

CITY OF HOMER, ALASKA

RESOLUTION NO. 89-76

A RESOLUTION OF THE CITY OF HOMER, ALASKA, AUTHORIZING THE ISSUANCE OF A JUNIOR LIEN SEWER REVENUE BOND IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$4,750,000.00 FOR THE PURPOSE OF PROVIDING FUNDS NECESSARY TO ACQUIRE AND CONSTRUCT SEWER SYSTEM IMPROVEMENTS; PROVIDING FOR THE ESTABLISHMENT OF CERTAIN FUNDS AND ACCOUNTS; MAKING OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE FOREGOING AND PROVIDING FOR AN EFFECTIVE DATE.

Passed August ²⁸~~14~~, 1989

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WHEREAS, the City of Homer, Alaska (hereinafter called the "City"), a municipal corporation of the State of Alaska, owns and operates a municipal sewer system (hereinafter called the System); and

WHEREAS, the City has determined that it is in the best interest of the public to acquire and construct improvements to the System and to authorize the issuance at this time for said purpose a junior lien sewer revenue bond in the principal amount of \$4,750,000.00; and

WHEREAS, the Alaska Department of Environmental Conservation (hereinafter called the "Department") has agreed to purchase such bond through a loan under the Alaska Clean Water Fund pursuant to a loan agreement between the City and the Department.

NOW, THEREFORE, THE CITY OF HOMER, ALASKA DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Definitions. As used in this Resolution, the following words and phrases shall have the meanings herein set forth unless the context shall clearly indicate that another meaning is intended.

(1) "Additional Bonds" means bonds issued on a parity with the 1987 Bonds.

(2) "Agreement" means the Loan Agreement to be executed by the City and the Department in substantially the form attached to this Resolution as Appendix A.

(3) "Bond" means the Junior Lien Sewer Revenue Bond, 1989 in the aggregate principal amount not to exceed \$4,750,000.00 authorized to be issued by this Resolution.

(4) "Bond Fund" means the 1989 Junior Lien Sewer Revenue Bond Fund established pursuant to Section 13 of this Resolution.

(5) "Bond Register" means the books or records maintained by the Registrar for the purpose of registration of the Bond.

(6) "City" means the City of Homer, Alaska, a municipal corporation of the State of Alaska.

(7) "Council" means the legislative body of the City as the same shall be duly and regularly constituted from time to time.

(8) "Department" means the Alaska Department of Environmental Conservation, an agency of the State of Alaska.

(9) "Finance Director" means the Finance Director of the City.

(10) "Government Obligations" means direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America.

(11) "Initial Operation" means the initial operation of the facility as provided in the Agreement.

(12) "1987 Bonds" means the City of Homer, Alaska Municipal Utility Sewer System Bond, 1987 issued pursuant to Ordinance No. 87-18 as amended.

(13) "Operating Expenses" means (i) the City's expenses for operation and maintenance of the System, and ordinary repairs, renewals, replacements and reconstruction of the System, including all payments (other than payments out of Bond proceeds) into reasonable reserves in the Revenue Fund for items of Operating Expenses and other costs the payment of which is not immediately required, and shall include, without limiting the generality of the foregoing, all costs of purchased power, rents, costs of transmission, operation and maintenance expenses, administrative and general expenses, engineering expenses, legal and financial advisory expenses, costs of any letter of credit or other credit enhancement device, required payments to pension, retirement, health and hospitalization funds, and insurance premiums, and (ii) the fees and expenses of any remarketing agent, trustee or paying agent. Operating Expenses shall not include any costs or expenses for new construction, debt service, any allowance for depreciation or amortization, disbursement to the City for surplus money or municipal levies or payments to the City in lieu of taxes.

(14) "Outstanding Principal Balance" means the outstanding principal balance of the Bond. The Outstanding Principal Balance of the Bond on any particular day shall be the aggregate of all funds that the City has drawn from the date of the Bond to such

day less the aggregate of all principal payments made by the City on or before that day.

