

CITY OF LAKESIDE

ORDINANCE NO. 48

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF GENERAL OBLIGATION BONDS OF THE CITY OF LAKESIDE IN THE PRINCIPAL SUM OF \$1,470,000 TO FARMERS HOME ADMINISTRATION FOR THE PURPOSE OF PROVIDING A PORTION OF THE COSTS OF THE IMPLEMENTATION AND CONSTRUCTION OF A SEWAGE TREATMENT SYSTEM FOR THE CITY OF LAKESIDE; PROVIDING FOR THE FORM AND TERMS OF SAID BONDS, AUTHORIZING THE PAYMENT OF THE SAME, AND DECLARING AN EMERGENCY.

WHEREAS, the Council of the City of Lakeside has been duly authorized by a majority vote at an election duly called and held on May 11, 1976 to issue Sewer Bonds in an amount not to exceed \$1,470,000 for the purpose of the implementation and construction of a sewage treatment system for the City of Lakeside, Oregon; hereinafter called "Facility", and,

WHEREAS, said Bond authorization was duly published, advertising the sale of all of said Bonds and there were no bids received for the purchase of said Bonds at the time designated for the receipt of such bids; and concurrently therewith and subsequent thereto the City has commenced negotiations with the Farmers Home Administration of the United States Department of Agriculture, hereinafter called "Government", for financial assistance to construct said Facility, and,

WHEREAS, said Farmers Home Administration has indicated a desire to consider said financial assistance and as a result, it is necessary to cause the execution and delivery of installment Bond or other evidence of indebtedness to secure any loan or loans made, or insured, by the Government and to comply with any requirements, terms and conditions prescribed by the Government or by Government regulations and to execute contracts or enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, construct, complete, equip and extend the Facility for and on behalf of the City; now, therefore,

THE CITY OF LAKESIDE ORDAINS AS FOLLOWS:

Section 1. Determination of Council. It is necessary to defray a portion of the costs of constructing and equipping the Facility by obtaining a loan made by the Government in accordance with the applicable provisions of the Rural Development Act of 1972, it being determined by the Government that the City is unable to obtain sufficient credit elsewhere to finance the Facility taking into consideration prevailing private and cooperative rates and terms concurrently available.

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Section 2. Terms of Loan. The City is hereby authorized to borrow \$1,470,000 and issue as evidence thereof a General Obligation Installment Sewer Bond for the full principal amount of the loan to be dated with the date of delivery thereof and with interest only payable each year for the first two years from date of issue and thereafter payable in twenty-eight combined installments of principal and interest totalling \$98,682 each year until the principal and interest on said bond shall have been paid in full.

The Bond hereby authorized shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF OREGON

COUNTY OF COOS

CITY OF LAKESIDE

GENERAL OBLIGATION INSTALLMENT SEWER BOND

KNOW ALL MEN BY THESE PRESENTS: That the City of Lakeside, Coos County, Oregon, herein called "Borrower", hereby acknowledges itself indebted and for value received, promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, hereinafter called the "Government", the principal sum of One Million Four Hundred Seventy Thousand Dollars (\$1,470,000) plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

Interest only on the 17 day of December in each of the years 1980 and 1981, and the sum of \$98,682 annually thereafter on the day of December until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced thereby, if not sooner paid, shall be due and payable thirty (30) years from the date of this bond. In lieu of the coupons evidencing semi-annual interest, unpaid accrued interest shall be paid on the day of June of each year and the amount of interest so paid shall be deducted from the next succeeding installment of \$98,682 due the next succeeding day of December.

All or part of the outstanding Bond Installments may be paid in inverse order on any interest payment date without premiums.

This Bond shall be registered as to the principal and interest in the name of the United States of America in an appropriate

book in the office of the Recorder of the Borrower, each registration to be noted on the back hereof by said Recorder and no transfer hereof shall be valid unless made on said book and similarly noted on the back hereof.

