

CITY OF HOMER, ALASKA

Resolution No. 89-42 (S)

A RESOLUTION of the City Council of the City of Homer, Alaska fixing the date, terms, maturities and interest rates for the City's Water Revenue Refunding Bonds, 1989; approving a preliminary official statement and authorizing a final official statement; approving the execution of loan agreement with the Alaska Municipal Bond Bank Authority; and authorizing the execution of an escrow agreement related to refunding the 1965 Bonds.

WHEREAS, by Ordinance No. 89-10(S), as amended by Ordinance No. 89-14(S) (collectively the "Bond Ordinance"), the City Council (the "Council") of the City of Homer, Alaska (the "City") has authorized issuance of its water revenue refunding bonds in the principal amount not to exceed \$700,000 designated as the "City of Homer, Alaska, Water Revenue Refunding Bonds, 1989" (the "Bonds"); and

WHEREAS, the Bond Ordinance provides that the Council shall by subsequent resolution establish the date, principal amount, the interest rate or rates and the maturity schedule of the Bonds; and

WHEREAS, the Bond Ordinance authorizes and directs the City Manager and Finance Director to negotiate with the Alaska Municipal Bond Bank Authority (the "Authority") the terms of an agreement for sale of the Bonds; and

WHEREAS, the Bond Ordinance authorizes and directs the City Manager and Finance Director to take such other actions and execute such other documents as may be required to effect the defeasance of the 1965 Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HOMER, ALASKA, as follows:

Section 1. Definitions. As used in this resolution, capitalized terms shall have the meanings set forth in Ordinance No. 89-10(S) of the City, passed on April 10, 1989, as amended by Ordinance No. 89-14(S) of the City, passed on May 8, 1989 (collectively the "Bond Ordinance").

Section 2. Bond Sale and Loan Agreement. The sale of \$635,000 of the Water Revenue Refunding Bonds, 1989 (the "Bonds") authorized by the Bond Ordinance is hereby authorized and approved. The Council finds that entering into that certain loan agreement between the City and the Authority dated as of May 1, 1989 (the "Loan Agreement"), attached as Annex 1 hereto, is in the City's best interest and hereby approves and accepts the Loan Agreement in all respects and incorporates the Loan Agreement herein by this reference. The Council hereby authorizes the execution of the Loan Agreement by the Mayor or the City Manager or the Finance Director on behalf of the City.

Section 3. Bond Date and Payments. The Bonds shall be dated May 1, 1989, and shall bear interest payable on October 1, 1989 and semiannually thereafter on the first days of April and October. Interest on the Bonds shall be paid by check or draft mailed to the registered owners of record as of the 15th day of the month preceding each interest payment date as shown on the registration books of the City pursuant to the Bond Ordinance. Principal of the Bonds shall be payable only upon presentation and surrender of the Bonds to the Registrar pursuant to the Bond Ordinance.

Section 4. Bond Maturities. The Bonds shall bear interest from their date at the rates per annum and shall mature on October 1 of the years and in the principal amounts as set forth in Exhibit A to the Loan Agreement.

Section 5. Redemption. The Bonds maturing on and after October 1, 2000 are subject to redemption at the option of the City on October 1, 1999 and on any interest payment date thereafter, in whole or in part, in inverse order of maturity, at a price of par plus accrued interest to the date of redemption.

Section 6. Notice of Redemption. Written notice of any redemption of Bonds shall be given by the City, which notice shall specify the title, series, maturities, letters and numbers or other distinguishing marks of the Bonds to be redeemed, the redemption date and the place or places where the amount due upon such redemption will be payable and, in the case of registered Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that upon the date fixed for redemption there shall become due and payable upon each Bond to be redeemed the principal amount thereof plus the premium, if any, due thereon upon said redemption date, together with interest accrued to the redemption date, and that from and after the redemption date interest thereon, or on the portion of any Bond to be redeemed in part, shall cease to accrue and become payable. Such notice shall also further state the CUSIP numbers, if any, of all the Bonds

being redeemed, the date of issue of the Bonds as originally issued, the rate of interest borne on each Bond being redeemed, the maturity date of each Bond being redeemed, and any other descriptive information needed to identify accurately the Bonds being redeemed. Such notice shall be mailed by first class mail, postage prepaid, at least thirty-five (35) days before the redemption date to the registered owners of Bonds which are to be redeemed in whole or in part at their last addresses, if any, appearing upon the Bond Register, to the Paying Agents, to all registered securities depositories then in the business of holding amounts of obligations of types comprising the Bonds, to one or more national information services that disseminate notices of redemption of obligations such as the Bonds, to Moody's Investors Service, Inc., and to Standard & Poor's Corporation, but any defect with respect to the redemption of any Bond shall not invalidate the redemption of any other Bond. The City shall transfer to the Registrar for the Bonds so to be redeemed amounts in cash which, in addition to other moneys, if any, held by such Registrar for such purpose, will be sufficient to redeem, on the redemption date, all the Bonds so to be redeemed.

In the event that all of the Bonds are held by the Authority, the notice of redemption shall be as provided in the Loan Agreement.

Section 7. Further Actions. The proper officials of the City are hereby authorized and directed to execute all documents and to do everything necessary for the preparation, execution and delivery of the Bonds in accordance with the terms of the Bond Ordinance and this resolution.

The form and content of the Preliminary Official Statement dated May 2, 1989 in connection with the Bonds, as amended, with the comments of the City and Bond Counsel, on this date (the "Preliminary Official Statement"), a copy of which is on file with the Finance Director of the City, should be and the same hereby is in all respects authorized, approved and confirmed, and the use of the Preliminary Official Statement in connection with the offering for sale of the Bonds is authorized, approved and ratified. The Mayor or City Manager or Finance Director is hereby authorized, empowered and directed to execute the final Official Statement in the name of an on behalf of the City to be delivered for use in connection with the sale of the bonds with such changes, modifications, additions or deletions as shall seem necessary, desirable or appropriate, their execution thereof to constitute conclusive evidence of the approval of any and all changes, modifications, additions or deletions from the form and content of the Preliminary Official Statement.

In order to effect the defeasance and refunding of the 1965 Bonds as provided for in the Bond Ordinance, the City Manager and

the Finance Director are hereby authorized and directed to execute and deliver to Security Pacific Bank Washington, N.A., Seattle, Washington, as Trustee, an Escrow Agreement in substantially the form attached as Annex 2 hereto and to take all such actions required under such Escrow Agreement and as provided for in the Bond Ordinance to effect the defeasance and refunding of the 1965 Bonds.

Section 8. Ratification. All actions and proceedings heretofore taken by the officers, agents, attorneys and employees of the City in connection with the issuance of the Bonds are hereby ratified, approved and confirmed.

Section 9. Effective Date This resolution shall take effect immediately upon its adoption and approval.

ADOPTED by the Council of the City of Homer, Alaska, this 8th day of May, 1989.

CITY OF HOMER, ALASKA

By John P. Callahan
Mayor

ATTEST:

Patricia J. Wohl
city clerk