This is a Preliminary Official Statement, subject to correction and change. The City has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Bonds, the City will complete and deliver an Official Statement substantially in this form.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2015

NEW ISSUE [– BANK QUALIFIED]
BOOK-ENTRY ONLY

MOODY'S RATING: Applied For
(See "UNDERWRITING AND LEGAL--Rating" herein)

In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals. However, while interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by certain S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. Receipt of interest on the Bonds may have other federal tax consequences for certain taxpayers. See "TAX MATTERS."

CITY OF CAMAS, WASHINGTON

$_____*

WATER AND SEWER REVENUE AND REFUNDING BONDS, 2015

DATED: Date of Delivery **DUE: December 1, as shown on the inside cover**

The City of Camas, Washington (the "City") Water and Sewer Revenue and Refunding Bonds, 2015 (the "Bonds") will be issued as fully registered bonds under a book-entry system, registered in the name of Cede and Co. as registered owner and nominee for The Depository Trust Company ("DTC"), in New York, New York. DTC will act as initial securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in the Bonds. Interest on the Bonds will be paid semiannually on each June 1 and December 1, commencing _____ 1, 20__, until maturity or prior redemption. The principal of and interest on the Bonds are payable by the fiscal agency of the State of Washington as Bond Registrar (currently, U.S. Bank National Association) to DTC, which in turn is obligated to remit such payments to its participants for subsequent disbursement to beneficial owners of the Bonds, as described in Appendix D—"DTC AND ITS BOOK-ENTRY SYSTEM."

MATURITY SCHEDULE — See Inside Cover

The Bonds are issued on a parity with the City's outstanding $450,000 Water and Sewer Revenue Bonds, 1998 (the "1998 Bonds"), all of which may be refunded with proceeds of the Bonds, and its $3,990,000 of Water and Sewer Revenue Bonds, 2007 (the "2007 Bonds"), of which $3,190,000 may be refunded with proceeds of the Bonds, and are payable solely from a special fund of the City known as the Water-Sewer Revenue Bond Fund (the "Bond Fund"). The Bonds are secured by a pledge of the Net Revenues of the City's waterworks and sewerage system (together, the "System"). See "SECURITY OF THE BONDS."

The Bonds are not general obligations of the City, and neither the full faith and credit nor the taxing power of the City or of the State of Washington nor any revenues of the City derived from sources other than from the System are pledged to the payment of principal of and interest on the Bonds.

The proceeds of the Bonds will be used to finance capital improvements to the System, if interest rates are favorable, to refund all or a portion of the 1998 Bonds and 2007 Bonds, to fund the Reserve Account, and pay costs of issuance of the Bonds. See "PURPOSE AND APPLICATION OF BOND PROCEEDS."

The Bonds will be subject to redemption prior to their stated maturities as described under "DESCRIPTION OF THE BONDS—Redemption Provisions and Purchase of Bonds."

The Bonds are offered when, as and if issued, subject to the approving legal opinion of Foster Pepper PLLC, Seattle, Washington, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Pacifica Law Group LLP, Seattle, Washington. It is expected that the Bonds in definitive form will be available for delivery at the facilities of The Depository Trust Company in New York, New York on or about _____, 2015.

This cover page contains certain information for quick reference only. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

KeyBanc Capital Markets

Dated: _____, 2015

* Preliminary, subject to change.

MATURITY SCHEDULE, INTEREST RATES, YIELDS AND CUSIP NUMBERS

CITY OF CAMAS, WASHINGTON

$_____*
WATER AND SEWER REVENUE AND REFUNDING BONDS, 2015

Due December 1*	Amount*	Interest Rate	Yield	CUSIP No.**

* Preliminary, subject to change.

** The CUSIP data herein is provided by CUSIP Global Services, managed on behalf of the America Bankers Association by Standard & Poor's. The CUSIP numbers are not intended to create a database and do not serve in any way as a substitute for CUSIP service. CUSIP numbers have been assigned by an independent company not affiliated with the City and are provided solely for convenience and reference. The CUSIP numbers for a specific maturity are subject to change after the issuance of the Bonds. Neither the City nor the Underwriter takes any responsibility for the accuracy of the CUSIP numbers.

CITY OF CAMAS, WASHINGTON
616 NE 4th Avenue
Camas, Washington 98607
www.ci.camas.wa.us*

Mayor and City Council

Scott Higgins	Mayor
Greg Anderson	Council Member
Bonnie Carter	Council Member
Don Chaney	Council Member
Tim Hazen	Council Member
Steve Hogan	Council Member
Melissa Smith	Council Member
Shannon Turk	Council Member

Certain Appointed Officials

Peter Capell	City Administrator
Catherine Huber Nickerson	Finance Director
Phil Bourquin	Community Development Director
Steve Wall	Public Works Director

Bond Registrar

Washington State Fiscal Agent
U.S. Bank National Association

Bond Counsel and Disclosure Counsel

Foster Pepper PLLC
Seattle, Washington

* The City's website is not part of this Official Statement and investors should not rely on information presented in the City's website in determining whether to purchase the Bonds. This inactive textual reference to the City's website is not a hyperlink and does not incorporate the City's website by reference.

The information within this Official Statement has been compiled from official and other sources considered reliable and, while not guaranteed as to accuracy, is believed by the City to be correct as of its date. The City makes no representation regarding the accuracy or completeness of the information in APPENDIX D—"DTC AND ITS BOOK-ENTRY SYSTEM," which has been obtained from DTC's website, or regarding the Underwriter. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made by use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

Information on website addresses set forth in this Official Statement is not incorporated into this Official Statement and cannot be relied upon to be accurate as of the date of this Official Statement, nor can any such information be relied upon in making investment decisions regarding the Bonds.

No dealer, broker, salesperson, or other person has been authorized by the City or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement and, if given or made, such 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 or a solicitation of an offer to buy, 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 offer, solicitation or sale.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Bonds at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time without prior notice to any person.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Bond Ordinance has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary may be a criminal offense.

The presentation of certain information, including tables of receipts from revenues, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

Certain statements contained in this Official Statement do not reflect historical facts, but rather are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe" and other similar expressions are intended to identify forward-looking statements. The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. All estimates, projections, forecasts, assumptions and other forward-looking statements are expressly qualified in their entirety by the cautionary statements set forth in this Official Statement. These forward-looking statements speak only as of the date they were prepared. The City specifically disclaims any obligation to update any forward-looking statements to reflect occurrences or unanticipated events or circumstances after the date of this Official Statement, except as otherwise expressly provided in "CONTINUING DISCLOSURE."

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Official Statement.

This Preliminary Official Statement, as of its date, is in a form "deemed final" by the City for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) but is subject to revision, amendment, and completion in a final Official Statement which will be available within seven business days of the sale date.

TABLE OF CONTENTS

	Page
INTRODUCTION	1
DESCRIPTION OF THE BONDS	1
Authorization	1
Principal Amount, Date, Interest Rates and Maturities	1
Registration and Bond Registrar	1
Redemption Provisions and Purchase of Bonds	2
Failure to Pay Bonds	3
Refunding or Defeasance	3
PURPOSE AND APPLICATION OF BOND PROCEEDS	4
Purpose of the Bonds	4
Estimated Sources and Uses of Funds	4
SECURITY FOR THE BONDS	5
Pledge of Revenue and Certain Funds	5
Rate Covenant	6
Revenue Fund	6
Bond Fund	7
Reserve Account	7
No Acceleration	7
Rate Stabilization Account	7
Future Parity Bonds	8
Junior Lien Obligations	10
Permitted Investments	10
Certain Other Covenants	10
Agreement with Certain Developers	10
Amendments to the Bond Ordinance	11
Debt Service Requirements	12
Additional Borrowing	13
Debt Payment Record	13
THE SYSTEM	13
General	13
The Water System	14
The Sewer System	18
Billing and Collection Policy	21
Endangered Species Act	21
Capital Requirements	21
Financial Information	22
Management Discussion of Financial Results	23
THE CITY	24
City Governance	24
Labor Relations	25
Pensions	25
Other Post-Employment Benefits	27
Risk Management	28
GENERAL AND ECONOMIC INFORMATION	29
Population	29
Economic Indicators	29
TAX MATTERS	31
Tax Exemption	31
Certain Other Federal Tax Consequences	32
CERTAIN INVESTMENT CONSIDERATIONS	33
Limitations on Remedies; Bankruptcy	33
Initiatives and Referendum	33
Seismic and Other Considerations	34
CONTINUING DISCLOSURE	34
Prior Compliance with Continuing Disclosure Undertakings	35
UNDERWRITING AND LEGAL	35
Underwriting	35
Rating	35
Absence of Material Litigation	36
Approval of Counsel	36
Conflicts of Interest	36
Approval of Official Statement	36

APPENDIX A:	DEFINITIONS FROM THE BOND ORDINANCE
APPENDIX B:	FORM OF BOND COUNSEL OPINION
APPENDIX C:	AUDITED 2014 FINANCIAL STATEMENTS
APPENDIX D:	DTC AND ITS BOOK-ENTRY SYSTEM

CITY OF CAMAS, WASHINGTON

$_____*
WATER AND SEWER REVENUE AND REFUNDING BONDS, 2015

INTRODUCTION

The City of Camas, Washington (the "City"), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Washington (the "State"), furnishes this Official Statement in connection with the offering of $_____* aggregate principal amount of its Water and Sewer Revenue and Refunding Bonds, 2015 (the "Bonds"). This Official Statement, which includes the cover page, the inside cover page, the table of contents and appendices, provides information concerning the City and the Bonds.

All of the summaries of provisions of the Constitution and laws of the State, of ordinances and resolutions of the City, and of other documents contained herein are subject to the complete provisions thereof and do not purport to be complete statements of such laws or documents, copies of which may be obtained from the City upon request. A full review should be made of the entire Official Statement. The offering of the Bonds to prospective investors is made only by means of the entire Official Statement.

Unless otherwise defined in this Official Statement, capitalized terms used herein have the meanings set forth in the Bond Ordinance described below.

DESCRIPTION OF THE BONDS

Authorization

The Bonds are issued under provisions of the Constitution of the State, Chapters 35.92, 39.46 and 39.53 of the Revised Code of Washington ("RCW") and pursuant to Ordinance No. ____ (the "Bond Ordinance") passed on _____, 2015.

Principal Amount, Date, Interest Rates and Maturities

The Bonds will be issued in the aggregate principal amount of $_____* and will be dated and bear interest from the date of their initial delivery. The Bonds will mature on the dates and in the principal amounts, and will bear interest (payable semiannually on each June 1 and December 1, commencing _____ 1, 20__) until maturity or earlier redemption, if applicable, at the rates set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Registration and Bond Registrar

Book-Entry System. The Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co. as nominee for The Depository Trust Company ("DTC"). DTC will act as the initial Securities Depository for the Bonds (the "Securities Depository"). Individual purchases and sales of the Bonds will be made in book-entry form only in minimum denominations of $5,000 or integral multiples thereof within a maturity ("Authorized Denominations"). Purchasers ("Beneficial Owners") will not receive certificates representing their interests in the Bonds. So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Registered Owners will mean Cede & Co. or its successor and will not mean the Beneficial Owners of the Bonds. For information about DTC and its book-entry system, see Appendix D—"DTC AND ITS BOOK-ENTRY SYSTEM." The City makes no representation as to the accuracy or completeness of the information in

* Preliminary, subject to change.

Appendix C obtained from DTC. Purchasers of the Bonds should confirm this information with DTC or its broker-dealer participants.

Bond Registrar. The principal of and interest on the Bonds will be payable by the fiscal agent of the State (the "Bond Registrar"), currently U.S. Bank National Association (or such other fiscal agent or agents as the State may from time to time designate). So long as Cede & Co. is the Registered Owner of the Bonds, principal of and interest on the Bonds will be payable by wire transfer by the Bond Registrar to DTC, which, in turn, is obligated to remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Bonds, as further described in Appendix D—"DTC AND ITS BOOK-ENTRY SYSTEM."

Transfer and Exchange; Record Date. The Bond Registrar is not obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the next interest payment or redemption date. For purposes hereof, Record Date means in the case of each interest payment date, the Bond Registrar's close of business on the 15th day of the month immediately preceding such interest payment date, and, with respect to redemption of a Bond prior to its maturity, the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with the Bond Ordinance. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except (1) to any successor Securities Depository; (2) to any substitute Securities Depository appointed by the City; or (3) to any person if the Bond is no longer to be held in book-entry only form.

Termination of Book-Entry System. If the Bonds are no longer held in book-entry only form by the Securities Depository, the City will execute, authenticate and deliver, at no cost to the Beneficial Owners, Bonds in fully registered form, in Authorized Denominations. The principal of the Bonds will then be payable upon due presentment and surrender to the Bond Registrar, and interest on the Bonds will then be payable by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date, to the Registered Owners, at the address appearing upon the registration books on the Record Date. The City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner.

Redemption Provisions and Purchase of Bonds

Optional Redemption. The Bonds maturing in the years 20__ through 20__, inclusive, are not subject to redemption prior to their stated maturity dates. The Bonds maturing on and after December 1, 20__, are subject to redemption at the option of the City prior to their stated maturity dates at any time on or after _____ 1, 20__, as a whole or in part, at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption.

Mandatory Redemption. The Bonds maturing in 20__ are Term Bonds and, if not optionally redeemed or purchased, will be called for redemption at a price equal to the principal amount to be redeemed plus accrued interest, if any, to the date fixed for redemption, on December 1 in the years and principal amounts as follows:

Mandatory Redemption Year (December 1)	Mandatory Redemption Amount
*	

*Final maturity.

If a Term Bond is redeemed under the optional redemption provisions, defeased or purchased by the City and surrendered for cancellation, the principal amount of the Term Bond so redeemed, defeased or purchased (irrespective of its actual redemption or purchase price) will be credited against one or more scheduled mandatory redemption installments for that Term Bond in the manner described below regarding the selection of Bonds for redemption.

