

ORDINANCE NO. 529A  
Introduced by Commissioner Earl Johnson

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF REVENUE BOND OR BONDS TO FARMERS HOME ADMINISTRATION FOR IMPROVING AND EXTENDING THE CITY WATER SYSTEM IN AN AMOUNT NOT EXCEEDING \$975,000.00 HERETOFORE AUTHORIZED BY THE CITY CHARTER AS AMENDED BEARING INTEREST NOT TO EXCEED FIVE PERCENT PER ANNUM AND AUTHORIZING THE PAYMENT OF ANNUAL WATER REVENUES FOR THE PAYMENT OF THE SAME AND DECLARING AN EMERGENCY.

WHEREAS, the Commission of the City of Warrenton, Oregon has been duly authorized by a Charter Amendment which Charter Amendment authorized the issuance of \$975,000.00 Water Works Revenue Bond or Bonds issue, in excess of any existing bond issue, to construct, reconstruct, repair, extend and improve the water system of the City, hereinafter called the "Facility"; and

WHEREAS, said bond authorization sale was duly published advertising the sale 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, pursuant to the authority of ORS 287.002 (5) and concurrent with and subsequent to the receipt for bids, the City has commenced negotiation with the Farmers Home Administration for the purchase of said bonds by way of application to 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 an installment bond or bonds to secure any loan or loans made or insured by the government, to take any and all other legal action as may be necessary, incidental or appropriate to finance, construct, reconstruct, repair, improve, complete, equip and extend the Facility for and on behalf of the City:

THE CITY OF WARRENTON DOES ORDAIN AS FOLLOWS:

Section 1: (Determination of Commission) That it is necessary to defray a portion or all of the cost of constructing, reconstructing, repairing, extending and improving and equipping the Facility by obtaining a loan made or insured by the Government, in  
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accordance with applicable provisions of the Consolidated Farmers Home Administration Act of 1961 as amended, it being determined that the City is unable to obtain sufficient credit elsewhere to finance the Facility, taking into consideration prevailing private and cooperative rates and terms currently available.

Section 2: (Terms of Loan) That the City determines that it is necessary and desirable, in order to proceed promptly with the construction and repair and improvement of the Water System, that the bonds be issued and sold directly to the Farmers Home Administration, an agency of the United States of America as follows:

(a) That a single installment revenue bond be issued for the full principal amount of \$975,000.00, the bond to be signed by the Mayor, attested by the Auditor and Police Judge, and the corporate seal of the City affixed thereto; and

(b) That the loan shall be payable in approximately equal annual payments of principal plus interest over a term of 40 years; that interest only be payable on the first day of January and the first day of July of each year to and including the first day of July, 1970; thereafter principal and accrued interest be due and payable on the first day of January commencing January 1, 1972 and an equal annual payment of principal plus interest on the first day of January of each year thereafter; and that the final installment of the entire unpaid indebtedness, together with all accrued interest shall be due and payable 40 years from date of the bond. In addition, interest only shall be payable on the first day of July, 1972, and on the first day of July of each year thereafter, such payment of interest to be deducted from the next succeeding installment of principal and interest.

(c) The bond shall bear interest at the rate of Five percent (5%) per annum and shall be payable both as to principal and interest to the United States of America, or its assigns, at the office of the Farmers Home Administration serving Clatsop County, Oregon.

(d) Prepayment of any installment of principal may be made at any time at the option of the City. Any prepayment or extra payments shall, after the payment of accrued interest, be applied to the installments of principal last to become due under the bond; such payment shall not affect the obligation of the City to pay the remaining installments as scheduled.

(e) The bond shall be registered as to principal and interest in the name of the United States of America in an appropriate Revenue Bond Register retained in the office of the Auditor and Police Judge of the City, and such registration shall be noted on the reverse side of the bond. No transfer of ownership of the bond shall be valid unless noted on the reverse side of the bond and noted of record in the Register.

(f) The single registered bond is exchangeable, at the sole option of the City, at any time upon 90 days notice therefor at the request of the registered owner and upon surrender of the bond to the City at the office of its Auditor and Police Judge. The exchange is to be for negotiable coupon bonds payable to bearer and registrable as to principal only in denominations of \$5,000.00 each, in an aggregate principal amount equal to the unpaid principal amount of the bond and bearing interest thereon at the rate of 5% per annum.

(g) The Bond shall be dated as of the date of issuance and delivery of the Bond, such dating to be manually completed on the face of the Bond and the Auditor and Police Judge of the City be and hereby is authorized to manually date said Bond at that time.

(h) The Revenue Bond shall be in substantially the form as attached to this Ordinance marked Exhibit A and by this reference incorporated herewith.

