the properties of the System (unless such properties are no longer useful for the operation of such System) unless provision is made for payment into the Bond Fund of a sum sufficient, together with other moneys available therefor, to pay the principal of and interest on all of the outstanding bonds payable out of such Fund in accordance with their terms.

D. It will not issue any Parity Revenue Bonds except that it reserves the right for

(1) The purpose of acquiring, constructing and installing additions to and betterments and extensions of, acquiring necessary equipment for, or making necessary repairs or capital improvements to or replacements of equipment of, the System; or

(2) The purpose of refunding, exchanging with or purchasing and retiring prior to their maturity the outstanding revenue bonds or warrants of the City,

to issue Parity Revenue Bonds and to pledge that payments shall be made out of the Revenue Fund into the Bond Fund and Reserve Account to pay and secure the payment of the principal of and interest on such Parity Revenue Bonds on a parity with the payments required to be made out of the Revenue Fund into the Bond Fund and the Reserve Account therein and the special Reserve Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds upon compliance with the following conditions:

First: That at the time of the issuance of such Parity Revenue Bonds there is no deficiency in the Bond Fund and the Reserve Account therein.

Second: That the City will covenant in each ordinance authorizing the issuance of Parity Revenue Bonds that it will establish, maintain and collect rates and charges for water and sanitary sewage collection and disposal service for as long as any of the Outstanding Parity Bonds, the Bonds and any Parity Revenue Bonds are outstanding that will make available for the payment of the principal of and interest on all of such bonds as the same shall become due an amount equal to at least 1.4 times the maximum amount required in any calendar year thereafter for the payment of all of such principal and interest after Operation and Maintenance Costs of the System have been paid, but before depreciation.

Third: That the ordinance providing for the issuance of any such Parity Revenue Bonds shall provide for the payment of the principal thereof and interest thereon out of the Bond Fund and shall provide for the payment into the Reserve Account in such Bond Fund within five years

from the date of the issuance of such Parity Revenue Bonds of a sum at least equal to the maximum annual amount required for debt service on such Parity Revenue Bonds.

Fourth: That at the time of the issuance of such Parity Revenue Bonds the City shall have on file in the office of the City Clerk a certificate executed by an independent professional engineer licensed to practice in the State of Washington and experienced in the installation and operation of municipal utilities, showing that the net revenue of the System for a period of any twelve months out of the eighteen months immediately preceding the month of delivery of such Parity Revenue Bonds, plus his estimate of the annual net revenue to be derived by the City from the operation of any additions to and betterments and extensions of the System to be acquired, constructed and installed out of the proceeds of the sale of such Parity Revenue Bonds, will equal at least 1.4 times the maximum amount required in any calendar year thereafter for the payment of the principal of and interest on all outstanding bonds the principal of and interest on which are payable out of the Bond Fund and other Parity Revenue Bonds to be issued.

The words "net revenue" as first used in subparagraph Fourth above shall mean the Gross Revenue of the System for said twelve-month period after deducting therefrom the amount expended for the normal Operation and Maintenance Costs of the System for such twelve months, but before depreciation and before any transfer of moneys to any funds of the City other than the Bond Fund, and taxes or payments in lieu of taxes to the City. If there were any customers added to the System during such twelve-month period, such net revenue may be computed on the basis that such customers were customers of the System during such period.

The words "annual net revenue" as first used in subparagraph Fourth above shall mean such engineer's estimate of the annual Gross Revenue to be derived by the City from the operation of the additions to and betterments and extensions of the System acquired, constructed and installed out of the proceeds of the sale of such additional bonds, based upon an actual count of customers, less his estimate of any increased annual normal operating and maintenance expenses of the System allocable to such additions, improvements and extensions.

Whenever "net revenue" or "annual net revenue" has been determined as provided in this subsection, the same shall be increased or decreased on a pro forma basis in the event that there has been any change in the rates or charges upon which such "net revenue" or "annual net revenue" was based authorized by the City Council to be effective at least fifteen days prior to the sale of such Parity Revenue Bonds.

In the event that such Parity Revenue Bonds are issued for the sole purpose of refunding a like principal amount of Outstanding Parity Bonds, Bonds or Parity Revenue Bonds and the average annual amount required for debt service during the life of said Parity Revenue Bonds to be issued is less than the average annual amount required for debt service on the bonds being refunded and the last maturity date of such Parity Revenue Bonds to be issued is not later than the last maturity date of the bonds being refunded, then the certificate required above need not be obtained to permit the issuance of such Parity Revenue Bonds.

