

CITY OF CAMAS, WASHINGTON

UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 1996 AND  
LIMITED TAX GENERAL OBLIGATION AND REFUNDING BONDS, 1996

ORDINANCE NO. 2092

AN ORDINANCE of the City of Camas, Washington, authorizing the issuance and sale of unlimited tax general obligation refunding bonds in the aggregate principal amount of \$1,000,000 and limited tax general obligation and refunding bonds in the aggregate principal amount of \$3,110,000 to refund certain outstanding unlimited tax general obligation bonds and limited tax general obligation bonds of the City and for the purpose of providing funds to construct and equip a police administrative facility; authorizing the appointment of an escrow agent and the execution of an escrow agreement related to such refundings; providing the date, form and redemption provisions of said bonds; providing for the disposition of the sale of such bonds and refunding bond proceeds; providing for the annual levy of taxes to pay the principal of and interest on such bonds; and providing for the sale thereof.

PASSED: OCTOBER 28, 1996

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ORDINANCE NO. 2092

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\* Neither this Table of Contents nor the preceding cover page is a part of this ordinance.

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WHEREAS, the City of Camas, Washington (the "City") now has outstanding its Unlimited Tax General Obligation Bonds, 1989, issued under date of August 1, 1989, in the original principal amount of \$1,350,000 (the "1989 Bonds"), of which \$920,000 is callable for redemption in advance of the maturity thereof; and

WHEREAS, Section 5 of Ordinance No. 1716 authorizing the issuance of the 1989 Bonds provides that the City may call such bonds for redemption on August 1, 1999, or on any interest payment date thereafter, at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the City now has outstanding its Community Economic Revitalization Board Loan dated October 31, 1989, in the original principal amount of \$850,000 (the "CERB Loan"), of which \$488,675.66 is currently outstanding and prepayable in advance of the maturity thereof; and

WHEREAS, Section 4 of Ordinance No. 1726 authorizing the issuance of the CERB Loan provides that the City may accelerate and prepay any or all of the principal amount of such loan at any time, at a price of par plus accrued interest to the date of prepayment; and

WHEREAS, it appears to the City Council that it is in the best interest of the City and its inhabitants that the City construct and equip a police administrative facility; and

WHEREAS, in order to provide the funds required for such capital improvements and after due consideration it appears to the City Council of the City (the "Council") that the callable portions of the 1989 Bonds and the CERB Loan may be refunded by the issuance and sale of the unlimited tax general obligation refunding bonds and the limited tax general obligation and refunding bonds of the City authorized herein so that a substantial savings to the City and its taxpayers will be effected by the issuance of such bonds and the payment and redemption of the callable portion of the 1989 Bonds on August 1, 1999 and the prepayment of the CERB Loan on December 1, 1996; and

WHEREAS, in order to effect such refunding in the manner that will be most advantageous to the City and its taxpayers, it is hereby found necessary and advisable that an escrow agent be appointed and that certain "Acquired Obligations" (hereinafter identified) be purchased out of the proceeds of sale of the refunding bonds and certain money of the City;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CAMAS, WASHINGTON, DOES ORDAIN, as follows:

Section 1.     Definitions The following words and terms as used in this ordinance shall have the following meanings for all purposes of this ordinance, unless some other meaning is plainly intended.

"Acquired Obligations" means the obligations acquired pursuant to Section 12 hereof to refund the Refunded Bonds.

"Advance Refunding Account" means the City of Camas Unlimited Tax General Obligation Bond Advance Refunding Account established by Section 12 hereof.

"Arbitrage and Tax Certification" means the certificate executed by the Finance Director pertaining to the calculation and payment of any Rebate Amount with respect to the Bonds.

"Bond Funds" means the "Unlimited Tax General Obligation Bond Redemption Fund, 1996" and "Limited Tax General Obligation Refunding Bond Redemption Fund, 1996" established pursuant to Section 8 hereof.

"Bond Register" means the registration books maintained by the Bond Registrar for purposes of identifying ownership of the Bonds.

"Bond Registrar" means the fiscal agency of the State of Washington in either Seattle, Washington, or New York, New York, for the purposes of registering and authenticating the Bonds, maintaining the Bond Register, effecting the transfer of ownership of the Bonds and paying interest on and principal of the Bonds.

"Bonds" or "Bond" means all or a portion of the City of Camas, Washington, Unlimited Tax General Obligation Refunding Bonds, 1996 ("UTGO Bonds") and Limited Tax General Obligation and Refunding Bonds, 1996 ("LTGO Bonds"), issued pursuant to this ordinance.

"CERB Loan" means the loan in the amount of \$850,000 from the Community Revitalization Board to the City incurred pursuant to Ordinance No. 1726 passed August 28, 1989.

"Code" means the Internal Revenue Code of 1986, as amended. Any reference to a provision of the Code shall include the applicable regulations of the Department of the Treasury promulgated or proposed with respect to such provision.

"Commission" means the Securities and Exchange Commission.

"Construction Fund" means the "City of Camas Construction Fund, 1996" created by this ordinance.

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

"Escrow Agent" means the bank or trust company appointed by the Finance Director pursuant to Section 12 hereof.

"Escrow Agreement" means the agreement between the City and the Escrow Agent entered into pursuant to Section 13 hereof.

"Finance Director" means the Finance Director of the City or any other officer who succeeds to the duties now delegated to that office.

"Insurer" means MBIA Insurance Corporation, a stock insurance company incorporated under the laws of the State of New York.

"Insurance Policy" means the policy of bond insurance issued with respect to the Bonds by the Insurer.

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

"1989 Bonds" means the City of Camas, Washington, Unlimited Tax General Obligation Bonds, 1989 issued pursuant to Ordinance No. 1716 of the City under date of August 1, 1989.

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

"Rebate Amount" means the amount, if any, determined to be payable with respect to the Bonds by the City to the United States of America in accordance with Section 148(f) of the Code.

"Refunded Bonds" means the Refunded 1989 Bonds and the Refunded CERB Loan.

"Refunded CERB Loan" means the principal amount outstanding of the CERB Loan.

"Refunded 1989 Bonds" means the 1989 Bonds maturing on and after August 1, 2000.

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

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

Section 2. Findings and Authorization of Improvements. The City Council hereby finds that the public interest, welfare and benefit of the inhabitants of the City require that the City undertake the following: construct, furnish and landscape a police administrative facility. The estimated cost of paying the cost of these acquisitions and improvements and all costs incidental thereto and the issuance of the Bonds is estimated to be \$2,500,000.

Section 3. Authorization of Bonds.

A. Purpose and Authorization of Bonds. The City shall now issue and sell (1) the UTGO Bonds in the aggregate principal amount of \$1,000,000 for the purpose of refunding the Refunded 1989 Bonds and paying the expenses incidental to such refunding and to the issuance of

the UTGO Bonds and (2) the LTGO Bonds in the aggregate principal amount of \$3,110,000 to provide money to finance the construction and improvements described in Section 2 and to prepay the CERB Loan and paying the expenses incidental to such refunding and to the issuance of the LTGO Bonds.

B. Description. The Bonds shall be issued in two series and designated "City of Camas, Washington, Unlimited Tax General Obligation Refunding Bonds, 1996" and "City of Camas, Washington, Limited Tax General Obligation and Refunding Bonds, 1996." The Bonds shall be dated November 1, 1996, shall be fully registered as to both principal and interest, shall be in the denomination of \$5,000 each or any integral multiple thereof (but no Bond shall represent more than one maturity), shall be numbered separately in such manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bonds shall bear interest (computed on the basis of a 360-day year of twelve 30-day months) from their date or from the most recent interest payment date to which interest has been paid or duly provided for, whichever is later, payable on June 1, 1997, and semiannually thereafter on the first days of each succeeding December 1 and June 1, to the maturity or earlier redemption of the Bonds, at the rates set forth below, and shall mature on the dates and in the amounts set forth below.

UTGO BONDS

Maturity Date	Principal Amount	Interest Rate
December 1, 1997	\$ 10,000	3.80%
December 1, 1998	15,000	4.15
December 1, 1999	15,000	4.35
December 1, 2000	80,000	4.45
December 1, 2001	85,000	4.55
December 1, 2002	90,000	4.70
December 1, 2003	95,000	4.80
December 1, 2004	100,000	4.90
December 1, 2005	105,000	5.00
December 1, 2006	110,000	5.05
December 1, 2007	120,000	5.10
December 1, 2008	115,000	5.20
June 1, 2009	60,000	5.30

## LTGO BONDS

Maturity Date	Principal Amount	Interest Rate
December 1, 1997	\$135,000	3.80%
December 1, 1998	155,000	4.15
December 1, 1999	160,000	4.35
December 1, 2000	170,000	4.50
December 1, 2001	175,000	4.60
December 1, 2002	185,000	4.70
December 1, 2003	195,000	4.80
December 1, 2004	205,000	4.90
December 1, 2005	210,000	5.00
December 1, 2006	225,000	5.05
December 1, 2007	235,000	5.10
December 1, 2008	245,000	5.20
December 1, 2009	260,000	5.25
December 1, 2010	270,000	5.40
December 1, 2011	285,000	5.45

C. Registration; Transfers. The City hereby specifies and adopts the system of registration for the Bonds approved by the State Finance Committee, and the fiscal agencies of the State of Washington in the cities of Seattle, Washington, and New York, New York, shall act as authenticating trustee, transfer agent, paying agent and registrar for the Bonds (collectively, the "Bond Registrar"). The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Bonds which shall at all times be open to inspection by the City. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of such Bonds and this ordinance and to carry out all of the Bond Registrar's powers and duties under this ordinance. The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bonds. The Bond Registrar may become the owner of any 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 Bondowners.

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 of the Bond Registrar mailed (on the date such interest is due) to the registered owners or nominees at the addresses appearing on the Bond Register on the fifteenth day of the month preceding each interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds to the Bond Registrar by the registered owners or nominees at the principal offices of the Bond Registrar in the cities of Seattle, Washington, or New York, New York.

The Bonds may be transferred only on the Bond Register maintained by the Bond Registrar for that purpose upon the surrender thereof by the registered owner or nominee or his/her duly authorized agent and only if endorsed in the manner provided thereon, and thereupon a new fully registered Bond of like principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor. Upon surrender thereof to the Bond Registrar, the Bonds are interchangeable for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rates and maturities. Such transfer or exchange shall be without cost to the registered owner or transferee.

The City may deem the person in whose name each Bond is registered to be the absolute owner thereof for the purpose of receiving payment of the principal of and interest on such Bonds and for any and all other purposes whatsoever.

Section 4. Redemption and Purchase of Bonds.

A. Optional Redemption. The Bonds maturing in the years 1997 through 2006 are not subject to redemption in advance of their scheduled maturity. The Bonds maturing on and after December 1, 2007 are subject to redemption at the option of the City on or after December 1, 2006 in whole or in part at any time (and if in part, with maturities to be selected by the City and by lot within a maturity in such manner as the Bond Registrar shall determine), at par, plus accrued interest to the date of redemption.

B. Notice of Call. Unless waived by any owner of Bonds to be redeemed, official notice of any such redemption shall be given by the Bond Registrar on behalf of the City by

mailing a copy of an official redemption notice by first class mail, postage prepaid, at least 30 days and not more than 60 days prior to the date fixed for redemption to the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

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 office of the Bond Registrar.

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. The requirements of this section shall be deemed to be complied with when notice is mailed as provided, whether or not it is actually received by the owner of any Bond.

C. Effect of Call. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, 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. Bonds which have been redeemed shall be cancelled and destroyed by the Bond Registrar and shall not be reissued.

D. Partial Redemption of Bonds. Portions of any Bond, in installments of \$5,000 or any integral multiple of such \$5,000, may be redeemed in accordance with the schedule set forth above. If less than all of the principal amount of any Bond is redeemed, upon surrender of such 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 amount thereof, a new Bond or Bonds of like maturity and interest rate in any of the denominations authorized by this ordinance.

E. Additional Redemption Notice. In addition to the foregoing notice, further notice shall be given by the Bond Registrar on behalf of the City as set forth 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 described.

(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, if any, 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 the SID, if any, and to each NRMSIR or to the MSRB in accordance with Section 16 and may be sent to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds.

(3) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

F. Open Market Purchase. The City reserves the right to purchase any or all of the Bonds on the open market at any time at any price.

Section 5.     Form of Bonds. The Bonds shall be in substantially the following form:

NO. \_\_\_\_\_

\$ \_\_\_\_\_

#### STATEMENT OF INSURANCE

MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at the principal office of the Fiscal Agency of the State of Washington in New York, New York or Seattle, Washington.

The Insurer, in consideration of the payment of the premium and subject to the terms of the policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the City of Camas, Washington (the "Issuer") to the Fiscal Agency of the State of Washington, or its successor (the "Paying Agent"), of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[\$1,000,000\3,110,000]

CITY OF CAMAS, WASHINGTON

[UNLIMITED TAX GENERAL OBLIGATION REFUNDING BOND, 1996/  
LIMITED TAX GENERAL OBLIGATION AND REFUNDING BOND, 1996]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding





The Bond Registrar's Certificate of Authentication on the Bonds shall be in substantially the following form:

### CERTIFICATE OF AUTHENTICATION

This bond is one of the bonds described in the within mentioned Bond Ordinance and is one of the [Unlimited Tax General Obligation Refunding Bonds, 1996/Limited Tax General Obligation and Refunding Bonds, 1996], of the City of Camas, dated November 1, 1996.

WASHINGTON STATE FISCAL  
AGENCY, as Bond Registrar

By \_\_\_\_\_  
Authorized Signer

### ADDITIONAL PROVISIONS

This bond is one of an authorized series of bonds of like date and tenor, except as to number, amount, rate of interest and date of maturity, in the aggregate principal amount of [\$1,000,000\3,110,000] issued to [provide financing for construction and furnishing a police administrative facility and to] refund certain outstanding [unlimited/limited] tax general obligation bonds of the City.

The bonds of this issue are issued under and in accordance with the provisions of the Constitution and applicable statutes of the State of Washington and applicable ordinances duly adopted by the City.

The City has reserved the right to redeem the outstanding Bonds maturing on and after December 1, 2007 in whole or in part at any time (maturities to be selected by the City and by lot within a maturity in such manner as the Bond Registrar shall determine) on or after December 1, 2006, at par, plus accrued interest to the date of redemption.

The bonds of this issue are not "private activity bonds" as such term is defined in the Internal Revenue Code of 1986, as amended (the "Code"). The City has designated the bonds of this issue as qualified tax-exempt obligations under Section 265(b) of the Code for banks, thrift institutions and other financial institutions.

The City hereby irrevocably covenants and agrees with the owner of this bond that it will include in its annual budget and levy taxes annually, [without limitation as to rate or amount/within the limits permitted to cities without a vote], upon all the taxable property in the City in amounts sufficient, together with all other money legally available therefor, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of such taxes and the prompt payment of such principal and interest.

The pledge of tax levies for repayment of principal of and interest on the bonds may be discharged prior to maturity of the bonds by making provisions for the payment thereof on the terms and conditions set forth in 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

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

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)

under Uniform Gifts to Minors Act

\_\_\_\_\_  
(State)

Additional abbreviations may also be used though not listed above.

### ASSIGNMENT

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

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

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

the within bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ of \_\_\_\_\_, or its successor, as Bond Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Signature(s) must be guaranteed pursuant to law.

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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.

Section 6. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signatures of the Mayor and the City Clerk, and shall have the seal of the City impressed or imprinted thereon.

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

Only such Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, 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.

Section 7. Mutilated, Lost, or Destroyed Bonds. If any Bond shall become mutilated, the Bond Registrar shall authenticate and deliver a new Bond of like series, amount, date, interest rate and tenor in exchange and substitution for the Bond so mutilated, upon the owner paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon surrender to the Bond Registrar of the Bond so mutilated. Every mutilated Bond so surrendered shall be canceled and destroyed by the Bond Registrar.

In case the Bonds or any of them shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new Bond or Bonds of like amount, date, and tenor to the registered owner thereof upon the owner paying the expenses and charges of the City and the Bond Registrar in connection therewith and upon his/her filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such Bond or Bonds were actually lost, stolen or destroyed and of his/her ownership thereof, and upon furnishing the City and Bond Registrar with indemnity satisfactory to the Finance Director and the Bond Registrar.

Section 8.     Bond Funds. There are hereby created in the office of the Finance Director special funds to be drawn upon for the purpose of paying the principal of and interest on the Bonds to be known as the "Unlimited Tax General Obligation Refunding Bond Redemption Fund, 1996" and "Limited Tax General Obligation and Refunding Bond Redemption Fund, 1996" (together, the "Bond Funds"). The taxes hereafter levied for the purpose of paying principal of and interest on the Bonds and other funds to be used to pay the Bonds shall be deposited in the respective Bond Funds no later than the date such funds are required for the payment of principal of and interest on the Bonds. Money in the Bond Funds not needed to pay the interest or principal next coming due may temporarily be deposited in such institutions or invested in such obligations as may be lawful for the investment of City funds.

Section 9.     Pledge of Taxation and Credit. The City hereby irrevocably covenants and agrees for as long as any of the UTGO Bonds are outstanding and unpaid, that each year it will include in its budget and levy an *ad valorem* tax, without limitation as to rate or amount, upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and money of the City legally available for such purposes, to pay the principal of and interest on the UTGO Bonds as the same shall become due.

The City hereby irrevocably covenants and agrees for so long as any of the LTGO Bonds are outstanding and unpaid, that each year it will include in its budget and levy an *ad valorem* tax, within the limits permitted to cities without a vote of the people, upon all the property within the City subject to taxation in an amount that will be sufficient, together with all other revenues and

money of the City legally available for such purposes, to pay the principal of and interest on the LTGO Bonds as the same shall become due.

