

ORDINANCE BILL NO. 7 FOR 1987

ORDINANCE NO. 968

AN ORDINANCE OF THE CITY OF SWEET HOME,
OREGON AUTHORIZING THE ISSUANCE AND SALE
OF \$85,000 WATER REVENUE BONDS,
DESIGNATING A PAYING AGENT AND
REGISTRAR, AUTHORIZING A NEGOTIATED SALE,
AND DECLARING AN EMERGENCY.

WHEREAS, the Council of the City of Sweet Home, Oregon (the "City") on September 8, 1987 adopted Resolution No. 14-87 authorizing the issuance of its water revenue bonds secured by City water revenues in an amount not to exceed \$90,000 to construct certain improvements to the City's water supply system; and

WHEREAS, a Notice of Intent to Issue Bonds was published in The New Era on September 16, 1987 relating to such revenue bond sale, and no petitions were received following publication of the Notice of Intent; and

WHEREAS, the City has prepared a plan showing that the estimated net revenues of the improvements to be constructed to the existing City water supply system are sufficient to pay the estimated debt incurred under the water revenue bond issue; and

WHEREAS, in order to proceed with the orderly construction of the improvements to the City's water supply system, it is necessary and desirable for the City to issue and sell its Water Revenue Bonds, Series 1987.

THE CITY OF SWEET HOME DOES ORDAIN AS FOLLOWS:

Section 1. The Council of the City authorizes the issuance and sale of \$85,000 of its water revenue bonds. The Bonds shall be negotiable water revenue bonds of the City and shall bear interest at a rate not to exceed twelve percent (12%) per annum, payable semi-annually. The Bonds shall be payable in any coin or currency which at the time of payment is legal tender for the payment of public and private debts within the United States of America.

Section 2. The Bonds shall be entitled "City of Sweet Home, Oregon Water Revenue Bonds, Series 1987" (the "Bonds") and shall bear the manual or facsimile signature of the Mayor of the City and the manual or facsimile signature of the City Recorder. In addition, the Council requests and authorizes the Bond

Registrar to execute the Certificate of Authentication as of the date of delivery of the Bonds.

The Bonds shall be issued in fully registered form, shall be in denominations of Five Thousand Dollars (\$5,000) each, or integral multiples thereof, shall be dated December 1, 1987, shall be numbered sequentially beginning with R-1, and shall either:

(a) mature serially in annual installments on the first day of December, as follows:

<u>Year</u>	<u>Amount</u>
1989	\$ 5,000.00
1990	5,000.00
1991	10,000.00
1992	10,000.00
1993	10,000.00
1994	10,000.00
1995	10,000.00
1996	10,000.00
1997	15,000.00

or

(b) mature on December 1, 1997 with mandatory redemption, by lot on December 1 of each year, beginning in the year 1989, at par, plus accrued interest thereon to the redemption date, in the years and principal amounts listed in Section 2(a) above.

Notice of redemption shall be published as provided by law and shall be given by registered or certified mail not less than thirty (30) days prior to the date fixed for redemption to the registered owner of each bond to be redeemed at the address shown on the registration books of the City. Bonds are redeemable at the office of the Paying Agent.

Section 3. The principal of the Bonds shall be payable upon delivery of the Bonds at maturity or redemption at the office of the Paying Agent in Portland, Oregon. Payment of each installment of interest due on June 1 and December 1 of each year shall be made by check or draft of the Paying Agent mailed to the registered owner thereof whose name and address appears on the registration books of the City maintained by the Paying Agent as of the close of business on the 15th day of the month next preceding the interest payment date.

Section 4. The Bonds shall be issued substantially in the form set forth in Exhibit "A" attached hereto and incorporated herein by this reference.

Section 5. The City hereby creates an Interest Account to be held in segregated trust by the City as part of the City's Water Fund. The City shall deposit accrued interest received on the proceeds received from the sale of the Bonds to the Interest Account. Prior to any Interest Payment Date, there shall be deposited by the City to the Interest Account sufficient moneys to pay the interest on the Bonds on the next Interest Payment Date. The City shall disburse from the Interest Account the amounts, together with income earned thereon, as shall be sufficient to pay the maturing interest on the Bonds. Any deficiency in the Interest Account shall be deposited by the City from the Debt Service Reserve Account, or such other funds as may be available to the City for this purpose.