E. Nothing herein contained shall prevent the City from issuing revenue bonds or revenue warrants which are a charge upon the money in the Revenue Fund junior or inferior to the payments required to be made to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds or from issuing revenue bonds to refund maturing revenue bonds for the payment of which moneys are not otherwise available.

Section 6.2 Tax Covenants. The City shall comply with the provisions of this section unless, in the written opinion of nationally-recognized bond counsel to the City, such compliance is not required in order to maintain the exemption of the interest on the Bonds from federal income taxation.

The City hereby covenants that it will not make any use of the proceeds of sale of the Bonds or any other funds of the City which may be deemed to be proceeds of such Bonds pursuant to Section 148 of the federal Internal Revenue Code of 1986 and the applicable regulations thereunder which will cause the Bonds to be "arbitrage bonds" within the meaning of said section and said regulations. The City will comply with the requirements of Section 148 of

the Internal Revenue Code of 1986 (or any successor provision thereof applicable to the Bonds) and the applicable regulations thereunder through the term of the Bonds.

The City further covenants that it will not take any action or permit any action to be taken that would cause the Bonds to constitute "private activity bonds" under Section 141 of the federal Internal Revenue Code of 1986.

The City hereby designates the Bonds as "qualified tax-exempt obligations" under Section 265(b) of the federal Internal Revenue Code of 1986. The City does not expect to issue tax-exempt obligations in an aggregate principal amount in excess of \$10,000,000 during calendar year 1996.

ARTICLE VII
FORM OF BOND

Section 7.1 Bond Form. The Bonds shall be in substantially the following form:

NO. _____ \$ _____

UNITED STATES OF AMERICA

STATE OF WASHINGTON

CITY OF CAMAS

WATER AND SEWER REVENUE REFUNDING BOND, 1996

Interest Rate: _____% Maturity Date: _____

Registered Owner: _____ CUSIP No.: _____

Principal Amount: _____ Dollars

The City of Camas, Washington (the "City"), a municipal corporation of the State of Washington, for value received hereby promises to pay to the Registered Owner identified above on the Maturity Date identified above the Principal Amount identified above and to pay interest thereon from the date hereof, or the most recent date to which interest has been paid or duly provided for at the Interest Rate set forth above, such interest to be payable semiannually on the first days of April and October of each year (commencing October 1, 1996) until the maturity of this bond (or if default should be made in the payment of the principal hereof when the same shall become due and payable, at the same rate of interest until the payment in full of such principal sum).

The principal of and interest on this bond are payable solely out of the special fund of the City known as the "Water-Sewer Revenue Bond Fund" ("Bond Fund"). Both principal of and interest on this bond are payable in lawful money of the United States of America. Interest shall be paid by mailing a check or draft to the registered owner at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date. Principal shall be paid to the registered owner upon presentation and surrender of this bond at the principal office of the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York (hereinafter referred to collectively as the "Bond Registrar").

Reference is hereby made to additional provisions of this bond set forth on the reverse side hereof, and such additional provisions shall for all purposes have the same effect as if set forth on this space.

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

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of Washington to exist, to have happened and to have been performed precedent to and in the issuance of this bond do exist, have happened and have been performed in due time, form and manner as prescribed by law, and that the amount of this bond, together with all other obligations or indebtedness of the City, does not exceed any constitutional or statutory limitations of indebtedness.

IN WITNESS WHEREOF, the City of Camas, Washington, has caused this bond to be signed by manual or facsimile signature of its Mayor, and attested by the manual or facsimile signature of its Clerk-Treasurer, and the manual or facsimile seal of the City to be impressed or imprinted hereon, all as of the first day of February, 1996.

CITY OF CAMAS, WASHINGTON

By _____
Mayor

(SEAL)

Attest:

Clerk-Treasurer

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is one of the bonds described in the within mentioned Bond Ordinance and is one of the Revenue Bonds, 1996 of the City of Camas, Washington, dated February 1, 1996.