The City hereby irrevocably pledges that a sufficient portion of each annual levy to be levied and collected by the City prior to the full payment of the principal of and interest on the Bonds will be and is hereby irrevocably set aside, pledged and appropriated for the payment of the principal of and interest on the Bonds. The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of said taxes and for the prompt payment of the principal of and interest on the Bonds as the same shall become due.

Section 10. Defeasance. In the event that money and/or "Government Obligations," as such obligations are now or may hereafter be defined in Chapter 39.53 RCW, maturing at such time or times and bearing interest to be earned thereon in amounts (together with other such money, if necessary) sufficient to redeem and retire, refund or defease part or all of the Bonds in accordance with their terms, are set aside in a special account or accounts of the City 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(s) 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 the right to receive the money so set aside and pledged, and such 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 21 hereof.

Section 11. Creation of Construction Fund; Application of Bond Proceeds. A special fund of the City known as the "City of Camas Construction Fund, 1996" is hereby created in the office of the Finance Manager of the City. The Construction Fund shall be used to pay the costs of the acquisitions and improvements described in Section 2.

At the time of delivery of the Bonds, the proceeds of the Bonds shall be deposited as follows:

(a) The amount equal to the interest (if any) accruing on the Bonds from their date to the date of their delivery shall be deposited in the respective Bond Funds.

(b) Out of the proceeds from the LTGO Bonds, an amount sufficient to pay and refund the Refunded CERB Loan on December 1, 1996 shall be so applied. The balance of the proceeds shall be deposited into the Construction Fund and used to pay the costs of the capital improvements described in Section 2 hereof and all costs incidental thereto and to the issuance of the LTGO Bonds.

(c) The UTGO Bond proceeds shall be used to accomplish the refunding of the Refunded UTGO Bonds, as set forth in Section 12 hereof, and to pay costs of issuing the UTGO Bonds.

Money remaining in the Construction Fund after all of such costs have been paid or reimbursed may be used to pay costs of other legally authorized capital expenditures of the City or shall be deposited in the Bond Fund. Money in the Construction Fund may be invested as permitted by law. All interest earned and profits derived from such investments shall be retained in and become a part of the Construction Fund or deposited into the Bond Fund.

Section 12. Advance Refunding Account. There is hereby authorized and established a special account of the City to be maintained with the Escrow Agent to be known as the "City of Camas 1996 Unlimited Tax General Obligation Advance Refunding Account" (the "Advance Refunding Account"), which account shall be drawn upon for the sole purpose of paying the principal of and interest on the Refunded 1989 Bonds and of paying costs related to issuance of the UTGO Bonds and refunding the Refunded 1989 Bonds.

Money in the Advance Refunding Account shall be used immediately upon receipt thereof to defease the Refunded UTGO Bonds and discharge the other obligations of the City relating thereto under Ordinance Nos. 1716 and 1726 of the City, by providing for the payment of the principal of and interest on the Refunded UTGO Bonds as set forth below. The City shall defease such bonds and discharge such obligations by the use of money in the Advance Refunding Account to purchase certain "Government Obligations," as such obligations are defined in

Chapter 39.53 RCW as now or hereafter amended (which obligations so purchased, are herein called "Acquired Obligations"), bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

(a) the interest on the 1989 Refunded Bonds due and payable on and prior to August 1, 1999; and

(b) the redemption price (100% of the principal amount) payable on August 1, 1999, of the Refunded 1989 Bonds.

Such Acquired Obligations shall be purchased at a yield not greater than the yield permitted by the Code and regulations relating to acquired obligations in connection with refunding bond issues.

In order to carry out the advance refunding and defeasance of the Refunded 1989 Bonds, the Finance Director is hereby authorized to appoint as escrow agent a bank or trust company qualified by law to perform the duties described herein (the "Escrow Agent"). Any beginning cash balance and the Acquired Obligations shall be irrevocably deposited with the Escrow Agent in an amount sufficient to defease and redeem the Refunded 1989 Bonds in accordance with this Section 12 and Section 13 of this ordinance. Any amounts described in subparagraphs (a) through (b) of this section that are not provided for in full by such beginning cash balance and the purchase and deposit of the Acquired Obligations described in this section shall be provided for by the irrevocable deposit of the necessary amount out of the proceeds of sale of the UTGO Bonds or any other money of the City legally available therefor with the Escrow Agent. The proceeds of the Bonds remaining in the Advance Refunding Accounts after acquisition of the Acquired Obligations and provision for the necessary beginning cash balance shall be utilized to pay expenses of the acquisition and safekeeping of the Acquired Obligations and the costs of issuing the UTGO Bonds. The City may, from time to time, transfer, or cause to be transferred, from the Advance Refunding Accounts any money not thereafter required for the purposes set forth in subparagraphs (a) through (b) above, subject to verification in writing by an independent certified

public accountant that such transfer will not result in inadequate funds being available to make the required payments therefrom. The City reserves the right to substitute other securities for the Acquired Obligations in the event it may do so pursuant to section 148 of the Code and applicable regulations thereunder, upon compliance with the conditions set forth in the Escrow Agreement.

Section 13. Redemption of Refunded Bonds. The City hereby irrevocably sets aside sufficient funds through the purchase of Acquired Obligations and an initial cash deposit to make the payments specified in subparagraphs (a) through (b) of Section 12 above.

The City hereby irrevocably calls for redemption on August 1, 1999, the Refunded 1989 Bonds in accordance with the provisions of Section 5 of Ordinance No. 1716.

The City hereby irrevocably calls for redemption on December 1, 1996, the Refunded CERB Loan in accordance with Section 4 of Ordinance No. 1726.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the final establishment of the Advance Refunding Accounts and delivery of the Acquired Obligations and the requisite cash deposit, if any, to the Escrow Agent, except as provided herein relating to the substitution of securities.

The Escrow Agent is hereby authorized and directed to notify the fiscal agent to give notice of the redemption of the Refunded Bonds in accordance with the applicable provisions of Ordinance Nos. 1716 and 1726. The Finance Director is authorized and requested to provide whatever assistance is necessary to accomplish such redemption and the giving of notice therefor. The costs of publication of such notice shall be an expense of the City.

The Escrow Agent is hereby authorized and directed to pay to the fiscal agency or agencies of the State of Washington, sums sufficient to pay, when due, the payments specified in subparagraphs (a) through (b) of Section 12 above. All such sums shall be paid from the money and Acquired Obligations deposited with said Escrow Agent pursuant to Section 12 of this ordinance, and the income therefrom and proceeds thereof. All such sums so paid shall be credited to the Advance Refunding Accounts. All money and Acquired Obligations deposited with said bank and any income therefrom shall be held, invested and applied in accordance with

the provisions of this ordinance and with the laws of the State of Washington for the benefit of the City and owners of the Refunded 1989 Bonds.

The City will take such actions as are found necessary to see that all necessary and proper fees, compensation and expenses of the Escrow Agent shall be paid when due. The proper officers and agents of the City are directed to obtain from the Escrow Agent an agreement setting forth the duties, obligations and responsibilities of the Escrow Agent in connection with the redemption and retirement of the Refunded Bonds as provided herein and making provision for payment of the fees, compensation and expenses of such Escrow Agent as may be satisfactory to it. Such agreement shall be in substantially the form set forth in Exhibit A attached to this ordinance and incorporated herein by this reference. The Finance Director is authorized to execute and deliver such agreement on behalf of the City.

Section 14. Findings of Savings and Defeasance. The Council hereby finds and determines that the issuance and sale of the Bonds at this time will effect a savings to the City and its taxpayers. In making such finding and determination, the Council has given consideration to the interest on and the fixed maturities of the Bonds and the Refunded 1989 Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of sale of the Bonds pending redemption and payment of the Refunded 1989 Bonds.

The Council hereby also finds and determines that the Acquired Obligations to be deposited with the Escrow Agent and the income therefrom, together with any necessary beginning cash balance, are sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the City under the ordinances and resolution authorizing the issuance of the Refunded 1989 Bonds and the pledges of the City therein. Immediately upon the delivery of such Acquired Obligations to the Escrow Agent and the deposit of any necessary beginning cash balance, the Refunded Bonds shall be deemed not to be outstanding under Ordinance Nos. 1716 and 1726 of the City and shall cease to be entitled to any lien, benefit or security under such ordinances and resolution except the right to receive payment from the Acquired Obligations and beginning cash balance so set aside and pledged.

Section 15. Tax Covenants; Special Designation.

A. No Arbitrage or Private Activity Bonds. The City hereby covenants that it will not make any use of the proceeds from the sale of the Bonds or any other funds of the City that may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code and the applicable regulations thereunder that will cause the Bonds to be "arbitrage bonds" within the meaning of said Section and said regulations. The City will comply with the applicable requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) and the applicable regulations thereunder throughout 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 Code.

B. Arbitrage Rebate. The City will pay the Rebate Amount, if any, to the United States of America at the times and in the amounts necessary to meet the requirements of the Code to maintain the federal income tax exemption for interest payments on the Bonds, in accordance with the Arbitrage and Tax Certification.

C. Special Designation. The City hereby designates the Bonds as "qualified tax-exempt obligations under Section 265(b) of the Code. The City does not expect to issue more than \$10,000,000 in qualified tax-exempt obligations during the calendar year 1996.

Section 16. Sale of Bonds. The City Council finds and determines that the Purchase Contract that is attached to this ordinance and incorporated herein by this reference is fair and reasonable and in the best interest of the City and that the Bonds shall be sold upon the terms and conditions set forth in the Purchase Contract and upon the basis of the representations therein set forth. The City hereby accepts the Purchase Contract and hereby authorizes and directs the Mayor to execute the Purchase Contract and deliver it to Bank of America NW, N.A., doing business as Seafirst Bank (the "Purchaser"). The Bonds shall be issued and delivered to the Purchaser upon payment of the purchase price specified in the Purchase Contract, plus accrued interest from their date to the date of delivery.

Section 17. Approval of Preliminary Official Statement. The City hereby approves the Preliminary Official Statement presented herewith to the Council and authorizes the distribution of the Preliminary Official Statement in connection with the public sale of the Bonds. Pursuant to Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), the City hereby deems the Preliminary Official Statement as final as of its date except for the omission of information dependent upon the pricing of the issue, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery date, and other terms of the Bonds dependent on the foregoing matters. The City agrees to cooperate with the underwriters to deliver or cause to be delivered, within seven business days from the date of the public sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the underwriters, copies of a final official statement in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rule-making Board.

The Finance Director is hereby authorized to approve on behalf of the City a final Official Statement with respect to the Bonds substantially in the form of the preliminary Official Statement.

Section 18. General Authorization. The Mayor, the Finance Director, and the City Clerk of the City and each of the other appropriate officers, agents and representatives of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this ordinance.

Section 19. Prior Acts. All acts taken pursuant to the authority of this ordinance but prior to its effective date are hereby ratified and confirmed.

Section 20. Severability. If any one or more of the covenants or agreements provided in this ordinance to be performed on the part of the City shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or

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

Section 21. 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.

B. Financial Statements/Operating Data. The City agrees to provide or cause to be provided to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State of Washington (if one is created) ("SID"), in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 1997 for the fiscal year ended December 31, 1996): (i) annual financial statements prepared in accordance with the Budget Accounting and Reporting System ("BARS") prescribed by the State Auditor pursuant to RCW 43.09.200 (or any successor statute); (ii) the assessed valuation of taxable property in the City; (iii) ad valorem taxes due and percentage of taxes collected; (iv) property tax levy rates per \$1,000 of assessed valuation; and (v) outstanding general obligation debt of the City.

Such annual information and operating data described above will be so provided on or before the end of nine months after the end of the City's fiscal year. The City's current fiscal year ends on December 31. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the NRMSIR, the SID or to the Commission, and, if such document is a final official statement within the meaning of the Rule, such document will be available from the Municipal Securities Rulemaking Board ("MSRB").

The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to the SID notice of its failure to provide the annual financial information and operating data described above on or prior to the date set forth above.

If not provided as part of the annual financial information discussed above, the City will provide the City's audited annual financial statement prepared in accordance with BARS prescribed by the State Auditor pursuant to the statute cited above (or any successor statutes) when and if available to each then existing NRMSIR and the SID.

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 material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves, if any, for the Bonds reflecting financial difficulties;
4. Unscheduled draws on credit enhancements, if any, for the Bonds reflecting financial difficulties;
5. Substitution of credit or liquidity providers, if any, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to the rights of Bond owners;
8. Optional redemption of Bonds prior to their maturity;
9. Defeasance of the Bonds;
10. Release, substitution or sale of property, if any, securing repayment of the Bonds; and
11. Rating change for the Bonds.

With reference to items 3, 4, 5 and 10 above, no debt service reserves or credit enhancements secure payment of the Bonds and no property secures repayment of the Bonds. If the City subsequently chooses to establish any debt service reserves or to provide credit enhancement or property as security for the Bonds, the City will provide notice of such

establishment or provision and will provide notice of material events relating thereto, should such events occur. The only non-payment related default is a failure to levy sufficient taxes pursuant to Section 9 hereof.

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 of 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.

describe such amendment in the next annual report, and shall include, as applicable, a narrative

E. Bond Owner's Remedies Under This Section. The right of any Bond Owner or Beneficial Owner of Bonds to enforce the provisions of this section shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds hereunder. For purposes of this section, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

Section 21. Payments Under the Insurance Policy.

A. In the event that, on the second business day, and again on the business day, prior to the payment date on the Bonds, the Bond Registrar has not received sufficient money to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, business day, the Bond Registrar shall immediately notify the Insurer or its designee on the same business day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

B. If the deficiency is made up in whole or in part prior to or on the payment date, the Bond Registrar shall so notify the Insurer or its designee.

C. In addition, if the Bond Registrar has notice that any bondowner has been required to disgorge payments of principal or interest on the Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes a voidable preference to such bondowner within the meaning of any applicable bankruptcy laws, then the Bond Registrar shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

D. The Bond Registrar is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for owners of the Bonds as follows:

1. If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Bond Registrar shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the insurance policy (the "Insurance Paying Agent"), in form satisfactory to the insurance paying agent, an instrument appointing the Insurer as agent for such owners in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective owners (and not as Bond Registrar) in accordance with the tenor of the Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective owners; and

2. If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Bond Registrar shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such owner in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Bond Registrar and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective

owners (and not as Bond Registrar) in accordance with the tenor of the Insurance Policy payment therefor from the Insurance Bond Registrar, and (c) disburse the same to such owner.

E. Payments with respect to claims for interest on and principal of Bonds disbursed by the Bond Registrar from proceeds of the Insurance Policy shall not be considered to discharge the obligation of the City with respect to such Bonds, and the Insurer shall become the owner of such unpaid Bonds and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

F. Irrespective of whether any such assignment is executed and delivered, the City and the Bond Registrar hereby agree for the benefit of the Insurer that:

1. They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of such owners to receive the amount of such principal and interest from the City, with interest thereon as provided and solely from the sources stated in this ordinance and the Bonds; and

2. They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this ordinance and the Bonds, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to owners, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

G. In connection with the issuance of Future Parity Bonds, the City shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such Future Parity Bonds.

H. The Insurer shall receive copies of the City's audited financial statements and annual budget.

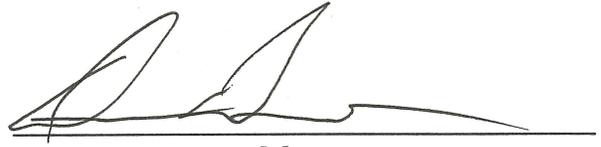
I. Copies of any amendments made to the documents executed in connection with the issuance of the Bonds which are consented to by the Insurer shall be sent to Standard & Poor's Ratings Services.

J. The City shall receive notice of the resignation or renewal of the Bond Registrar or Paying Agent and the appointment of a successor, other than the designated state fiscal agent.

Section 22. Effective Date. This ordinance shall become effective five days after its passage 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 28th day of October, 1996.

CITY OF CAMAS, WASHINGTON



Mayor

ATTEST:



Finance Director

## EXHIBIT A

### ESCROW AGREEMENT

THIS ESCROW AGREEMENT, made and entered into as of the \_\_\_\_ day of November, 1996, by and among the City of Camas, Washington (the "City") and Bankers Trust Company, New York, New York (the "Escrow Agent");

#### WITNESSETH:

Section 1. Recitals. The City has heretofore issued and sold its Unlimited Tax General Obligation Bonds, 1989 under date of August 1, 1989, pursuant to Ordinance No. 1716 (the "1989 Bonds"). The City by Ordinance No. 2092, passed on October 28, 1996 (the "Ordinance"), has determined to pay and redeem on August 1, 1999 the 1989 Bonds maturing on and after August 1, 2000 (the "1989 Refunded Bonds") by the issuance of refunding bonds in the aggregate principal amount of \$1,000,000 to be issued under date of November 1, 1996 (the "Bonds"). Reference is made to the Ordinance for a detailed description of the plan of refunding.

Section 2. Provisions for Refunding the 1989 Refunded Bonds. To accomplish the refunding of the 1989 Refunded Bonds in the manner set forth in the Ordinance, the City hereby agrees that, simultaneously with the issuance and delivery of the Bonds, it will irrevocably deposit with the Escrow Agent (subject to the right to substitute obligations under the conditions provided hereunder), in trust for the security and benefit of the owners of the 1989 Refunded Bonds, and the Escrow Agent hereby acknowledges receipt of such obligations or evidence thereof or subscription rights thereto ("Acquired Obligations") as described in Annex A attached hereto, and a beginning cash balance of \$ \_\_\_\_\_, to provide for the payment of:

(a) the interest on the 1989 Refunded Bonds due and payable on and prior to August 1, 1999; and

(b) the redemption price (100% of the principal amount) payable on August 1, 1999, of the Refunded 1989 Bonds.