Selection of Bonds for Redemption; Partial Redemption. If fewer than all of the outstanding Bonds are to be redeemed at the option of the City, the City will select the maturities to be redeemed. If fewer than all of the outstanding Bonds of a maturity are to be redeemed, so long as the Bonds are held by the Securities Depository in book-entry form, selection of Bonds for redemption will be made in accordance with the operational arrangements between the City and the Securities Depository (the "Letter of Representations"), and the Bond Registrar will select all other Bonds to be redeemed randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed may be redeemed in Authorized Denominations. If less than all of the outstanding principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there will be issued to the Registered Owner, without charge therefor, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining outstanding.

Notice of Redemption. While the Bonds are held by the Securities Depository in book-entry only form, any notice of redemption will be given at the time, to the entity and in the manner required by the Letter of Representations, and the Bond Registrar will not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form, unless waived by any Registered Owner of the Bonds to be redeemed, notice of any redemption of Bonds will be given by the Bond Registrar on behalf of the City by mailing a copy of a redemption notice by first-class mail, postage prepaid, not less than 20 nor more than 60 days prior to the date fixed for redemption, to the Registered Owners of the Bonds to be redeemed at the addresses appearing on the registration books at the time the Bond Registrar prepares the notice.

Conditional Notice of Redemption. In the case of an optional redemption, the City has reserved the right to rescind any redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption. Any notice of optional redemption that is so rescinded will be of no effect, and the Bonds for which the notice of redemption has been rescinded will remain outstanding.

Effect of Call for Redemption. Interest on each Bond called for redemption will cease to accrue on the date fixed for redemption, unless either a conditional notice of optional redemption is rescinded as described above or money sufficient to effect such redemption is not on deposit in the City's Utility Debt Service Account (the "Bond Account") or in a trust account established to refund or defease the Bond.

Purchase of Bonds. The City has reserved the right to purchase any or all of the Bonds offered to the City at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Failure to Pay Bonds

If the principal of any Bond is not paid when properly presented at its maturity or date fixed for redemption, as applicable, the City will be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption 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 Account, or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner thereof.

Refunding or Defeasance

The City may issue refunding bonds or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (1) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (2) redeeming the defeased Bonds prior to their maturity; and (3) paying the costs of the refunding or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption or defeasance (the "trust account"), money and/or noncallable, nonprepayable "government obligations" (as defined in RCW 39.53.010, as now in effect or hereafter amended) maturing at a time or times and bearing interest in amounts sufficient to redeem, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the owners of the defeased Bonds in the covenants of the Bond Ordinance and in the funds and accounts obligated to the payment of the defeased Bonds will cease and become void. Thereafter, the Registered Owners of defeased Bonds will have the right to receive payment of the principal of and interest on the

defeased Bonds solely from the trust account and the defeased Bonds will be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment and redemption of the defeased bonds to any lawful purpose.

As currently defined in RCW 39.53.010, "government obligations" means (1) direct obligations of or obligations the principal and interest on which are unconditionally guaranteed by the United States of America and bank certificates of deposit secured by such obligations; (2) bonds, debentures, notes, participation certificates or other obligations issued by the Banks for Cooperatives, the Federal Intermediate Credit Bank, the Federal Home Loan Bank System, the Export-Import Bank of the United States, federal land banks or the Federal National Mortgage Association; (3) public housing bonds and project notes fully secured by contracts with the United States; and (4) obligations of financial institutions insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, to the extent insured or to the extent guaranteed as permitted under any other provision of State law.

PURPOSE AND APPLICATION OF BOND PROCEEDS

Purpose of the Bonds

The proceeds of the Bonds will be used to finance capital improvements to the System, including the North Urban Growth Area and Lacamas Creek Pump Station Improvements as described in the City's Capital General Sewer Plan and General Sewer Plan Amendment and other capital purposes, if interest rates are favorable, to refund certain outstanding System bonds, to fund the Reserve Account, and pay costs of issuance of the Bonds.

Estimated Sources and Uses of Funds

The proceeds from the Bonds are estimated to be applied as follows:

Sources of Funds	
Par Amount of the Bonds	$
[Net] Original Issue Premium/Discount	
Total	$
Uses of Funds	
Project Costs	$
Deposit to Refunding Account	
Deposit to Reserve Account	
Issuance Expenses[(1)]	
Total	$

(1) Includes Underwriter's discount, bond counsel fees, Refunding Trustee fees, verification agent fees, rating agency fees, and other expenses.

Refunding Plan

All or a portion of the following bonds (the "Refunding Candidates") may be refunded to their maturity or redemption dates with a portion of the proceeds of the Bonds. The Refunding Candidates refunded with proceeds of the Bonds will be the Refunded Bonds.

Refunding Candidates

Bond	Maturity Date	Par Amount	Interest Rate	Maturity or Call Date (at 100%)	CUSIP Numbers
Water and Sewer Revenue and Refunding Bonds, 1998					
Serial	2016	$ 450,000	4.45%	__/__/2015	131879EQ7
Total		$ 450,000			
Water and Sewer Revenue Bonds, 2007					
Serials	2018	$ 295,000	5.00%	12/01/2017	131879FC7
	2019	310,000	4.50	12/01/2017	131879FD5
	2020	325,000	4.50	12/01/2017	131879FE3
Term	2023	1,055,000	4.30	12/01/2017	131879FH6
Term	2026	1,205,000	4.40	12/01/2017	131879FL7
Total		$3,190,000			

A portion of the net proceeds from the sale of the Bonds will be deposited in the Refunding Account (the "Refunding Account") and used to purchase Acquired Obligations (as defined below) to be held by [U.S. Bank National Association] (the "Refunding Trustee") under a refunding trust agreement (the "Refunding Trust Agreement"), dated the date of delivery of the Bonds, between the City and the Refunding Trustee. Funds will be irrevocably deposited in the Refunding Account and will be used to purchase direct, noncallable obligations of the United States of America (the "Acquired Obligations"). The Acquired Obligations will mature at such times and pay interest in such amounts so that, with other available funds held by the Refunding Trustee under the Refunding Trust Agreement, sufficient money will be available to pay the interest on the Refunded Bonds coming due on and prior to their respective maturity or redemption dates and to redeem and retire the Refunded Bonds on the respective dates set forth above. Since all payments of principal of and interest on the Refunded Bonds will thereafter be provided for from money and securities on deposit with the Refunding Trustee under the Refunding Trust Agreement, the liens, pledges and covenants securing the Refunded Bonds will terminate and be discharged and released.

An independent verification shall be obtained from _____ stating that the Acquired Obligations held by the Refunding Trustee and the interest to be earned thereon, together with any money held by the Refunding Trustee, will be sufficient to make all interest payments to the maturity or redemption date for the Refunded Bonds and to pay the principal and premium, if any, of the Refunded Bonds on the dates fixed for redemption. The verification will also confirm the correctness of the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" as defined by Section 148 of the Internal Revenue Code of 1986, as amended.

SECURITY FOR THE BONDS

Pledge of Revenue and Certain Funds

The Bonds; the City's Water and Sewer Revenue and Refunding Bonds, 1998 (the "1998 Bonds"), which are currently outstanding in the principal amount of $450,000, all of which are expected to be refunded with a portion of the proceeds of the Bonds; the City's Water and Sewer Revenue Bonds, 2007 (the "2007 Bonds"), which are currently outstanding in the principal amount of $3,990,000, of which $3,190,000 are expected to be refunded with a portion of the proceeds of the Bonds; and any debt hereafter issued on a parity ("Parity Bonds") are secured equally by an irrevocable pledge of the Net Revenue of the System, which is defined as Gross Revenues less the Operation and Maintenance Costs of the System. "Gross Revenue" means all rates, charges or other income and receipts in

each case derived by or on account of the City from the operation or ownership of the System. The City will deposit all Gross Revenues into the previously established Water and Sewer Revenue Fund (the "Revenue Fund"). "Operation and Maintenance Costs" means all necessary costs to the City of operating and maintaining the System, including but not limited to the City's administrative and general expenses (which expenses may include pro rata budget charges for city departments when such charges represent a reasonable distribution and share of actual cost), costs of insurance (including reasonable contributions for self-insurance reserves), consulting technical services, excise taxes, and repairs and replacements (only to the extent not properly classifiable as capital costs), but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature, capital costs of additions, betterments, extensions or replacements of all or any portion of the System, or debt service or transfers from money of the System to other funds of the City as taxes or payments in lieu of taxes.

The Bonds are not general obligations of the City, and neither the full faith and credit nor the taxing power of the City, the State, or any political subdivision thereof is pledged for the payment of the principal of or interest on the Bonds. The rights and remedies of Bondowners seeking enforcement of the Bonds are subject to applicable bankruptcy or insolvency laws or other similar laws affecting creditors' rights, to the rules of equity should equitable remedies be sought and to judicial interpretation and discretion.

Washington State law provides that the owner of a bond, such as the Bonds, the payment of which is pledged from a special fund, such as the Bond Account, has a claim only against that fund and proportionate amounts of revenue pledged to that fund. Under Washington State law, any bondowner may bring an action to compel a city to set aside and pay into the special fund the amount that a city is obligated to set aside and pay therein.

Rate Covenant

The City has covenanted in the Bond Ordinance that it will establish, maintain and collect rates and charges for water and sanitary sewage collection and disposal service in an amount to provide Net Revenue together with Assessment Income in amounts necessary to at least equal the Coverage Requirement. "Coverage Requirement" means (a) for any period during which Assessments may be paid without becoming delinquent, the sum of (i) the product of the Average Annual Debt Service on all Parity Bonds then outstanding times a fraction, the numerator of which is the aggregate principal amount of nondelinquent Assessments which remain to be paid into the Bond Fund plus the principal amount of Assessments previously paid into and then on hand in the Bond Fund, and the denominator of which is the aggregate principal amount of Parity Bonds then outstanding, plus (ii) 1.25 times the product of Average Annual Debt Service on all Parity Bonds then outstanding times the difference of 1 minus the fraction calculated pursuant to (i) above; or (b) for any other period, the product of 1.25 times the Average Annual Debt Service on the Parity Bonds then outstanding.

When the Outstanding Parity Bonds are no longer outstanding, the failure to collect Gross Revenue in any fiscal year sufficient to comply with the covenants contained in items (i) and (ii) above shall not constitute an event of default if the City, before the 90th day of the following fiscal year, both (1) employs a professional utility consultant to recommend changes in the City's rates which are estimated to produce Gross Revenue sufficient (once the rates recommended by the professional utility consultant have been imposed by the City) to meet the requirements of this subsection; and (2) imposes rates at least as high as those recommended by such professional utility consultant at the time or times so recommended.

Revenue Fund

The City has previously created a special fund of the City known as the "Water and Sewer Revenue Fund" ("Revenue Fund"), into which fund the City has obligated and bound itself to pay all of the Gross Revenue of the System as collected. The money in the Revenue Fund shall be kept segregated from any and all other money of the City.

All Operation and Maintenance Costs, all payments required to be made into the Bond Fund and Reserve Account and all payments which may be required later to be made into any other fund or account of the City or for any other proper purpose in connection with the operation and ownership of the System shall be paid out of the Revenue Fund.

Bond Fund

The Bond Ordinance continues the special fund of the City known as the "Water-Sewer Revenue Bond Fund" (the "Bond Fund"), for the payment of the principal of, premium, if any, and interest on all Parity Bonds.

Reserve Account

The Bond Ordinance obligates the City to fund the Reserve Account. The Reserve Requirement, as of any date, means with respect to all outstanding Parity Bonds, an amount equal to the lesser of (a) 125% of Average Annual Debt Service on such bonds, (b) 10% of the net proceeds of such series of bonds, and (c) Maximum Annual Debt Service. Once the Outstanding Parity Bonds are no longer outstanding, the City may deduct the direct payment the City is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the City with a direct payment of a portion of the interest from the interest portion of annual debt service. As of May 1, 2015, there was $905,738 on deposit in the Reserve Account. The Reserve Account Requirement, upon the issuance of the Bonds is expected to be approximately $_____. [The City will fund the Reserve Account Requirement with proceeds from the sale of the Bonds.]

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

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

Any ordinance providing for the issuance of Future Parity Bonds may provide (or the City may provide by ordinance at any other time) for the City to obtain Qualified Insurance or a Qualified Letter of Credit for specific amounts required pursuant to this section to be paid out of the Reserve Account. The face amount of any such Qualified Insurance or Qualified Letter of Credit shall be credited against the amounts required to be maintained in the Reserve Account by this section to the extent that such payments and credits to be made are insured by an insurance company, or guaranteed by a letter of credit from a financial institution. Such Qualified Letter of Credit or Qualified Insurance shall not be cancelable on less than five years' notice. In the event of any cancellation, the Reserve Account shall be funded in accordance with the provisions of this section providing for payment to the Reserve Account in the event of a deficiency therein.

Once the Outstanding Parity Bonds are no longer outstanding, the ordinance authorizing Future Parity Bonds may establish a separate reserve account and reserve account requirement for any such Future Parity Bonds or provide that some or all of such Future Parity Bonds be secured by a common reserve account.

No Acceleration

The Bonds are not subject to acceleration in the event the City defaults on a payment due thereunder.

Rate Stabilization Account

The City may create a Rate Stabilization Account within the Revenue Fund at the discretion of the Finance Director to cope with future increases in revenue requirements of the System. In accordance with the Bond Ordinance, the City may from time to time appropriate or budget amounts in the Revenue Fund for deposit in the Rate Stabilization Account and may from time to time withdraw amounts therefrom to prevent or mitigate water and sewer rate increases or for other lawful purposes of the City related to the System. Once the 1998 Bonds are no longer outstanding, amounts withdrawn from the Rate Stabilization Account shall increase Gross Revenue for the period for which they are withdrawn, and amounts deposited in the Rate Stabilization Account shall reduce Gross Revenue for the period for which they are deposited. Once the 1998 Bonds are no longer outstanding, credits to or from the Rate Stabilization Account that occur within 90 days after the end of a fiscal year may be treated as occurring within

such fiscal year. Earnings on the Rate Stabilization Account shall be credited to the Revenue Fund. The City has not created a Rate Stabilization Account.