Both the principal and interest shall be paid to the United States of America as such registered holder at the office of the Farmers Home Administration serving Coos County, Oregon.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt, and default under any other such instrument shall constitute default hereunder upon default and Government in its option may declare all or any part of said indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made by the Government pursuant to the Rural Development Act of 1972, as amended, and shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

This Bond is authorized and issued by virtue of the majority vote of the legal voters of the City of Lakeside, Coos County, Oregon, voting at an election duly called and held on the 11th day of May, 1976, and by virtue of an Ordinance of the Council of the City of Lakeside passed and enacted on the 15th day of November, 1979, and pursuant to the Constitution and Laws of the State of Oregon.

This Bond with interest thereon, is a General Obligation of the City of Lakeside, Oregon, and in addition is payable as to principal and interest from the unobligated net revenues of the sewer facilities of such City. For the punctual payment of the principal of this Bond with interest thereon as aforesaid, the full faith and credit of the City of Lakeside, Coos County, Oregon, are hereby irrevocably pledged.

This Bond is exchangeable at the sole expense of the Borrower at any time, upon ninety (90) days written notice, at the request of the registered owner hereof, and upon surrender of this Bond to Borrower at the office of the Recorder of the Borrower for negotiable Coupon Bonds payable to bearer registered as to principal only of the denomination of \$1,000 each, in the aggregate principal amount equal to the unpaid principal amount of the Bond, and bearing interest on the unpaid principal balances at the rate of 5% per annum.

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 have

existed, have happened, and have been performed in due time, form and manner as required by law, that the amount of this Bond, together with all obligations of the Borrower does not exceed any limits prescribed by the Constitution and Statutes of the State of Oregon.

IN WITNESS WHEREOF, the City of Lakeside, Coos County, Oregon, has caused this Bond to be signed by the Mayor and Recorder of said City and its corporate seal affixed hereto, all on the day of December, 1979.

CITY OF LAKESIDE,
COOS COUNTY, OREGON

By: _____
Mayor

ATTEST:

Recorder

BOND REGISTRATION

DATE: _____

Registered in name of:

United States of America

Farmers Home Administration

City Recorder

Section 3. Pledge of Revenue. The unobligated net revenues of the sewer system after payment from gross revenue of the system of the ordinary operation and maintenance expenses thereof, hereby are pledged to the payment of the principal and interest upon said Bonds. The City Council, each year, shall include in the General Tax Levy of the City a special levy sufficient with other moneys available therefor, to pay promptly when due, the principal and interest upon said Bonds. The funds derived from such sources shall be carried by the Recorder of the City in a separate book account to be designated CITY OF LAKESIDE SEWER BOND FUND and shall be expended only in the payment

of the principal and interest on said City of Lakeside Sewer Bonds until all of said obligations and any that may be issued to refund them have been fully paid and redeemed or until the provisions for the payment or redemption thereof have been made.

Section 4. Protection and Disposition of Funds. The Treasurer of the City shall be the custodian of all funds of the City and all funds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation. The Treasurer shall execute a Fidelity Bond in an amount not less than \$50,000.00 with a surety company approved by the Farmers Home Administration and the United States of America shall be named as co-obligee in such Bond and the amount thereof shall not be reduced without the prior written consent of the Farmers Home Administration. The Treasurer of the City is hereby directed to pay, deposit and dispose of Bond, grant and revenue funds as follows:

(1) Disposition of Bond Proceeds. All proceeds from the issuance and sale of the Sewer Bonds to Farmers Home Administration shall be paid to the United States National Bank of Oregon, together with other funds of the City, to pay principal and interest on interim financing notes of the City in the principal sum of \$1,470,000 and interest thereon.