WASHINGTON STATE FISCAL AGENCY
Bond Registrar

By _____
Authorized Officer

ADDITIONAL BOND PROVISIONS

This bond is one of a series of bonds issued under authority of Ordinance No. 208 adopted by the City Council on the 22nd day of January, 1996 (the "Bond Ordinance"), for the purpose of refunding certain outstanding water and sewer revenue bonds of the City and a loan from the Community Economic Revitalization Board under the authority of and in full compliance with the Constitution and statutes of the State of Washington and proceedings of the Council of the City duly adopted.

The bonds of this issue have been designated as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Internal Revenue Code of 1986.

Under the Bond Ordinance, the City is obligated to set aside and pay into the Bond Fund out of the Gross Revenue of its water and sewer system, including all additions to and betterments and extensions thereof, certain fixed amounts sufficient to pay the principal of and interest on all the bonds issued under the Bond Ordinance at any time outstanding as the same shall become due and payable, all as more fully provided in the Bond Ordinance. The bonds of this issue and other Outstanding Parity Bonds, as defined in the Bond Ordinance, constitute the only charge against such Bond Fund.

In the Bond Ordinance, the City covenants to establish, maintain and collect rates and charges for water and sanitary sewage disposal service which shall provide revenues equal to at least 1.4 times the maximum amount required in any calendar year hereafter for the payment of the principal of and interest on this bond and the issue of which this bond is a part and all bonds heretofore or hereafter issued which rank on a parity therewith, after Operation and Maintenance Costs of the System have been paid, but before depreciation.

The amounts so pledged and to be paid into the Bond Fund and the Reserve Account therein for the purpose of paying and securing the principal of and interest on the bonds, the outstanding water and sewer revenue bonds of the City dated October 1, 1971, April 1, 1988 and January 1, 1992 and any water and sewer revenue bonds which may hereafter be issued on a

parity of lien with the bonds, are hereby declared to be a prior lien and charge upon such gross revenue superior to all other charges of any kind or nature except the Operation and Maintenance Costs of the water and sewer system of the City.

The pledge of gross revenue and other obligations of the City under the Bond Ordinance may be discharged at or prior to the maturity or redemption of the bonds of this issue upon the making of provision for the payment thereof on the terms and conditions set forth in the Bond Ordinance.

Reference is made to the Bond Ordinance for a description of the Bond Fund and the covenants and declarations of the City and other terms and conditions upon which the bonds authorized thereby have been issued and other bonds ranking on a parity therewith have been and may hereafter be issued and outstanding.

This bond is a special limited obligation of the City and is not an obligation of the State of Washington or any political subdivision thereof other than the City, and neither the full faith and credit nor the taxing power of the City or the State of Washington is pledged to the payment of this bond.

The bonds maturing on or after April 1, 2006 are subject to redemption prior to maturity, at the option of the City, on or after April 1, 2005, on any interest payment date, in inverse order of maturity (and by lot within a maturity in increments of \$5,000 if less than all of a maturity is to be redeemed), at the price of 100% of the principal amount of the bond to be redeemed, together with the interest accrued thereon to the date fixed for redemption, upon written notice as provided hereinafter.

Written notice of redemption shall be given by first class mail, postage prepaid, not less than thirty days nor more than sixty days before the redemption date to the registered owners of the bonds to be redeemed in whole or in part at their last addresses, if any, appearing on the Bond Register, but failure to receive any such notice shall not affect the validity of the proceedings for redemption of bonds. Notice of redemption having been given by mailing, as aforesaid, the bonds so called for redemption shall on the date specified in such notice become due and payable at the applicable redemption price herein provided, and from and after the date so fixed for redemption (unless the City shall default in the payment of the bonds so called for redemption) interest on said bonds so called for redemption shall cease to accrue.

Portions of the principal sum of this bond in increments of \$5,000 or any integral multiple thereof may be redeemed, and if less than all of the principal sum hereof is to be redeemed, in such case upon the surrender of this bond at the principal office of the Bond Registrar, there shall be issued to the registered owner, without charge therefor, for the then unredeemed balance of the principal sum hereof, fully registered bonds of like series, maturity and interest rate in any of the denominations authorized by the Bond Ordinance.

Bonds are interchangeable for bonds of any authorized denomination of equal aggregate principal amount and of the same interest rate and maturity upon presentation and surrender to the Bond Registrar.

ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

[Empty rectangular box for Social Security or Taxpayer Identification Number]

(Please print or typewrite name and address, including zip code, of Transferee)

the within bond and does hereby irrevocably constitute and appoint _____

as attorney-in-fact to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____, _____.

SIGNATURE GUARANTEED:

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

ARTICLE VIII

SUPPLEMENTAL ORDINANCES

Section 8.1 Supplemental Ordinances Without Consent of Bond Owners. The City Council from time to time and at any time may adopt an ordinance supplemental hereto, which

ordinance thereafter shall become a part of this Ordinance, for any one or more or all of the following purposes:

(1) To add to the covenants and agreements of the City in this Ordinance other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the City.

(2) To make such provisions for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained in this Ordinance or in regard to matters or questions arising under this Ordinance as the City Council may deem necessary or desirable and not inconsistent with this ordinance and which shall not adversely affect the interests of the holders of the Bonds.

Any such supplemental ordinance of the City Council may be adopted without the consent of the holders of any of the Bonds at any time outstanding, notwithstanding any of the provisions of Section 8.2 of this Article VIII.

Section 8.2 Supplemental Ordinance With Consent of Bond Owners. With the consent of the holders of not less than two-thirds in aggregate principal amount of the Outstanding Bonds, the Bonds and the Parity Revenue Bonds at the time outstanding, the City Council may adopt an ordinance supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance shall:

(1) Extend the fixed maturity of any of the 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 holder of each Bond so affected; or

(2) Reduce the aforesaid percentage of holders of Bonds required to approve any such supplemental ordinance without the consent of the holders of all of the Bonds then outstanding.

It shall not be necessary for the consent of the bondholders under this Section 8.2 to approve the particular form of any proposed supplemental ordinance, but it shall be sufficient if such consent shall approve the substance thereof.

Section 8.3 Effect of Supplemental Ordinance. Upon the adoption of any supplemental ordinance pursuant to the provisions of this Article VIII, 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 of all holders of 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 part of the terms and conditions of this Ordinance for any and all purposes.

Bonds executed and delivered after the execution of any supplemental ordinance adopted pursuant to the provisions of this Article VIII may bear 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 holders of the Bonds then outstanding, upon surrender for cancellation of such bonds with all coupons, if any, not fully paid, in equal aggregate principal amounts.

ARTICLE IX

ONGOING DISCLOSURE

Section 9.1 Undertaking to Provide Ongoing Disclosure.

A. Contract/Undertaking. This section constitutes the City's written undertaking for the benefit of the owners of the Bonds as required by Section (b)(5) of the Rule. The City certifies that it is not an obligated person (as defined in the Rule) with respect to more than \$10,000,000 in aggregate principal amount of outstanding municipal securities, including the Bonds.

B. Financial Statements/Operating Data. The City agrees to provide upon request or at least annually to the SID, if any, the following information and operating data for the most

recent Fiscal Year (commencing in 1997 for the Fiscal Year ended December 31, 1996) for which such information is publicly available:

Annual financial statements showing ending fund balances for the System prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) generally of the type included in the official statement for the Bonds under the heading "Historical Operating Results."

If not provided as part of the annual financial information discussed above, the City shall provide the City's audited annual financial statement prepared in accordance with the Budget Accounting and Reporting System prescribed by the Washington State Auditor pursuant to RCW 43.09.200 (or any successor statute) when and if available upon request and to the SID, if any.

C. Material Events. The City agrees to provide or cause to be provided, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if, in the judgment of the City, such event is material:

- ◆ Principal and interest payment delinquencies;
- ◆ Nonpayment-related defaults;
- ◆ Unscheduled draws on debt service reserves reflecting financial difficulties;
- ◆ Substitution of credit or liquidity providers or their failure to perform;
- ◆ Unscheduled draws on credit enhancements reflecting financial difficulties;
- ◆ Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- ◆ Modifications to the rights of Bondholders;
- ◆ Optional redemption of Bonds prior to their maturity;;
- ◆ Defeasances;
- ◆ Rating changes; and
- ◆ Release, substitution or sale of property securing repayment of the Bonds.

No property now secures the repayment of the Bonds.