The sufficiency of such Acquired Obligations and cash has been verified by \_\_\_\_\_, independent certified public accountants.

Such Acquired Obligations shall be paid for out of the proceeds of sale of the Bonds and out of other moneys of the City now on hand and available.

On or before the delivery of the Bonds to the initial purchaser thereof, the City agrees that it will cause to be delivered to the Escrow Agent statements setting forth the maturity schedule of the 1989 Refunded Bonds by CUSIP number, amount, date of maturity and interest rates, the amount of interest to be paid on each semiannual interest payment date, and the amount of the principal to be paid on the date that the 1989 Refunded Bonds are to be redeemed.

The City by the Ordinance has directed to be set aside sufficient money to purchase Acquired Obligations that will be used to pay interest on the 1989 Refunded Bonds as the same falls due. The City by the Ordinance has irrevocably called the 1989 Refunded Bonds for redemption and prepayment on their respective call dates. Said provisions for defeasance, payment, redemption and prepayment of the 1989 Refunded Bonds shall be irrevocable upon the final establishment of the escrow account and delivery of the Acquired Obligations to the Escrow Agent. The Escrow Agent, in concert with the Finance Director of the City, shall provide for publication and mailing of the proper notices of such redemption and prepayment in accordance with the provisions of the Ordinance. The cost of such publication and mailing shall be paid by the City.

Section 3. Investments and Disbursements. The City reserves the right at or prior to delivery of the Bonds to substitute for a temporary period until receipt of Acquired Obligations on Annex A other direct United States obligations or cash for any of the Acquired Obligations if (a) in the opinion of Preston Gates & Ellis, bond counsel for the City, the Bonds will remain exempt from federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended, and (b) such substitution shall not impair the timely payment of the amounts required to be paid under the plan of refunding specified in Section 2 hereof. Acquired Obligations substituting for securities held, when received, will be received free with income accrued from the date of closing and delivery of the Bonds. Upon that event, the substituted securities will be returned to the supplier with accrued interest or any interest received. The Escrow Agent shall present for payment on the due dates thereof any Acquired Obligations so deposited with it and shall apply the proceeds derived therefrom and the interest paid thereon in accordance with the provisions of the Ordinance and this agreement. Money shall be transferred, in a timely manner, by the Escrow Agent to the fiscal agency or agencies of the State of Washington, as paying agent and registrar of the 1989 Refunded Bonds (the "Bond Registrar"), in amounts sufficient for the payments specified in subparagraphs (a) and (b) of Section 2 of this agreement.

Section 4. Substitution of Different Acquired Obligations or Other Investments. The City reserves the right to substitute from time to time for the Acquired Obligations initially purchased in accordance with Section 2 hereof, or for obligations purchased under this section, other direct obligations of the United States of America (the "Substitute Obligations"). Prior to effecting any such substitution, the City shall have obtained and delivered to the Escrow Agent:

(a) A letter addressed to the City and to the Escrow Agent by a nationally recognized firm of certified public accountants verifying the computations which indicate that the Acquired Obligations, the Substitute Obligations and other money to be held by the Escrow Agent for purposes of making the payments described in Section 2 will be adequate, after the proposed substitution, to make all payments described in Section 2; and

(b) An opinion addressed to the City and the Escrow Agent from nationally recognized bond counsel that such substitution of obligations will not cause the interest on the Bonds to become subject to federal income taxes and will not cause any Bond to become an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of

1986, as amended, and the applicable regulations and rulings promulgated thereunder (as the same may be amended to the extent such amendments apply to the Bonds).

Section 5. Reinvestment of Proceeds of Acquired and/or Substitute Obligations. The proceeds (principal and interest) and reinvestment proceeds of any Acquired Obligations and/or Substitute Obligations purchased by the Escrow Agent in accordance with this agreement that are not needed within five business days of the receipt thereof to make a payment described in Section 2 shall be reinvested by the Escrow Agent (on such date of receipt), subject to the following conditions:

(a) Except as provided in subsection (c) below, the proceeds of Acquired Obligations and/or Substitute Obligations shall be reinvested in direct obligations of the United States of America, at not to exceed \_\_\_\_% yield rate, or such higher yield as may be directed by letter of instructions from the City to the Escrow Agent, but if the composite yield on the directed investment together with past investments made pursuant to this subsection would exceed \_\_\_\_%, such letter of instructions shall be based upon and accompanied by the opinion of nationally recognized bond counsel approving reinvestment of such proceeds at such higher yield. The letter of instructions shall contain a verification of such composite yield.

(b) The obligations in which such proceeds are reinvested shall mature on the date or dates directed by the City, but not later than the next succeeding date the principal thereof is needed to make one or more payments described in Section 2.

(c) If such proceeds, together with other funds remaining in trust, are insufficient to reinvest in the smallest denomination of such obligations or are required sooner than the shortest maturity available for such obligations, then those proceeds and funds shall be converted to United States currency and retained until required to make a payment described in Section 2, or until sufficient money is accumulated to permit the investment thereof.

(d) "Yield," as used in paragraphs (a) and (b) of this section means that yield computed in accordance with and permitted by the Internal Revenue Code and regulations and rulings promulgated thereunder applicable to the Bonds and the trust under this agreement so as to retain the exemption from federal income taxation of the interest on the Bonds.

When and if interest from such investment is received by the Escrow Agent it shall be disbursed to the City for deposit in respective Advance Refunding Account; provided that at all times there shall remain cash and direct obligations of the United States maturing at such times and bearing interest at such rates to provide for timely payment of the redemption price of and interest on the 1989 Refunded Bonds in accordance with Section 2 hereof.

Section 6. Custody and Safekeeping of Obligations and Notice of Insufficiency. On or before January 20, 1997, and at least semiannually thereafter, the Escrow Agent shall render a statement as of the last day of the prior month to the Bond Registrar and City, which statement

shall set forth the cash and Acquired Obligations and/or Substitute Obligations held by the Escrow Agent, any of such Acquired Obligations and/or Substitute Obligations that have matured and the amounts received by the Escrow Agent by reason of such maturity, the interest earned on any of such Acquired Obligations or Substitute Obligations, a list of any investments or reinvestments made by the Escrow Agent in other obligations and the interest and/or principal derived therefrom, the amounts of cash delivered to the Bond Registrar and the dates of the use thereof for the payment of the principal of and interest on the 1989 Refunded Bonds as the same shall become due and payable, and any other transactions of the Escrow Agent pertaining to its duties and obligations as set forth herein.

All Acquired Obligations, Substitute Obligations, money and investment income deposited with or received by the Escrow Agent pursuant to this agreement shall be trust funds for the specific purposes set forth herein and may not be used for any other purpose. The Escrow Agent shall be liable for the preservation and safekeeping thereof; provided, however, it shall not be responsible for any depreciation in value of any of the Acquired Obligations or Substitute Obligations.

In the event the maturing principal of and interest on the Acquired Obligations, any Substitute Obligations and other money held by the Escrow Agent pursuant to this agreement shall be insufficient or shall be projected to become insufficient at any time in the future to make a payment described in Section 2, the Escrow Agent shall give the City prompt notice of such insufficiency or projected insufficiency.

Section 7. Duties and Obligations of the Escrow Agent. The duties and obligations of the Escrow Agent shall be as prescribed by the provisions of this agreement and the Ordinance, and the Escrow Agent shall not be liable except for the performance of its duties and obligations as so specifically set forth and to act in good faith in the performance thereof, and no implied duties or obligations shall be incurred by the Escrow Agent other than those specified herein.

The Escrow Agent may consult with counsel of its choice, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or not taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

The Escrow Agent is authorized to comply with the requirements of this Agreement and is relieved from all liability for so doing notwithstanding any demand or notice to the contrary by any party hereto. The Escrow Agent shall not be responsible or liable for any promise, representation, agreement, condition or stipulation not herein set forth; for the sufficiency, correctness, genuineness or validity of any instruments delivered to or deposited with it; for the form of execution thereof or the identity, authority or rights of any person executing or depositing the same; or for the performance or compliance by any party other than the Escrow Agent with the terms or conditions of any such instruments; for any loss which may occur by reason of forgeries, false representations or the exercise of the Escrow Agent's discretion in any particular manner unless such exercise is negligent or constitutes willful misconduct.

If any controversy arises between the parties hereto, the Escrow Agent shall not be required to determine the same, but it may, in its discretion, institute such interpleader or other

proceedings in connection therewith as it may deem proper, and in following either course, it shall not be liable, except as provided above. Nothing in this paragraph is intended to create or expand upon any right that the Escrow Agent would otherwise have available to it under applicable law to commence an interpleader action or to alter the obligations of the Escrow Agent under this Escrow Agreement.

Section 8. Compensation of Escrow Agent. The arrangements heretofore made for the payment to the Escrow Agent of the sum of \$1,050 for services rendered by it (except for costs of publication of redemption notices) pursuant to the provisions of this agreement are satisfactory to it, and such payment is inclusive of all fees, compensation and expenses of the Escrow Agent. Such arrangement for compensation and expenses is intended as compensation for the ordinary services as contemplated by this agreement, and in the event that the Escrow Agent renders any service hereunder not provided for in this agreement, or the Escrow Agent is made a party to or intervenes in any litigation pertaining to this agreement or institutes interpleader proceedings relative hereto, the Escrow Agent shall be compensated reasonably by the City for such extraordinary services and reimbursed for all fees, costs, liability and expenses (including reasonable attorneys' fees) occasioned thereby. In no event shall the Escrow Agent be entitled to payment of any fee or cost out of, or ever assert any lien against, the money or securities held by it in trust hereunder.

Section 9. Surplus Money in Escrow. If at any time during the term of the escrow created pursuant to this agreement, there are Acquired Obligations, Substitute Obligations and/or money held by the Escrow Agent in excess of that required to make all of the payments described in Section 2 in accordance with the initial verification or any subsequent verification furnished to the Escrow Agent pursuant to Section 4(a) hereof, when due, considering the earnings to be realized on the investment of such obligations, and the City requests that such surplus obligations or the proceeds thereof or such surplus money be returned by the Escrow Agent to the City or requests that such surplus be applied to any fees of the Escrow Agent, then the Escrow Agent shall do so at the times requested by the City. Before the return of any surplus to the City, the Escrow Agent may require the City to furnish the Escrow Agent a verification or opinion of the amount of such surplus satisfactory to the Escrow Agent.

Section 10. Amendments to Agreement. The Escrow Agent and the City recognizes that the owners from time to time of the 1989 Refunded Bonds have a beneficial interest in the Acquired Obligations, the Substitute Obligations and money to be held by the Escrow Agent as herein provided. Therefore, this agreement shall not be subject to revocation or amendment except for the purpose of (a) clarifying any ambiguity herein; or (b) making a change requested by the City, and except if accompanied by:

- (1) For purpose of clarifying an ambiguity, an opinion addressed to the City and the Escrow Agent from nationally recognized bond counsel to the effect that such requested change does not detrimentally affect the owners of the 1989 Refunded Bonds;
- (2) For purpose of making a change requested by the City:

(i) A letter addressed to the City and the Escrow Agent by a nationally recognized firm of certified public accountants verifying the computations which indicate that the Acquired Obligations, Substitute Obligations and other money to be retained by the Escrow Agent for the purpose of making the payments described in Section 2 will be adequate, after making the change requested by the City, to make all such payments; and

(ii) An opinion addressed to the City and the Escrow Agent from nationally recognized bond counsel to the effect that the change requested by the City will not cause the interest on the Bonds to become subject to federal income taxation and will not cause any Bond to become an "arbitrage" bond, as defined in the Internal Revenue Code of 1986, as amended, and the applicable rulings and regulations promulgated thereunder (as the same may be amended, to the extent such amendments apply to the Bonds).

Section 11. Limitation of Escrow Agent Duties. None of the provisions contained in this agreement shall require the Escrow Agent to use or advance its own funds in the performance of any of its duties or the exercise of any of its rights or powers hereunder. The Escrow Agent shall be under no liability for the payment of interest on any funds or other property received by it hereunder except to the extent the Escrow Agent is required by the express terms of this agreement to invest such funds.

The Escrow Agent's liabilities and obligations in connection with this agreement are confined to those specifically described herein. The Escrow Agent is authorized and directed to comply with the provisions of this agreement and is relieved from all liability for so doing notwithstanding any demand or notice to the contrary by any party hereto. The Escrow Agent shall not be responsible or liable for the sufficiency, correctness, genuineness or validity of the Acquired Obligations or the Substitute Obligations deposited with it; the performance or compliance by any party other than the Escrow Agent with the terms or conditions of any such instruments; or any loss which may occur by reason of forgeries, false representations or the exercise of the Escrow Agent's discretion in any particular manner unless such exercise is negligent or constitutes willful misconduct. If any controversy arises between the City and any third person, the Escrow Agent shall not be required to determine the same or to take any action in the premises, but it may institute, in its discretion, an interpleader or other proceedings in connection therewith as it may deem proper, and in following either course it shall not be liable.

Section 12. City Deposit of Additional Sums. The City agrees that it will promptly deposit with the Escrow Agent the additional sum or sums of money specified in the Escrow Agent's notice of insufficiency given pursuant to Section 6 hereof.

Section 13. Remission of Funds When 1989 Refunded Bonds are Paid in Full. At such time as the Escrow Agent shall have completed all of the payments described in Section 2, the Escrow Agent shall remit to the City any remaining Acquired Obligations, any Substitute Obligations and money held pursuant to this agreement.

Section 14. Successor Escrow Agent. The obligations assumed by the Escrow Agent pursuant to this agreement may be transferred by the Escrow Agent to a successor if (a) the Escrow Agent has presented evidence satisfactory to the City and its nationally recognized bond



Section 17. Miscellaneous. This agreement is governed by Washington law and may not be modified except in writing signed by the parties. In the event any one or more of the provisions contained in this agreement shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this agreement, but this agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

IN WITNESS WHEREOF, the parties have executed and delivered this agreement pursuant to due and proper authorization, all as of the date and year first above written.

CITY OF CAMAS, WASHINGTON

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Finance Director

BANKERS TRUST COMPANY,  
as Escrow Agent

By \_\_\_\_\_ /s/ \_\_\_\_\_  
Title: \_\_\_\_\_

CERTIFICATE OF CITY CLERK

I DO HEREBY CERTIFY that I am 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; and

I HEREBY CERTIFY:

1. That the attached ordinance is a true and correct copy of Ordinance No. 2092 of the City (the "Ordinance"), as finally passed at a regular meeting of the City Council held on the 28th day of October, 1996 and duly recorded in my office.

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

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of October, 1996.

  
\_\_\_\_\_  
Finance Director

(SEAL)



PRESTON GATES & ELLIS LLP  
ATTORNEYS

January 13, 1997

Ms. Joan M. Durgin  
City Clerk/Finance Director  
City of Camas  
616 N.E. 4th Avenue  
Camas, WA 98607

Re: City of Camas, Washington, Limited Tax General Obligation  
& Refunding Bonds, 1996

Dear Joan:

We are pleased to provide you with a soft-bound transcript of the record of proceedings and documentation relating to the above-referenced issue.

If any questions arise, or if any further information is needed, please let me know.