(15) "Parity Bonds" mean the 1987 Bonds and any Additional Bonds issued on a parity with the 1987 Bonds.

(16) "Payment Dates" mean the days of each year on which the interest on and installments of the principal of the Bond are payable. The Payment Dates shall be the annual anniversary date of the day of Initial Operation of the Project as provided in the Agreement.

(17) "Project" means the construction, acquisition and installation of improvements to the City's Sewer System.

(18) "Registrar" means the person appointed by the City to carry out the duties of Registrar under this Resolution. In the absence of such appointment, the Finance Director shall act as Registrar.

(19) "Revenue Fund" means the fund of that name described in Section 12 of this Resolution.

(20) "Revenues" means all income (including investment income), receipts and revenues derived by the City through the ownership or operation of the System and all commodities, services and facilities, sold, furnished or supplied by the City through the ownership or operation of the System, together with the proceeds received by the City directly or indirectly from the sale, lease or other disposition of any of the properties, rights or facilities of the System, and together with the investment income earned on moneys held in any fund or account of the City, including any bond redemption funds and the accounts therein, in connection with the ownership and operation of the System (but exclusive of income derived from investments irrevocably pledged to the payment of any specific revenue bonds of the City, such as bonds heretofore or hereafter refunded, or any bonds defeased, or the payment of which is provided for, under any similar provision of any other bond ordinance of the City), and any contributions from other funds of the City or other sources, including without limitation, individual and government agencies, for purposes of the System, but shall not include any income derived by the City through the ownership and operation of any facilities that may hereafter be purchased, constructed or otherwise acquired by the City as a separate utility system.

(21) "Resolution" means this Resolution, including any amendment or supplements thereto.

(22) "System" means the municipal sewer utility properties and assets, real and personal, tangible and intangible, heretofore and hereafter purchased, constructed or otherwise acquired by the City,

out of the proceeds of the sale of bonds, or from moneys derived from the System and any additions or improvements to or extensions of said facilities acquired by the City or any other utility or utilities specifically included in the System by action of the City Council including such interest as the City may acquire jointly with another entity or entities in any facility, but shall not include any utility facilities that may be hereafter purchased, constructed or otherwise acquired by the City as a separate utility system, the revenues of which are not deposited in the Revenue Fund but are used for the operation and maintenance of such separate utility system and may be pledged to the payment of bonds issued to purchase, construct or otherwise acquire such separate utility system.

SECTION 2. Authorization of the Bond. For the purpose of financing the acquisition and construction of the Project, the City hereby authorizes the issuance of its junior lien sewer revenue bonds in an aggregate principal amount not to exceed \$4,750,000.00.

SECTION 3. Additional Provisions of the Bond. The Bond shall be designated "City of Homer, Alaska, Junior Lien Sewer Revenue Bond, 1989; shall be dated as of the date of delivery; shall be fully registered as to both principal and interest; and shall be numbered R-1.

The Bond shall bear interest at the rate of 4.6398 percent per annum from the date of the Bond only on the Outstanding Principal Balance of the Bond. The Outstanding Principal Balance of the Bond on any particular day shall be the aggregate of all funds that the City has drawn from the date of the Bond to such day less the aggregate of all principal payments made by the City on or before that day.

Interest accrued on the Outstanding Principal Balance shall be payable annually on the Payment Dates (commencing on the first such day following the date of Initial Operation of the Project as provided in the Agreement). The Outstanding Principal Amount of the Bond shall be payable annually on the Payment Dates in twenty equal installments commencing on the first such day following the date of Initial Operation of the Project.

Both principal of and interest on the Bond shall be payable in lawful money of the United States of America. Both principal and interest shall be paid by check or draft on the date such interest is due to the registered owner of record who is as of the fifteenth day of the calendar month next preceding the applicable interest payment date, recorded as the owner on the books of registration kept by the Registrar. Upon final payment of all principal and interest amounts, the Bond shall be surrendered to the City for cancellation. The principal of and interest on the Bond shall be payable from the Bond Fund.