Contract Resource Obligations

The City may at any time enter into one or more contracts or other obligations for the acquisition, from facilities to be constructed, of water or sewer supply, transmission, or service relating to the System. Once the Outstanding Parity Bonds are no longer outstanding, the City may determine that such contract or other obligation is a Contract Resource Obligation, and may provide that all payments under that Contract Resource Obligation (including payments prior to the time that supply, transmission, or service is being provided, or during a suspension or after termination of supply or service) shall be Operation and Maintenance Costs if the following requirements are met at the time such Contract Resource Obligation is entered into:

(1) No event of default has occurred and is continuing.

(2) There shall be on file a certificate of a Professional Utility Consultant or an independent certified public accountant, stating that: (i) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the supply, transmission, treatment, or other service rendered; (ii) the source of any new supply, and any facilities to be constructed to provide the supply, transmission, treatment, or other service, are sound from a water or other commodity supply or transmission planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide supply or transmission or other service no later than a date set forth in the Professional Utility Consultant's, or independent certified public accountant's, certification; and (iii) the Net Revenue (further adjusted by the Professional Utility Consultant's, or independent certified public accountant's, estimate of the payments to be made in accordance with the Contract Resource Obligation) for the five fiscal years following the year in which the Contract Resource Obligation is incurred, as such Net Revenue is estimated by the Professional Utility Consultant, or independent certified public accountant (with such estimate based on such factors as he or she considers reasonable), will be at least equal to the Coverage Requirement.

Payments required to be made under Contract Resource Obligations are not subject to acceleration.

The City may enter into other agreements for the acquisition of water supply, transmission, treatment, or other commodity or service from existing facilities and may treat those payments as Operation and Maintenance Costs of the System. In addition, the City can enter into other agreements for the acquisition of water supply, transmission, treatment, or other commodity or service from facilities to be constructed and to agree to make payments with respect thereto, such payments constituting a lien and charge on Net Revenue subordinate to that of Parity Bonds.

Future Parity Bonds

Pursuant to the Bond Ordinance, the City has reserved the right to issue Future Parity Bonds for:

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

(2) The purpose of refunding, exchanging with or purchasing and retiring prior to their maturity the outstanding revenue bonds or warrants of the City, to issue Parity Bonds and to pledge that payments shall be made out of the Revenue Fund and Assessment Income into the Bond Fund and Reserve Account to pay and secure the payment of the principal of and interest on such Parity Bonds on a parity with the payments required to be made out of the Revenue Fund and from Assessment Income into the Bond Fund and the Reserve Account therein and the special Reserve Fund to pay and secure the payment of the principal of and interest on the outstanding Parity Bonds upon compliance with the following conditions:

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

(b) If there are Assessments levied in any utility local improvement district in which additions and improvements to and extensions of the System will be constructed from the proceeds of such Future

Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require that such Assessments be paid into the Bond Fund.

(c) If there are Assessments pledged to be paid into a warrant or bond redemption fund for revenue bonds or warrants being refunded by Future Parity Bonds, the ordinance authorizing such Future Parity Bonds shall require such Assessments to be used for the refunding or paid into the Bond Fund.

(d) The City will covenant in each ordinance authorizing the issuance of Future Parity Bonds that it will establish, maintain and collect rates and charges for water and sanitary sewage collection and disposal service for as long as the Bonds and any Future Parity Bonds are outstanding in an amount, together with Assessment Income, to at least equal the Coverage Requirement.

(e) The payment of the principal of and interest on the Future Parity Bonds will be payable out of the Bond Fund and it will pay into the Reserve Account out of the Gross Revenue of the System (or, at the option of the City, out of Assessment Income or any other funds legally available for such purpose) not less than approximately equal additional annual future payments so that by five years from the date of such Future Parity Bonds there will have been paid into the Reserve Account an amount which, with the money already on deposit therein, will be equal to the Maximum Annual Debt Service, or the Reserve Account Requirement, as applicable.

(f) Before issuing Future Parity Bonds, among other things, there must be on file with the City a certificate executed by an independent professional engineer licensed to practice in the State and experienced in the installation and operation of municipal utilities or a certified public accountant, showing that the net revenue of the System for a period of any 12 months out of the 24 months immediately preceding the month of delivery of such Parity Bonds, plus his or her estimate of the annual net revenue to be derived by the City from the operation of any additions to and betterments and extensions of the System to be acquired, constructed and installed out of the proceeds of the sale of such Parity Bonds (the "Adjusted Net Revenue"), will equal at least the Coverage Requirement.

The words "net revenue" as first used in subparagraph (f) above shall mean the Gross Revenue of the System for said 12-month period after deducting therefrom the amount expended for the normal Operation and Maintenance Costs of the System for such 12 months, but before depreciation and before any transfer of moneys to any funds of the City other than the Bond Fund, and taxes or payments in lieu of taxes to the City. If there were any customers added to the System during such 12-month period, such net revenue may be computed on the basis that such customers were customers of the System during such period.

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

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

Once the 1998 Bonds are no longer outstanding, at the time of the issuance of such Parity Bonds, the City shall have on file in the office of the Finance Director either the certificate of the professional engineer as provided above or a certificate signed by the Finance Director that shall set forth: (i) the amount of the Net Revenues for any 12 consecutive months of the 24 months prior to the date of the issuance of such Parity Bonds; (ii) the amount of the Maximum Annual Debt Service thereafter on account of all Parity Bonds then outstanding and the Parity Bonds then to be issued hereunder; and (iii) the percentage derived by dividing the amount shown in (i) above by the amount shown in (ii) above, and shall state that such percentage is not less than the Coverage Requirement..

In the event that such Parity Bonds are issued for the sole purpose of refunding a like principal amount of Parity Bonds, and the average annual amount required for debt service during the life of said Parity Bonds to be issued is less than the average annual amount required for debt service on the bonds being refunded and the last maturity date

of such Parity Bonds to be issued is not later than the last maturity date of the bonds being refunded, then the certificate required above need not be obtained to permit the issuance of such Parity Bonds.

Junior Lien Obligations

Nothing in the Bond Ordinance prohibits the issuance of revenue bonds, warrants or other obligations that are a charge upon the money in the Revenue Fund junior or inferior to the payments required to be made into the Bond Fund and Reserve Account for the Parity Bonds. The City currently has the following outstanding loans issued through the State that are junior to the Parity Bonds.

Junior Lien Obligations of the Water-Sewer Fund
(as of December 31, 2014)

	Issue Date	Maturity Date	Interest Rate	Amount Outstanding
1999 Public Works Trust Fund Loan	05/05/1999	07/01/2019	1.00%	$ 845,460
Community Economic Revitalization Board Loan	01/01/2001	01/01/2016	5.85	107,960
1996 Department of Ecology Loan	1996	04/14/2017	4.30	208,167
1998 Department of Ecology Loan	1998	09/15/2020	4.10	3,459,443
2007 Public Works Trust Fund Loan	08/06/2007	07/01/2027	0.50	586,807
2008 Public Works Trust Fund Loan	03/07/2008	07/01/2028	0.50	7,773,684
2009 ARRA Loan	04/27/2009	10/01/2032	1.00	523,895
2011 Department of Ecology Loan	01/01/2011	06/30/2032	2.80	4,807,551
2012 Public Works Trust Fund Loan	04/11/2013	06/01/2032	0.50	602,190
2012 Public Works Trust Fund Loan	04/09/2013	10/01/2036	1.00	3,580,700
				$22,495,857

The loans with the Department of Ecology ("DOE") are subject to acceleration in an event of default. However, DOE has stated that any DOE loan is not subject to acceleration so long as any Parity Bonds are outstanding.

Agreement with Certain Developers [CONFIRM]

The City and Green Mountain Land LLC, a developer of a proposed planned residential development in the City entered into a Development Agreement in July 2015 pursuant to which the City agreed to construct trunk line sewer improvements and the Developer will pay the City $_____ plus interest, payable in 15 annual installments. The truck line sewer improvements will be financed with Bond proceeds. As security for its obligation to repay the City, the Developer provided a letter of credit/cash in the amount of two annual payments and a lien on property to secure the remaining installments.

Permitted Investments

Money held in the Bond Fund (and the accounts therein) and the Project Fund may be invested in legal investments, and any earnings may be retained in such fund for the purpose of that fund or transferred to the Bond Fund or Revenue Fund.

Certain Other Covenants

Maintenance of System. The City will at all times maintain and keep the System in good repair, working order and condition, and will at all times operate the same and the business in connection therewith in an efficient manner and at a reasonable cost.

Sale or Disposition of the System. The City will not sell or otherwise dispose of any of the properties of the System (unless such properties are no longer useful for the operation of such System), unless provision is made for payment into the Bond Fund of a sum sufficient, together with other money available therefor, to pay the principal of and interest on all of the outstanding Parity Bonds in accordance with their terms. Once the 1998 Bonds are no longer

outstanding, the City will not sell or otherwise dispose of the System in its entirety unless simultaneously with such sale or disposition provision is made for payment into the Bond Fund of cash or Government Obligations (as now or hereafter defined in chapter 39.53 RCW) sufficient to pay the principal of and interest on all then outstanding Parity Bonds in accordance with the terms thereof nor will it sell or otherwise dispose of any part of the useful operating properties of the System in excess of 5% of the net utility plant of the System unless provision is made for payment into the Bond Fund of an amount which shall be in at least the same proportion to the net amount of Parity Bonds outstanding (defined as the total amount of such Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Net Revenue from the portion of the System sold or disposed of for the preceding fiscal year bears to the Net Revenue of the System for the same period.

Delinquencies. The City shall determine by March 1 of each year all Assessments which have become delinquent during the preceding calendar year and bring the necessary actions of foreclosure upon the property against which such Assessments were levied by June 1 of such year or, if later, the earliest date permitted by law. The City shall promptly take action to enforce the payment of delinquent service charges by such means as are legally available. As of July 1, 2015, the City had no Assessments outstanding.

Amendments to the Bond Ordinance

The City Council may adopt an ordinance or ordinances supplementing or amending the Bond Ordinance to (1) add to the covenants and agreements of the City in the Bond Ordinance or to surrender any right or power reserved to or conferred upon the City, or (2) make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in the Bond Ordinance in regard to such matters or questions as the City may deem necessary or desirable and which will not adversely affect the interests of the owners of any Parity Bonds in any material respect.

Any such supplemental ordinance of the City may be adopted without the consent of the owners of any Parity Bonds at any time outstanding. With the consent of the owners of not less than two-thirds in aggregate principal amount of the Parity Bonds at the time outstanding, the City may adopt an ordinance or ordinances supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Bond Ordinance or of any supplemental ordinance; provided, however, that no such supplemental ordinance will: (1) extend the fixed maturity of any Parity Bond, or reduce the rate of interest thereon, or extend the time of payments of interest from their due date, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the owner of each Parity Bond so affected; or (2) reduce the aforesaid percentage of owners of Parity Bonds required to approve any such supplemental ordinance, without the consent of the owners of all Parity Bonds then outstanding.

Debt Service Requirements

Debt service on the currently outstanding 1998 Bonds, 2007 Bonds and the Bonds, is set forth below. In addition, the City has $22,495,857 in outstanding loans from the State with liens on Net Revenues junior to the Parity Bonds. See "Junior Lien Obligations."

Debt Service Requirements
(Years Ending December 31)

		The Bonds		
Year	**Outstanding Bonds[1]**	**Principal**	**Interest**	**Total Debt Service[2]**
2015	$ 896,195			
2016	893,973			
2017	435,710			
2018	436,710			
2019	436,960			
2020	438,010			
2021	438,385			
2022	433,765			
2023	433,715			
2024	438,020			
2025	436,080			
2026	438,480			
TOTAL[2]	$6,156,003			

(1) Includes the Refunding Candidates.
(2) Columns may not foot due to rounding.

Debt service on the junior lien obligations is set forth below.

Debt Service Requirements of the Junior Lien Obligations
(Years Ending December 31)

Year	Principal	Interest	Total Debt Service[1]
2015	$ 1,702,483	$ 338,317	$ 2,040,801
2016	1,736,706	303,979	2,040,685
2017	1,848,243	391,795	2,240,038
2018	1,834,643	261,282	2,095,925
2019	1,865,618	223,348	2,088,966
2020	1,728,695	184,220	1,912,915
2021	1,099,124	152,266	1,251,390
2022	1,106,368	139,754	1,246,122
2023	1,113,818	127,036	1,240,854
2024	1,121,478	114,099	1,235,577
2025	1,129,356	100,962	1,230,318
2026	1,137,458	87,592	1,225,050
2027	1,145,789	73,994	1,219,783
2028	1,109,218	60,158	1,169,376
2029	562,765	46,305	609,071
2030	571,826	34,979	606,805
2031	581,144	23,396	604,539
2032	384,984	11,548	396,532
2033	179,035	7,161	186,196
2034	179,035	5,371	184,406
2035	179,035	3,581	182,616
2036	179,035	1,790	180,825
TOTAL[1]	$ 22,495,857	$2,692,934	$25,188,791

(1) Columns may not foot due to rounding.

Additional Borrowing

The City does not anticipate issuing any additional Parity Bonds in the next year, although it does have an approximately $2 million project at the Lacamas Creek Pump Station. See "THE SYSTEM—Capital Requirements." However, when and if market conditions allow for the refunding of additional higher rate bonds of the City, such refundings will be considered.

Debt Payment Record

The City always has met principal and interest payments on all of its revenue and general obligation bonds when due. In addition, the City never has made a draw on a debt service reserve fund for delinquency.

THE SYSTEM

General

The City owns and operates a combined waterworks and sewerage system (the "System"), which serve virtually all of the residents of the City and certain areas outside of the City. The City's water retail service area extends beyond City limits and encompasses the current Urban Growth Boundary ("UGB"). The City provides water to all residential, commercial, and industrial customers within City limits. Additionally, the City currently provides water to 433 residential customers outside the City limits but within the UGB. The City will continue to serve customers outside the City limits when feasible with the City's current water supply system. The System employs

approximately 19 people, is managed by the Public Works Director and currently serves 8,032 water accounts and 7,560 sewer service accounts.