Very truly yours,

PRESTON GATES & ELLIS

By

  
Forrest W. Walls

FWW:sr  
Enclosure

CITY OF CAMAS (WRAPPED LEVEL DEBT)  
 WASHINGTON  
 \$2,575,000 LTGO BONDS, 1996 (INSURED)  
 =====  
 Debt Service Schedule  
 =====

*FINAL*  


Date	Principal	Coupon	Interest	Period Total	Fiscal Total
6/ 1/97			74,258.33	74,258.33	
12/ 1/97	115,000.00	3.800000	63,650.00	178,650.00	252,908.33
6/ 1/98			61,465.00	61,465.00	
12/ 1/98	125,000.00	4.150000	61,465.00	186,465.00	247,930.00
6/ 1/99			58,871.25	58,871.25	
12/ 1/99	130,000.00	4.350000	58,871.25	188,871.25	247,742.50
6/ 1/ 0			56,043.75	56,043.75	
12/ 1/ 0	140,000.00	4.450000	56,043.75	196,043.75	252,087.50
6/ 1/ 1			52,928.75	52,928.75	
12/ 1/ 1	140,000.00	4.550000	52,928.75	192,928.75	245,857.50
6/ 1/ 2			49,743.75	49,743.75	
12/ 1/ 2	150,000.00	4.700000	49,743.75	199,743.75	249,487.50
6/ 1/ 3			46,218.75	46,218.75	
12/ 1/ 3	160,000.00	4.800000	46,218.75	206,218.75	252,437.50
6/ 1/ 4			42,378.75	42,378.75	
12/ 1/ 4	160,000.00	4.900000	42,378.75	202,378.75	244,757.50
6/ 1/ 5			38,458.75	38,458.75	
12/ 1/ 5	170,000.00	5.000000	38,458.75	208,458.75	246,917.50
6/ 1/ 6			34,208.75	34,208.75	
12/ 1/ 6	180,000.00	5.050000	34,208.75	214,208.75	248,417.50
6/ 1/ 7			29,663.75	29,663.75	
12/ 1/ 7	190,000.00	5.150000	29,663.75	219,663.75	249,327.50
6/ 1/ 8			24,771.25	24,771.25	
12/ 1/ 8	200,000.00	5.250000	24,771.25	224,771.25	249,542.50
6/ 1/ 9			19,521.25	19,521.25	
12/ 1/ 9	210,000.00	5.350000	19,521.25	229,521.25	249,042.50
6/ 1/10			13,903.75	13,903.75	
12/ 1/10	220,000.00	5.450000	13,903.75	233,903.75	247,807.50
6/ 1/11			7,908.75	7,908.75	
12/ 1/11	285,000.00	5.550000	7,908.75	292,908.75	300,817.50
	-----		-----	-----	
	2,575,000.00		1,210,080.83	3,785,080.83	
ACCRUED			4,950.56	4,950.56	
	2,575,000.00		1,205,130.27	3,780,130.27	
	=====		=====	=====	

Dated 11/ 1/96 with Delivery of 11/15/96  
 Bond Years 23,434.583  
 Average Coupon 5.163654  
 Average Life 9.100809  
 M I C % 5.251558 % Using 99.2000000  
 T I C % 5.250954 % From Delivery Date  
 Arbitrage Yield 5.187828 %

Bond Insurance:  
 0.250000 % of (Total Debt Service Only) = 9,462.70

Seafirst Bank-Municipal Finance

Micro-Muni Debt Date: 10-25-1996 @ 10:21:21 Filename: CAMAS Key: 2.575

CITY OF CAMAS (INSURED; EQUAL SAVINGS; PRO-RATED COI)  
 WASHINGTON  
 LTGO REFUNDING BONDS, 1996 (REFUND 1989 CERB LOAN)  
 =====  
 Savings Report  
 =====

Date	Principal	Proposed Debt Service Coupon	Interest	Total	Prior Debt Service	Savings	Cumulative Savings
1/ 1/97					53,653.89	54,660.14	57,102.65
6/ 1/97			15,093.75				
12/ 1/97	20,000.00	3.800000	12,937.50	48,031.25	53,653.91	5,622.66	62,725.31
6/ 1/98			12,557.50				
12/ 1/98	30,000.00	4.150000	12,557.50	55,115.00	53,653.90	-1,461.11	61,264.21
6/ 1/99			11,935.00				
12/ 1/99	30,000.00	4.350000	11,935.00	53,870.00	53,653.89	-216.11	61,048.10
6/ 1/ 0			11,282.50				
12/ 1/ 0	30,000.00	4.450000	11,282.50	52,565.00	53,653.90	1,088.90	62,137.01
6/ 1/ 1			10,615.00				
12/ 1/ 1	35,000.00	4.550000	10,615.00	56,230.00	53,653.89	-2,576.11	59,560.90
6/ 1/ 2			9,818.75				
12/ 1/ 2	35,000.00	4.700000	9,818.75	54,637.50	53,653.91	-983.59	58,577.31
6/ 1/ 3			8,996.25				
12/ 1/ 3	35,000.00	4.800000	8,996.25	52,992.50	53,653.91	661.41	59,238.72
6/ 1/ 4			8,156.25				
12/ 1/ 4	40,000.00	4.900000	8,156.25	56,312.50	53,653.90	-2,658.60	56,580.12
6/ 1/ 5			7,176.25				
12/ 1/ 5	40,000.00	5.000000	7,176.25	54,352.50	53,653.90	-698.60	55,881.52
6/ 1/ 6			6,176.25				
12/ 1/ 6	45,000.00	5.050000	6,176.25	57,352.50	53,653.89	-3,698.61	52,182.92
6/ 1/ 7			5,040.00				
12/ 1/ 7	45,000.00	5.150000	5,040.00	55,080.00	53,653.89	-1,426.11	50,756.80
6/ 1/ 8			3,881.25				
12/ 1/ 8	45,000.00	5.250000	3,881.25	52,762.50	53,653.89	891.39	51,648.19
6/ 1/ 9			2,700.00				
12/ 1/ 9	50,000.00	5.350000	2,700.00	55,400.00	53,653.89	-1,746.11	49,902.08
6/ 1/10			1,362.50				
12/ 1/10	50,000.00	5.450000	1,362.50	52,725.00	53,653.80	928.80	50,830.88
	530,000.00		227,426.25	757,426.25	804,808.37		50,830.88
ACCRUED			1,006.25	1,006.25			
	530,000.00		226,420.00	756,420.00	804,808.37		50,830.88

Dated 11/ 1/96 with Delivery of 11/15/96  
 Bond Years 6,479.167  
 Average Coupon 5.077423  
 Average Life 8.451258  
 M I C % 5.172084 % Using 99.2000000  
 T I C % 5.175378 % From Delivery Date  
 Arbitrage Yield 5.107360 %

Bond Insurance:  
 0.250000 % of (Total Debt Service Only) = 1,893.57

NOTE: Cumulative Savings are Net of the Initial Transfer Amount of -2,442.51

NOTE: Savings on 1/ 1/97 Include Accrued Interest of 1,006.25

Net Present Value Savings at: 5.1401% Equals 52,292.57 or 9.8665% of Par of the Current Issue  
 or 10.7009% of Par of the Prior Issue

NOTE: Present Value Savings are Net of the Initial Transfer Amount of -2,442.51

Seafirst Bank-Municipal Finance

Micro-Muni Debt Date: 10-25-1996 @ 10:50:49 Filename: @CAMASLT Key: NEWBONDS

CITY OF CAMAS (INSURED; EQUAL SAVINGS; PRO-RATED COI)  
 WASHINGTON  
 LTGO REFUNDING BONDS, 1996 (REFUND 1989 CERB LOAN)

=====

Sources and Uses of Funds

=====

Delivery Date: 11/15/96

Sources of Funds

=====

Par Amount of Bonds.....	\$530,000.00	
+Premium /-Discount.....	\$0.00	
Bond Proceeds.....		530,000.00
Accrued Interest.....		1,006.25
		-----
		\$531,006.25

Uses of Funds

=====

Bond Counsel.....		1,100.00
Bond Printing.....		336.00
Escrow Verification.....		320.00
Moody's.....		704.00
Bond Insurance.....( 0.25000%)...		1,893.57
Escrow Beginning Cash.....		870.46
Cost of Escrow Restricted Securities.....	518,093.46	
Underwriters Discount.....( 0.80000%)...		4,240.00
Accrued Interest.....		1,006.25
Contingency.....		2,442.51
		-----
		\$531,006.25

Seafirst Bank-Municipal Finance

Micro-Muni Sizing Date: 10-25-1996 @ 10:48:39 Filename: @CAMASLT Key: NEWBONDS

CITY OF CAMAS (INSURED; EQUAL SAVINGS; PRO-RATED COI)  
 WASHINGTON  
 UTGO REFUNDING BONDS, 1996 (REFUND 1989 BONDS AFTER THE CALL)

=====  
 Savings Report  
 =====

Date	Principal	Proposed Debt Service Coupon	Interest	Total	Prior Debt Service	Savings	Cumulative Savings
12/ 1/96						1,905.75	5,776.72
6/ 1/97			28,586.25				
12/ 1/97	10,000.00	3.800000	24,502.50	63,088.75	63,462.50	373.75	6,150.47
6/ 1/98		4.150000	24,312.50				
12/ 1/98	15,000.00	4.150000	24,312.50	63,625.00	63,462.50	-162.50	5,987.97
6/ 1/99		4.350000	24,001.25				
12/ 1/99	15,000.00	4.350000	24,001.25	63,002.50	63,462.50	460.00	6,447.97
6/ 1/ 0		4.450000	23,675.00				
12/ 1/ 0	80,000.00	4.450000	23,675.00	127,350.00	128,462.50	1,112.50	7,560.47
6/ 1/ 1		4.550000	21,895.00				
12/ 1/ 1	85,000.00	4.550000	21,895.00	128,790.00	129,107.50	317.50	7,877.97
6/ 1/ 2		4.700000	19,961.25				
12/ 1/ 2	90,000.00	4.700000	19,961.25	129,922.50	129,417.50	-505.00	7,372.97
6/ 1/ 3		4.800000	17,846.25				
12/ 1/ 3	95,000.00	4.800000	17,846.25	130,692.50	129,355.00	-1,337.50	6,035.47
6/ 1/ 4		4.900000	15,566.25				
12/ 1/ 4	100,000.00	4.900000	15,566.25	131,132.50	128,875.00	-2,257.50	3,777.97
6/ 1/ 5		5.000000	13,116.25				
12/ 1/ 5	105,000.00	5.000000	13,116.25	131,232.50	133,052.50	1,820.00	5,597.97
6/ 1/ 6		5.050000	10,491.25				
12/ 1/ 6	110,000.00	5.050000	10,491.25	130,982.50	131,450.00	467.50	6,065.47
6/ 1/ 7		5.150000	7,713.75				
12/ 1/ 7	120,000.00	5.150000	7,713.75	135,427.50	134,500.00	-927.50	5,137.97
6/ 1/ 8		5.250000	4,623.75				
12/ 1/ 8	115,000.00	5.250000	4,623.75	124,247.50	131,800.00	7,552.50	12,690.47
6/ 1/ 9		5.350000	1,605.00				
12/ 1/ 9	60,000.00	5.350000	1,605.00	61,605.00	133,750.00	72,145.00	84,835.47
	1,000,000.00		421,098.75	1,421,098.75	1,500,157.50		84,835.47
ACCRUED			1,905.75	1,905.75			
	1,000,000.00		419,193.00	1,419,193.00	1,500,157.50		84,835.47

Dated 11/ 1/96 with Delivery of 11/15/96  
 Bond Years 8.413333  
 Average Coupon 5.005136  
 Average Life 8.413333  
 W I C % 5.100223 % Using 99.200000  
 T I C % 5.110238 % From Delivery Date  
 Arbitrage Yield 5.029006 %

Bond Insurance:  
 0.185000 % of (Total Debt Service Only) = 2,629.03

NOTE: Cumulative Savings are Net of the Initial Transfer Amount of -3,870.97

NOTE: Savings on 12/ 1/96 Include Accrued Interest of 1,905.75

Net Present Value Savings at: 5.1401% Equals 65,217.99 or 6.5218% of Par of the Current Issue  
 or 7.0889% of Par of the Prior Issue

NOTE: Present Value Savings are Net of the Initial Transfer Amount of -3,870.97

Seafirst Bank-Municipal Finance

Micro-Muni Debt Date: 10-25-1996 @ 10:51:48 Filename: @CAMASIP Key: NEWBONDS

CITY OF CAMAS (INSURED; EQUAL SAVINGS; PRO-RATED CO)  
 WASHINGTON  
 UTGO REFUNDING BONDS, 1996 (REFUND 1989 BONDS AFTER THE CALL)

\*\*\*\*\*  
 Sources and Uses of Funds  
 \*\*\*\*\*  
 Delivery Date: 11/15/96

Sources of Funds  
 \*\*\*\*\*

Par Amount of Bonds.....	\$1,000,000.00	
+Premium /-Discount.....	\$0.00	
Bond Proceeds.....		1,000,000.00
Accrued Interest.....		1,905.75
		-----
		\$1,001,905.75

Uses of Funds  
 \*\*\*\*\*

Bond Counsel.....		2,400.00
Bond Printing.....		734.00
Escrow Verification.....		680.00
Escrow Management.....		1,050.00
Moody's.....		1,536.00
Bond Insurance.....( 0.185000%)..		2,629.03
Escrow Beginning Cash.....( 0.040000%)..		400.00
Cost of Escrow Restricted Securities.....		978,700.00
Underwriters Discount.....( 0.800000%)..		8,000.00
Accrued Interest.....		1,905.75
Contingency.....		3,870.97
		-----
		\$1,001,905.75

Seafirst Bank-Municipal Finance

Micro-Muni Sizing Date: 10-25-1996 @ 10:46:49 Filename: @CAMASIP Key: NEWBONDS

=====
Maximum Allowable Arbitrage Yield
=====

DELIVERY DATE: 11/15/96

Par 4,105,000.00
Accrued Interest 7,862.56
Bond Insurance ( 0.234511 %) -13,985.30
% of Total D/S -----

Arbitrage Yield Target Value 4,098,877.26

Arbitrage Yield 5.14010071 %

Seafirst Bank-Municipal Finance

Micro-Muni Debt Date: 10-25-1996 @ 10:26:41 filename: CAMAS Key: ALL

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Handwritten number 7.55

NEW ISSUE  
NEGOTIATED

MOODY'S RATING: Aaa  
(see the captions "RATING" and "MUNICIPAL BOND INSURANCE" herein)  
MBIA Insured

In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income subject to federal income taxation pursuant to the Internal Revenue Code of 1986, as amended, subject to certain conditions and assumptions described herein under "TAX EXEMPTION". The Bonds are not private activity bonds. Interest on the Bonds is included in the computation of certain federal taxes on corporations.

# CITY OF CAMAS, WASHINGTON

## \$1,000,000

### UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 1996

**DATED: November 1, 1996**

**DUE: June 1 and December 1, as shown below**

The City of Camas's Unlimited Tax General Obligation and Refunding Bonds, 1996 (the "Bonds"), will be issued in fully registered form in the denomination of \$5,000 each or any integral multiple thereof within a single maturity. Principal of the Bonds will be paid on December 1 of each year, commencing December 1, 1997 and on June 1, 2009 upon presentation and surrender of the Bonds, at maturity or early redemption, at the principal offices of the Fiscal Agent of the State of Washington (the "Paying Agent"), currently The Bank of New York, New York, New York and Wells Fargo Bank, National Association, Seattle, Washington, successor by merger to First Interstate Bank of Washington, N.A., Seattle, Washington. Interest on the Bonds will be paid on June 1, 1997 and semiannually thereafter on each succeeding June 1 and December 1, until maturity. Interest on the Bonds will be paid by check or draft of the Paying Agent mailed on the payment date to the Registered Owners at the Registered Owner's address appearing on the Bond Register on the 15th day of the month preceding each interest payment date. The payment of principal and interest on the Bonds when due will be insured by:

**MBIA** Insurance Corporation

#### MATURITY SCHEDULE

<u>Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Price</u>	<u>Due</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield or Price</u>
December 1, 1997	\$ 10,000	3.80%	100	December 1, 2004	\$100,000	4.90%	100
December 1, 1998	15,000	4.15	100	December 1, 2005	105,000	5.00	100
December 1, 1999	15,000	4.35	100	December 1, 2006	110,000	5.05	100
December 1, 2000	80,000	4.45	100	December 1, 2007	120,000	5.10	5.15
December 1, 2001	85,000	4.55	100	December 1, 2008	115,000	5.20	5.25
December 1, 2002	90,000	4.70	100	June 1, 2009	60,000	5.30	5.35
December 1, 2003	95,000	4.80	100				

(Plus accrued interest from November 1, 1996)

The Bonds maturing in the years 1997 through 2006 are not subject to early redemption. The Bonds maturing on or after December 1, 2007 are subject to early redemption, at the option of the City, beginning December 1, 2006 or after as a whole or in part at any time, at a price of par, plus accrued interest to the date fixed for redemption. See "EARLY REDEMPTION" herein.

The Bonds are direct and general obligations of the City. For as long as any of the Bonds are outstanding, the City irrevocably pledges to levy taxes annually without limitation as to rate or amount on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest. See "SECURITY" herein.

The City has designated the Bonds as "qualified tax-exempt obligations" under the Internal Revenue Code of 1986, as amended. See "CERTAIN OTHER FEDERAL INCOME TAX CONSEQUENCES" herein.

The Bonds are offered by the Underwriter when, as, and if issued, subject to the approving legal opinion of Preston Gates and Ellis, bond counsel, Seattle, Washington, which opinion will be printed on the Bonds. The closing for the Bonds is expected to occur on November 12, 1996. The Bonds, in definitive form, will be available for delivery on or around November 13, 1996, in Seattle, Washington or at the facilities of The Depository Trust Company in New York, New York.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.



## **Representations**

Neither the City nor the Underwriter have authorized any dealer, broker, salesperson or other persons to give any information or make any representations other than those made in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriter. This Official Statement does not constitute an offer to sell, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such a sale.

The information contained in this Official Statement has been obtained from City officials and other sources believed to be reliable. Neither a representation, warranty nor guarantee is made by the Underwriter as to the accuracy or completeness of any information in this Preliminary Official Statement and nothing contained in this Official Statement is or shall be relied upon as a promise or representation by the Underwriter. The delivery of this Official Statement does not imply that the information contained herein is correct as of any time subsequent to the date of the Official Statement as shown on the cover page.

## **Disclosure Statement**

The City will deliver to the Underwriter at the time of delivery of the Bonds a signed statement substantially to the effect that this Official Statement, as of its date and as of the date of the Bonds, neither contains any untrue statement of a material fact nor omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect and that there has not been any material adverse change in the normal operations or financial condition of the City nor, to the best of the City's knowledge, in the general economy of the City since the date of the Official Statement.

## **Secondary Market**

It has been the practice of the Underwriter to maintain a secondary market in municipal bonds which it sells. The Underwriter intends to engage in secondary market trading of the Bonds, subject to applicable securities laws. The Underwriter, however, is neither obligated to engage in secondary trading nor to repurchase any of the Bonds at the request of the registered owners thereof and no assurance can be given that a secondary market for the Bonds will be available.

*In connection with the offering of the Bonds, the Underwriter may over-allot or effect transactions that stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.*

**CITY OF CAMAS**  
**616 N.E. 4TH AVENUE**  
**CAMAS, WASHINGTON 98607**

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**ELECTED OFFICIALS**

Dean Dossett	Mayor
Helen Garde	Council Member
Leslie Giltz	Council Member
Sean Guard	Council Member
Gwen Hahn	Council Member
Rosalee MacRae	Council Member
Dale Thomas	Council Member
C.R. Woodruff	Council Member

**CITY STAFF**

Lloyd Halverson	City Administrator
Doug Quinn	Public Works Director/City Engineer
Joan Durgin	Finance Director
Roger Knapp	City Attorney
Mike Slyter	Police Chief
David Artz	Fire Chief
David Zavortink	Library Director

**BOND COUNSEL**

Preston Gates & Ellis  
Seattle, Washington

**FINANCIAL ADVISOR**

Yeasting and Associates  
Seattle, Washington

**UNDERWRITER**

Bank of America NW, N.A. doing business as  
Seafirst Bank  
Capital Markets Division  
Seattle, Washington

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**OFFICIAL STATEMENT**  
**THE CITY OF CAMAS, WASHINGTON**  
**\$1,000,000**  
**UNLIMITED TAX GENERAL OBLIGATION REFUNDING BONDS, 1996**

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**INTRODUCTION**

The City of Camas, Clark County, Washington (the "City"), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington, furnishes this Official Statement in connection with the offering of \$1,000,000 principal amount of Unlimited Tax General Obligation Refunding Bonds, 1996 (the "Bonds"). This Official Statement provides information concerning the City and the Bonds.