The Bond Register shall be maintained by the Registrar, and shall contain the name and mailing address of the registered owner of the Bond or nominee of such registered owner and the principal amount and number of the Bond held by such registered owner or nominee.

SECTION 4. Redemption of the Bond. The City reserves the right to prepay, without penalty or premium, all or any portion of the Outstanding Principal Balance on the Bond at any time.

SECTION 5. Draws. The principal amount of the Bond shall be advanced by the Department to the City pursuant to Requests for Draws made by the City and approved by the Department. A Request for Draw pursuant to the Bond may be made by the City in writing at any time. The City hereby delegates to the Finance Director authority to make written Requests for Draw pursuant to this Resolution.

SECTION 6. Execution, Payment of Bond. The Bond shall be executed on behalf of the City with the manual or facsimile signature of the Mayor and attested with the manual or facsimile signature of the City Clerk; and the seal of the City shall be impressed or imprinted on the Bond. In case any of the officers who shall have signed or attested the Bond shall cease to be such officer before the Bond has been actually issued and delivered, the Bond shall be valid nevertheless and may be issued by the City with the same effect as though the persons who had signed or attested the Bond had not ceased to be such officers.

Only such Bond as shall bear thereon a Certificate of Authentication in the form set forth in Section 26 of this Resolution, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution. Such Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered hereunder and is entitled to the benefits of this Resolution.

SECTION 7. Ownership of Bond. The City and the Registrar may treat the registered owner of the Bond as the absolute owner of such Bond for the purpose of paying the principal and interest thereof. All payments of or on account of interest to the registered owner (or to his registered assigns), and all payments of or on account of principal to the registered owner of the Bond, shall be valid and effectual and shall be a discharge of the City and Registrar in respect of the liability upon the Bond or claims for principal or interest, as the case may be, to the extent of the sum or sums paid.

SECTION 8. Registration Books. The City will cause books for the registration and transfer of the Bond to be kept with the Registrar as provided in this Resolution at all times while the Bond shall

be outstanding and unpaid, and shall provide for the keeping of books for the registration and transfer of the Bond at such office, or at such place or places, and by such persons, firms or corporations as the City shall determine.

SECTION 9. Transfer of Registered Bond. The Bond may be transferred pursuant to its provisions at the principal office of the Registrar in accordance with the systems adopted by such Registrar and by surrender of such Bond for cancellation, accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner in person or by his duly authorized agent in writing, and thereupon the City will execute and the Registrar will authenticate and send to the transferee a new Bond of the same form, interest rate, principal amount and maturity, dated so that there shall be no gain or loss of interest as a result of such transfer.

SECTION 10. Exchange of Bond. The registered owner of the Bond may and shall be entitled to receive in exchange therefor an equal aggregate principal amount of Bond of the same interest rate and maturity, and of any one or more of the forms the issuance of which have been herein provided for; and the City will execute and the Registrar will authenticate and deliver at its office (or send to the registered owner thereof) the Bond necessary to make such exchange.

SECTION 11. Prior Lien Bonds. The Revenues of the System pledged for the payment of the Bond under this Resolution have been previously pledged for the payment of the 1987 Bonds and Additional Bonds issued on a parity with the 1987 Bonds. Such pledge for the Parity Bonds is a lien and charge upon the Revenues superior to all other charges of any kind or nature.

Following in second priority to the lien upon the Revenues to pay and secure the 1987 Bonds and Additional Bonds issued on a parity with the 1987 Bonds is the lien created by Ordinance No. 87-18 to pay Operating Expenses and to maintain a balance in the Contingency and Replacement Fund sufficient in amount to enable the City to continuously meet Operating Expenses on a current basis.