Section 3. (Protection and Disposition of Funds) The Auditor and Police Judge 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 Auditor and Police Judge shall execute a fidelity bond in an amount not less than \$20,000.00 with a surety company approved by Farmers Home Administration, and the United States of America shall be named as a co-obligee in such bond, and the amount thereof shall not be reduced without the prior written consent of Farmers Home Administration. The Auditor and Police Judge is hereby directed to establish the following accounts into which the current water funds of the City, bond or bond proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the bond or bonds hereby authorized remain or remains unpaid:

A. Acquisition and Development Account (Countersignature Bank Account.) The proceeds of the bond or bonds authorized shall be deposited in the Construction Account which shall be established as a "Supervised Bank Account" as required by the Government. Amounts in the Supervised Bank Account exceeding \$15,000.00 shall be secured by the depository bank in advance, in accordance with United States Treasury Department circular No. 176. Withdrawals from the Supervised Bank Account shall be made only on checks signed by the Auditor and Police Judge of the City as authorized by the Commission from time to time and countersigned by the County Supervisor of the Farmers Home Administration, and only for the purposes for which said bond or bonds were issued as specified in the estimate of cost. There shall be transferred and paid from the Construction Account into the Debt Service Account at least an amount sufficient to pay the interest due on the bond or bonds accruing during the period of

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construction and until the Facility becomes revenue producing. The City's share of any liquidated damages and other moneys paid by defaulting contractors 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 applied as an extra payment on the loan and the Construction Account shall be closed.

B. Revenue Fund Account (Private Bank Account of City).

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

(1) Debt Service Account (Bookkeeping Account). There shall be transferred each month from the Revenue Fund Account before any other expenditure or transfer therefrom and deposited in the Debt Service Account for payment of the annual installment of the bond or bonds, a sum equal to at least 1/12th the annual installment becoming due on the next succeeding January first.

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 such succeeding month or months.

Whenever there shall be accumulated in the Debt Service Account amounts in excess of the requirements during the next 12 months for paying principal and interest on outstanding bond or bonds 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 prepayments on the loan.

(2) Operation and Maintenance Account. (Bookkeeping Account). After the transfer required in B(1) above, there shall be set aside and deposited each month a sufficient portion of the balance of the income and revenue remaining in the Revenue Fund Account to pay the reasonable and necessary current expenses of operating and maintaining the Facility for the current month.

(3) Reserve Account (Bookkeeping Account). Out of the balance of income and revenue in the Revenue Fund Account remaining after the transfers required in B(1) and B(2) above have been made, there shall be set aside and deposited in the Reserve Account the sum of \$500.00 each month until there is accumulated in that fund the sum of \$60,000.00, after which no further deposits need be made into the 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 necessary for the purpose of making payments of principal and interest on the bond or bonds hereby authorized in the event the amount in the Debt Service Account is insufficient to meet such payments. Whenever expenditures are made from said Account, said monthly payments shall then be resumed until there is again accumulated the minimum amount of \$60,000.00, at which time payments may be again discontinued.

Section 4. (Other Covenants and Agreements of the City)

The City covenants and agrees that so long as the bond or bonds hereby authorized remain unpaid:

(a) It will comply with the applicable State Laws and regulations and continually operate and maintain the Facility in good condition.

(b) It will impose and collect such rents and charges for the use of the Facility that gross revenues will be sufficient at all times to provide for the payment of the operation and

maintenance thereof and the installments on the bond or 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.

(c) 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 audit reports prepared, and will furnish Farmers Home Administration, without respect, 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.

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

(e) It will not borrow any 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 Farmers Home Administration.

(f) It will not cause or permit any voluntary dissolution of its organization; merge or consolidate with any other organization, 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 the prior written consent of Farmers Home Administration.

(g) It will not modify or amend the City Charter or the Ordinances of the City in such a manner that will affect the operations of the Water Works Facility without prior written consent of the Farmers Home Administration.

Section 5. (Refinancing) If at any time it shall appear to the Government that the City is able and the City has the legal authority to refinance the amount of the bond or bonds 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 action as may be required in connection with such loan.

Section 6. ("Equal Opportunity for Employment") The Mayor and Auditor and Police Judge be and they are hereby authorized and directed to execute for and on behalf of the City Form FHA 400-1 entitled "Equal Opportunity Clause" designated as Form FHA 400-2 to be incorporated in or attached as a rider to each construction contract involving \$10,000.00 or more, as required by the provisions of Executive Order No. 10925 as amended by Executive Order 11114, and Form FHA-4 entitled "Nondiscrimination Agreement" as required by the provisions of Title VI of the Civil Rights Act of 1964.