The Water System

The City owns and operates the Water System, which serves 8,032 customers. The Water System obtains water from a series of wells and two surface water sources: Jones Creek and Boulder Creek. Jones and Boulder Creeks are located on the south side of Larch Mountain, northeast of the City. The surface water sources can be utilized for supplying water to the City from November 1st through May 14th. A new Slow Sand Filter Water Treatment Plant (SSFWTP) is currently under construction and scheduled for completion January 2016. The new SSFWTP system will replace the existing surface water disinfection system and the water filtration plant located near Lacamas Lake. The ground water sources include eight wells near the Washougal River and one in Grass Valley. All water sources are treated with chlorine for disinfection, fluoride for dental health and sodium hydroxide to reduce the corrosion of copper piping to meet State and EPA standards. Water pressure and fire flows are maintained throughout the service area with seven distribution reservoirs totaling 8.45 million gallons of storage capacity, nine booster pump stations and over 140 miles of pipe.

The Jones and Boulder Creek watershed property consists of approximately 1,700 acres of mature forest land that is used by the City to collect water through water intake facilities. The City acquired this property in five individual transactions between 1923 and 1950 and is generally split into two principal drainage basins, with Boulder Creek draining the westerly half of the site and Jones Creek draining the easterly half. Both of these large streams have public water intakes and are fed by numerous tributaries that web throughout the property. A forest management plan has been established for the property and prescribed logging in the watershed began in 2014. Other transmission improvements and maintenance activities necessary to operate the water intake facilities have been constructed or are under design.

Clark County, Washington developed a coordinated regional plan for water service in Clark County. The purpose of this plan was to define water service areas for water suppliers within Clark County. As a result of this planning, the City of Camas has a water service area which is larger than its current city limits and the Urban Growth Boundary of the City. The current city limits are comprised of approximately 9,872 acres. In accordance with Municipal Water Law, the City is required to designate a retail service area within which it has a duty to serve all customers, and if appropriate, designate a future service area and wholesale service area. The City's retail service area encompasses the current UGB.

Water consumption is the amount of water used by all customers of the System, as measured by the customers' meters. The peak average day demand is 9.04 mgd82. The tables below show the historical average number of customers, average annual consumption, and average daily consumption per connection of each customer class within the City from 2010 through 2014.

The City's single family residential accounts represent approximately 89% of all accounts, but only 54% of total system consumption. This is due to the lower consumption per connection of the single family residential customers as compared to the other customers.

As shown in the following tables, residential customers use an average of approximately 239 gallons per day per connection, and non-residential customers use an average of approximately 3,082 gallons per day per connection.

Number of Customers

	2010	2011	2012	2013	2014
Residential	6,983	7,035	7,224	7,352	7,361
Non-Residential	450	474	498	549	567
Total	7,433	7,509	7,722	7,901	7,928

Average Annual Consumption
(1,000 Gallons)

	2010	2011	2012	2013	2014
Residential	582,766	586,919	631,499	628,648	703,081
Non-Residential	532,734	561,889	576,997	568,334	602,832
Total	1,115,500	1,148,808	1,208,496	1,196,982	1,305,514

Average Daily Consumption per Connection
(Gallons per Day per Connection)

	2010	2011	2012	2013	2014
Residential	229	229	239	234	262
Non-Residential	3,243	3,248	3,174	2,836	2,913
Total	3,472	3,477	3,413	3,070	3,175

Below is a table detailing the largest water users and their total consumption for the 12-month period ended December 31, 2014. The list of users in the table primarily consists of municipal facilities and businesses. The largest water users are also among the City's largest sewer customers.

Ten Largest Individual Water Users – 2014

	Consumption (hundred cubic feet)	Annual Revenue	Percentage of Total System Revenues
Wafertech	333,117	$ 553,419	16.48%
Linear Technology	128,423	212,596	6.33
Georgia Pacific	102,813	174,611	5.20
Camas School District	40,591	87,420	2.60
The City	31,019	64,310	1.91
Underwriter's Laboratories	14,637	29,649	0.88
SE Incorporated	10,931	28,312	0.84
Sharp Electronics	8,948	17,670	0.53
Bodycote	6,489	12,215	0.36
Karcher North America	5,544	11,278	0.34
Totals	682,412	$1,191,200	35.47%

Water Rates. Water rates and charges are set by the City Council, which has exclusive authority to set rates and charges for the Water System. The rates and charges are not subject to control by any federal or State agency.

The City's monthly water bills are calculated based on meter size and volume of water in hundreds of cubic feet ("ccf") consumed.

Water Rates

Meter Size	2014	2015	2016[1]	2017[1]	2018[1]
Inside City					
5/8”	$ 7.98	$ 8.38	$ 8.80	$ 9.24	$ 9.70
3/4"	8.65	9.08	9.53	10.01	10.51
1”	10.67	11.20	11.76	12.35	12.97
1.25”	12.01	12.61	13.24	13.90	14.60
1.5”	13.37	14.04	14.74	15.48	16.25
2”	20.77	21.81	22.90	24.05	25.25
3”	75.25	79.01	82.96	87.11	91.47
4”	95.46	100.23	105.24	110.50	116.03
6”	142.55	149.68	157.16	165.02	173.27
8”	196.38	206.20	216.51	227.34	238.71
10”	256.94	269.79	283.28	297.44	312.31
Outside City					
5/8”	$ 11.97	$ 12.57	$ 13.20	$ 13.86	$ 14.55
3/4"	12.98	13.62	14.30	15.02	15.77
1”	16.01	16.80	17.64	18.53	19.46
1.25”	18.02	18.92	19.86	20.85	21.90
1.5”	20.06	21.06	22.11	23.22	24.38
2”	31.16	32.72	34.35	36.08	37.88
3”	112.88	118.52	124.44	130.67	137.21
4”	143.18	150.35	157.86	165.75	174.05
6”	213.83	224.52	235.74	247.53	259.91
8”	294.57	309.30	324.77	341.01	358.07
10”	385.41	404.69	424.92	446.16	468.47

(1) Expected; subject to change by the City Council.

Water Volume Charge – ($/ccf)

	2014	2015	2016[1]	2017 [1]	2018 [1]
Inside City					
Residential	$1.53	$1.61	$1.69	$1.77	$1.86
Commercial	1.87	1.96	2.06	2.16	2.27
Industrial	1.54	1.62	1.70	1.79	1.88
Cemetery	0.6+	0.72	0.76	0.80	0.84
Irrigation	1.73	1.82	1.91	2.01	2.11
Outside City					
Residential	$2.30	$2.42	$2.54	$2.66	$2.79
Commercial	2.81	2.94	3.09	3.24	3.41
Industrial	2.31	2.43	2.55	2.69	2.82
Cemetery	1.04	1.08	1.14	1.20	1.26
Irrigation	2.60	2.73	2.87	3.02	3.17

(1) Expected; subject to change by the City Council.

The establishment of rates is within the exclusive jurisdiction of the City, subject to a requirement of State law that fair and nondiscriminatory rates must be fixed to produce revenue adequate to pay for operation and maintenance and to meet all debt service requirements payable from such revenue. EPA user charge regulations also require the establishment of rates sufficient to meet operation and maintenance expenses and to allocate rates according to usage.

The following table shows the percentage change in revenues resulting from the rate adjustments implemented since 2010 and from rate adjustments expected for 2016, 2017 and 2018.

Historic and Projected Water Rate Increases to Single-Family Residence Monthly Base Charge

Year	Rate Increases
2010	3.0%
2011	3.0
2012	3.0
2013	3.0
2014	5.0
2015	5.0
2016[(1)]	5.0
2017[(1)]	5.0
2018[(1)]	5.0

(1) Expected; subject to change by the City Council.

Water Connection Charges. The City imposes water capital improvement fees on new water connections and installations. No water service is furnished to the property until the charge is paid or an agreement for payment has been made between the City and the applicant. All water system development charges are paid into the water-sewer capital reserve fund and are used for the purpose of financing System improvements. Water system development charges are based on pipe size. The following table shows the water capital improvement and installation fees, which were effective beginning January 1, 2015.

Water Connection Fees

Meter Size	Residential and Commercial	Residential and Commercial (North Urban Grown Area)	Industrial	Industrial (North Urban Grown Area)
5/8”	$ 3,185	$ 4,873	$ 19,647	$ 30,948
3/4”	4,778	7,310	28,270	44,723
1”	7,963	12,183	45,555	72,313
1½”	15,925	24,365	88,632	141,151
2”	25,480	38,984	140,568	223,999
3”	50,960	77,968	281,092	446,958
4”	79,625	121,825	436,781	695,386
6”	159,250	243,650	868,727	1,384,939
8”	254,800	389,840	1,386,905	2,212,246

Comparative Water Charges. Shown below are current comparative water rate charges of several municipalities located near the City.

2015 Single-Family Monthly Water Rate
(Based on consumption of 600 cubic feet)

Agency	Rate
City of Vancouver	$17.03
The City	18.04
City of Battle Ground	19.45
City of Kalama	20.90
City of Washougal	25.45
City of Longview	25.91
City of Woodland	30.18
City of Kelso	31.30

Steigerwald Camas-Washougal Interlocal. **[to come]**

The Sewer System

The City owns and operates a secondary sewage waste water treatment plant ("WWTP"), 100 miles of sanitary sewage and 53 miles of storm sewer collection system (collectively, the "Sewer System"). The WWTP has an average annual flow rating of 5.3 MGD and a peak hour flow of 13.44 MGD and now treats an average of 2.58 MGD. The Sewer System serves 7,368 customers. The peak day demand in 2014 was 6.3 MGD.

The WWTP treats domestic, commercial and industrial wastewater that is conveyed to the WWTP by the pumping stations in the wastewater collection system. The wastewater treatment plant consists of primary screens, primary clarifiers, aeration basins, secondary clarifiers, ultra-violet disinfection, effluent filters and anaerobic digesters. The effluent from the WWTP is discharged into the Columbia River.

The sewage collection system is generally comprised of two types of systems. The first is a standard gravity collection system where residential, commercial, industrial sewage is collected through a series of ever larger gravity lines and directed to the WWTP. The second is a septic tank effluent pumping ("STEP") system where each residential, commercial, and industrial customer has their own septic tank and pump. Solids are collected in the septic tanks, which are owned and maintained by the City. Solids are pumped out of the septic tanks approximately once every eight years. The sewer effluent (liquid) is pumped from each individual tank into a larger system of force mains and pumps and directed to the WWTP. There are approximately 3,200 individual septic tanks and pumps within the STEP system.

The following table shows certain statistics for the sewer system.

Number of Customers

	2010	2011	2012	2013	2014
Residential	6,599	6,735	6,827	6,926	7,122
Non-Residential	246	246	242	271	246
Total	6,845	6,981	7,069	7,197	7,368

Sewer Operating Statistics

	2010	2011	2012	2013	2014
Total (MG)	915.00	918.09	1,005.84	881.81	943.52
Average Daily (MGD)	2.51	2.52	2.75	2.42	2.58
Peak (Maximum Monthly Average, MGD)	3.35	3.57	3.54	3.00	3.16

Below is a table detailing the largest sewer users and their total consumption for the 12-month period ended December 31, 2014. The list of users in the table primarily consists of municipal facilities and businesses. The largest water users are also among the City's largest sewer customers.

Ten Largest Individual Sewer Users – 2014

	Consumption (100 cubic feet)	Annual Revenue	Percentage of Total System Revenues
Wafertech	310,8538	$1,373,961	21.65%
Linear Technology	116,716	555,051	8.75
Georgia Pacific	100,738	484,736	7.64
Camas School District	10,381	54,636	0.86
The City	8,063	14,616	0.23
Sharp Electronics	6,614	30,868	0.49
Bodycote	5,758	28,041	0.44
Heraeus Shin-Etsu	4,511	20,813	0.33
Camas Associates LLC	3,083	14,162	0.22
Underwriter's Laboratories	2,750	13,040	0.21
Totals	569,452	$2,589,924	40.82%

Sewer Rates. Sewer rates and charges are set by the City Council, which has exclusive authority to set rates and charges for the Sewer System. The rates and charges are not subject to control by any federal or State agency.

The charges for residential and commercial and industrial, which is effective January 1st for the years specified herein, and all subsequent years unless and until amended by the City Council are as follows:

Sewer Rates and Charges

Customer Type	2014	2015	2016(1)	2017(1)	2018(1)
Residential					
Inside City					
Monthly Service Charge	$21.97	$22.63	$23.31	$24.01	$24.73
Volume Charge (per ccf)	3.35	3.45	3.55	3.66	3.77
Outside City					
Monthly Service Charge	32.96	33.95	34.97	36.02	37.10
Volume Charge (per ccf)	5.03	5.18	5.33	5.49	5.66
Commercial and Industrial					
Inside City					
Monthly Service Charge	10.52	10.84	11.17	11.51	11.86
Volume Charge (per ccf)	4.47	4.60	4.74	4.88	5.03
Outside City					
Monthly Service Charge	15.78	16.26	16.76	17.27	17.79
Volume Charge (per ccf)	6.71	6.90	7.11	7.32	7.55

(1) Expected; subject to change by the City Council.

The following table shows the percentage change in revenues resulting from the rate adjustments implemented since 2010 and from rate adjustments estimated for 2016, 2017 and 2018.

Historic and Projected Sewer Rate Increases to Residential Monthly Base Charge

Year	Rate Increases
2010	10.0%
2011	11.0
2012	4.5
2013	3.0
2014	3.0
2015	3.0
2016[(1)]	3.0
2017[(1)]	3.0
2018[(1)]	3.0

(1) Expected; subject to change by the City Council.

Sewer Connection Charges. The City imposes sewer capital improvement fees on new sewer connections. The sanitary sewer capital improvement and installation fees are fully due and payable prior to the installation or connection. The following table shows the sanitary sewer capital improvement and installation fees.