**DESCRIPTION OF THE BONDS**

**Principal Amount, Dates, Interest Rates, and Maturities**

The Bonds will be issued in the principal amount of \$1,000,000 and will be dated and bear interest from November 1, 1996. The Bonds will mature annually on December 1, commencing December 1, 1997, and on June 1, 2009 in the amounts, and will bear interest payable semiannually, commencing June 1, 1997, at the rates set forth on the cover page of this Official Statement.

Interest on the Bonds will be computed on the basis of a 360-day year comprised of twelve 30-day months.

**Form and Denomination**

The Bonds will be issued in fully registered form as to both principal and interest in the denomination of \$5,000 each or any integral multiple thereof within a single maturity.

**Registrar, Paying Agent and Transfer Agent**

Both principal of and interest on the Bonds are payable in lawful money of the United States of America. Principal of the Bonds will be paid by the Fiscal Agent of the State of Washington (the "Registrar," the "Paying Agent" and the "Transfer Agent") on presentation and surrender of the Bonds, at maturity or earlier redemption, at either of the principal offices of the Fiscal Agent in Seattle, Washington or New York, New York. Interest on the Bonds will be paid by check or draft of the Paying Agent mailed on the interest payment date to the registered owners at the addresses appearing on the Bond Register on the fifteenth day of the month preceding the interest payment date. Currently, the Fiscal Agent of the State of Washington is The Bank of New York, New York, New York and Wells Fargo Bank, National Association, successor by merger to First Interstate Bank of Washington, N.A., Seattle, Washington.

**AUTHORIZATION**

The Bonds are issued in accordance with the provisions of the Constitution and applicable statutes of the State of Washington, pursuant to Ordinance No. 2092 (the "Ordinance") of the Camas City Council, passed on October 28, 1996.

## **SECURITY**

The Bonds are direct and general obligations of the City. For as long as any of the Bonds are outstanding, the City irrevocably pledges to levy taxes annually without limitation as to rate or Amount all taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor to pay when due the principal of and interest on the Bonds, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

## **PURPOSE**

The Bond proceeds will be used to refinance the City's 1989 Unlimited Tax General Obligation Bonds maturing August 1, 1997 through August 1, 2009 (the "Refunded Bonds") outstanding in the principal amount of \$920,000. The Refunded Bonds will be escrowed to their call date of August 1, 1999. The purpose of the refinancing is to provide a debt service savings to the City.

A portion of the proceeds will be used to pay bond issuance costs.

## **EARLY REDEMPTION AND OPEN MARKET PURCHASE**

The Bonds maturing in years 1997 through 2006 are not subject to redemption prior to maturity. The Bonds maturing on or after December 1, 2007, are subject to redemption prior to their stated maturity dates on or after December 1, 2006, in whole at any time or in part on any interest payment date (maturities to be selected by the City and by lot within a maturity in such a manner as the Registrar shall determine) at a price of par, plus accrued interest to the date fixed for redemption.

Portions of the principal amount of any Bond, in increments of \$5,000 or any integral multiple thereof, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond at either of the principal offices of the Registrar, there shall be issued to the registered owner, without charge therefor, a new Bond or Bonds, at the option of the registered owner of like maturity and interest rate in any of the denominations authorized by the Ordinance.

The City further reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price acceptable to the City plus accrued interest to the date of purchase.

## **NOTICE OF REDEMPTION**

The City shall cause notice of any intended redemption of Bonds to be given not less than 30 nor more than 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 at the time the Bond Registrar prepares the notice, and the requirements of the Ordinance shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the owner of any Bond. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption unless the Bond or Bonds called are not redeemed when presented pursuant to the call. In addition, the redemption notice shall be mailed within the same period, postage prepaid, to Moody's Investors Service, Inc., at their offices in New York, New York, or their successors, to Seafirst Bank, at its principal office in Seattle, Washington, or its successor, and to such other persons and with such additional information as the City Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

## **FAILURE TO REDEEM THE BONDS**

If any Bond is not redeemed when properly presented at its maturity or call date, the City shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the bond redemption fund and the Bond has been called for payment by giving notice of that call to the registered owner of each of those unpaid Bonds.

## **THE REFUNDING TRUSTEE**

Banker's Trust is serving as the refunding trustee (the "Refunding Trustee") for the purpose of managing the cash and investments which comprise the escrow for the Refunded Bonds, which will pay the principal of, interest on and redemption premium, if any, on the Refunded Bonds as the same become due and payable.

## **THE REFUNDING PLAN**

The City has covenanted to irrevocably set aside sufficient government obligations as such obligations are defined in chapter 39.53 RCW, as now are hereafter amended ("Government Obligations") required to effect the refunding of the Refunded Bonds, plus any necessary initial cash, which Government Obligations shall be purchased from the proceeds of the Bonds to redeem the Refunded Bonds in accordance with the provisions of the Ordinance.

Pursuant to the Ordinance, the City has irrevocably covenanted to call for redemption on August 1, 1999, the Refunded Bonds with annual payments on or after August 1, 2000, at a price of par plus accrued interest, in accordance with the provisions of the Ordinance.

Said defeasance and call for early redemption relative to the Refunded Bonds shall be irrevocable after the final purchase and delivery of the Government Obligations to the Refunding Trustee as provided in the Ordinance.

### **Acquisition of the Government Obligations**

Pursuant to the Ordinance, a portion of the proceeds of the Bonds (exclusive of accrued interest thereon, if any, which shall be paid into the City's Unlimited Tax General Obligation Debt Service Fund), will be delivered to the Refunding Trustee on the day of closing, which amount will be used for the sole purpose of purchasing the Government Obligations and paying the cost of issuing the Bonds. The City shall defease the Refunded Bonds and discharge such obligations by the Refunding Trustee's irrevocable purchase of certain Government Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times which, together with any necessary beginning cash balance, will provide for the payment of:

- a. The interest which will become due and payable on the Refunded Bonds up to and including August 1, 1999 when due; and
- b. The redemption on August 1, 1999 of the Refunded Bonds at par.

Such Government Obligations shall be purchased at a yield not greater than the yield permitted by the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations thereunder relating to acquired obligations in connection with refunding bond issues.

### **Verification of Mathematical Calculations**

The mathematical accuracy of a) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the Government Obligations to be held by the Refunding Trustee to pay all principal and interest on the Refunded Bonds as described above and b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not

“arbitrage bonds” under Section 148 of the Internal Revenue Code of 1986 will be verified by Ernst & Young, independent certified public accountants.

### SOURCES AND USES OF FUNDS

The following table sets forth the sources and uses of the proceeds of the Bonds, in accordance with the refunding plan.

#### Sources of Funds:

• Par Amount of the Bonds	\$ 1,000,000.00	
• Plus Accrued Interest	1,492.87	
• Less Original Issue Discount	<u>(1,292.30)</u>	
Total Sources of Funds		\$ 1,000,200.57

#### Use of Funds:

• Purchase Price of Government Obligations	\$ 978,500.00	
• Costs of Issuance	12,514.04	
• Bond Insurance and Rating Fee	4,536.00	
• Accrued Interest and Contingency	<u>4,650.53</u>	
Total Uses of Funds		\$ 1,000,200.57

### TRANSFERABILITY

The Bonds may be transferred only on the Bond Register maintained by the Registrar for that purpose and only if endorsed in writing in the manner provided thereon and surrendered by the Registered Owner or Registered Owner’s nominee to the Registrar for re-registration upon the Bond Register and on the Registration Certificate on the Bonds. Such transfer shall be without cost to the Registered Owner or transferee.

The City and the Registrar may deem the person in whose name each Bond is registered to be the absolute owner thereof for the purpose of securing payment of the principal of and interest on such Bond and for any and all other purposes whatsoever. Upon surrender thereof to the Registrar, the Bonds are interchangeable for Bonds in any authorized denomination of an equal aggregate principal amount and of the same interest rate and maturity.

The Registrar shall not be obligated to exchange or transfer any Bond during the fifteen days preceding any principal payment or redemption date.

### DEBT PAYMENT RECORD

The City has always promptly met principal and interest payments on outstanding bonds when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

### FUTURE FINANCING

Concurrently with the Bonds, the City is issuing \$3,105,000 Limited Tax General Obligation and Refunding Bonds, 1996 dated November 1, 1996. The City does not anticipate issuing any additional general obligation bonds over the next 12 months.

## ASSESSED VALUATION DETERMINATION

In the State of Washington, the County Assessor (an elected official) determines the value of all real and personal property throughout the County (including the City) which is subject to *ad valorem* taxation. The County Assessor's duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the Department of Revenue of the State of Washington. For tax purposes the assessed value of property is set at 100% of its actual value. All property is subject to revaluation every year and receives an on-site appraisal every six years. Each parcel's assessed valuation is subject to a comparison with market value annually and is updated accordingly. The property is listed by the County Assessor on a roll at its current assessed value and the roll is filed in the County Assessor's office. The County Assessor's determinations are subject to revisions by the County Board of Equalization and, for certain property, subject to further revisions by the State Board of Equalization. After all administrative procedures are completed, the taxing unit receives the County Assessor's final certificate of assessed value of property within the taxing unit.

## TAX COLLECTION PROCEDURE

Property taxes are levied in specific amounts, and the rate for all taxes levied for all taxing districts in the County (including the City) are determined, calculated and fixed by the Assessor based upon the assessed valuation of the property within the various taxing districts. The County Assessor extends the taxes to be levied within each taxing district upon a tax roll which contains the total amount of taxes to be so levied and collected. The tax roll is delivered to the County Treasurer (an elected official) by January 15, of each year, and an abstract of the tax roll, showing the total amount of taxes collectible in each of the taxing districts for the year, is delivered to the County Auditor (an elected official) at the same time. The County Auditor issues to the County Treasurer a warrant authorizing the collection of taxes listed on the County Assessor's certified tax roll. The County Treasurer creates a tax account for each taxpayer and is responsible for the collection of taxes due to each account. All such taxes are due and payable on the 30th of April of each year, but if the amount due from a taxpayer exceeds thirty dollars, one-half may be paid then and the balance no later than October 31, of each year. The method of giving notice of payment of taxes due, the County Treasurer's accounting for the money collected, the division of the taxes among the various taxing districts, notice of delinquency, and collection procedures are all covered by detailed statutes.

The lien for *ad valorem* property taxes which have been levied prior to the filing of federal tax liens is prior to such federal tax liens.

In other respects, and subject to the possible "Homestead Exemption," the lien for delinquent property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law the taxing unit may commence foreclosure of a tax lien on real property after three years have passed since the first delinquency. Washington State's courts have not decided whether the Homestead Law (Chapter 6.13 RCW) may give the occupying home owner a right in the forced sale of the family residence for delinquent general property taxes to retain the first \$30,000 of proceeds of the sale. (See *Algona v. Sharp*, 30 Wn. App. 837, 638 P.2d 627 (1982), holding the homestead right superior to liens for local improvement district assessments).

## AUTHORIZATION OF DEBT

The power of the City to contract debt of any kind is controlled and limited by state law. All debt must be set forth in accordance with detailed budget procedures and paid for out of identifiable receipts and revenues. The budget must be balanced for each fiscal year. It is unlawful for an officer or employee of the City to incur liabilities in excess of budgetary appropriations.

## **GENERAL OBLIGATION INDEBTEDNESS**

Under the Constitution and statutes of the State, the City may incur two types of general obligation indebtedness (including bonds). The two types are primarily differentiated by the limits on the real and personal property taxes which may be collected for the payment thereof.

Limited tax general obligation indebtedness is payable from taxes upon all the taxable property in the City which may be imposed by the City within the limitations prescribed by State statute without a vote of the people (sometimes referred to as "non-voted debt" or "non-voted bonds" or "councilmanic bonds"). The statutory limits on the levy of such taxes are described in the section herein entitled "LIMITS ON AMOUNT OF GENERAL OBLIGATION INDEBTEDNESS."

Unlimited tax general obligation indebtedness is payable from taxes without limitation as to rate or amount, imposed upon all taxable property in the City. Unlimited tax indebtedness may be incurred only after approval by 60% of the City voters at an election in which the total vote cast exceeds 40% of the votes cast at the last preceding general election of the City or State. Such unlimited tax indebtedness is sometimes referred to as "voted debt," "voted bonds" or "unlimited tax bonds."

Bonds issued to refund outstanding general obligation indebtedness of either type may be issued without voter approval.

### **LIMITS ON AMOUNT OF GENERAL OBLIGATION INDEBTEDNESS**

State statutes limit the total principal amount of all City general obligation indebtedness incurred for "general" purposes, both limited tax and unlimited tax, to 2.5% of the actual value of taxable property within the City. Within this 2.5% limitation, non-voted indebtedness is further limited to 1.5% of the value of such taxable property.

The City is additionally authorized to incur general obligation indebtedness for the following "special" purposes, with voter approval, in the total principal amount of up to the following percentages of the actual value of taxable property within the City: water, artificial light and sewers: 2.5%; open space and park facilities: 2.5%. The combination of unlimited tax and limited tax general obligation debt for all purposes cannot exceed 7.5% of the City's assessed valuation.

The State statutory limits on City general obligation indebtedness described in this section are more restrictive than those contained in the State Constitution. Both the Constitutional and statutory debt limits may be exceeded if necessary to meet obligations made mandatory by State law or, if necessary, to maintain the corporate existence of the City.

In computing total general obligation indebtedness, the following "assets" may be deducted against the principal amount of indebtedness outstanding: (a) money and investments on deposit in general obligation bond retirement funds; (b) taxes (both current and delinquent) levied for the payment of general obligation indebtedness; and (c) delinquent (but not current) taxes due the general fund.

In addition to limits on the total principal amount of general obligation indebtedness described in this section, the Constitution and statutes of the State impose other limitations on the City's levy of taxes upon real and personal property (See section herein entitled "TAXING POWERS AND LIMITATIONS".)

### **AUTHORIZATION OF SHORT-TERM DEBT**

As a result of 1982 legislation, any Washington municipal corporation may borrow money and issue short-term obligations, the proceeds of which may be used for any lawful purpose. Short-

term obligations may be issued in anticipation of the receipt of revenues, taxes, or grants or the sale of (1) general obligation bonds if the bonds may be issued without the consent of the voters or if previously ratified by the voters; (2) revenue bonds if the bonds have been authorized by ordinance or resolution; or (3) local improvement district bonds if the bonds have been authorized by ordinance or resolution. These short-term obligations shall be repaid out of money derived from the source or sources in anticipation of which they were issued or from any money legally available for this purpose.

Additionally, the City may incur short-term indebtedness in the following ways: first, in an emergency, the Council members may put a plan into effect and authorize indebtedness outside the current budget. All expenditures for emergency purpose shall be paid by warrants from any available money in the fund properly chargeable with such expenditures. If there is insufficient money on hand in the fund, the warrants become registered interest-bearing warrants. In adopting the budget for any fiscal year, the Council members shall appropriate funds to retire any outstanding registered warrants issued since the adoption of the last preceding budget. Second, the City may, without a vote of the electors, purchase property on a conditional sales contract if the total contract amount, together with the other non-voted general obligation indebtedness of the City, does not exceed 3/4 of one percent of the value of taxable property in the City; any item so purchased must be budgeted for payment in accordance with the terms of the contract.

### **TAXING POWERS AND LIMITATIONS**

Pursuant to RCW 84.52.043, cities may levy, without a vote of the residents residing therein, a maximum of \$3.375 per thousand for general city purposes (the "regular levy"). Cities with full-time firemen may levy an additional \$.225 per thousand to fund the city's Fireman's Pension Fund (RCW 41.16.060), thus creating a maximum annual levy rate of \$3.60 per thousand. The City is currently levying \$3.60 per thousand dollars of taxable assessed valuation for its regular levy.

According to RCW 27.12.390, any city or town annexed to a rural library district, island library district, or inter-county rural library district, such as the City, shall be entitled to levy up to three dollars and sixty cents per thousand dollars of assessed valuation less any regular levy made by such library district in the incorporated area, notwithstanding any other provision of law.

A city's regular property taxes are subject to the provisions of a state statute limiting the growth of annual property taxes (RCW 84.55.010). The limitation provides that the regular property taxes payable in the following year shall not exceed one-hundred and six percent (106%) of the amount of the single highest regular levy amount lawfully levied by the municipal entity in the three immediately preceding calendar years plus an additional amount due to the incremental assessed valuation increase in the municipal entity caused by new construction and property improvements. The regular property taxes levied by a city may be increased above the 106% limitation upon the affirmative vote of a majority of the voters residing in the municipal entity at an election held for such purposes (RCW 84.55.050).

### **AUDITING OF CITY FINANCES**

The State Auditor is required to examine the affairs of cities at least once every two years. The examination must include, among other things, the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the City. Reports of the Auditor's examinations are required to be filed in the office of the State Auditor and in the finance department of the City.