Section 7. (Effective Date) This Ordinance shall take effect and be in full force from and after the 28th day of July, 1969, being the date of its enactment.

Section 8. (Emergency Clause) Inasmuch as the objects to be obtained by this Ordinance will be of benefit to the City of Warrenton and there exists an urgent necessity that this Ordinance shall take effect as soon as possible and that the peace, health and safety of the City of Warrenton may be preserved, an emergency is hereby declared to exist and this Ordinance shall be in full force and effect immediately upon its passage and approval by the Mayor.

Read the first time: July 28, 1969


Read the second time by title only: July 28, 1969

Read the third time and passed: July 28, 1969



Passed by the City Commission of the City of Warrenton  
this 28th day of July, 1969.

Approved by the Mayor of the City of Warrenton this 28th  
day of July, 1969.

  
\_\_\_\_\_  
Mayor

Attest:  
  
\_\_\_\_\_  
Auditor and Police Judge

EXHIBIT A

UNITED STATES OF AMERICA  
STATE OF OREGON  
CITY OF WARRENTON  
CLATSOP COUNTY, OREGON

REVENUE BOND

No. 1

\$975,000.00

KNOW ALL MEN BY THESE PRESENTS: That THE CITY OF WARRENTON, of Clatsop 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

NINE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS

plus interest on the unpaid principal balance at the rate of Five percent (5%) per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

\$\_\_\_\_\_ on the first day of January, 1970; and the sum of \$48,750.00 on the first day of January, 1971; and the sum of \$57,798.00 annually thereafter on the first day of January of each year 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 semiannual interest, unpaid accrued interest shall be paid on the first day of July, and the amount of interest so paid shall be deducted from the next succeeding installment of \$57,798.00 due the next succeeding first day of January, similarly, unpaid accrued interest shall be paid annually thereafter on the first day of July and, similarly, deducted from the next succeeding installment due on the next succeeding first day of January.

The consideration set forth herein shall support any agreement modifying the foregoing schedule of payments.

In the event the total amount of principal is not advanced to Borrower at the time of loan closing, the loan shall be advanced to Borrower in accordance with the schedule attached hereto and by this reference fully incorporated herein and interest will run from the actual date of each advance shown on that schedule.

Every payment made on any indebtedness evidenced by this Bond shall be applied first to interest computed to the effective date of the payment and then to principal.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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 Auditor and Police Judge of Borrower, each registration to be noted on the back thereof by said Auditor and Police Judge and no transfer hereof shall be valid unless made on said book and similarly noted on the back thereof.

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 Clatsop 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 such other instrument shall constitute default hereunder upon default and Government in its option may declare all or any part of any such indebtedness immediately due and payable.

Exhibit A - Page Two.

This Bond is given as evidence of a loan to Borrower made by the Government pursuant to the Consolidated Farmers Home Administration Act of 1961, as amended, and shall be subject to the present regulations of the Farmers Home Administration and to future regulations not inconsistent with the express provision hereof, provided the City is legally capable of complying.

This Bond is issued under the authority of the City Charter of Warrenton, Oregon, and pursuant to an ordinance of the City Commission of Warrenton duly adopted on the 28th day of July, 1969.

The principal and interest of this Bond are payable from net revenues received from the use of the Warrenton City Water Facility, which Facility is to be improved and constructed as a result of said \$975,000.00.

This Bond is exchangeable at the sole expense of the Borrower, at any time, upon ninety (90) days notice, at the request of the registered owner hereof and upon surrender of this Bond to the Borrower at the office of the Auditor and Police Judge of the Borrower for negotiable coupon bonds payable to bearer registrable as to principal only, of the denomination of \$5,000.00 each, in an aggregate principal amount equal to the unpaid principal amount of the Bond, and bearing interest on the unpaid principal balance at the rate of Five percent (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 and the Charter and Ordinances of the City of Warrenton, Oregon.

IN WITNESS WHEREOF, the City of Warrenton, Oregon, has caused this Bond to be signed by the Mayor of the City of Warrenton, and its corporate seal to be hereunto affixed, and attested by the Auditor and Police Judge of the said City, all as of the 7 day of November, 1969.

CITY OF WARRENTON, Clatsop County, Oregon

By *H. Garrison*  
Mayor

ATTEST:

*E. R. Baldwin*  
Auditor and Police Judge

This Bond is registered as to principal and interest in the name of the United States Government in Bond Book No. 1 of the City of Warrenton, City Hall, Warrenton, Oregon.

*E. R. Baldwin*  
Auditor and Police Judge