Sanitary Sewer Connection Fees

Customer Type	Charge	Charge – North Urban Growth Area
Residential	$ 2,493	$ 4,420
Commercial		
5/8”	2,493	4,420
3/4”	3,740	6,630
1”	6,234	11,050
1½”	12,467	22,101
2”	19,948	35,361
3”	39,896	70,722
4”	62,337	110,503
6”	124,674	221,006
8”	199,478	353,609

Comparative Sewer Charges. Shown below are current comparative sewer rate charges of several municipalities located near the City.

2015 Single-Family Monthly Sewer Rate
(Based on consumption of 600 cubic feet)

Agency	Rate
City of Vancouver	$26.94
City of Battle Ground	37.27
The City	43.33
City of Woodland	46.92
City of Kelso	55.57
City of Washougal	56.60
City of Longview	63.59
City of Kalama	74.50

Billing and Collection Policy

All residential and most commercial water services are billed on bi-monthly intervals and all industrial and some commercial services are charged monthly. Bills for all customers are due on the 10th day of each month following billing. Billings are considered delinquent on the 19th day of each month following billing. A penalty fee is assessed on all delinquent accounts assessed at a rate of 5% of the outstanding balance with a minimum of $15 per utility account.

Whenever any charge for furnishing water and/or sewer services to any premises is not paid in full by the 18th day of the month following billing, in addition to assessing the penalty fee, the City's Finance Department will send a notice to the customer billed for such services stating that if the charges are not paid in full or a hearing requested within 10 days of the notice, the City will disconnect the service of water to such premises. In the event that the water service to the premises is disconnected, a fee of $45 will be charged.

An additional charge of $40 is assessed for each time a service is found wrongfully or illegally reconnected for nonpayment. All disconnection charges and outstanding obligations for water and/or sewer furnished to such premises must be paid in full prior to reconnection.

Endangered Species Act [Anything to add?]

In planning future projects, the City evaluates the construction and operation of the facilities to determine if there will be any impact on endangered species through the use of site evaluations, special environmental studies, and preparation of State Environmental Policy Act ("SEPA") checklists or environmental impact statements, and meets additional specific requirements under the City's Critical Areas regulations, as appropriate. Alternatives are developed to minimize or avoid impacts on endangered species. Where federal permits or funding are involved, the City also complies with the Endangered Species Act's "consultation" requirement, which serves to evaluate and address any potential effect on endangered species. Best management practices are employed during routine operation and maintenance activities to minimize impacts on the environment.

Capital Requirements

Water. The City undertook a Boulder Creek and Jones Creek Watershed Forest Management Plan in 2012 (the "Watershed Plan"). The Watershed Plan helped to develop and implement sustainable forest management policies for the watershed property to protect and maintain water quality, generate periodic income from the sale of wood products, provide permanent access within the property and maintain and improve the forest health. The Watershed Plan divided the property into fifteen separate harvest areas that will be systematically logged over 41 years. In 2013, the first logging operation was started in the watershed with the next harvest beginning in 2015.

Sewer. The City's General Sewer/Wastewater Facility Plan (the "Sewer Plan") was prepared in 2007, revised in 2009 and amended in April 2010 to address revisions to the City's north urban growth area boundary and new commercial development within the City's Sewer System service area. The City amended the Sewer Plan in 2015 and will be submitting the amendment to the Washington State Department of Ecology for approval. The Sewer Plan assesses system condition, presents design criteria and recommends facility improvements. The plan is used as

a guide in maintaining and improving the sanitary sewer system in order to provide the residents of the City with an effective, safe and reliable sewer system through 2025.

Below is a table outlining the City's estimated financing plans for capital requirements for the System. A portion of the proceeds of the Bonds are expected to finance approximately $_____ of these requirements. [**Will Revenues cover the rest of these improvements?**]

Capital Requirements
($ in millions) [COMPLETE]

	2015	2016	2017	2018
Water				
Sewer				
Total				

Financial Information

Following are historical financial data for the Water and Sewer Fund of the System, including a statement of revenue and expenditures for the years ending 2009 through 2013, as well as a balance sheet.

Water-Sewer Fund
Historical Operating Results
(Years Ended December 31)

	2010	2011	2012	2013	2014
Revenues					
Charges for Goods and Services	$7,884,711	$8,830,034	$9,509,660	$9,780,132	$10,336,358
Total Operating Revenues	$7,884,711	$8,830,034	$9,509,660	$9,780,132	$10,336,358
Operating Expenses[(1)]					
Water Operations and Maintenance	$1,659,108	$1,702,490	$1,647,170	$1,608,470	$ 1,817,542
Sewer Operations and Maintenance	1,994,570	2,079,045	2,094,288	2,115,178	$ 2,482,466
Customer Accounts	57,858	42,210	45,607	23,209	$44,451
Administration	983,015	952,884	833,476	1,066,780	$965,205
Taxes	294,227	328,948	355,759	341,492	$350,141
Total Operating Expenses	$4,988,778	$5,105,577	$4,976,300	$5,155,129	$ 5,659,805
Operating Income (Loss)	$2,895,933	$3,724,457	$4,533,360	$4,625,003	$ 4,676,553
Non-Operating Revenues					
Interest Earnings	$ 12,510	$ 19,267	$ 5,290	$ 13,372	$ 27,982
Miscellaneous Revenue	112,783	55,933	376,569	376,784	149,535
Total Non-Operating Revenues	$ 125,293	$ 75,200	$ 381,859	$ 390,156	$ 177,517
Total Available for Debt Service	$2,895,933	$3,799,657	$4,915,219	$5,015,159	$ 4,854,070
Parity Bond Debt Service	$ 900,345	$ 896,975	$ 897,683	$ 895,503	$ 896,681
Total Available for Other Purposes	$1,995,588	$2,902,682	$4,017,537	$4,119,657	$ 3,957,389
Parity Bond Debt Service Coverage	3.22x	4.24x	5.48x	5.60x	5.41x
Other Long-Term Debt Service[(2)]	$1,231,045	$1,665,600	$1,698,262	$1,998,055	$ 2,021,437
Balance Available for Other Purposes	$ 764,543	$1,237,082	$2,319,275	$2,121,602	$ 1,935,952

(1) Total operating expenses exclusive of depreciation.
(2) Junior lien loans. See "SECURITY FOR THE BONDS—Junior Lien Obligations."

Water-Sewer Fund
Statement of Net Position
(Years Ended December 31)

	2010	2011	2012	2013	2014
Assets					
Current Assets					
Cash and Cash Equivalents	$ 1,122,945	$ 3,426,191	$ 6,894,741	$ 5,609,054	$7,448,819
Investments	200,200	384,226	370,572	203,034	203,949
Receivables	230,947	239,973	1,278,541	1,404,626	1,446,320
Prepaid Expenses	--	9,198	4,800	2,421	--
Due from other Governmental Units	1,227	--	--	--	--
Noncurrent Assets					
Deferred Charges	68,106	60,164	52,222	--	--
Property, Plant and Equipment	78,241,869	82,269,822	81,432,367	86,708,121	89,160,339
Total Assets	$79,865,294	$86,389,574	$90,033,243	$93,927,256	$98,259,427
Liabilities					
Current Liabilities					
Accounts Payable	$ 273,455	$ 159,288	$ 367,288	$ 367,967	$ 315,462
Due to Other Funds	100,000	300	--	155,023	--
Accrued Interest Payable	154,652	147,605	229,033	161,589	161,343
Accrued Employee Benefits	19,699	21,557	18,070	15,564	16,809
Unearned Revenue	--	--	--	1,674,456	1,418,946
Bonds, Notes and Loans Payable	1,163,464	1,281,775	2,161,472	2,264,393	2,392,744
Bonds, Notes and Loans Payable - Restricted	580,104	605,104	--	--	--
Noncurrent Liabilities					
Custodial Accounts	300	--	--	--	--
Bonds, Notes and Loans Payable	22,192,940	25,528,816	25,655,339	23,856,877	25,045,080
Accrued Employee Benefits	220,700	255,745	216,856	211,294	228,164
Total Liabilities	$25,605,314	$28,000,190	$28,648,058	$28,707,163	$29,578,548
Net Assets					
Invested in Capital Assets	$54,305,361	$56,800,805	$56,429,163	$60,586,851	$58,597,582
Restricted for Capital Purposes	815,794	826,970	1,053,198	1,671,117	3,510,847
Restricted for Debt Service	34,524	699,967	825,047	901,440	902,307
Unrestricted	(895,699)	61,642	3,077,777	2,060,685	5,670,143
Total Net Assets	$54,259,980	$58,389,384	$61,385,185	$65,220,093	$68,680,879
Total Liabilities and Net Assets	$79,865,294	$86,389,574	$90,033,243	$93,927,256	$98,259,427

Management Discussion of Financial Results

The City is currently benefiting from a local housing and commercial construction boom with 16 housing developments under design or construction. Single family residential permits in 2015 totaled 110 at the end of May as compared to 181 in 2014 and 127 in 2013. Commercial development is continuing with further development on the Fisher Investments campus, housing and commercial in the Camas Meadows Business Park, and continued business growth in downtown Camas.

The Water-Sewer Fund in 2014 increased in net assets of $3.4 million. Revenues generated from operations were higher than the prior year by $556,000 (5.6%), and operating expenses increased by $663,000 (8%). The higher expenses were due to increase in Sewer Operations and Management of $367,000 (17%) due to restructuring of the Sewer Wastewater Treatment Plant staff and a new Utility Manager position.

Major Sewer capital projects in 2014 included construction of a new Sanitary Sewer Bypass line and upgrade work of the WWTP.

In 2013, the City performed a five year utility rate study for storm water drainage, garbage services and water/sewer. The rate study rates increase each year over the next five years. The rate increases will not only fund capital improvements but also build reserves within best practices.

THE CITY

The City was incorporated in 1906 and is located in the southwest portion of the State. The City provides a range of municipal services authorized by State law, including police, fire, streets, sanitation, health, recreation, library, cemetery, public improvements, planning and zoning, water supply, treatment and distribution and sewage collection and treatment services.

City Governance

The City operates under State laws applicable to a non-charter code city with a mayor-council form of government. The City is governed by a mayor (the "Mayor") and seven council members (the "City Council"). Members of the City Council are elected to staggered four-year terms. Six of the City Council members are elected within wards and one City Council member is elected at-large within the City. The City Administrator administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various municipal services authorized by State law, including water, sanitary sewer, solid waste, stormwater drainage and maintenance and construction of streets and roadways, are under the direct supervision of the City Administrator.

City Council. The City Council is responsible for, among other things, passing ordinances and resolutions, adopting the budget, and adopting general policies and goals for the City. The City Council holds regular meetings and special meetings as needed. All meetings are open to the public as provided by law, and agenda items are prepared in advance. The current Mayor and City Council members and their terms of office are listed in the following table.

Elected Official	Position	Term Expires
Scott Higgins	Mayor	December 31, 2015
Greg Anderson	Council Member	December 31, 2015
Bonnie Carter	Council Member	December 31, 2015
Don Chaney	Council Member	December 31, 2015
Tim Hazen	Council Member	December 31, 2015
Steve Hogan	Council Member	December 31, 2017
Melissa Smith	Council Member	December 31, 2017
Shannon Turk	Council Member	December 31, 2017

Key City Staff. Administration of the City is performed under the direction of the City Administrator. The City Administrator is appointed by the City Council. City officials are appointed by the City Administrator. Principal City officials include the following:

Peter Capell, City Administrator. Mr. Capell was appointed City Administrator in January 2014. He has 17 years of experience working for Clark County, Washington, including serving as the Public Works Director from 2000 through 2013, where he managed a staff of approximately 250 employees responsible for roads, parks, stormwater, wastewater and fleet. Mr. Capell graduated with a Bachelor of Science in Civil Engineering from Oregon State University.

Catherine Huber Nickerson, Finance Director. Ms. Huber Nickerson was appointed Finance Director in July 2013. She has 29 years of experience in local government finance, including serving as Finance Manager of Clark County, Washington and Finance and Information Services Director of the City of Battle Ground, Washington. Ms. Huber Nickerson holds a Bachelor of Public Administration from Seattle University and a Master of Public Administration from Lewis and Clark College.

Phil Bourquin, Community Development Director. Mr. Bourquin has held the position as the City's Community Development Director since March 2006. Phil has over 23 years of public sector planning and management

experience. Prior to joining the City of Camas in 2000, Phil worked with Multnomah County, Oregon and Hood River County, Oregon from 1990-1996. Phil received an undergraduate education in City and Regional Planning from California Polytechnic State University, San Luis Obispo.

Steve Wall, Public Works Director. Mr. Wall was appointed Public Works Director in January 2015 after serving as the City's Utilities Manager since June 2014. He has 17 years of experience, of which the nine years prior to joining the City were spent serving as the City Engineer and Public Works Director for the City of Ridgefield, Washington with direct responsibility for all engineering services and operations and maintenance of the water, wastewater, general facilities, street, storm, and park systems. Mr. Wall graduated with a Bachelor of Science in Civil Engineering from the University of Idaho.

Labor Relations

The City currently employs 185 full-time and part-time employees. The City enters into written bargaining agreements with bargaining organizations; agreements contain provisions on such matters as salaries, vacation, sick leave, medical and dental insurance, working conditions, and grievance procedures. The City has current agreements with the following labor unions:

Labor Union	Employees Covered	Effective Through
IAFF Local No. 2444 (Fire)	50	December 31, 2016
AFSCME Local 307CC, Council 2 (Public Works)	37	December 31, 2016
Camas Public Employees' Association (Clerical/Professional)	40	December 31, 2016
OPEIU Local 11 (Library)	17	December 31, 2016
Camas Police Officers' Association	24	December 31, 2016

The City strives to be fair with all employees, consistent with all applicable State laws, to ensure equity and promote labor relation policies mutually beneficial to management and employees. City officials consider all current labor relations to be satisfactory.