D. Termination/Modification. The City's obligations to provide annual financial information and notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all the Bonds. This section, or any provision hereof, shall be null and void if the City (1) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this section, or any such provision, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (2) notifies each then existing NRMSIR and the SID, if any, of such opinion and the cancellation of this section.

This section may be amended, without the consent of the Bond owners, if the City (a) obtains an opinion of nationally recognized bond counsel to the effect that such amendment will not adversely affect the City's compliance with this Section and the Rule; and (b) notifies and provides each then existing NRMSIR and the SID, if any, with copies of the opinion and the amendment.

E. Bond Owner's Remedies Under This Section. Notwithstanding any other provisions of this Ordinance, a Bond owner's or beneficial owner's right to enforce the provisions of this Section 9.1 shall be limited to a right to obtain specific enforcement of the City's obligations hereunder. A Bond owner or beneficial owners may, on its own, seek specific performance without the necessity of creating a Bond owners' Committee. Any failure by the City to comply with the provisions of this section shall not constitute an Event of Default with respect to the Bonds under this Ordinance.

ARTICLE X

SALE OF BONDS, APPROVAL OF OFFICIAL STATEMENT, DEFEASANCE, MISCELLANEOUS

Section 10.1 Sale of Bonds. The City hereby accepts the written offer of the Purchaser to purchase the Bonds under the terms and conditions provided in the Purchase Contract attached hereto as Exhibit A and incorporated herein.

The proper City officials are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Bonds to the Purchaser and for the proper use and application of the proceeds of such sale.

Section 10.2 Official Statement; Use of Documents. The Finance Director and other appropriate officers of the City are authorized and directed to execute and deliver to the Purchaser copies of an Official Statement in substantially the form of the Preliminary Official Statement dated January 11, 1996; provided, however, that the Finance Director is authorized to supplement or amend the Official Statement as the Finance Director, with the approval of bond counsel to the City, deems necessary or appropriate. The City hereby deems the Preliminary Official Statement as final for purposes of Rule 15c2-12 of the Securities and Exchange Act.

The City Council approves and authorizes the use of such Official Statement (including any such supplements and amendments thereto) in connection with the public offering and sale of the Bonds by the Purchaser and authorizes the Finance Director and other appropriate officers of the City to execute such Official Statement on behalf of the City.

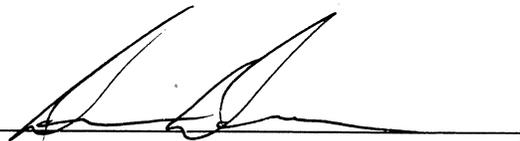
Section 10.3 Defeasance. In the event that money and/or direct obligations of the United States of America, and/or "Government Obligations" as the same are now or may hereafter be defined in Ch. 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts (together with such money, if necessary) sufficient to redeem and retire the Bonds in accordance with their terms are set aside in a special account of the Bond Fund to effect such redemption and retirement and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on the Bonds so provided for, and such Bonds shall cease to be entitled to any lien, benefit or security of this Ordinance except for the right to receive the moneys so set aside and pledged, and the Bonds shall be deemed not to be outstanding hereunder.

Within 30 days of any defeasance of Bonds, the City shall provide notice of defeasance of Bonds to registered owners and to each NRMSIR and SID, if any, in accordance with Section 9.1 hereof.

Section 10.4 Effective Date. This Ordinance shall become effective 5 days after its passage, approval and publication as required by law.

PASSED by the City Council of the City of Camas, Washington, and approved by its Mayor at a regular meeting of said Council held this 22nd day of January, 1996.

CITY OF CAMAS, WASHINGTON

By 
Mayor

ATTEST:

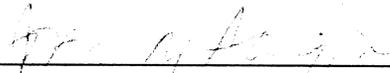

Finance Director

EXHIBIT "A"
[PURCHASE CONTRACT]

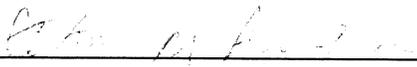
CERTIFICATE

I, JOAN DURGIN, the duly chosen, qualified and acting Finance Director of the City of Camas, Washington, (the "City") and keeper of the records of the City Council (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. 207 of the Council (herein called the "Ordinance"), duly passed at a regular meeting thereof held on the 22nd day of January, 1996.

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 said Ordinance; that all other requirements and proceedings incident to the proper passage of said 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 22nd day of January, 1996.



Finance Director