(2) Construction Account. Amounts in the Construction Account exceeding \$40,000.00 shall be secured by the depository bank in advance in accordance with State and Federal Law. Withdrawal from the Construction Account shall be made only on checks signed by the Treasurer of the City as authorized by the City Council from time to time, countersigned by the Mayor or other authorized City official, and only for the purchase for which grants and revenues were received. The City's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties shall be deposited in the Construction Account to assure completion of the project. When the construction of the Facility has been completed or all construction costs have been paid for in full, any balance remaining in the Construction Account shall be used to pay outstanding installments on the Bond in inverse order without premiums except that any balance in an amount insufficient to pay a whole installment will be transferred to the Reserve Account. The Construction Account shall then be closed.

(3) Revenue Fund Account. As soon as the Facility becomes revenue producing, the gross revenues shall be set aside into separate account to be designated the Revenue Fund Account, and monies so deposited therein shall be expended and used only in the manner and order as follows:

(a) Operation and Maintenance Account (Bookkeeping Account). There shall be set aside and deposited each month

before any other expenditures therefrom, sufficient portion of the income and revenue in the Revenue Account to pay the reasonable and necessary current expenses of operating and maintaining the Facility for the current month.

(b) Debt Service Account (Bookkeeping Account). After the transfer required in (a) above, there shall be transferred each month from the Revenue Fund Account, before any other expenditures or transfer therefrom, and deposited in the Debt Service Account for payment of the annual installment of the Bond, a sum equal to at least one-twelfth of the next annual installment becoming due on the anniversary date of the Bond for any portion of the annual installment not to be paid from property tax levies. During any year that the City shall not pay the entire Bond installment from property tax levies, and shall fail for any reason to make monthly deposits to the Debt Service Account, then an amount equal to the deficiency shall be set apart and deposited in the Debt Service Account out of the gross revenues in the ensuing month or months, which amount shall be in addition to the regular monthly deposits required during such succeeding month or months. Whenever there shall accumulate in the Debt Service Account amounts in excess of the requirements during the next twelve months for paying principal and interest on outstanding Bond installments, and in the Operation and Maintenance Account in excess of the requirements thereof, such excess may be used by the City to make prepayments on the Bond.

Section 5. Other Covenants and Agreements of the City. The City covenants and agrees that so long as the Bond hereby authorized remains unpaid;

(1) It will indemnify the Government for any payments made or losses suffered by the Government as a result of or in connection with the Facility.

(2) It will comply with applicable state laws and regulations and continually operate and maintain the Facility in good condition.

(3) It will maintain complete books and records relating to the operation of the Facility and its financial affairs and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish Farmers Home Administration, without request, a copy of each annual audit report. At all reasonable times Farmers Home Administration shall have the right to inspect the Facility and the records, accounts and data of the City relating thereto.

(4) It will maintain such insurance coverage as may be required by Farmers Home Administration.

(5) It will not borrow money from any source or enter into any contract or agreement or incur any other liabilities

in connection with making extensions or improvements to the facility exclusive of normal maintenance without obtaining the prior written consent of the Farmers Home Administration.

(6) It will not dispose of or transfer its title to the Facility or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrance, without obtaining prior written consent of Farmers Home Administration.

Section 6. Refinancing. If at any time it shall appear to the Government that the City is able to refinance the amount of the Bond then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the City will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 7. Civil Rights. The Mayor and Recorder are hereby authorized and directed to execute for and on behalf of the City, Form FHA 400-1 entitled "Equal Opportunity Agreement", as required by the provisions of Title VI of the Civil Rights Act of 1964, and Form FHA 422-47, "Loan Resolution."

Section 8. Emergency Clause. The Council of the City of Lakeside hereby finds and determines that the construction of sewage treatment facilities has proceeded faster than anticipated and it is necessary in the interest of the public health, safety and welfare that the City sell to Farmers Home Administration its General Obligation Sewer Bond without delay to retire interim financing notes issued in the same amount as said Bond; and, therefore, an emergency is hereby declared to exist and this Ordinance shall become effective upon its enactment by the Council.

Passed and enacted by the Council of the City of Lakeside this 15th day of November, 1979.

Donald B. Bley
Mayor

ATTEST:
William C. ...
Recorder

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