Pensions

Substantially all of the City employees are enrolled in the State Public Employees Retirement System ("PERS") or the Law Enforcement Officers and Fire Fighters Retirement System ("LEOFF"). PERS Plans 1 and 2 and LEOFF are defined benefit plans and PERS Plan 3 is both a defined benefit plan (employer share) and defined contribution plan (employee share). These plans are administered by the State. Contributions by both employees and employers are based on gross wages. Those PERS and LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. PERS participants who joined on or after October 1, 1977, are Plan 2 members, unless they exercise an option to transfer to Plan 3. PERS participants joining on or after September 1, 2002, have the irrevocable option of choosing membership in PERS Plan 2 or PERS Plan 3. LEOFF participants who joined on or after October 1, 1977, are Plan 2 members.

State law requires systematic actuarial based funding to finance the retirement plans. Actuarial calculations to determine employer and employee contributions are prepared by the Office of the State Actuary ("OSA"), a nonpartisan legislative agency charged with advising the Legislature and Governor on pension benefits and funding policy. To calculate employer and employee contribution rates necessary to pre-fund the plans' benefits, OSA uses actuarial cost and asset valuation methods selected by the Legislature as well as economic and demographic assumptions. The Legislature adopted the following economic assumptions for contribution rates beginning July 1, 2013: (1) 7.9% (7.8% as of July 1, 2014) rate of investment return; (7.5% for LEOFF Plan 2); (2) general salary increases of 3.75%; (3) 3.0% rate of Consumer Price Index increase; and (4) 0.95% growth in membership (1.25% for LEOFF). The long-term investment return assumption is used as the discount rate for determining the liabilities for a plan. The 10-year (2005-2014) annualized return on the investment of the retirement funds was 8.35%.

Plan Funding; Contribution Rates and Amounts. All State-administered retirement plans are funded by a combination of funding sources: (1) contributions from the State for certain plans; (2) contributions from employers (including the State as employer and the City and other governmental employers); (3) contributions from employees;

and (4) investment returns. Retirement funds are invested by the Washington State Investment Board, a 15-member board created by the Legislature in 1981.

The City's total contribution for the year ended December 31, 2014, was $1,001,344, representing 7.0% of covered payroll. The City contributed $650,360 to PERS and $350,984 to LEOFF in 2014 and contributed $511,692 to PERS and $303,587 to LEOFF in 2013 for all of the City's employees that are covered under PERS and LEOFF.

Under State statute, contribution rates are adopted by the Pension Funding Council ("PFC") (and, for LEOFF 2, by the LEOFF 2 Board) in even-numbered years for the next ensuing State biennium. The rate-setting process begins with an actuarial valuation by the OSA, which makes non-binding recommendations to the Select Committee on Pension Policy, which then recommends contribution rates to the PFC and the LEOFF 2 Board. No later than the end of July in even-numbered years, the PFC and the LEOFF 2 Board adopts contribution rates, which are subject to revision by the Legislature. The following table outlines the current contribution rates of employers and employees under PERS and LEOFF.

Contribution Rates for the 2015-17 Biennium
Expressed as a Percentage of Covered Payroll

	Employer[(1)]	Employee
PERS Plan 1	11.18%	6.00%
PERS Plan 2	11.18	6.12
PERS Plan 3	11.18	Variable [(2)]
LEOFF Plan 1	0.18	0.00
LEOFF Plan 2	5.23	8.41[(3)]

(1) Includes a 0.18% DRS administration expense fee.
(2) Rates vary from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.
(3) The State also contributes 3.36% to this plan.

Source: Department of Retirement Systems.

While the City's prior contributions represent its full current liability under the retirement systems, any unfunded pension benefit obligations could be reflected in future years as higher contribution rates. It is expected that the contribution rates for employees and employers in the PERS Plans 2 and 3 will increase in the coming years. The OSA website (which is not incorporated into this Official Statement by reference) includes information regarding the values, funding levels and investments of these retirement plans.

During the years 2001 through 2010 the rates adopted by the Legislature were lower than those that would have been required to produce actuarially required contributions to PERS Plan 1, a closed plan with a large proportion of the retirees. The State Actuary's actuarial valuation for PERS Plan 1 as of June 30, 2012 showed a 69% funded ratio (unfunded liability of $3.8 billion) while PERS Plans 2 and 3 and LEOFF Plans 1 and 2 had valuation assets that exceed their accrued liability by $2.3 billion (a 111% funded ratio), $1.4 billion (a 135% funded ratio) and $1.2 billion (a 119% funded ratio), respectively. The State Actuary's actuarial valuation for PERS Plan 1 as of June 20, 2013 showed a 63% funded ratio (unfunded liability of $4.831 billion) while PERS Plans 2 and 3 and LEOFF Plans 1 and 2 had valuation assets that exceed their accrued liability by $537 million (a 102% funded ratio), $1.1 billion (a 125% funded ratio) and $1.0 billion (a 115% funded ratio), respectively. The decrease in the funded status and increase in the unfunded accrued actuarial liability primarily reflect changed demographic assumptions, including projected improvements in mortality rates, and the statutory requirement that the assumed rate of return be reduced to 7.8% from 7.9%. OSA uses the Projected Unit Credit ("PUC") cost method and the Actuarial Value of Assets ("AVA") to report a plan's funded status. PUC is one of several acceptable measures of a plan's funded status under current GASB rules. The PUC cost method projects future benefits under the plan, using salary growth and other assumptions and applies the service that has been earned as of the valuation date to determine accrued liabilities. The AVA is calculated using a methodology which smoothes the effect of short-term volatility in the Market Value of Assets by deferring a portion of annual investment gains or losses over a period of up to eight years.

PERS Plans 2 and 3 are accounted for in the same pension trust fund and may legally be used to pay the defined benefits of any PERS Plan 2 or 3 members. Assets for one plan may not be used to fund benefits for another plan: however, all employers in PERS are required to make contributions at a rate (percentage of payroll) determined by

the OSA every two years for the sole purpose of amortizing the PERS Plan 1 unfunded actuarial accrued liability within a rolling 10-year period. The Legislature has established certain maximum contribution rates that began in 2009 and will continue until 2015 and certain minimum contribution rates that are to become effective in 2015 and remain in effect until the actuarial value of assets in PERS Plan 1 equals 100% of the actuarial accrued liability of PERS Plan 1. These rates are subject to change by future legislation enacted by the State Legislature to address future changes in actuarial and economic assumptions and investment performance. In 2011, the Legislature ended the future automatic annual increase, which is a fixed dollar amount multiplied by the member's total years of service, for most retirees in the PERS Plan 1 plan, which is forecast to reduce the unfunded accrued actuarial liability in PERS Plan 1. The State Supreme Court recently upheld the constitutionality of this legislation. For additional information, see Appendix C—"AUDITED 2014 FINANCIAL STATEMENTS—Note V—C. Employee Retirement Systems and Pension Plans." The information in this section has been obtained from the City's financial statements and information on the State Actuary's and State Department of Retirement System's websites.

Other Retirement Systems–City of Camas Firemen's Pension Fund.

The City is the administrator of a single employer defined benefit pension plan, the Firemen's Pension Fund (the "Firemen's Pension Fund Plan"). The Firemen's Pension Fund Plan is limited to firefighters and beneficiaries employed before March 1, 1970, and as of March 1, 1970, was closed to new entrants. Firefighters hired before March 1, 1970 at retirement receive the greater of the pension benefit provided under the Firemen's Pension Fund Plan or under LEOFF. Any excess benefit over the LEOFF benefit is provided by the Firemen's Pension Fund Plan. The Firemen's Pension Fund Plan presently has three individuals retired under LEOFF, but drawing excess benefits from the Firemen's Pension Fund Plan. There are no current retirees for the Firemen's Pension Fund Plan. All future obligations of the Firemen's Pension Fund Plan were assumed by LEOFF.

Other Post-Employment Benefits

In addition to pensions, many State and local governmental employers provide other post-employment benefits ("OPEB") as a part of total compensation to attract and retain the services of qualified employees. OPEB includes post-employment health care as well as other forms of post-employment benefits when provided separately from a pension plan. The Governmental Accounting Standards Board ("GASB") standard concerning Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (GASB 45) provides for the measurement, recognition and display of OPEB expenses/expenditures, related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports.

The City provides post-retirement health premium benefits continuing from retirement until Medicare eligibility for employees retiring with at least 10 years of service, under the provisions of PERS or LEOFF 2, as applicable. Eligibility for these benefits is determined by the applicable bargaining agreements. These benefits are provided pursuant to the requirements of a City ordinance. The City's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. Currently, the City has 15 employees who have retired and are receiving these benefits.

The City also provides health insurance benefits for retired public safety employees. Substantially all City LEOFF 1 employees may become eligible for these benefits if they reach normal retirement age while working for the City. These benefits are provided by the City in order to meet state statutory requirements under LEOFF 1, whereby the City will pay for the retirees' medical premiums for life. Currently, there are 12 participants who have retired and receive these benefits.

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities over a period of 30 years as of January 1, 2013.

The following table shows the components of the City's annual OPEB cost for 2012, 2013 and 2014 and the amount actually contributed to the plan:

Other Post-Employment Benefits Summary
(Fiscal Years Ended December 31)

	2012	2013	2014
Actuarial Required Contribution	$ 630,544	$ 610,299	$ 633,184
Interest on Net OPEB Obligation ("NOO")	66,639	81,970	91,747
Adjustment to NOO	(80,383)	(86,669)	(127,462)
Annual OPEB Cost	616,800	605,600	597,469
Employer Contributions	233,528	361,177	441,037
Increase in NOO	383,272	244,423	156,432
Net OPEB Obligation – Beginning of Year	1,665,979	2,049,251	2,293,674
Net OPEB Obligation – End of Year	$2,049,251	$2,293,674	$2,450,106

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending December 31, 2010 through 2014 were as follows:

Historical Summary of Other Post-Employment Benefits

Fiscal Year Ended	Annual OPEB Cost	Contribution as % of Annual OPEB Cost	Net OPEB Obligation
2010	$569,574	36%	$1,279,341
2011	603,928	36	1,665,979
2012	616,800	38	2,049,251
2013	605,600	60	2,293,674
2014	597,467	74	2,450,106

See also Section D in Note V in Appendix D for further information on OPEB of the City.

Risk Management

The City is a member of the Washington Cities Insurance Authority ("WCIA"). Nine cities originally formed WCIA in 1981 for the purpose of providing a pooling mechanism for jointly purchasing insurance, jointly self-insuring, and/or jointly contracting for risk management services. WCIA currently has over 150 members.

New members initially contract for a three-year term, and thereafter automatically renew on an annual basis. A one-year withdrawal notice is required before membership can be terminated. Termination does not relieve a former member from its unresolved loss history incurred during membership.

Liability coverage is written on an occurrence basis, without deductibles. Coverage includes general, automobile, police, public officials' errors or omissions, stop gap, and employee benefits liability. Limits are $4 million per occurrence self-insured layer, and $16 million per occurrence in the re-insured excess layer. The excess layer is insured by the purchase of reinsurance and insurance. Total limits are $20 million per occurrence, subject to aggregate sublimits in the excess layers. The WCIA Board of Directors determines the limits and terms of coverage annually.

Insurance coverage for property, automobile physical damage, fidelity, inland marine, and boiler and machinery are purchased on a group basis. Various deductibles apply by type of coverage. Property insurance and auto physical damage are self-funded from the members' deductible to $750,000, for all perils other than flood and earthquake, and insured above that amount by the purchase of reinsurance.

In-house services include risk management consultation, loss control field services, claims and litigation administration, and loss analyses. WCIA contracts for the claims investigation consultants for personnel issues and land use problems, insurance brokerage, and lobbyist services.

WCIA is fully funded by its members, who make annual assessments on a prospectively rated basis, as determined by an outside, independent actuary. The assessment covers loss, loss adjustment, and administrative expenses. WCIA retains the right to additionally assess the membership for any funding shortfall.

An investment committee, using investment brokers, produces additional revenue by investment of WCIA's assets in financial instruments which comply with all State guidelines. These revenues directly offset portions of the membership's annual assessment.

A Board of Directors governs WCIA, which is comprised of one designated representative from each member. The Board elects an Executive Committee and appoints a Treasurer to provide general policy direction for the organization. The WCIA Executive Director reports to the Executive Committee and is responsible for conducting the day to day operations of WCIA.

GENERAL AND ECONOMIC INFORMATION

The City is located in the southwest portion of the State in Clark County (the "County"), approximately 15 miles east of Vancouver, Washington and 20 miles northeast of Portland, Oregon. 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 and Portland ties its trade, residents and employment base to those communities.

Population

Historical population of the City and the County are shown below.

Historical Population

		Clark County		
Year	**Camas**	**Incorporated**	**Unincorporated**	**Total**
2015	21,210	237,235	214,585	451,820
2014	20,880	232,660	210,140	442,800
2013	20,320	227,790	207,710	435,500
2012	20,020	225,365	205,885	431,250
2011	19,620	223,390	204,610	428,000
2010	19,355	222,024	203,339	425,363

Source: Washington State Office of Financial Management, 2011 through 2015, inclusive; U.S. Bureau of the Census, 2010.

Economic Indicators

The following tables show economic indicators for the City.

Major Employers in the City (2014)

Employer	Product/Service	Approximate Number of Employees
WaferTech, LLC	Semiconductor Manufacturing	1,000
Fisher Investments	Investment	940
Camas School District	Education	810
Georgia Pacific (Fort James)	Paper Manufacturing	520
Linear Technology	Microelectronics	280
Karcher North America	Cleaning Manufacturing	266
Underwriters Laboratories	Safety Consulting	260
Sharp Microelectronics	Microelectronics	223
The City	Government	176
Maxcess International	Manufacturing	72

Source: The City, 2014.

Taxable Retail Sales

Year	Clark County	City of Camas
2014	$5,285,202,852	$218,587,956
2013	4,870,333,373	192,736,013
2012	4,456,683,103	201,112,354
2011	4,197,333,498	195,396,989
2010	4,036,334,695	174,950,590

Source: Washington State Department of Revenue, as of July 15, 2015.