The lien on the Revenues created by this Resolution for the payment of principal and interest on the Bond is junior and inferior to the lien on the Revenues of the 1987 Bond and any Additional Bonds issued on a parity with the 1987 Bond and junior and inferior to the lien on the Revenues for the payment of Operating Expenses and the Contingency and Replacement Account Requirement under Ordinance No. 87-18.

SECTION 12. Revenue Fund.

A. City has heretofore created a special account of the City called the Sewer Revenue Fund Account (the "Revenue Fund"). Said

Revenue Fund shall be maintained and continued in existence, and shall be held and administered by the City. The City covenants and agrees that it will pay or cause to be paid all Revenues into the Revenue Fund as promptly as practicable after receipt thereof.

B. The Revenues shall be used only for the following purposes and in the following order of priority:

(1) All revenues paid into the Revenue Fund shall be applied as follows:

(i) to make all payments required to be made into the Interest Account in the Bond Fund for the payment of accrued interest on the next interest payment date for Parity Bonds;

(ii) to make all payments required to be made into the Principal Account in the Bond Fund for the principal payment or sinking fund installment of Parity Bonds coming due;

(iii) to make all payments required to be made into the Reserve Account in the Bond Fund created to secure the payment of Parity Bonds;

(iv) to pay Operating Expenses and to maintain a balance in the Contingency and Replacement Fund sufficient in amount to enable the City to continuously meet Operating Expenses on a current basis; and

(v) to make all payments required to be made into any special fund or account created to pay or secure the payment of the principal of and interest on any revenue bonds, warrants or other revenue obligations of the City including the Bond having a lien upon Revenues and moneys in the Revenue Fund and accounts therein junior and inferior to the lien thereon for the payment of the principal of and interest on Parity Bonds.

(2) Subject to the provisions of this Resolution, after all of the above payments and credits have been made, amounts remaining may be used for any other lawful purpose of the City related to the System.

Nothing contained in this Section shall be construed to require the deposit into the Revenue Fund of any of the revenues, income, receipts or other moneys of the City derived by the City through the ownership or operation of any separate utility system heretofore or hereafter created or established from funds other than the proceeds of bonds.

SECTION 13. Bond Fund. A special fund of the City is hereby created and designated the "1989 Junior Lien Sewer Revenue Bond Fund" (hereinafter referred to as the "Bond Fund"). The Bond Fund shall be held in trust and administered by the City and shall be used solely for the purposes of paying the principal of and interest on the Bond. The City may designate one or more banks to serve as depository for moneys deposited in the Bond Fund provided that all moneys held by any such depository bank shall be held for the account of the City.

Subject to the prior and paramount liens in the Revenue Fund, the City hereby obligates and binds itself irrevocably to set aside and to pay (to the extent not otherwise provided) from moneys in the Revenue Fund into the Bond Fund amounts sufficient to pay the principal of and interest on the Bond as the same respectively become due and payable.

SECTION 14. Security for Bond. The City covenants and agrees with the purchaser and owner of the Bond issued pursuant to this Resolution, so long as such Bond is outstanding that the Bond is a special limited obligation of the City payable from and secured solely by Revenues, and by other moneys and assets specifically pledged hereunder for the payment thereof. The Revenues and other moneys and securities hereby pledged shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City regardless of whether such parties have notice thereof.

The Bond shall not in any manner or to any extent constitute a general obligation of the City or of the State of Alaska, or any political subdivision of the State of Alaska, or a charge upon any general fund or upon any moneys or other property of the City or of the State of Alaska, or of any political subdivision of the State of Alaska, not specifically pledged thereto by this Resolution.

SECTION 15. Rate Covenant. The City will establish, maintain and collect rates and charges for services, facilities and commodities sold, furnished or supplied through the facilities of the System that shall be fair and nondiscriminatory and adequate to provide Revenues sufficient for the punctual payment of the principal of and interest on the Bond for which the payment has not otherwise been provided, for all payments which the City is obligated to make into the Bond Fund, and for the proper operation and maintenance of the System, and all necessary repairs, replacements and renewals thereof, including the payment of all taxes, assessments or other governmental charges lawfully imposed on the System or the Revenues therefrom, or payments in lieu thereof, and the payment of all other amounts which the City may now or hereafter become obligated to pay from the Revenues by law or contract.