**NET DIRECT DEBT AND ESTIMATED NET  
OVERLAPPING GENERAL OBLIGATION DEBT**

(As of June 30, 1996)<sup>1</sup>

**Direct Debt:**

Voted General Obligation Bonds Outstanding .....	\$	175,000
Councilmanic Bonds Outstanding <sup>2</sup> .....		3,350,000
The Bonds .....		1,000,000
Less: Bond Fund Balance .....		<u>(102,131)</u>

**Net Direct Debt**..... \$ 4,422,869

**Estimated Net Overlapping Debt:**

	<u>Net G.O. Debt Outstanding</u>	<u>Percent of Overlap</u>	<u>Amount of Overlap</u>
Clark County .....	\$ 50,300,000	6.04%	\$ 3,036,325
Port of Vancouver .....	21,490,000	.66	142,347
Port of Camas/Washougal .....	3,165,000	47.70	1,509,734
Camas School District .....	24,566,000	75.62	18,577,714
Washougal School District .....	2,180,000	.48	10,539
Fire Protection District No. 9 .....	299,000	24.10	<u>72,069</u>

**Estimated Net Overlapping Debt**..... \$ 23,348,728

**Net Direct plus Estimated Net Overlapping Debt**: ..... \$ 27,771,597

**BONDED DEBT RATIOS OF THE CITY**

1995 Assessed Valuation for Collection Year 1996 .....	\$ 928,245,406 <sup>3</sup>
Estimated City Population (1996) .....	8,810
Assessed Valuation Per Capita .....	\$ 105,363
Net Direct Debt to Assessed Valuation .....	.48%
Net Direct and Estimated Overlapping Debt to Assessed Valuation .....	2.99%
Net Direct Debt Per Capita .....	\$ 502
Net Direct and Estimated Overlapping Debt Per Capita .....	\$ 3,152

<sup>1</sup> Adjusted to reflect the issuance of the Bonds.

<sup>2</sup> Includes the effect of the City's \$3,110,000 Limited Tax General Obligation and Refunding Bonds, 1996.

<sup>3</sup> Assessed valuation is stated as the full assessed value of all taxable real and property in the City, excluding senior citizens and including Timber Assessed Value which was \$94,794 for collection year 1996. Does not include portion of James River's assessed value which is under appeal.

# STATUTORY DEBT LIMIT CALCULATION FOR THE CITY

(As of June 30, 1996)<sup>1</sup>

<b>Current Assessed Valuation<sup>2</sup></b> .....	\$	928,245,406
 <b>General Purposes</b>		
<b>Non-Voted Debt Capacity (1.5 of 1% of assessed valuation)</b> .....	\$	13,923,681
Less: Councilmanic Bonds Outstanding .....		(3,350,000)
Less: Non-Voted Portion of the Bonds .....		(80,000)
Plus: Bond Fund Balance .....		<u>57,947</u>
<b>Remaining Non-voted G.O. Capacity</b> .....	\$	10,551,628
<b>Voted Debt Capacity (2.5% of assessed valuation)</b> .....	\$	23,206,135
Less: Voted Bonds Outstanding .....		0
Less: Councilmanic Bonds Outstanding .....		(3,350,000)
Less: Non-Voted Portion of the Bonds .....		(80,000)
Plus: Bond Fund Balance .....		<u>102,131</u>
<b>Total Remaining Capacity For General Purposes</b> .....	\$	19,878,266
<b>Utility Purposes</b>		
<b>Voted Debt Capacity (2.5 % of assessed valuation)</b> .....	\$	23,206,135
Less: Voted Bonds Outstanding .....		<u>0</u>
<b>Remaining Capacity for Utility Purpose</b> .....	\$	23,206,135
<b>Parks and Open Space Purposes</b>		
<b>Voted Debt Capacity (2.5 % of assessed valuation)</b> .....	\$	23,206,135
Less: Voted Bonds Outstanding, Including the Bonds .....		(1,175,000)
Plus: Bond Fund Balance .....		<u>44,184</u>
<b>Remaining Capacity for Parks and Open Space</b> .....	\$	22,075,319

<sup>1</sup> Adjusted to reflect the issuance of the Bonds and effect of the City's \$3,110,000 Limited Tax General Obligation and Refunding Bonds, 1996

<sup>2</sup> Assessed valuation is stated as the full assessed value of all taxable real and personal property in the City, excluding senior citizens and including Timber Assessed Value of \$94,794. Does not include portion of James River's assessed value which is under appeal.

## AD VALOREM TAX COLLECTION RECORD OF THE CITY <sup>1</sup>

Collection Year	Adjusted Assessed Valuation <sup>2</sup>	Tax Levy <sup>3</sup>	Collected Year of Levy		Collected as of June 30, 1996	
			Amount	Percent	Amount	Percent
1996	\$ 928,245,404 <sup>4</sup>	\$ 3,757,165	N/A <sup>5</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>	N/A <sup>5</sup>
1995	797,713,017 <sup>4</sup>	3,240,158	\$ 3,127,953	96.54%	\$ 3,194,786	98.60%
1994	863,157,601	3,489,722	3,424,045	98.12	3,473,255	99.53
1993	806,874,502	3,266,218	3,183,019	97.45	3,261,666	99.86
1992	714,465,874	2,880,826	2,818,316 <sup>4</sup>	97.83	2,877,729	99.89

NOTE: Taxes are due and payable on April 30, of each year succeeding the levy. At least one half of the tax amount due must be paid on or before April 30, or else the total amount becomes delinquent on May 1. The second half of the tax due is payable on or before October 31, becoming delinquent November 1.

### REPRESENTATIVE CITY AD VALOREM PROPERTY TAX RATES FOR COLLECTION YEAR 1996<sup>6</sup>

(Dollars per \$1,000 of assessed valuation)

	<u>Minimum</u>	<u>Maximum</u>
City of Camas	\$ 3.98819	\$ 3.98819
Camas School District	--	5.30596
Washougal School District	3.97527	--
Port of Camas/Washougal	0.42379	0.42379
State Schools	3.22437	3.22437
Clark County	1.73336	1.73336
Fire District No. 9 (Bonds)	<u>          --</u>	<u>0.19491</u>
Total	\$ 13.34498	\$ 14.87058

<sup>1</sup> Source: Clark County Assessor's Office and Clark County Treasurer's Office.

<sup>2</sup> Assessed Valuation is stated as the full assessed value of all taxable real and personal property in the City, excluding senior citizens and including Timber Assessed Value.

<sup>3</sup> Includes all City of Camas funds.

<sup>4</sup> Does not include the portion of assessed value for James River Corporation, which is now under appeal for collection year 1995 and for collection year 1996.

<sup>5</sup> Not available; in process of collection.

<sup>6</sup> Source: Clark County Assessor's Office.

## LEVY AMOUNTS AND RATES OF THE CITY <sup>1</sup>

Year <sup>2</sup>	Levy Amount				Levy Rate			
	General Fund	Bond Fund	EMS Fund	Total	General Fund	Bond Fund	EMS Fund	Total
1996	\$3,396,862	\$128,265	\$232,038	\$3,757,165	\$3.60	\$.13819	\$ .25	\$3.98819
1995	2,911,809	126,168	202,181	3,240,158	3.60	.15817	.25	4.00817
1994	3,142,477	129,018	218,227	3,489,722	3.60	.14949	.25	3.99949
1993	2,935,814	126,527	203,877	3,266,218	3.60	.15681	.25	4.00681
1992	2,574,360	128,985	177,481	2,880,826	3.60	.18168	.25	4.03168

## MAJOR TAXPAYERS WITHIN THE CITY<sup>3</sup>

TAXPAYER	TYPE OF BUSINESS	ASSESSED VALUE	PERCENT OF CITY ASSESSED VALUE
James River	Paper Products	\$ 280,450,760 <sup>4</sup>	30.21%
Sharp Microelectronics	Micro-Electronics	37,739,095	4.06
Camas Power Boiler	Public Utility	33,222,400	3.58
Pacificorp	Investment Co./Utility	19,909,911	2.15
Underwriters Laboratories	Research & Testing	19,046,385	2.05
Heraeus Shin-Etsu America	Micro-Electronics	9,616,355	1.04
GTE	Telephone Utility	5,605,396	.60
Fuji-Lease	Lease Company	5,509,615	.59
Tidland	Paper Converting Equip.	3,988,725	.43
Nw Natural Gas	Gas Utility	2,332,349	.25

<sup>1</sup> Source: Clark County Assessor and Clark County Treasurer.

<sup>2</sup> Collection Year.

<sup>3</sup> Source: Clark County Assessor, provided September 1996

<sup>4</sup> Value for James River does not include the portion of assessed value now under appeal.

**COMPARATIVE STATEMENT OF GENERAL FUND  
REVENUES AND EXPENDITURES <sup>1</sup>**

(Fiscal Year Ending December 31)

REVENUES	1995	1994	1993	1992	1991
Taxes	\$ 3,927,868 <sup>2</sup>	\$ 4,166,453	\$ 3,769,545	\$ 3,384,176	\$ 3,169,608
Licenses & Permits	415,164	347,999	215,643	106,167	107,684
Intergovernmental	282,965	335,123	306,314	286,028	311,967
Charges for Services	776,969	794,062	618,186	569,734	521,492
Fines & Forfeits	150,251	150,247	128,132	127,723	140,320
Miscellaneous/Other	<u>226,184</u>	<u>194,918</u>	<u>163,635</u>	<u>164,468</u>	<u>347,592</u>
<b>TOTAL REVENUES</b>	<b>\$ 5,779,401</b>	<b>\$ 5,966,802</b>	<b>\$ 5,201,455</b>	<b>\$ 4,638,296</b>	<b>\$ 4,598,663</b>
<b>EXPENDITURES</b>					
General Government	\$ 873,376	\$ 996,794	\$ 896,766	\$ 851,382	\$ 818,844
Security of Pers. & Prop.	2,185,876	2,135,896	2,000,744	2,007,685	2,122,846
Physical Environment	653,825	638,921	644,510	591,831	512,181
Economic Environment	56,028	98,606	89,855	72,326	69,967
Mental & Physical Health	58,675	55,275	51,521	47,363	41,593
Culture & Recreation	888,965	862,262	362,337	348,037	283,596
Interest & Other DS Costs	<u>73,793</u>	<u>0</u>	<u>0</u>	<u>238,468</u>	<u>335,164</u>
<b>TOTAL EXPENDITURES</b>	<b>\$ 4,790,533</b>	<b>\$4,787,654</b>	<b>\$ 4,045,733</b>	<b>\$ 4,157,092</b>	<b>\$ 4,184,191</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 988,868</b>	<b>\$1,201,148</b>	<b>\$ 1,155,722</b>	<b>\$ 481,204</b>	<b>\$ 414,472</b>
<b>OTHER FINANCING SOURCES (USES)</b>	<b>\$ <u>(639,223)</u></b>	<b>\$ <u>(658,465)</u></b>	<b>\$ <u>(1,336,363)</u></b>	<b>\$ <u>(1,292,032)</u></b>	<b>\$ <u>(1,330,053)</u></b>
<b>EXCESS (DEFICIT) OF REVENUE OVER USES</b>	<b>\$ 349,645</b>	<b>\$ 542,683</b>	<b>\$ (180,641)</b>	<b>\$ (810,828)</b>	<b>\$ (915,581)</b>
<b>NET-TRANSFERS/ ADJUSTMENTS</b>	<b>\$ 3,280</b>	<b>\$ (19,983)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>BEGINNING CASH AND INVESTMENTS - JAN. 1</b>	<b>\$ <u>2,208,917</u></b>	<b>\$ <u>1,686,217</u></b>	<b>\$ <u>1,866,858</u></b>	<b>\$ <u>2,677,686</u></b>	<b>\$ <u>3,593,265</u></b>
<b>ENDING CASH AND INVESTMENTS - DEC. 31</b>	<b>\$ <u>2,561,842</u></b>	<b>\$ <u>2,208,917</u></b>	<b>\$ <u>1,686,217</u></b>	<b>\$ <u>1,866,858</u></b>	<b>\$ <u>2,677,684</u></b>

<sup>1</sup> All years have been audited by the Washington State Auditor.

<sup>2</sup> Tax revenue does not include property tax on the portion of James River property now under appeal.

# 1996 GENERAL FUND BUDGET OF THE CITY

(Fiscal Year Ending December 31) <sup>1</sup>

## REVENUES

Taxes .....	\$ 4,442,710 <sup>2</sup>
Licenses & Permits .....	312,400
Intergovernmental Revenue .....	274,699
Charges for Services .....	756,482
Fines & Forfeits .....	148,400
Miscellaneous.....	<u>157,200</u>
<b>TOTAL REVENUES .....</b>	<b>\$ 6,091,891</b>

## EXPENDITURES

General Government Services .....	\$ 1,017,406
Security Persons and Property .....	2,521,565
Physical Environment .....	760,106
Economic Environment.....	119,875
Mental and Physical Health .....	6,226
Culture and Recreation .....	1,073,699
Capitalized Expenditures .....	<u>15,300</u>

**SUB-TOTAL EXPENDITURES .....** \$ 5,514,177

**EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....** \$ 577,714

**TOTAL OTHER FINANCING SOURCES (USES) .....** \$ (857,885)

**BEGINNING UNRESERVED FUND BALANCE - JANUARY 1, 1996** \$ 280,171

**TOTAL BUDGET .....** \$ 6,372,662

<sup>1</sup> Source: The City.

<sup>2</sup> Budgeted tax does not include the portion of James River property tax now under appeal.

**SCHEDULE OF GENERAL OBLIGATION BOND DEBT SERVICE  
FOR THE CITY**

(Years ending December 31)

Year	Outstanding General Obligation Debt				The Bonds		Total Debt Service
	LTGO Bonds		UTGO Bonds		Principal	Interest	
	Principal	Interest	Principal	Interest			
1997	\$ 190,000	\$ 182,800	\$ 55,000	\$ 11,553	\$ 10,000	\$ 52,929	\$ 502,282
1998	215,000	160,988	60,000	7,950	15,000	48,478	507,416
1999	220,000	150,235	60,000	3,990	15,000	47,855	497,080
2000	235,000	138,895	0	0	80,000	47,202	501,097
2001	175,000	126,500	0	0	85,000	43,643	430,143
2002	185,000	118,450	0	0	90,000	39,775	433,225
2003	195,000	109,755	0	0	95,000	35,545	435,300
2004	205,000	100,395	0	0	100,000	30,985	436,380
2005	210,000	90,350	0	0	105,000	26,085	431,435
2006	225,000	79,850	0	0	110,000	20,835	435,685
2007	235,000	68,488	0	0	120,000	15,280	438,768
2008	245,000	56,502	0	0	115,000	9,160	425,662
2009	260,000	43,763	0	0	60,000	1,590	365,353
2010	270,000	30,112	0	0	0	0	300,112
2011	285,000	15,533	0	0	0	0	300,533
2012	0	0	0	0	0	0	0
2013	0	0	0	0	0	0	0
2014	0	0	0	0	0	0	0
<b>Total</b>	<b>\$3,350,000</b>	<b>\$1,472,616</b>	<b>\$ 175,000</b>	<b>\$ 23,493</b>	<b>\$ 1,000,000</b>	<b>\$ 419,362</b>	<b>\$ 6,440,471</b>

## CITY PROFILE

The City was incorporated in 1906 and operates under state laws applicable to noncharter code cities with a mayor-council form of government. The City is a general purpose government and provides police, fire, ambulance service, streets, sanitation, health, recreation, library, public improvements, planning and zoning, water supply treatment and distribution, and sewage collection and treatment.

### Mayor and City Council

The City is governed by an elected mayor and a seven-member city council. The current members of the Camas City Council and their term expiration dates are as follows:

Name	Position	Term Expiration Date
Dean Dossett	Mayor	December 31, 1999
Helen Gerde	Council Member	December 31, 1999
Leslie Giltz	Council Member	December 31, 1999
Sean Guard	Council Member	December 31, 1997
Gwen Hahn	Council Member	December 31, 1997
Rosalee MacRae	Council Member	December 31, 1997
Dale Thomas	Council Member	December 31, 1999
C.R. Woodruff	Council Member	December 31, 1999

The four bargaining units which represent employees of the City are shown as follows:

Bargaining Unit	Number of Employees	Current Contract Expires
Office of Professional Employees International Union	30	12/31/97
American Federation of State, County & Municipal Employees	20	12/31/95*
International Association of Firefighters	17	12/31/98
Camas Police Officers Association	11	12/31/97

\* under negotiation

Labor relations with all four bargaining units are considered generally good.

### Pension System

Substantially all City full-time and qualifying part-time employees participate in one of the following statewide local government retirement systems administered by the Department of Retirement Systems, under cost-sharing, multiple-employer public employee retirement systems. Actuarial information is on a system-wide basis and is not considered pertinent to the City's financial statements. Contributions to the systems by both employee and employer are based upon gross wages covered by plan benefits. The Public Employees' Retirement System ("PERS") and the Law Enforcement Officers' and Fire Fighters' Retirement System ("LEOFF") each include two plans, which are actually tiers. Participants who joined either system by September 30, 1977 are Plan I members. Those who joined thereafter are Plan II members. Retirement benefits are financed from both employer and employee contributions and investment earnings. Retirement benefits under both plans are vested after completion of five years of eligible service.

The City's contribution to PERS (7.42 percent under Plan I and 7.42 percent under Plan II of covered payroll), for the year ending December 31, 1995, of \$171,537 represents its full liability under the system, except that future rates may be adjusted to meet the system needs.

The City's contributions to LEOFF (6 percent under Plan I and 5.05 percent under Plan II of covered payroll) for the year ending December 31, 1995, of \$84,745 represents its full liability under the system, except that future rates may be adjusted to meet the system needs.