Section 6. The City hereby creates a Principal Account to be held in segregated trust by the City as part of the City's Water Fund. Prior to any Principal Payment Date, there shall be deposited in the Principal Account sufficient moneys to pay the principal on the Bonds on the next Principal Payment Date. The City shall distribute from the Principal Account the amounts, together with income earned thereon, as shall be sufficient to pay the principal on the Bonds. Any deficiency in the Principal Account shall be deposited from the Debt Service Reserve Account, or such other funds of the City as may be available for these purposes.

Section 7. The City hereby creates a Debt Service Reserve Account to be held in segregated trust by the City as part of the City's Water Fund. The amount in such Debt Service Reserve Account, at all times, shall be equal the maximum annual debt service, defined as an amount equal to the maximum annual debt service due in any of the then remaining maturity years of the Bonds. This account shall be a reserve security fund for the payment of principal of and interest on the Bonds.

In the event the Interest Account or the Principal Account is insufficient to pay the maturing principal of or interest on the Bonds, respectively, then the City shall withdraw from the Debt Service Reserve Account for transfer to the Interest Account or to the Principal Account, as appropriate, sufficient moneys to make such payments when due. Thereafter, the City shall transfer from the next available deposits to the Interest Account or to the Principal Account sufficient moneys to restore the deposits in the Debt Service Reserve Account to the required amount.

Section 8. The Council appoints and designates United States National Bank of Oregon of Portland, Oregon, as the Paying Agent and Registrar of the Bonds. The Mayor or the City Manager is authorized to negotiate and execute on behalf of the City a Paying Agent and Registrar Agreement. The Agreement shall provide for compliance with Oregon Administrative Rule 170-61-010.

Section 9. The Bonds are transferable, or subject to exchange, for fully registered Bonds in the denomination of \$5,000 or integral multiples thereof by the registered owner thereof in person, or by the owner's attorney duly authorized in writing, at the office of the Bond Registrar. The Paying Agent shall maintain a record of the names and addresses of the registered owners of the Bonds. The records of registered bond ownership are not public records within the meaning of Oregon Revised Statutes 192.410(4).

All bonds issued upon transfer of or in exchange for Bonds shall evidence the same debt and shall be entitled to the same benefits as the Bonds surrendered for such exchange or transfer. All fees, expenses and charges of the Paying Agent and Bond Registrar shall be payable by the City. The Bond Registrar shall not be required to transfer or exchange any Bond after the close of business on the 15th day of the month next preceding any interest payment date.

Section 10. The City Manager or Finance Director is authorized to contract for the printing of the Bonds. The City Manager or Finance Director may provide for the printing of, in addition to the original issue of Bonds, additional bonds to be printed in blank form as to registration and to be designated by appropriate number for the Bond Registrar for delivery to the registered owner upon transfer or exchange of Bonds. The additional bonds shall be dated as of December 1, 1987, shall be signed by the manual or facsimile signature of the present Mayor of the City and by the manual or facsimile signature of the present City Recorder and the Bond Registrar shall manually sign the Certificate of Authentication as of the date of the transfer of the Bonds.

Section 11. The City pledges to the payment of the Bonds the gross revenues of the water supply system of the City after payment of the expenses of maintenance, operation and administration ("Net Revenues").

Section 12. The City covenants and agrees that it shall impose and collect such water user fees and charges and shall revise its rate structure as shall be necessary in order that the revenues of the water supply system will be sufficient at all times to provide for the maintenance, operation and

administrative expenses of the water supply system and to provide Net Revenues not less than 1.25 times the then fiscal year annual debt service on the Bonds; that all use of the water supply system shall be subject to the full rates prescribed by the City; and that no free use of the water supply system will be permitted.