Clark County and State of Washington
Personal and Per Capita Income

	Clark County		State of Washington	
Year	Total Personal Income (000s)	Per Capita Income	Total Personal Income (000s)	Per Capita Income
2013	$18,004,341	$40,567	$332,654,857	$47,717
2012	17,381,450	39,695	324,458,394	47,055
2011	16,204,607	37,433	303,999,485	44,565
2010	15,393,101	36,056	286,862,463	42,547
2009	15,188,176	36,056	280,943,954	42,137

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Clark County and State of Washington
Median Household Income

Year	Clark County	Washington State
2014(1)	$59,341	$58,686
2013(2)	57,674	57,554
2012	56,054	56,444
2011	54,951	55,500
2010	54,581	54,888

(1) Projection.
(2) Estimate.

Source: Washington State Office of Financial Management.

City of Camas
Residential Building Permit Activity

	Single Family		Multi-Family		Total
Year	Number	Construction Cost	Number	Construction Cost	Construction Cost
2014	181	$55,723,136	0	$ 0	$55,723,136
2013	127	38,196,796	0	0	38,196,796
2012	99	29,431,258	0	0	29,431,258
2011	91	31,750,985	0	0	31,750,985
2010	140	44,128,337	51	5,272,693	49,401,030
2009	74	21,377,074	8	350,849	21,727,923

Source: The City.

Clark County
Labor Force, Unemployment and
Nonagricultural Wage and Salary Workers

	Annual Averages				
	2011	**2012**	**2013**	**2014**	**2015[1]**
Civilian Labor Force	211,280	211,310	209,810	208,900	211,590
Employment	186,860	189,770	189,990	192,500	196,540
Unemployment	24,420	21,540	19,820	16,400	15,050
Percent of Labor Force	11.6%	10.2%	9.4%	7.9%	7.1%
Total Nonfarm	131,500	134,300	138,600	144,000	147,100
Mining, Logging and Construction	8,200	8,600	9,500	10,000	10,000
Manufacturing	11,700	12,400	12,900	13,300	13,200
Trade, Transportation and Utilities	24,200	24,700	25,300	26,500	26,700
Information	2,700	2,600	2,600	2,900	3,100
Financial Activities	6,300	6,600	6,900	7,200	17,800
Professional and Business Services	15,000	15,500	16,300	17,200	17,800
Education and Health Services	22,800	23,100	23,300	24,500	25,400
Leisure and Hospitality	12,300	12,500	13,100	13,300	13,500
Other Services	4,700	4,900	5,100	5,300	5,600
Government	23,800	23,500	23,600	23,800	24,400

(1) Through May 2015.

Source: Washington State Employment Security Department.

TAX MATTERS

Tax Exemption

Exclusion From Gross Income. In the opinion of Bond Counsel, under existing federal law and assuming compliance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issue date of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals.

Continuing Requirements. The City is required to comply with certain requirements of the Code after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances, and the requirement to comply with the arbitrage rebate requirement to the extent applicable to the Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. Bond Counsel has not undertaken and does not undertake to monitor the City's compliance with such requirements.

Corporate Alternative Minimum Tax. While interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, under Section 55 of the Code, tax-exempt interest, including interest on the Bonds, received by corporations is taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations (as defined for federal income tax purposes). Under the Code, alternative minimum taxable income of a corporation will be increased by 75% of the excess of the corporation's adjusted current earnings (including any tax exempt interest) over the corporation's alternative minimum taxable income determined without regard to such increase. A corporation's alternative minimum taxable income, so computed, that is in excess of an exemption of $40,000, which exemption will be reduced (but not below zero) by 25% of the amount by which the corporation's alternative minimum taxable income exceeds $150,000, is then subject to a 20% minimum tax.

A small business corporation is exempt from the corporate alternative minimum tax for any taxable year beginning after December 31, 1997, if its average annual gross receipts during the three-taxable-year period beginning after December 31, 1993, did not exceed $5,000,000, and its average annual gross receipts during each successive three-taxable-year period thereafter ending before the relevant taxable year did not exceed $7,500,000.

Tax on Certain Passive Investment Income of S Corporations. Under Section 1375 of the Code, certain excess net passive investment income, including interest on the Bonds, received by an S corporation (a corporation treated as a partnership for most federal tax purposes) that has Subchapter C earnings and profits at the close of the taxable year may be subject to federal income taxation at the highest rate applicable to corporations if more than 25% of the gross receipts of such S corporation is passive investment income.

Foreign Branch Profits Tax. Interest on the Bonds may be subject to the foreign branch profits tax imposed by Section 884 of the Code when the Bonds are owned by, and effectively connected with a trade or business of, a United States branch of a foreign corporation.

Possible Consequences of Tax Compliance Audit. The Internal Revenue Service (the "IRS") has established a general audit program to determine whether issuers of tax-exempt obligations, such as the Bonds, are in compliance with requirements of the Code that must be satisfied in order for interest on those obligations to be, and continue to be, excluded from gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS would commence an audit of the Bonds. Depending on all the facts and circumstances and the type of audit involved, it is possible that commencement of an audit of the Bonds could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of its ultimate outcome.

Certain Other Federal Tax Consequences

Bonds "Qualified Tax-Exempt Obligations" for Financial Institutions. Section 265 of the Code provides that 100% of any interest expense incurred by banks and other financial institutions for interest allocable to tax-exempt obligations acquired after August 7, 1986, will be disallowed as a tax deduction. However, if the tax-exempt obligations are obligations other than private activity bonds, are issued by a governmental unit that, together with all entities subordinate to it, does not reasonably anticipate issuing more than $10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) in the current calendar year, and are designated by the governmental unit as "qualified tax-exempt obligations," only 20% of any interest expense deduction allocable to those obligations will be disallowed.

The City is a governmental unit that, together with all subordinate entities, reasonably anticipates issuing less than $10,000,000 of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) during the current calendar year, and has designated the Bonds as "qualified tax-exempt obligations" for purposes of the 80% financial institution interest expense deduction. Therefore, only 20% of the interest expense deduction of a financial institution allocable to the Bonds will be disallowed for federal income tax purposes.

Reduction of Loss Reserve Deductions for Property and Casualty Insurance Companies. Under Section 832 of the Code, interest on the Bonds received by property and casualty insurance companies will reduce tax deductions for loss reserves otherwise available to such companies by an amount equal to 15% of tax exempt interest received during the taxable year.

Effect on Certain Social Security and Retirement Benefits. Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take receipts or accruals of interest on the Bonds into account in determining gross income.

Other Possible Federal Tax Consequences. Receipt of interest on the Bonds may have other federal tax consequences as to which prospective purchasers of the Bonds may wish to consult their own tax advisors.

Potential Future Federal Tax Law Changes. From time to time, there are legislative proposals in Congress which, if enacted into law, could adversely affect the tax treatment, market value or marketability of the Bonds. It cannot be predicted whether future legislation may be proposed or enacted that would affect the federal tax treatment of

interest received on the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors regarding any proposed or pending legislation that would change the federal tax treatment of interest on the Bonds.

CERTAIN INVESTMENT CONSIDERATIONS

Limitations on Remedies; Bankruptcy

Any remedies available to the owners of the Bonds upon the occurrence of an event of default under the Bond Ordinance are in many respects dependent upon judicial actions, which are in turn often subject to discretion and delay and could be both expensive and time consuming to obtain. If the City fails to comply with its covenants under the Bond Ordinance or to pay principal of or interest on the Bonds, there can be no assurance that available remedies will be adequate to fully protect the interests of the owners of the Bonds.

In addition to the limitations on remedies contained in State law, the rights and obligations under the Bonds and the Bond Ordinance may be limited by and are subject to bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium, and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases.

The legal opinion of Bond Counsel regarding the validity of the Bonds will be qualified by reference to bankruptcy, reorganization, insolvency, fraudulent conveyance, moratorium and other similar laws affecting the rights of creditors generally, and by general principles of equity.

A municipality such as the City must be specifically authorized under state law in order to seek relief under Chapter 9 of the U.S. Bankruptcy Code (the "Bankruptcy Code"). Chapter 39.64 RCW, entitled the "Taxing Relief Bankruptcy Act," permits any "taxing district" (defined to include any municipality or political subdivision, including cities) to voluntarily petition for relief under the Bankruptcy Code. A creditor cannot bring an involuntarily bankruptcy proceeding against a municipality, including the City. Under Chapter 9, a federal bankruptcy court may not appoint a receiver for a municipality or order the dissolution or liquidation of the municipality. The federal bankruptcy courts have some discretionary powers under the Bankruptcy Code.

Initiatives and Referendum

State Initiative and Referendum. Under the State Constitution, the voters of the State have the ability to initiate legislation and require the State Legislature to refer legislation to the voters through the powers of initiative and referendum, respectively. The initiative power in the State may not be used to amend the State Constitution. Initiatives and referenda are submitted to the voters upon receipt of a petition signed by at least 8% (initiatives) and 4% (referenda) of the number of voters registered and voting for the office of Governor at the preceding regular gubernatorial election. Any law approved in this manner by a majority of the voters may not be amended or repealed by the State Legislature within a period of two years following enactment, except by a vote of two-thirds of all the members elected to each house of the State Legislature. After two years, the law is subject to amendment or repeal by the State Legislature in the same manner as other laws.

In recent years there has been an increase in the number of initiatives and referenda filed in the State, including initiatives affecting the powers of local jurisdictions. The City cannot predict whether this trend will continue, whether any filed initiatives will receive the requisite signatures to be certified to the ballot, and whether such initiatives will be approved by the voters and, if challenged, upheld by the courts.

Local Initiative and Referendum. The City has adopted the powers of initiative and referendum for the qualified electors of the City as provided under State law. Referendum powers are not applicable to: ordinances initiated by petition; ordinances necessary for immediate preservation of public peace, health, and safety or for the support of City government and its existing public institutions which contain a statement of urgency and are passed by unanimous vote of the City Council; ordinances providing for local improvement districts; ordinances appropriating money; ordinances providing for or approving collective bargaining; ordinances providing for the compensation of or working conditions of City employees; and ordinances authorizing or repealing the levy of taxes. From time to time voters may submit petitions for initiatives and referenda within the City. The City cannot predict when or if any such measures would be filed, or what the subject or effect of any such potential measure may be.

Seismic and Other Considerations

The City's facilities are in an area of seismic activity, with frequent small earthquakes and occasional moderate and larger earthquakes. The City can give no assurance regarding the effects of an earthquake, a tsunami from seismic activity in Washington or in other areas, a volcano, wind storms, slides, or other natural disaster or that proceeds of insurance carried by the City would be sufficient, if available, to rebuild and reopen the City's facilities or that the City's facilities or surrounding facilities and infrastructure could or would be rebuilt and reopened in a timely manner following a major earthquake or other natural disaster.

CONTINUING DISCLOSURE

Basic Undertaking to Provide Annual Financial Information and Notice of Listed Events. To meet the requirements of paragraph (b)(5) of United States Securities and Exchange Commission ("SEC") Rule 15c2-12 ("Rule 15c2-12"), as applicable to a participating underwriter for the Bonds, the City will undertake (the "Undertaking") for the benefit of holders of the Bonds to provide or cause to be provided, either directly or through a designated agent, to the Municipal Securities Rulemaking Board ("MSRB"), in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB: (a) annual financial information and operating data of the type include in this Official Statement as general described below ("annual financial information"); and (b) timely notice (not in excess of ten business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City also will provide to the MSRB timely notice of a failure by the City to provide required annual financial information on or before the date specified below.

Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide will consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time, which statements may be unaudited, provided, that if and when audited financial statements are prepared and available they will be provided; (2) principal amount of Parity Bonds outstanding; and (3) debt service coverage for Parity Bonds; and will be provided to the MSRB not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 2014.

The annual financial information may be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12.

The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

Termination of Undertaking. The City's obligations under the Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the City's obligations under the Undertaking shall terminate if those provisions of Rule 15c2-12 which require the City to comply with the Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the City, and the City provides timely notice of such termination to the MSRB.

Remedy for Failure to Comply with Undertaking. If the City or any other obligated person fails to comply with the Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected as soon as practicable after the City learns of that failure. No failure by the City or other obligated person to comply with the Undertaking will constitute a default in respect of the Bonds. The sole remedy of any holder or Beneficial Owner of a Bond will be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the City or other obligated person to comply with the Undertaking.

Prior Compliance with Continuing Disclosure Undertakings

The City has entered into written undertakings under Rule 15c2-12 with respect to all of its obligations subject thereto. It was discovered that the City failed to file in a timely manner its financial statements for the year ended 2012, the rates of the City's water and sewer system for the years ended December 31, 2009 through 2012 and the number of customers of the System for the year ended December 31, 2010. These items were filed in September 2014. In addition, the City filed some, but not all of the underlying and insurer rating changes applicable to the City's outstanding bonds and bonds that were outstanding at the time of the rating changes. The City has since put in place procedures designed to ensure timely filings in the future.

UNDERWRITING AND LEGAL

Underwriting

The Bonds are being purchased by KeyBanc Capital Markets (the "Underwriter") at a price of $_____ (representing the par amount of the Bonds [plus/minus] an original issue [premium/ discount] of $_____ less an underwriter's discount of $_____). The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices lower than the initial offering prices set forth on the inside cover page of this Official Statement, and such initial offering prices may be changed from time to time by the Underwriter.

Rating

As noted on the cover page of this Official Statement, Standard & Poor's Rating Services has assigned its rating of "__" to the Bonds. The rating was applied for by the City and certain information was supplied by the City to such rating agency to be considered in evaluating the bonds. The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the rating will not be revised downward, suspended or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision, suspension or withdrawal of the rating will be likely to have an adverse effect on the market price of the Bonds.

Absence of Material Litigation

There is no litigation pending or threatened questioning the validity of the Bonds or the power and authority of the City to issue the Bonds. There is no litigation pending or threatened which would materially affect the City's ability to meet debt service requirements on the Bonds. Because of the nature of its activities, the City is subject to certain pending legal actions which arise in the ordinary course of business. Based on the information presently known, the City believes that the ultimate liability for any of such legal actions will not be material to the financial position of the City.

