

ORDINANCE NO. 786-A

AN ORDINANCE PROVIDING FOR THE ISSUANCE AND SALE OF CITY OF WARRENTON, OREGON REVENUE WATER BONDS IN THE PRINCIPAL SUM OF \$280,000 TO FARMERS HOME ADMINISTRATION FOR THE PURPOSE OF PROVIDING A PORTION OF THE COSTS OF ACQUISITION, CONSTRUCTION AND REPAIR, EXTENSION AND IMPROVEMENT OF A 16 MILLION GALLON OFF-STREAM RESERVOIR ON THE LEWIS & CLARK RIVER, CLATSOP COUNTY, OREGON: PROVIDING FOR THE FORM AND TERMS OF SAID BONDS, AUTHORIZING THE PAYMENT OF THE SAME, AND DECLARING AN EMERGENCY.

WHEREAS, the City Commission of the City of Warrenton, Oregon, has been duly authorized by Resolution #555, dated December 19, 1983, to issue Water Bonds in an amount not to exceed the sum of \$350,000.00, in excess of any existing bond issue, for the construction, acquisition, reconstruction, repair, extension and improvement of a 20 million gallon off-stream water reservoir on the Lewis & Clark River, Clatsop County, Oregon, hereinafter called "Facility", and,

WHEREAS, Notice of the Resolution was published December 20, 1983 in both the Daily Astorian and Columbia Press, newspapers of general circulation in the City of Warrenton in the same manner as other public notices of the City, and

WHEREAS, on or about February 29, 1984, the Warrenton City Commission found that no petitions were filed requesting the City to refer the matter to a vote, and

WHEREAS, the City Staff has been directed to proceed in accordance with law to issue the bonds, 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 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, or extend the facility for and on behalf of the City, and

WHEREAS, the City has determined that the size of the reservoir should be down-graded from 20 million gallons to 16 million gallons, now therefor,

THE CITY OF WARRENTON, OREGON ORDAINS AS FOLLOWS:

Section 1. 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. That the City borrow \$280,000 and issue as evidence thereof a Revenue Installment Water Bond for the full principal amount of the loan. The bond shall be dated with the dates of delivery thereof, and shall be in installments as follows:

PROPOSED ISSUE AND DELIVERY DATE

PRINCIPAL AMOUNT

December 2, 1985

\$280,000.00

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

UNITED STATES OF AMERICA

STATE OF OREGON  
COUNTY OF CLATSOP  
CITY OF WARRENTON, OREGON

REVENUE INSTALLMENT WATER BOND NO. \_\_\_\_\_

KNOW ALL MEN BY THESE PRESENTS: The City of Warrenton, 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 \$280,000 dollars, plus interest on the unpaid principal balance at the rate of 9% per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

Interest only on the 2nd day of June, 1986 and on the 2nd day of December, 1986 and the sum of \$27,457.00 annually thereafter on the 2nd 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 thirty (30) years from the date of this bond. In lieu of coupons evidencing semi-annual interest, unpaid accrued interest shall be paid on the 2nd day of June of each year and the amount of interest so paid shall be deducted from the next succeeding installment of \$27,457.00 due the next succeeding 2nd 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 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 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 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 Resolution #555 and Ordinance #786-A of the City of Warrenton, Oregon, duly passed by the City Commission and approved by the Mayor of said City on December 19, 1983, and November 20, 1985, respectively, and pursuant to the Constitution and Laws of the State of Oregon, and Charter of the City of Warrenton, Oregon, and laws amendatory thereof and supplemental thereto.

This bond and the interest thereon are payable solely from the unobligated net revenues of the water utility system of the City of Warrenton, Oregon, and neither the bond nor the payment of interest impose any general liability upon the said City for the payment thereof out of any moneys other than net revenues of the water utility system. It is hereby covenanted by the City of Warrenton, Oregon, that so long as this bond shall be outstanding and unpaid, or until there shall have been set apart solely for that purpose sums sufficient to pay when due the entire principal sum hereof together with interest accrued, or to accrue thereon, the City Commission of the City of Warrenton, Oregon, shall fix and collect charges for water services, such as to provide revenue sufficient to pay, as the same shall become due, the principal and interest of this bond, in addition to paying, as the same become due, the necessary expenses of operating, maintaining, renewing and replacing the reservoir of said city, and appropriate reserve funds for such purposes and all other obligations and indebtedness payable out of the revenues of said system.

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 \$5,000.00 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 9% 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 said City and its corporate seal to be affixed hereto and attested by the Auditor of said city, all on the 3<sup>rd</sup> day of December, 1985.

CITY OF WARRENTON, CLATSOP COUNTY, OREGON

By Robert Collard Mayor

ATTEST:

Gilbert Dranson  
Auditor

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BOND REGISTRATION

DATE: \_\_\_\_\_

Registered in name of:

United States of America,  
Farmers Home Administration

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City Auditor

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Section 3. The unobligated net revenues of the water system after payment from gross revenue of the system of the ordinary operation and maintenance expenses thereof, hereby is pledged to the payment of the principal of and interest upon the said bonds. The funds derived from such sources shall be carried by the Auditor of the City on a separate book account to be designated WATER BOND FUND and shall be expended only in the payment of the principal of and interest on said City of Warrenton, Oregon Water Bond until all of said obligation and any that may be issued to refund it have been fully paid and redeemed or until the provisions for the payment or redemption thereof has been made.

Section 4. The City auditor shall be the custodian of all funds of the Facility and all funds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation. The Auditor shall execute a Fidelity Bond in an amount not less than \$100,000 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 Farmers Home Administration. The City Auditor is hereby directed to establish the following accounts into which the current funds of the Facility 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 bond 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 \$100,000.00 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 Auditor of the City as authorized by the City Commission, 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 contractors of 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 monies so deposited therein shall be expended and used only in the manner and order as follows:

1. Operation and Maintenance 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. After the transfer required in item 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 2nd day of December.

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 prepayments on the bond.

(3) Reserve Account. Out of the balance of income and revenue in the Revenue Fund Account remaining after the transfers required in item 1 and 2 above have been made, there shall be set aside and deposited in the Reserve Account the sum of \$2,746.00 annually until there is accumulated in that fund the sum of \$27,457.00, 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 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 \$27,457.00 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 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.

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

Section 8. The Commission desires and deems it necessary and advisable for the immediate preservation of the health, peace, and safety of the City of Warrenton that this Ordinance become effective at once, for the reason that the existing water system is inadequate to meet the needs of the City and adjoining municipalities and areas which are served, and because the work has generally been completed and the City has financial obligations to the Bank of Astoria that require prompt payment and this ordinance must be in effect before the City can meet its financial obligations before the normal 30 day effective date for an ordinance, therefore, an emergency is hereby declared to exist and this Ordinance shall be in full force and effect from and after its passage and approval.

Passed by the Commission the 20th day of November, 1985.

AYES:           - 4 -          

NAYES:           - 0 -          

Submitted to and approved by the Mayor on this 20th day of November, 1985.

*John F. Bingham*  
Vice-Chairman

ATTEST:

*Gilbert Stranman*  
City Auditor