

CITY OF HOMER, ALASKA

Resolution No. 89-44

A RESOLUTION of the City Council of the City of Homer, Alaska, fixing the date, terms, maturities, and interest rates for the City's Port Revenue Bond; providing for a reserve account; providing for the use and application of the proceeds of such Bond; approving a preliminary official statement and authorizing a final official statement; and approving the execution of a loan agreement with the Alaska Municipal Bond Bank Authority.

WHEREAS, on May 8, 1989 the City Council (the "Council") of the City of Homer, Alaska (the "City") passed and approved Ordinance Nos. 88-17(S) and 89-13(S) (collectively the "Ordinance") authorizing the issuance and sale of the City's Port Revenue Bond, 1989 in an amount not to exceed \$1,915,000 (the "Bond"); and

WHEREAS, pursuant to the Ordinance, the proper officials of the City have negotiated a loan agreement dated as of May 1, 1989 (the "Loan Agreement") with the Alaska Municipal Bond Bank Authority (the "Authority"), which provides for the issuance and sale by the City and the purchase by the Authority of \$1,915,000 of the bonds authorized by the Ordinance; and

WHEREAS, pursuant to the Ordinance, the Bond shall be in the aggregate principal amount, shall have such reserve account provisions, shall be dated, shall have such redemption provisions, shall bear interest at the rate or rates and mature in such principal installments, all as provided in a subsequent resolution of the Council; and

WHEREAS, it is hereby found to be in the best interest of the City that the Loan Agreement be approved and executed and that certain matters relating to the issuance and sale of such Bond be established;

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. 88-17(S) of the City as amended by Ordinance No. 89-13(S) of the City (collectively the "Ordinance").

Section 2. Bond Sale and Loan Agreement. The sale of the City's Port Revenue Bond, 1989 in the total principal amount of \$1,915,000 authorized by the Ordinance (the "Bond") as provided in the Loan Agreement is hereby authorized and approved. The Council finds that entering into 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 Bond 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 and principal installments due, if any. Interest and principal installments due, if any, on the Bond 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 Ordinance. Upon final payment of all installments and interest thereon, the Bond shall be submitted to the City for cancellation and surrender.

Section 4. Bond Principal Installments. The Bond shall bear interest from its date at the rates per annum and principal shall be paid in installments on October 1 of the years in the amounts as set forth in Exhibit A of the Loan Agreement.

Section 5. Redemption. Principal installments of the Bond due on and after October 1, 2000 are subject to prepayment 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 prepayment. Notice of such prepayments shall be as provided for in Section 9 of the Loan Agreement.

Section 6. Reserve Account. There is hereby created within the Bond Redemption Fund a Special Account of the City to be known as the 1989 Port Revenue Bond Reserve Account (the "Reserve Account"). Upon the issuance of the Bond, the City shall deposit into the Bond Redemption Fund for credit to the Reserve Account from the proceeds of the Bond an amount equal to ten percent of the net proceeds of the Bond. The Reserve Account shall be drawn upon solely for the purpose of paying the principal of, premium, if any, and interest on the Bond. The City covenants and agrees that any deficiency created in the Reserve Account by reason of any withdrawal therefrom for payment of principal of and interest on the Bond shall be made up from moneys in the Revenue Fund.

Section 7. Designation of Bond. The City hereby designates the Bond as "qualified tax-exempt obligation" under Section 265(b) of the Internal Revenue Code of 1986 for investment by financial institutions. The City does not expect to issue tax-exempt obligations during the calendar year 1989 in excess of \$10,000,000.

Section 8. Application of Bond Proceeds. Accrued interest received from the sale of the Bond, if any, shall be deposited in the Bond Redemption Fund and shall be used to pay interest on the Bond on the first interest payment date therefor. The balance of the proceeds from the sale of the Bond shall be deposited into the construction fund of the System and shall be used to construct and improve the system, including the design, construction, equipping of a deep water dock, and such additional improvements as shall be approved by the Council, and, if proper, to reimburse any fund of the City which may have advanced money for such purpose, and to pay costs of issuance of the Bond.

Section 9. Further Actions. The proper officials of the City are authorized and directed to execute all documents and to do everything necessary for the preparation and delivery of the Bond in accordance with the Ordinance and this resolution.

The form and content of the Preliminary Official Statement dated May 2, 1989 in connection with the Bond, 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 Bond 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 and on behalf of the City to be delivered for use in connection with the sale of the Bond 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.

Section 10. Ratification. All actions and proceedings heretofore taken by the officers, agents, attorneys and employees of the City in connection with the issuance of the Bond are hereby ratified, approved and confirmed.

Section 11. Effective Date. This resolution shall take effect immediately upon its adoption and approval.

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

CITY OF HOMER, ALASKA

By *John H. Collins*
Mayor

ATTEST:

Pat J. Walsh
City Clerk