### **Accounting Practices**

The accounting policies of the City conform to the *Budgeting, Accounting, and Reporting System* manual for Category 1 local governments prescribed by the State Auditor under chapter 43.09 RCW. The following is a summary of the more significant policies, including identification of those policies which result in material departures from generally accepted accounting principles.

Fund Accounting. The City's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprises its cash, investments, revenues and expenditures, or expenses, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on what they are to be spent for and how they are controlled.

Basis of Accounting. The accounting and reporting policies conform to generally accepted accounting principles ("GAAP") as applicable to governmental units. Governmental funds use the modified-accrual basis of accounting which differs from the accrual basis as follows: (i) purchases of capital assets are considered expenditures; (ii) redemptions of long-term debt are considered expenditures when due; (iii) revenues are recognized only when they become both measurable and available to finance expenditures of the current period (Revenues that are measurable but not available are recorded as receivable and offset by deferred revenues.); (iv) inventories and prepaid items are reported as expenditures when purchased; (v) interest on long-term debt is not accrued but is recorded as an expenditure when due; and (vi) accrued compensated absences are considered expenditures when paid.

Scope of Budget. Budgetary accounts are integrated in fund ledgers for all budgeted funds and the financial statements include budgetary comparisons for all funds. Annual appropriated budgets are adopted at the level of the fund. Annual appropriations for all funds lapse at year end.

The Mayor is authorized to transfer budgeted amounts between departments within any fund and object classes within departments; however, any revision that alters the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city council. When the council determines that it is the best interest of the City to increase or decrease the appropriation for a particular fund it may do so by ordinance approved by a simple majority.

### **Auditing of City Finances**

The State Auditor is required to examine the affairs of cities at least once every two years. The examination must include, among other things, the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the City. The City is audited annually. Reports of the auditor's examinations are required to be filed in the office of the State Auditor and in the finance department of the City.

### **Risk Management**

The City is a member of the Washington Cities Insurance Authority. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988, when 34 cities in the State joined together by signing an interlocal government agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Eighty-eight cities have since joined the pool.

The pool allows members to jointly purchase insurance coverage and provide related services, such as administration, risk management, claims administration, etc. Coverage for Public Officials Liability is on a "claims made basis." All other coverages are on an "occurrence basis." The pool provides the following forms of group purchases insurance coverage for its members: property, liability, vehicle liability, other mobile equipment, boiler and machinery, bonds of various types, excess liability and public official liability.

The pool acquires liability insurance from unrelated underwriters that are subject to a per-occurrence deductible of \$100,000. Members are responsible for the first \$1,000 of the deductible amount of each claim, while the pool is responsible for the remaining \$99,000. Insurance carriers cover insured losses over \$100,000 to the limits of each policy. Since the pool is a cooperative program, there is a joint liability among the participating members towards the sharing of the \$99,000 portion of the deductible.

### Investment Practices

In accordance with state law, all deposits and investments of the City's funds are obligations of the U.S. Government, the State Treasurer's Local Government Investment Pool ("LGIP") or deposits with Washington State banks and savings and loan institutions. The City participates in State Treasurer's Local Government Investment Pool, a voluntary pool administered by the State Treasurer's Office. The City's deposits and certificates of deposit are entirely covered by federal depository insurance or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission. As of June 30, 1996, the City's investment portfolio totaled approximately \$11.8 million, of which 26 percent was invested in certificates of deposit, 33 percent was in the LGIP, 15 percent was invested in treasury notes and the remainder was invested in agency bonds and notes.

## GENERAL AND ECONOMIC INFORMATION

The City is located in southwest Washington, in Clark County (the "County") approximately 15 miles east of Vancouver and 23 miles northeast of Portland, Oregon. Historical population of Clark County and the City of Camas are shown in the following table.

### POPULATION<sup>1</sup>

Year	Clark County	City of Camas
1996	303,500	8,810
1995	291,000	8,015
1994	280,800	7,430
1993	269,500	7,220
1992	257,500	7,045
1991	250,300	6,880
1990	238,053	6,798

The economy of the City is based primarily on pulp/paper manufacturing and processing, high technology and other diversified manufacturing. Its close proximity to Vancouver, Washington and Portland, Oregon, ties its trade, residents and employment base to those communities.

Completion of Interstate 205 and the I-205 bridge across the Columbia River, just a few miles west of the City, in the early 1980s has contributed to the growth in Camas. This highway enables a fast commute from Camas to Portland, Oregon, and its international airport.

<sup>1</sup> U.S. Census and Washington State Office of Financial Management.

## **James River Corporation**

James River Corporation, a manufacturer of business paper in Camas, currently provides employment to 1,650 people. The company has most of its Clark County facilities in the City. James River recently completed a \$40 million wood waste burner to provide heating for its own facilities and is currently undertaking a \$7 million air and water quality improvement project. The company also operates an administration building in the City. The Camas mill produces 1,600 tons of paper, towels and tissues a day. The company is the second largest employer in the County.

In October 1994, James River Corporation began what continues to be an ongoing process of appeals on its assessed value. The company appealed its 1994 assessed value of \$389,000,000 and a decision by the Board of Tax Appeals was made in 1996 that adjusted the disputed assessed value to \$338,000,000. James River Corporation has appealed this decision to the Thurston County Superior Court to be heard April 18, 1997, and Clark County has counter-appealed for a higher amount. In addition to the 1994 appeal, James River Corporation has appealed its 1995, 1996, and just recently its projected 1997 assessed value. Since the disputed assessed value of James River Corporation exceeds one-quarter of 1% of the total assessed value for Clark County in 1994, 1995, 1996, the company was not required to pay the applicable tax until the appeal process is complete. In addition, James River corporation has filed an appeal on its 1992 and 1993 assessed value and is requesting a refund on taxes paid in these years since it has fully paid property taxes in those years. The 1993 appeal has been filed in Clark County Superior Court, but no trial date has been set. The 1992 appeal has been filed with the Board of Tax Appeals. James River Corporation believes its assessed value has remained a constant \$204,000,000 for years 1992 through 1997, while the Clark County Assessor's Office believes its value to be \$455,000,000 in 1992 to the current \$560,000,000. Any taxes not paid by James River Corporation and established as owing by the courts will accrue interest at 9% per annum. The City of Camas continues to base its budget omitting the disputed revenues and will likely use settlement funds including interest for street and facility improvements, and other capital improvements.

## **High Technology**

The City lies within an area of Clark County known as "Silicon Valley North", because of its numerous high technology firms. Sharp Microelectronics Inc. completed a \$35 million facility for the manufacture of D-RAM chips for the computer industry in the City of Camas in May of 1990. The company now has a division at this site which is the first U.S. plant to produce liquid crystal displays for the computer industry. The company also recently completed expansion projects for the development of flat panel displays and full color active matrix displays. Sharp has also just completed an \$8 million multi-media research laboratory, the company's first stand-alone research and development laboratory in the United States.

Currently, 2,700 Hewlett-Packard employees are employed in manufacturing, research and development marketing and support services for person computer and work station printers in Clark County, just west of the City. The company now has one office building and two manufacturing facilities, together totaling approximately 690,000 square feet. Hewlett Packard is the largest employer in the County.

In July 1996, site development for a \$1.2 billion WaferTech facility in the City was begun. The project is a joint venture of Taiwan Semiconductor, Analog Devices, Integrated Silicon Solution, and Altera. Construction is expected to take 14 months and 2,500 union workers are expected to be employed to construct the facility. The plant will be a foundry that etches customers' integrated circuit designs onto silicon wafers. Production at the plant is expected to begin by mid-1998. If completed as anticipated, plant is anticipated to create 800 jobs by completion in 2000, with an estimated 250 workers hired by late 1997.

The City's contributions to LEOFF (6 percent under Plan I and 5.05 percent under Plan II of covered payroll) for the year ending December 31, 1995, of \$84,745 represents its full liability under the system, except that future rates may be adjusted to meet the system needs.

### **Accounting Practices**

The accounting policies of the City conform to the *Budgeting, Accounting, and Reporting System* manual for Category 1 local governments prescribed by the State Auditor under chapter 43.09 RCW. The following is a summary of the more significant policies, including identification of those policies which result in material departures from generally accepted accounting principles.

Fund Accounting. The City's accounts are organized on the basis of funds, each of which is considered a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprises its cash, investments, revenues and expenditures, or expenses, as appropriate. The City's resources are allocated to and accounted for in individual funds depending on what they are to be spent for and how they are controlled.

Basis of Accounting. The accounting and reporting policies conform to generally accepted accounting principles ("GAAP") as applicable to governmental units. Governmental funds use the modified-accrual basis of accounting which differs from the accrual basis as follows: (i) purchases of capital assets are considered expenditures; (ii) redemptions of long-term debt are considered expenditures when due; (iii) revenues are recognized only when they become both measurable and available to finance expenditures of the current period (Revenues that are measurable but not available are recorded as receivable and offset by deferred revenues.); (iv) inventories and prepaid items are reported as expenditures when purchased; (v) interest on long-term debt is not accrued but is recorded as an expenditure when due; and (vi) accrued compensated absences are considered expenditures when paid.

Scope of Budget. Budgetary accounts are integrated in fund ledgers for all budgeted funds and the financial statements include budgetary comparisons for all funds. Annual appropriated budgets are adopted at the level of the fund. Annual appropriations for all funds lapse at year end.

The Mayor is authorized to transfer budgeted amounts between departments within any fund and object classes within departments; however, any revision that alters the total expenditures of a fund, or that affect the number of authorized employee positions, salary ranges, hours, or other conditions of employment must be approved by the city council. When the council determines that it is the best interest of the City to increase or decrease the appropriation for a particular fund it may do so by ordinance approved by a simple majority.

### **Auditing of City Finances**

The State Auditor is required to examine the affairs of cities at least once every two years. The examination must include, among other things, the financial condition and resources of the City, whether the laws and constitution of the State are being complied with, and the methods and accuracy of the accounts and reports of the City. The City is audited annually. Reports of the auditor's examinations are required to be filed in the office of the State Auditor and in the finance department of the City.

### **Risk Management**

The City is a member of the Washington Cities Insurance Authority. Chapter 48.62 RCW authorizes the governing body of any one or more governmental entities to form together into or join a pool or organization for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services. An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The pool was formed on September 1, 1988, when 34 cities in the State joined together by signing an interlocal government agreement to pool their self-insured losses and jointly purchase insurance and administrative services. Eighty-eight cities have since joined the pool.

The project will have a major impact on the City. The investment in phase one of the project is estimated to be made as follows over the next five years:

1996	\$ 42 million
1997	361 million
1998	388 million
1999	226 million
2000	<u>183 million</u>
Total	\$ 1.200 billion

Underwriters Laboratories, a national nonprofit safety testing firm, recently completed construction of its \$15 million, 115,000 square-foot testing facility at its 72-acre campus in the City of Camas. The facility is currently operating with 46 employees; at full build-out, it is expected to employ about 150 people.

Heraeus Shin-Etsu, a joint German/Japanese venture which produces quartz glass crucibles used in the production of silicone wafer chips for computer microchips. The company's manufacturing facility is located at the City's Cascade Business Park and currently employs 32 people. Expansion at the facility is planned over the next few years.

Furuno USA, Inc., a marine electronics firm, is nearing the completion of a \$4 million, 100,000 square-foot distribution and headquarters facility at the Cascade Business Park in Camas. The facility will provide technical support, customer service and maintenance services and will employ up to 75 people.

Linear Technology Corporation, a leading manufacturer of high performance linear integrated circuits, completed construction of a complete wafer fabrication operation at the Cascade Business Park in the City in the spring of 1996. The company employs 100 people, which is expected to increase to 350 employees over the next six years.

Chen Instrument Design is planning to build an office and manufacturing facility at a 4-acre site at the Cascade Business Park. The company manufactures computerized equipment used in photosynthesis measurements testing and CO<sub>2</sub> cell analysis.

Advantec MFS, a subsidiary of Tokyo-based Roshi Kaisha Ltd., has selected Camas as the site for its new \$12 million membrane filter plant. The film it produces are used in medical laboratories, semiconductors and food processing. Production at the plant is expected to begin in 1997 for approximately 50 workers.

### **Other Major Employers**

Tidland Corporation, a manufacturer of pneumatic shafts (primarily for the paper industry) employs approximately 160 people in the City. The company originated in Camas and now has offices throughout the world.

Industrial Materials Technology plans to build a \$20 million, 50,000 square-foot plant at the Cascade Business Park that will eventually employ 30 to 40 workers. Construction is expected to begin soon and be complete two years from commencement. The company is a processor of high density plastic parts for the aerospace, automotive, medical, and marine industries, among others.

Other larger employers in the City reflect the strength of the local construction industry: Pacific Rock Products is a concrete and gravel operation with 39 employees and Aphis Redymix is another concrete and gravel business with 50 employees.

According to the 1990 U.S. Census, the City of Camas had the highest family median income (\$32,755) and the highest per capita personal income (\$13,010) of all incorporated communities in Clark County.

### TAXABLE RETAIL SALES<sup>1</sup>

Year	Clark County	City of Camas
1995	\$ 2,543,938,165	\$ 131,246,957
1994	2,408,467,147	128,853,392
1993	2,160,101,500	121,572,798
1992	1,943,786,700	100,641,672
1991	1,750,070,100	101,261,987
1990	1,637,258,000	100,495,363

### CITY OF CAMAS NEW CONSTRUCTION<sup>2</sup>

Year	Industrial/Commercial		Residential	
	No. of Units	Value	No. of Units	Value
1995	44	\$ 31,375,762	302	\$ 41,935,422
1994	25	5,853,681	344	44,351,223
1993	34	17,592,085	131	22,199,677
1992	26	1,478,267	86	13,742,818
1991	27	5,876,739	133	17,286,274

### CITY OF CAMAS MAJOR EMPLOYERS<sup>3</sup>

Employer	Business	No. of Employees
Hewlett Packard <sup>4</sup>	Ink jet printers	2,700
James River Corporation	Pulp and paper	1,650
Sharp Microelectronics	Computer displays	600
Tidland Corporation	Pneumatic shafts	160
Linear Technology Corp.	Linear integrated circuits	100
Columbia Vista Corp.	Lumber	85
Aphis Readymix	Concrete and gravel	50
Underwriters Laboratories	Product testing	46

<sup>1</sup> Source: Washington State Department of Revenue.

<sup>2</sup> Source: City of Camas Building Department.

<sup>3</sup> Source: Camas/Washougal Chamber of Commerce, August 1996.

<sup>4</sup> Located just west of the City limits.

## CLARK COUNTY TOTAL AND PER CAPITA INCOME<sup>1</sup>

Year	Per Capita Personal Income	Total Personal Income (000)
1994	\$ 21,102	\$ 5,945,000
1993	20,179	5,475,000
1992	19,374	5,046,000
1991	18,311	4,615,000
1990	17,876	4,305,000

## CIVILIAN LABOR FORCE AND ANNUAL AVERAGE NONAGRICULTURAL WAGE AND SALARY WORKERS EMPLOYED IN CLARK COUNTY<sup>2</sup>

	Average Annual			
	1995 <sup>3</sup>	1994 <sup>3</sup>	1993	1992
Civilian Labor Force	148,800	140,400	136,600	132,200
Employment	142,700	134,500	128,700	123,000
Unemployment	6,100	5,900	7,900	9,200
Percent of Labor Force	4.1%	4.2%	5.8%	7.0%
Total Nonagricultural Wage & Salary Workers	100,200	95,800	89,100	82,800
Manufacturing	20,100	19,000	18,300	16,700
Durable Goods	12,600	11,600	11,100	9,700
Lumber & wood products	1,300	1,400	1,600	1,500
Metals & metal products	2,100	1,900	1,700	1,600
Machinery excluding electrical	4,100	3,800	3,700	2,800
Electrical machinery	3,900	3,500	3,200	3,100
Other durable	1,200	1,000	900	800
Nondurable Goods	7,500	7,500	7,200	7,000
Food & kindred products	1,200	1,300	1,300	1,300
Textiles & apparel	1,100	1,100	1,100	1,000
Paper & allied products	3,100	3,200	3,200	3,100
Other nondurable	2,000	1,900	1,700	1,600
Construction & Mining	7,900	7,500	6,600	6,400
Transportation & Utilities	4,800	4,400	4,000	3,800
Wholesale & Retail Trade	22,900	21,800	19,900	19,200
Finance, Insurance & Real Estate	4,600	4,700	4,500	4,100
Services	23,100	22,100	20,300	18,700
Government	16,800	16,200	15,600	15,000

<sup>1</sup> Source: U.S. Bureau of Economic Analysis.

<sup>2</sup> Source: Washington State Employment Security Department; totals may not add due to rounding.

<sup>3</sup> Preliminary; subject to change.

## ORIGINAL ISSUE DISCOUNT

The initial public offering price of the Bonds maturing in the years 2007 through 2009 (the "Discount Bonds") is less than the principal amount thereof payable at maturity. As a result, the Discount Bonds will be considered to be issued with Original Issue Discount. The difference between the initial public offering price of the Discount Bonds, as set forth on the cover page of this Official Statement (assuming it is the first price at which a substantial amount of each series of Discount Bonds is sold), and the principal amount payable at maturity of the Discount Bonds will be treated as "Original Issue Discount." With respect to a taxpayer who purchases a Discount Bond at the initial public offering price (assuming it is the first price at which a substantial amount of the Discount Bonds is sold) and who holds such Discount Bonds to maturity, the full amount of the Original Issue Discount will constitute interest which is not includable in the gross income of the owner of such Discount Bonds for federal income tax purposes and such owner will not, under present federal income tax law, realize taxable capital gain upon payment of such Discount Bond upon maturity.