Section 13. The City may issue additional water revenue bonds (the "Additional Bonds") on a parity with the Bonds, which shall be secured in all respects in the same manner as the Bonds and shall be issued for the purpose of making additions, enlargements, replacements, extensions and improvements to the water supply system. Such Additional Bonds may be issued upon compliance with the following conditions:

(a) That no deficiency exists in the required moneys to be on deposit in the Special Accounts; and

(b) Provisions shall be made to deposit to the Debt Service Reserve Account a sum equaling the maximum annual debt service on the proposed Additional Bonds; and

(c) The City shall obtain and have on file a certificate from an independent professional engineer or certified public accountant determining that the Net Revenues (gross revenues less operation, maintenance and administrative expenses) in any twelve (12) consecutive months within the 24 months immediately preceding the issuance of such Additional Bonds equals 1.25 times the maximum annual debt service of the Bonds and of the proposed Additional Bonds.

In determining whether the City complies with the conditions for the issuance of Additional Bonds, the following adjustments may be made to the Net Revenues in the certificate as required in subparagraph (c) above:

(i) Any rate change that has taken place or previously has been approved and is effective may be reflected in the Net Revenues of the twelve-month term;

(ii) Any increase in the Net Revenues estimated to result from any additions, betterments and improvements to and extensions of the water supply system which become operational during such twelve-month period, or were under construction at the time of such certificate or will be constructed from the proceeds of the Additional Bonds to be issued, may be included in the determination;

(iii) Additional revenues to be realized from water system users added to the water supply system during or subsequent to the twelve-month term;

(d) The adoption of an ordinance by the Council containing provisions incorporating and making binding upon the registered owners of the Additional Bonds all provisions of this Ordinance which describe the rights and obligations of the registered owners of the Bonds; and

(e) Provided that the Additional Bonds, when issued in accordance with this Section, shall be secured on a parity with and equally and ratably with the registered owners of the Bonds and the Additional Bonds, without preference, priority or distinction because of the date of the issue of such Bonds or the incurrence of the additional parity debt.

Section 14. The proceeds of the Bonds shall be used and invested in such manner that the Bonds shall not become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code") and the regulations issued thereunder.

Section 15. The City hereby designates the Bonds for purposes of paragraph (3) of Section 265(b) of the Code as "qualified tax-exempt obligations" and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000.00 aggregate principal amount of obligations, the interest on which is excludable under Section 103(a) of the Code from gross income for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Bonds, have been or shall be issued by the City, including all subordinate entities of the City, if any, during the calendar year 1987.

Section 16. The Bonds shall be sold at private negotiated sale at a price not less than 96% of par value thereof and accrued interest to the date of delivery. The Mayor or City Manager is authorized to negotiate the terms of the sale of the Bonds and to execute a bond purchase agreement for the sale of the Bonds, a certificate as to arbitrage and other closing documents and certificates for and on behalf of the City.

Section 17. Messrs. Rankin, Vavrosky, Doherty, MacColl & Mersereau of Portland, Oregon are appointed Bond Counsel for the issuance of the Bonds.

Section 18. It is hereby adjudged and declared that existing conditions are such that this ordinance is necessary for the immediate preservation of the public peace, health and safety. Therefore, an emergency is hereby declared to exist, and this ordinance shall take effect and be in full force and effect from and after its passage and approval of the Mayor.

PASSED by the Council and approved by the Mayor this 24th day of November, 1987.



Mayor

ATTEST:



City Manager - Ex Officio City Recorder

UNITED STATES OF AMERICA
STATE OF OREGON
CITY OF SWEET HOME, OREGON
WATER REVENUE BOND
SERIES 1987

Refer to reverse side
for additional provisions
Number R-

Rate of Interest: _____ % Per Annum
Maturity Date _____ Dated: December 1, 1987 CUSIP _____

Registered Owner _____

Principal Amount _____ DOLLARS

The City of Sweet Home, Oregon (the "City") for value received, acknowledges itself indebted and hereby promises to pay, but only from the water supply system net revenues, to the Registered Owner, or registered assigns, on the Maturity Date, the Principal Amount and to pay interest thereon from the date of this Bond, or from the most recent interest payment date to which interest has been paid, at the Rate of Interest per annum set forth above on the first day of June and the first day of December of each year commencing June 1, 1988 until the Principal Amount is paid either at maturity or upon redemption.

