

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF TROUTDALE, OREGON GENERAL OBLIGATION/REVENUE WATER BONDS IN THE PRINCIPAL SUM OF \$2,000,000.00 TO FARMERS HOME ADMINISTRATION FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUISITION, CONSTRUCTION AND REPAIR OF A WATER SYSTEM WITHIN AND WITHOUT THE BOUNDARIES OF THE CITY OF TROUTDALE, OREGON; PROVIDING FOR THE FORM AND TERMS OF SAID BONDS, AUTHORIZING THE PAYMENT OF SAME.

WHEREAS, the City Council of the City of Troutdale, Oregon has been duly authorized by a majority vote at a special election held June 26, 1979 to, issue water bonds in an amount not to exceed the sum of \$2,000,000.00, in excess of any existing bond issue, for the construction, acquisition, reconstruction, repair, extension and improvement of a municipal water system within and without the City of Troutdale, Oregon, hereinafter called "Facility", and,

WHEREAS, said bond authorization was duly published, advertising the sale of General Obligation Water Bonds and there were no bids received for the purchase of said Bonds at the time designated for the receipt of such bids; and the City has negotiated 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 Bonds 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 to take any and all other action as may be necessary, incidental or appropriate to finance, construct, complete, equip and extend the Facility on behalf of the City,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF TROUTDALE THAT:

Section 1. Finding of Need: 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.

Section 2. Terms of Loan: That the City borrow \$2,000,000.00 and issue as evidence thereof General Obligation Installment Water Bonds for the full principal amount of the loan. The Bonds shall be dated with the dates

of delivery thereof, and shall be in principal installments as follows:

PROPOSED ISSUE AND
DELIVERY DATE

PRINCIPAL
AMOUNT

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

UNITED STATES OF AMERICA

STATE OF OREGON

COUNTY OF MULTNOMAH

CITY OF TROUTDALE, OREGON

GENERAL OBLIGATION INSTALLMENT WATER BOND NO. _____

KNOW ALL MEN BY THESE PRESENTS: That the City of Troutdale, Multnomah, County, Oregon, hereinafter called the "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 \$2,000,000.00 Dollars, 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 first day of December, 1981. and the sum of \$117,540.00 annually thereafter on the first day of December until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of this Bond. In lieu of coupons evidencing semi-annual interest, unpaid accrued interest shall be paid on the first day of June of each year and the amount of interest so paid shall be deducted from the next succeeding installment of \$117,540.00 due the next succeeding first 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 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 notes 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 Multnomah 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 Troutdale, Oregon, voting at a special slection called and held on the 26th day of June, 1979, and by virtue of Resolution No. 251 of the City of Troutdale, Oregon, duly adopted by the City Council and approved by the Mayor of said City on May 3, 1979, and pursuant to the Constitution and Laws of the State of Oregon, and Charter of the City of Troutdale, Oregon, and laws amendatory thereof and supplementalthereto.

This Bond with interest thereon, is a General Obligation of the City of Troutdale, Oregon. For the punctual payment of the principal of this Bond with interest thereon as aforesaid, the full faith and credit of the City of Troutdale, Oregon, are hereby irrevocably pledged.

This Bond is exchangable 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 \$1,000.00 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, Statutes of the State of Oregon, the Charter or Ordinances of the City of Troutdale, Oregon.

IN WITNESS WHEREOF, the City of Troutdale, oregon, has caused this Bond to be signed by the Mayor of said City and its cooperate seal to be affixed hereto and attested by the Recorder of said City, all on the _____ day of _____, 1979.

CITY OF TROUTDALE, MULTNOMAH, COUNTY, OREGON

By _____
R.M. Sturges, Mayor

ATTEST:

City Recorder

BOND REGISTRATION

DATE: _____

Registered in name of:

United States of America

Farmers Home Administration

City Recorder

Section 3. The Council of said City, each year, shall include in the General Tax Levy of the City a special levy sufficient with other monies available therefor, to pay promptly when due, the principal of 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 1979 FHA WATER BOND FUND and shall be expended only in the payment of the principal of an interest on said City of Troutdale, Oregon Water Bonds until all of said obligations and any that may be issued to refund than have been fully paid and redeemed or until the provisions for the payment or redemption thereof has been made.

Section 4. Protection and Disposition of Funds. The City Recorder 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 Recorder 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 American shall be named as co-obligee in such Bond and the amount thereof shall not be reduced without the prior written consent of Farmers Home Administration. The City Recorder is hereby directed to establish the following accounts into which the current funds of the City, Bond proceeds, the revenues from the Facility and other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the Bonds hereby authorized remains unpaid.

(a) Construction Account. The proceeds of the Bonds hereby authorized and any interim financing acquired shall be deposited in the 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 City Recorder of the City as authorized by the City Council, countersigned by the Mayor or other authorized City Official and only for the

purposes for which said Bonds were signed as specified in the estimate of costs. The City's share of any liquidated damages and other moneys paid by defaulting contractor or their sureties will 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.

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

1. 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.

2. Debt Service Account (Bookkeeping Account). After the transfer required in 1. 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 annual installment becoming due on the next succeeding _____ day of _____.

If the City for any reason shall fail to make such monthly deposit, 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 deposit required during each 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 and the Reserve Account hereinafter established amounts in excess of the requirements thereof, such excess may be used by the City to make pre-payments on the Bond.

3. Reserve Account (Bookkeeping Account). Out of the balance of income and revenue in the Revenue Fund Account remaining after the transfers in 1 and 2 above have been made, there shall be set aside and deposited in the Reserve Account the sum of \$ _____ annually until there is accumulated in that fund the sum of \$ _____, after which no further deposits need be made into said account except to replace withdrawals. The Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the Facility which may be caused by any unforeseen catastrophe, for making extensions or improvements to the Facility, and when

necessary for the purpose of making payments of principal and interest on the bonds hereby authorized in the event the amount of the Debt Service Account is insufficient to meet such payments. Whenever disbursements are made from said Account, said deposits shall be resumed until there is again accumulated the amount of \$ _____ at which time deposits may be again discontinued.

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

(a) 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.

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

(c) It will impose and collect such rates and charges for use of the Facility that gross revenues will be sufficient at all times to provide for the operation and maintenance thereof and the payments on the Bonds hereby authorized and the maintenance of the various funds herein created; That all use of the Facility shall be subject to the full rates prescribed in the Rules and Regulations of the City; and that no free use of the Facility will be permitted.

(d) 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.

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

(f) 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.

(g) It will not diepose 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.

(h) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet payments on the Bonds when the same become due if, for any reason, gross revenues are insufficient.

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. The Mayor and the City Recorder are hereby authorized and directed to execute for and on behalf of the City, Form FHA 400-1 entitled "Equal Opportunity Agreement", Form FHA 400-4 entitled "Nondiscrimination Agreement", as required by the provisions of Title VI of the Civil Rights Act, of 1964 and Form FHA 442-47, "Loan Resolution".

ADOPTED by the COMMON COUNCIL OF THE CITY OF TROUTDALE THIS
4th day of December, 1979.

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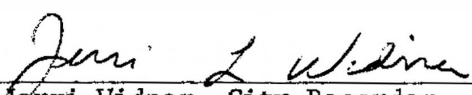
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Submitted to and approved by the Mayor on this 6th day of
December, 1979.



R. M. STURGES, Mayor

ATTEST:



Terri Widner, City Recorder