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Bonds, that the amount of Original Issue Discount, accruing each period will be added to the owner's tax basis for the Bonds. Such adjusted tax basis will be used to determine taxable gain or loss upon disposition of the Bonds (including sales, redemption or payment at maturity). An owner of a Bond who disposes of such Bond prior to maturity should consult his tax advisor as to the amount of Original Issue Discount accrued over the period held and the amount of taxable gain or loss upon the sale or other disposition of such Bond prior to maturity.

The Original Issue Discount on each of the Bonds is treated as accruing daily over the term of such Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending each June 1 and December 1 (with straight line interpolations between compounding dates).

A portion of the Original Issue Discount that accrues in each year to an owner of a Bond may result in certain collateral federal income tax consequences. In the case of a corporation, such portion of the Original Issue Discount will be included in the calculation of the corporation's alternative minimum tax liability and the environmental tax liability. Corporate owners of any Bonds should be aware that the accrual of Original Issue Discount in each year may result in an alternative minimum tax liability or an environmental tax liability although the owner of such Bonds will not receive a corresponding cash payment until a year later.

Owners who purchase Bonds in the initial public offering but a price different than the first offering price at which a substantial amount of that series of Bonds was sold to the public should consult their own tax advisors with respect to the tax consequences of the ownership of the Bonds.

The Code contains certain provisions relating to the accrual of Original Issue Discount in the case of subsequent purchasers of obligations such as the Bonds. Owners who do not purchase Bonds in the initial public offering should consult their own tax advisors with respect to the tax consequences of the ownership of the Bonds.

Owners of the Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Bonds. It is possible that under the applicable provisions concerning the determination of state or local income taxes, accrued interest on the Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment until a later year.

## **TAX EXEMPTION**

### **General**

In the opinion of Preston Gates & Ellis, Bond Counsel, Seattle, Washington, interest on the Bonds is excluded from gross income subject to federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986 (the "Code").

The Bonds are not private activity bonds and interest on the Bonds is not an item of tax preference for purposes of determining alternative minimum taxable income for individuals or corporations under the Code. However, interest on the Bonds is taken into account in the computation of adjusted current earnings for purposes of the corporate alternative minimum tax under Section 55 of the Code and in the computation of the environmental tax on corporations under Section 59A of the Code as more fully described in this section under the heading "Certain Federal Income Tax Consequences."

Except as described herein, Bond Counsel expresses no opinion on any other federal, state or local tax consequence arising with respect to ownership of the Bonds.

### **Certain Federal Income Tax Consequences**

The following is a discussion of certain federal tax matters under the Code. This discussion does not purport to deal with all aspects of federal taxation that may be relevant to particular bondowners. Prospective bondowners, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

### **Alternative Minimum Tax on Corporations**

Section 55 of the Code imposes an alternative minimum tax on corporations equal to the excess of the tentative minimum tax for the taxable year over the regular tax for such year. The tentative minimum tax is based upon alternative minimum taxable income which is regular taxable income with certain adjustments and increased by the amount of certain items of tax preference. One of the adjustments is a portion (75% for any taxable year beginning after 1989) of the amount by which a corporation's adjusted current earnings exceed the corporation's alternative minimum taxable income (determined without regard to such adjustment and the alternative tax net operating loss deduction). Interest on tax-exempt obligations, such as the Bonds, is included in a corporation's adjusted current earnings.

### **Environmental Tax on Corporations**

Section 59A of the Code imposes an environmental tax on corporations for taxable years beginning before January 1, 1996 (subject to certain exceptions) equal to 0.12% of modified alternative minimum taxable income (determined, in part, without regard to the alternative tax net operating loss deduction) that is in excess of \$2,000,000. Interest on tax-exempt obligations, such as the Bonds, is included in a corporation's alternative minimum taxable income for purposes of this environmental tax. The environmental tax is payable whether or not an alternative minimum tax is payable.

### **Qualified Tax Exempt Obligations**

The City has designated the Bonds as "qualified tax-exempt obligations" for banks, thrift institutions and other financial institutions so that such financial institutions will not be denied a deduction of 100% of their interest expenses allocable to the Bonds.

### **Borrowed Funds**

The Code provides that interest paid on funds borrowed to purchase or carry tax-exempt obligations during a tax year is not deductible. In addition, under rules used by the Internal Revenue Service for determining when borrowed funds are considered used for the purpose of purchasing or when carrying particular assets, the purchase of obligations may be considered to have been made with borrowed funds even though the borrowed funds are not directly traceable to the purchase of such obligations.

### **Property and Casualty Insurance Companies**

The deduction for loss reserves for property and casualty insurance companies is reduced by 15% of the sum of certain items, including the interest received on tax-exempt bonds such as the Bonds.

### **Social Security and Railroad Retirement Benefits**

The Code also requires recipients of certain Social Security or Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest that is exempt from federal income tax, including tax-exempt interest on obligations such as the Bonds.

### **Branch Profits Tax**

Certain foreign corporations doing business in the United States may be subject to a branch profits tax on their effectively connected earnings and profits, including tax-exempt interest on obligations such as the Bonds.

### **S Corporations**

Certain S corporations that have subchapter C earnings and profits at the close of a taxable year and gross receipts more than 25% of which are passive investment income, which includes interest on tax-exempt obligations such as the Bonds, may be subject to a tax on excess net passive income.

## **TAX COVENANTS**

The City covenants in the Bond Ordinance that it will not make any use of the proceeds from the sale of the Bonds or any other funds of the City that may be deemed to be proceeds of such Bonds pursuant to Section 148 of the Code that will cause the Bonds to be "arbitrage bonds" within the meaning of said Section. The City will comply with the applicable requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bonds) throughout 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 Code.

## **ABSENCE OF MATERIAL LITIGATION**

There is no litigation of any kind now pending or, to the knowledge of the City, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any manner questioning the proceedings and authority under which the Bonds are issued or affecting the ability of the City to pay the principal of or the interest on the Bonds.

## MUNICIPAL BOND INSURANCE

The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this Official Statement. Reference is made to Appendix B for a specimen of the Insurer's policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the Issuer to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions; (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Bonds or presentment of such other proof of ownership of the Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Bonds in any legal proceeding related to payment of insured amounts on the Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer, is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company. MBIA Inc. is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia and the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in

Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1995 the Insurer had admitted assets of \$3.8 billion (audited), total liabilities of \$2.5 billion (audited), and total capital and surplus of \$1.3 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of June 30, 1996, the Insurer had admitted assets of \$4.2 billion (unaudited), total liabilities of \$2.8 billion (unaudited), and total capital and surplus of \$1.4 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of MBIA Inc. is available from the Insurer or the Securities and Exchange Commission. The address of the Insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service ("Moody's") rates the claims paying ability of the Insurer "Aaa."

Standard & Poor's Ratings Group, a division of The McGraw Hill Companies, Inc. ("Standard & Poor's"), rates the claims paying ability of the Insurer "AAA."

Fitch Investors Service, L.P., rates the claims paying ability of the Insurer "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Bonds. The Insurer does not guaranty the market price of the Bonds nor does it guaranty that the ratings on the Bonds will not be reversed or withdrawn.

## **RATING**

The City has received a rating from Moody's Investors Service, Inc. A municipal bond rating reflects a rating agency's current assessment of a number of factors relating to the issuer of any debt, including the likelihood of repayment of such debt, the perceived quality of management and administration of the entity, the nature and relative health of the local economy in which the issuer exists and the overall financial condition and operational controls which exist for the issuer. The existence of a bond rating does not imply a recommendation by a rating agency to purchase, sell or hold any such security, inasmuch as it does not take into account a number of subjective variables, including the market price of any such security or suitability of such security for any particular investor.

A credit rating is based on current information furnished by the issuer or obtained by a rating agency from sources which it considers to be reliable. Moody's Investors Service does not perform an audit in connection with any credit rating it may assign and may, on occasion, rely on unaudited financial information. A bond rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, such information, or for other circumstances.

## CONTINUING DISCLOSURE

In accordance with Section (b)(5) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule"), the City has agreed in the Bond Ordinance to provide or cause to be provided to each nationally recognized municipal securities information repository ("NRMSIR") and to the state information depository for the State of Washington (if one is created) ("SID"), in each case as designated by the Securities and Exchange Commission (the "Commission") in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing in 1997 for the fiscal year ended December 31, 1996): (i) annual financial statements prepared in accordance with regulations prescribed by the State Auditor pursuant to RCW 43.09.200 (or any successor statutes) and generally of the type included in this Official Statement for the Bonds under the heading Comparative Statement of General Fund Revenues and Expenditures (ii) the assessed valuation of taxable property in the City; (iii) property taxes due, property taxes collected and property taxes delinquent; (iv) property tax levy rates per \$1,000 of assessed valuation; and (v) outstanding general obligation debt of the City.

Such annual information and operating data described above will be so provided on or before the end of seven months after the end of the City's fiscal year. The City may adjust such date if the City changes its fiscal year by providing written notice of the change of fiscal year to each then existing NRMSIR and the SID. The City's current fiscal year ends on December 31. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the NRMSIR, the SID or to the Commission, and, if such document is a final official statement within the meaning of the Rule, such document will be available from the Municipal Securities Rulemaking Board ("MSRB").

The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB and to the SID notice of its failure to provide the annual financial information and operating data described above on or prior to the date set forth above.

If not provided as part of the annual financial information discussed above, the City will provide its audited annual financial statement prepared in accordance with regulations prescribed by the State Auditor pursuant to the statute cited above (or any successor statutes) when and if available to each then existing NRMSIR and the SID.

The City further agrees to provide or cause to be provided, in a timely manner, to the SID and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if such event is material: (i) principal and interest payment delinquencies; (ii) nonpayment related defaults; (iii) unscheduled draws on debt service reserves for the Bonds reflecting financial difficulties; (iv) unscheduled draws on credit enhancements for the Bonds reflecting financial difficulties; (v) substitution of credit or liquidity providers or their failure to perform; (vi) adverse tax opinions or events affecting the tax-exempt status of the Bonds; (vii) modifications to the rights of Bond owners; (viii) optional redemption of the Bonds prior to their maturity; (ix) defeasance of the Bonds; (x) release, substitution or sale of property, securing repayment of the Bonds; and (xi) rating changes.

With reference to events (iii) and (x) above, there is no debt service reserve fund or account for the Bonds and no property secures the repayment thereof. If the City subsequently establishes such reserves or provide such property as security for the Bonds, the City will provide notices of material events relating thereto, should such events occur. The only nonpayment related default to which event (ii) applies is a failure to levy taxes as provided in the Bond Ordinance.

The City's obligations to provide annual financial information and notices of material events will terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This section, or any provision hereof, will be null and void if the City (i) 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 (ii) notifies each then existing NRMSIR and the SID of such opinion and the cancellation of this section.

The obligations of the City described in this section may be amended and any provision of this section may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the obligation of the City to provide annual financial information or notices of material events, the amendment or waiver may only be made in connection with a change in circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted.
- (b) The undertaking, as amended or taking into account such waiver, would, in the Rule at the time of the original issue of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- (c) The amendment or waiver either (i) is approved by the owners of the Bonds in the same manner as provided in the Bond Ordinance for amendments to the of Bond Ordinance with the consent of the owners, or (ii) does not, in the opinion nationally recognized bond counsel, materially impair the interests of the owners or beneficial owners of the Bonds.

In the event of any amendment of or waiver of a provision of this section, the City will describe such amendment in the next annual report, and will include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change will be given in the same manner as for a material event, and (ii) the annual report for the year in which the change is made will present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

The right of any Registered Owner or Beneficial Owner of Bonds to enforce the provisions of the City's undertaking described in this section shall be limited to a right to obtain specific enforcement of the City's obligations thereunder, and any failure by the City to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds thereunder. For purposes of the City's undertaking described in this section, "Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

*Prior Compliance with Continuing Disclosure Undertakings.* The City has not committed to any other written undertaking under the Rule.

## **APPROVAL OF BOND COUNSEL**

Legal matters incident to the authorization, issuance and sale of Bonds by the City are subject to the approving legal opinion of Preston Gates & Ellis, Bond Counsel. A copy of the opinion of Bond Counsel will be printed on the Bonds. Bond Counsel has reviewed this document only to confirm that the portions of it describing the Bonds and the City's authority to issue them conform to the Bonds and the applicable laws under which they are issued.

## **CONFLICTS OF INTEREST**

Some or all of the fees of the Underwriter and Bond Counsel are contingent upon the issuance and sale of the Bonds. Furthermore, Bond Counsel from time to time serves as counsel to the Underwriter with respect to issuers other than the City and transactions other than the issuance of the Bonds. None of the councilmembers or other officers of the City have interests in the issuance of the Bonds that are prohibited by applicable law.

## **UNDERWRITING**

The Underwriter has agreed, subject to certain conditions, to purchase all of the Bonds, if any are purchased, at a price of 99.10577% of the par value of the Bonds. The Bonds will be reoffered at an average price of 99.87077, resulting in an underwriting spread of .765% of the par value of the Bonds. After the initial public offering, the public offering prices may be varied from time to time.

## **CONCLUDING STATEMENT**

All estimates, assumptions, statistical information and other statements contained herein, while taken from sources considered reliable, are not guaranteed by the City or the Underwriter. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The information contained herein should not be construed as representing all conditions affecting the City or the Bonds. Additional information may be obtained directly from the City or the Underwriter.

The foregoing statements relating to the Bond Ordinance and other documents are in all respects subject to and qualified in their entirety by provisions of such documents.

This Official Statement, starting with the cover page and all subsequent pages, including any appendices, comprise the entire Official Statement, which has been approved by the City. The City has represented to the Underwriter that the portions of this Official Statement directly pertaining to the City neither contain any misrepresentation of material fact nor omit any material fact necessary to understand the financial, economic or legal nature of the City or any information presented herein.

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**APPENDIX A**

**FORM OF LEGAL OPINION**

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PRESTON GATES & ELLIS  
ATTORNEYS

November 12, 1996

City of Camas  
Camas, Washington

Bank of America NW, N.A., dba Seafirst Bank  
Seattle, Washington

Re: City of Camas, Washington  
Unlimited Tax General Obligation Refunding Bonds, 1996 - \$1,000,000

Ladies and Gentlemen:

We have examined a certified transcript of all of the proceedings taken in the matter of the issuance by the City of Camas, Washington (the "City"), of its Unlimited Tax General Obligation Refunding Bonds, 1996, in the aggregate principal amount of \$1,000,000 (the "Bonds"). The Bonds are issued pursuant to Ordinance No. 2092 of the City, passed on October 28, 1996, for the purpose of refunding certain outstanding unlimited tax general obligation bonds of the City.

The Bonds are dated November 1, 1996, are in fully registered form, are in the denomination of \$5,000 each or integral multiples thereof, bear interest at the following rates per annum, payable beginning June 1, 1997, and semiannually thereafter on December 1 and June 1 of each year, and mature on the dates and in the amounts set forth below.

Maturity Date	Principal Amount	Interest Rate
December 1, 1997	\$ 10,000	3.80%
December 1, 1998	15,000	4.15
December 1, 1999	15,000	4.35
December 1, 2000	80,000	4.45
December 1, 2001	85,000	4.55
December 1, 2002	90,000	4.70
December 1, 2003	95,000	4.80
December 1, 2004	100,000	4.90
December 1, 2005	105,000	5.00
December 1, 2006	110,000	5.05
December 1, 2007	120,000	5.10
December 1, 2008	115,000	5.20
June 1, 2009	60,000	5.30

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5000 COLUMBIA CENTER 701 FIFTH AVENUE SEATTLE, WASHINGTON 98104-7078 PHONE: (206) 623-7580 FACSIMILE: (206) 623-7022

The Bonds maturing in the years 1997 through 2006 are not subject to redemption in advance of their scheduled maturity. The Bonds maturing on and after December 1, 2007 are subject to redemption at the option of the City on or after December 1, 2006, in whole or in part at any time (and if in part, with maturities to be selected by the City and by lot within a maturity in such manner as the Bond Registrar shall determine), at par, plus accrued interest to the date of redemption.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering material relating to the Bonds (except to the extent, if any, stated in the official statement), and we express no opinion relating thereto or relating to the undertaking of the City to provide ongoing disclosure pursuant to SEC Rule 15c2-12.

From such examination it is our opinion that the Bonds have been legally issued and constitute valid general obligations of the City, except to the extent that the enforcement of the rights and remedies of the owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors. Both principal of and interest on the Bonds are payable out of annual levies of *ad valorem* taxes to be made upon all of the taxable property within the City without limitation as to rate or amount and in amounts which, together with other available funds, will be sufficient to pay such principal and interest as the same shall become due.

We are of the opinion that interest on the Bonds is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), provided that the continuing arbitrage requirements of Section 148 of the Code are complied with. We are of the opinion that the Bonds are not private activity bonds. The City has designated the Bonds as "qualified tax-exempt obligations" for investment by financial institutions pursuant to Section 265(b)(3) of the Code.

City of Camas, Washington  
Bank of America NW, N.A., dba Seafirst Bank  
November 12, 1996  
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We are further of the opinion that interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals or corporations, but is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax under Section 55 of the Code and in the computation of the environmental tax on corporations under Section 59A of the Code. Except as stated herein, we express no opinion regarding any other federal, state or local tax consequences arising with respect to ownership of the Bonds.

Very truly yours,

PRESTON GATES & ELLIS

By

Forrest W. Walls

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**APPENDIX B**

**MUNICIPAL BOND INSURANCE POLICY SPECIMEN**

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# MBIA

## FINANCIAL GUARANTY INSURANCE POLICY

MBIA Insurance Corporation  
Armonk, New York 10504

Policy No. [NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to [PAYING AGENT/TRUSTEE] or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]  
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

\_\_\_\_\_  
President

Attest:

\_\_\_\_\_  
Assistant Secretary

**SPECIMEN**