Principal of this Bond is payable in lawful money of the United States of America upon presentation at the principal corporate trust office of United States National Bank of Oregon in Portland, Oregon, as Paying Agent and Registrar. Payment of each installment of interest shall be made to the registered owner hereof whose name appears on the registration books of the City maintained by the Paying Agent as of the close of business on the fifteenth (15th) day of the month next preceding the interest payment date and shall be paid by the check or draft of the Paying Agent mailed to the registered owner at the address as it appears on the registration books. The Registrar shall not be required (1) to transfer or exchange any Bond after the close of business on the fifteenth (15th) day of the month next preceding any interest payment date, or (2) to transfer or exchange any Bond called or being called for redemption.

REFERENCE IS HEREBY MADE TO THE ADDITIONAL PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, AND SUCH ADDITIONAL PROVISIONS SHALL HAVE THE SAME EFFECT AS IF FULLY SET FORTH HERE.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in the form and manner required by the Constitution and statutes of the State of Oregon and by the Charter of the City, and that this Bond, together with all other indebtedness of the City, does not exceed any limitation prescribed by law.

The Bonds are not general obligations of the City or a charge upon the tax revenues of the City. The Bonds, and the interest thereon, shall be paid to the extent permitted by law solely from water supply system net revenues and are secured by a pledge of the Net Revenues and the Special Accounts created by the City. The Bonds are valid and legally binding obligations of the City and are authorized and issued by virtue of Oregon Revised Statutes 288.805 to 288.945 and Ordinance No. 968 adopted by the Council of the City on NOV. 24, 1987.

This Bond shall not be valid or become obligatory until the Certificate of Authentication hereon shall have been signed by the Bond Registrar.

IN WITNESS WHEREOF, the Council of the City has caused this Bond to be executed by the manual or facsimile signature of its Mayor and attested by the manual or facsimile signature of its City Recorder and a facsimile of the corporate seal to be imprinted hereon, all as of the first day of December, 1987.

Date of Authentication:

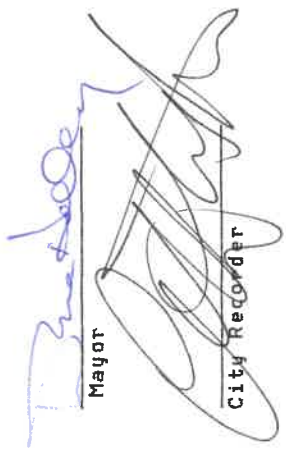
CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the Water Revenue Bonds, Series 1987, of the City of Sweet Home, Oregon.

UNITED STATES NATIONAL BANK OF OREGON,
as Bond Registrar

By _____
Authorized Officer

Attest:


Mayor
City Recorder

ADDITIONAL PROVISIONS

This Bond is one of an authorized series of Water Revenue Bonds, Series 1987, of the City of Sweet Home, Oregon (the "City") aggregating \$85,000 in principal amount, issued to provide funds to finance, in part, the expansion of the City's existing water supply system. This Bond is authorized and issued by virtue of Oregon Revised Statutes 288.805 to 288.945, inclusive, and Ordinance No. 968 adopted by the Council of the City on November 24, 1987 (the "Ordinance").

The City has irrevocably pledged, on a parity with any Additional Bonds that may be issued hereafter in accordance with the provisions of the Ordinance, the water system Net Revenues as defined in the Ordinance and certain Special Accounts. Such Net Revenues shall be deposited to a Interest Account and Principal Account created by the City. In addition, a sum equal to the maximum annual debt service on the Bonds shall be deposited into a Debt Service Reserve Account maintained by the City to secure the payment of the principal of and interest on the Bonds. The City may issue Additional Bonds on a parity of security with the Bonds and payable from the water supply system Net Revenues providing the conditions specified in the Ordinance are first met. The City has covenanted to maintain at all times rates and charges for water supply system services within the City sufficient in amount to pay the maturing principal of and interest on the Bonds.

This Bond is transferable by the registered owner hereof in person or by the owner's attorney duly authorized in writing at the principal corporate trust office of the Bond Registrar in Portland, Oregon, but only in the manner and subject to the limitations provided in the authorizing ordinance, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee.

The Bonds are issued in fully registered form and in the denomination of \$5,000 each or any integral multiple thereof. This Bond may be exchanged at the principal corporate trust office of the Bond Registrar for a like aggregate principal amount of Bonds of the same maturity of other authorized denominations, upon the terms set forth in the Ordinance.

The City and the Bond Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the principal hereof and interest due hereon and for all other purposes and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.