Approval of Counsel

Legal matters incident to the authorization, issuance and sale of the Bonds by the City are subject to the approving legal opinion of Foster Pepper PLLC, Bond Counsel, Seattle, Washington. The form of the opinion of Bond Counsel is attached as Appendix B. The opinion of Bond Counsel is given based on factual representations made to Bond Counsel, and under existing law, as of the date of initial delivery of the Bonds, and Bond Counsel assumes no obligation to revise or supplement its opinion to reflect any facts or circumstances that may thereafter come to its attention, or any changes in law that may thereafter occur. The opinion of Bond Counsel is an expression of its professional judgment on the matters expressly addressed in its opinion and does not constitute a guarantee of result. Bond Counsel will be compensated only upon the issuance and sale of the Bonds.

Conflicts of Interest

All or a portion of the fees of Bond Counsel are contingent upon the issuance and sale of the Bonds. 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 members of the City Council or other officers of the City have any conflict of interest relating to the issuance of the Bonds that is prohibited by applicable law.

Approval of Official Statement

At the time of delivery of the Bonds, one or more officials of the City will furnish a certificate stating that to the best of his, her or their knowledge this Official Statement, as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in light of the circumstances under which they were made, not misleading.

The execution and distribution of this Official Statement have been authorized by the City.

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APPENDIX A

DEFINITIONS FROM THE BOND ORDINANCE

Following is a summary of certain definitions of the Bond Ordinance, which summary is qualified in its entirety by reference to the complete text of the Bond Ordinance.

Certain words and phrases used in the Bond Ordinance and in this Official Statement have the meanings set forth below, unless the context shall clearly indicate another meaning is intended:

"Acquired Obligations" means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased to accomplish the refunding of the Refunded Bonds as authorized by the Bond Ordinance.

"Annual Debt Service" means the amount required to be paid in any calendar year for (1) interest on all Parity Bonds then outstanding, excluding interest paid from proceeds of such bonds; and (2) principal of all Parity Bonds then outstanding but excluding any Parity Bonds, if any, for which a sinking fund account has been established; and (3) payments into any sinking fund account for the amortization of Parity Bonds. When the Outstanding Parity Bonds are no longer outstanding, if the interest rate on any such bonds is other than a fixed rate, the rate applicable at the time of computation shall be used.

In addition, once the Outstanding Parity Bonds are no longer outstanding, the City may deduct the direct payment the City is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the City with a direct payment of a portion of the interest from the interest portion of annual debt service.

"Assessment Income" means the principal of and interest on assessments levied in ULIDs and pledged to be paid into the Bond Fund. Assessment Income shall be allocated to the years in which it would be received if the unpaid balance of each assessment roll were paid in the remaining number of installments with interest on the declining balance at the times and at the rate provided in the ordinance confirming the assessment roll.

"Assessments" means all assessments levied in any ULID of the City created for the acquisition or construction of additions and improvements to and extensions of the System, if such assessments are pledged to be paid into the Bond Fund. "Assessments" include any installments of Assessments and any interest or penalties which may be due thereon.

"Authorized Denomination" means $5,000 or any integral multiple thereof within a maturity.

"Average Annual Debt Service" means as of the date of calculation the average amount of Annual Debt Service required to be paid in any calendar year thereafter for the then outstanding Parity Bonds.

"Bond Fund" means the "Water-Sewer Revenue Bond Fund" created by Ordinance No. 1036 to pay and secure the payment of the principal of and interest on the Parity Bonds.

"Bond Registrar" or "Registrar" means the Fiscal Agent, or any successor bond registrar selected by the City.

"City" means the City of Camas, Washington, a municipal corporation duly organized and existing under the laws of the State.

"City Council" means the legislative authority of the City, as duly and regularly constituted from time to time.

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

"Contract Resource Obligation" means an obligation of the City, designated as a Contract Resource Obligation and entered into pursuant to the Bond Ordinance, to make payments for water or sewer supply, transmission or service to another person or entity.

"Coverage Requirement" means (a) for any period during which Assessments may be paid without becoming delinquent, the sum of (i) the product of the Average Annual Debt Service on all Parity Bonds then outstanding times a fraction, the numerator of which is the aggregate principal amount of nondelinquent Assessments which remain to be paid into the Bond Fund plus the principal amount of Assessments previously paid into and then on hand in the Bond Fund, and the denominator of which is the aggregate principal amount of Parity Bonds then outstanding, plus (ii) 1.25 times the product of Average Annual Debt Service on all Parity Bonds then outstanding times the difference of 1 minus the fraction calculated pursuant to (i) above; or (b) for any other period, the product of 1.25 times the Average Annual Debt Service on the Parity Bonds then outstanding.

"DTC" means The Depository Trust Company, New York, New York, or its nominee.

"Fiscal Agent" means the fiscal agent of the State, as the same may be designated by the State from time to time.

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

"Government Obligations" has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

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

"Issue Date" means, with respect to a Bond, the date of initial issuance and delivery of that Bond to the Purchaser in exchange for the purchase price of that Bond.

"Letter of Representation" means the Blanket Issuer Letter of Representations between the City and DTC, dated October 12, 1998, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

"Maximum Annual Debt Service" means as of the date of calculation the maximum amount of Annual Debt Service required to be paid in any calendar year thereafter for the then outstanding Parity Bonds.

"MSRB" means the Municipal Securities Rulemaking Board.

"Net Revenue" means Gross Revenue minus Operation and Maintenance Costs.

"1998 Bonds" means the $4,370,000 aggregate principal amount of City of Camas, Washington, Water and Sewer Revenue and Refunding Bonds, 1998, issued pursuant to Ordinance No. 2181 adopted on October 12, 1998.

"Operation and Maintenance Costs" means all necessary costs to the City of operating and maintaining the System, including but not limited to the City's administrative and general expenses (which expenses may include pro rata budget charges for city departments when such charges represent a reasonable distribution and share of actual cost), costs of insurance (including reasonable contributions for self-insurance reserves), consulting technical services, excise taxes, and repairs and replacements (only to the extent not properly classifiable as capital costs), but excluding depreciation (or reserves therefor), amortization of intangibles or other bookkeeping entries of a similar nature, capital costs of additions, betterments, extensions or replacements of all or any portion of the System, or debt service or transfers from money of the System to other funds of the City as taxes or payments in lieu of taxes. Once the Outstanding Parity Bonds are no longer outstanding, Operation and Maintenance Costs shall also include any amounts due under Contract Resource Obligations.

"Outstanding Parity Bonds" means the outstanding 1998 Bonds and 2007 Bonds.

"Owner" means, without distinction, the Registered Owner and the Beneficial Owner.

"Parity Bonds" means the Outstanding Parity Bonds, the Bonds and obligations hereafter issued on a parity with the payments required to be made out of the Revenue Fund to pay and secure the payment of the principal of and interest on the Parity Bonds and the Bonds.

"Professional Utility Consultant" means the independent person(s) or firm(s) selected by the City having a favorable reputation for skill and experience with water and sewer systems of comparable size and character to the System in such areas as are relevant to the purposes for which they are retained.

"Project" means the capital improvements to the System, including the North Urban Growth Area and Lacamas Creek Pump Station Improvements as described in the City's General Sewer Capital Plan and General Sewer Plan Amendment and other capital purposes, as deemed necessary and advisable by the City. Incidental costs incurred in connection with carrying out and accomplishing the Project, consistent with RCW 39.46.070, may be included as costs of the Project. The Project includes acquisition, construction and installation of all necessary equipment, apparatus, accessories, fixtures and appurtenances.

"Project Fund" means the fund or funds of the City created for the purpose of carrying out the Project.

"Purchaser" means KeyBanc Capital Markets Inc. of Seattle, Washington.

"Qualified Letter of Credit" means any irrevocable letter of credit issued by a financial institution for the account of the City on behalf of the owners of any Parity Bonds, which institution maintains an office, agency or branch in the United States and as of the time of issuance of such letter of credit, is currently rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. or their comparably recognized business successors. Once the Outstanding Parity Bonds are no longer outstanding, the irrevocable letter of credit at the time of issuance of such letter of credit can be rated in one of the two highest rating categories by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. or their comparably recognized business successors

"Qualified Insurance" means any noncancelable municipal bond insurance policy or surety bond issued by any insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies), which insurance company or companies, as of the time of issuance of such policy or surety bond, are currently rated in the highest rating category by Moody's Investors Service, Inc. and Standard & Poor's Rating Service, a Division of The McGraw Hill Companies, Inc., or their comparably recognized business successors. Once the Outstanding Parity Bonds are no longer outstanding, the municipal bond insurance policy or surety bond at the time of issuance of such policy or bond can be rated in one of the two highest rating categories by either Moody's Investors Service, Inc. or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. or their comparably recognized business successors

"Rate Stabilization Account" means the account of that name authorized to be created within the Revenue Fund pursuant to the Bond Ordinance.

"Rating Agency" means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

"Record Date" means the Bond Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption of a Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the date on which the Bond Registrar sends the notice of redemption in accordance with the Bond Ordinance.

"Registered Owner" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

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

"Reserve Account Requirement" means with respect to any Parity Bonds, an amount equal to the lesser of (a) 125% of Average Annual Debt Service on such bonds, (b) 10% of the net proceeds of such series of bonds, and (c) Maximum Annual Debt Service. Once the Outstanding Parity Bonds are no longer outstanding, the City may deduct the direct payment the City is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the City with a direct payment of a portion of the interest from the interest portion of annual debt service.

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

"Rule 15c2-12" means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"SEC" means the United States Securities and Exchange Commission.

"Securities Depository" means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

"Series of the Bonds" or "Series" means a series of the Bonds issued pursuant to the Bond Ordinance.

"State" means the State of Washington.

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

"Term Bond" means each Bond designated as a Term Bond.

"2007 Bonds" means the $5,520,000 aggregate principal amount of City of Camas, Washington, Water and Sewer Revenue Bonds, 2007, issued pursuant to Ordinance No. 2490 adopted on August 20, 2007.

"ULID" means a utility local improvement district in which Assessments have been or will be levied for improvements financed in whole or in part from proceeds of any Parity Bonds.

"Undertaking" means the undertaking to provide continuing disclosure entered into pursuant to the Bond Ordinance.

APPENDIX B

FORM OF BOND COUNSEL OPINION

City of Camas, Washington

Re: City of Camas, Washington
$_____ Water and Sewer Revenue Bonds, 2015

We have served as bond counsel to the City of Camas, Washington (the "City"), in connection with the issuance of the above referenced bonds (the "Bonds"), and in that capacity have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion. As to matters of fact material to this opinion, we have relied upon representations contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Bonds are issued by the City pursuant to Ordinance No. _____ (the "Bond Ordinance") to provide the funds to finance capital improvements to the City's combined waterworks and sewerage system (the "System"), to fund the Reserve Account, and pay costs of issuance of the Bonds, all as set forth in the Bond Ordinance.

Reference is made to the Bonds and the Bond Ordinance for the definitions of capitalized terms used and not otherwise defined herein.

We express no opinion herein concerning the completeness or accuracy of any official statement, offering circular or other sales or disclosure material relating to the issuance of the Bonds or otherwise used in connection with the Bonds.

Under the Internal Revenue Code of 1986, as amended (the "Code"), the City is required to comply with certain requirements after the date of issuance of the Bonds in order to maintain the exclusion of the interest on the Bonds from gross income for federal income tax purposes, including, without limitation, requirements concerning the qualified use of Bond proceeds and the facilities financed or refinanced with Bond proceeds, limitations on investing gross proceeds of the Bonds in higher yielding investments in certain circumstances and the arbitrage rebate requirement to the extent applicable to the Bonds. The City has covenanted in the Bond Ordinance to comply with those requirements, but if the City fails to comply with those requirements, interest on the Bonds could become taxable retroactive to the date of issuance of the Bonds. We have not undertaken and do not undertake to monitor the City's compliance with such requirements.

Based upon the foregoing, as of the date of initial delivery of the Bonds to the purchaser thereof and full payment therefor, it is our opinion that under existing law:

1. The City is a duly organized and legally existing code city under the laws of the State of Washington.

2. The Bonds have been duly authorized and executed by the City and are issued in full compliance with the provisions of the Constitution and laws of the State of Washington and the ordinances of the City relating thereto.

3. The Bonds constitute valid and binding obligations of the City payable solely out of the Net Revenue of the System, Assessment Income, and money in the Bond Fund, except only to the extent that enforcement of payment may be limited by bankruptcy, insolvency or other laws affecting creditors' rights and by the application of equitable principles and the exercise of judicial discretion in appropriate cases.

4. The Bonds are not general obligations of the City.

5. Assuming compliance by the City after the date of issuance of the Bonds with applicable requirements of the Code, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax applicable to individuals; however, while interest on the Bonds also is not an item of tax preference for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by corporations is to be taken into account in the computation of adjusted current earnings for purposes of the alternative minimum tax applicable to corporations, interest on the Bonds received by certain S corporations may be subject to tax, and interest on the Bonds received by foreign corporations with United States branches may be subject to a foreign branch profits tax. We express no opinion regarding any other federal tax consequences of receipt of interest on the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

We bring to your attention the fact that the foregoing opinions are expressions of our professional judgment on the matters expressly addressed and do not constitute guarantees of result.

Respectfully submitted,

FOSTER PEPPER PLLC

APPENDIX C

AUDITED 2014 FINANCIAL STATEMENTS

APPENDIX D

DTC AND ITS BOOK-ENTRY SYSTEM

The following information has been provided by DTC. The City takes no responsibility for the accuracy or completeness thereof, or for the absence *of material changes in such information subsequent to the date hereof. Beneficial Owners should confirm the following with DTC or the Participants (as hereinafter defined).*

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount represented by such Bonds, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of Bond certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are expected, however, to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are to be registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. When notices are given, they shall be sent by the Bond Registrar to DTC only. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct

Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Bond Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Bond Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or any other nominee as may be requested by an authorized representative of DTC) are the responsibility of the City or the Bond Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Bond Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

10. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered to DTC.