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").

each Fiscal Year, including the transactions relating to the Revenue Fund, the Bond Fund, and all other funds and accounts created or maintained pursuant to the provisions of this Resolution.

SECTION 20. Covenant Not to Render Service Free of Charge. So long as the Bond is outstanding, the City shall not furnish or supply or permit the furnishing or supplying of any commodity, service or facility furnished by or in connection with the operation of the System, free of charge to any person, firm or corporation, public or private, and the City will promptly enforce the payment of any and all accounts owing to the City and delinquent, by discontinuing service or by filing suits, actions or proceedings, or by both discontinuance of service and filing suit.

SECTION 21. Covenant to Make Only Economically Sound Improvements. The City shall not expend any moneys in the Revenue Fund for any renewals, replacements, extensions, betterments and improvements to the System which are not economically sound, and which will not properly and advantageously contribute to the conduct of the business of the System in an efficient and economical manner; provided that the foregoing shall not preclude the City from paying any legal or contractual obligations.

SECTION 22. Covenant to Pay Bond Principal and Interest Punctually. The City shall duly and punctually pay or cause to be paid, but only from Revenues and other moneys pledged therefor under this Resolution, the principal of and interest on the Bond on the dates and at the places and in the manner provided in the Bond, according to the true intent and meaning thereof, and will faithfully do and perform and fully observe and keep any and all covenants, undertakings, stipulations and provisions contained in the Bond and in this Resolution.

SECTION 23. Covenant to Pay Taxes, Assessments and Other Claims. The City shall from time to time duly pay and discharge, or cause to be paid and discharged, when the same shall become due, all taxes, assessments and other governmental charges, or payments in lieu thereof, lawfully imposed upon the System or the Revenues, and all claims for labor and materials and supplies which, if not paid, might become a lien or charge upon the System, or any part thereof, or upon the Revenues (prior to the lien thereon for the payment of the Bond), or which might in any way impair the security of the Bond, except taxes, assessments, charges or claims which the City shall in good faith contest by proper legal proceedings.

SECTION 24. Employees to be Bonded. All employees or agents of the City, collecting or handling Revenue or money deposited in any fund or account hereby established, shall at all times be bonded by a responsible surety company, or companies, in amounts sufficient to protect the City adequately from loss.

SECTION 25. Bond Not Exempt From Federal Taxes. The City does not intend that interest on the Bond be exempt from federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). To that end, the City shall not file (and shall not authorize any other person to file) a Form 8038-G informational return (as required under Section 149(e) of the Code).

SECTION 26. Form of Bond. The Bond shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. _____ STATE OF ALASKA \$ _____

CITY OF HOMER
JUNIOR LIEN SEWER REVENUE BOND, 1989
(TAXABLE ISSUE)

Interest Rate: Maturity Date:

Registered Owner:

Principal Amount:

The City of Homer, Alaska, a municipal corporation of the State of Alaska (the "City"), for value received, hereby promises to pay to the Registered Owner stated above, or registered assigns, the Outstanding Principal Amount in twenty equal installments on the Payment Dates and to pay interest on such Outstanding Principal Amount from the date hereof or the most recent date to which interest has been paid or duly provided for, at the rate of interest stated above, payable on the Payment Dates as defined in Resolution No. 89-76 (the "Bond Resolution") until the payment in full of such principal sum.

INTEREST ON THIS BOND IS NOT EXCLUDABLE FROM FEDERAL INCOME TAXATION.

The Outstanding Principal Balance of this Bond on any particular day shall be the aggregate of all funds which the City has drawn from the date of this bond to that day less the aggregate of all principal payments made by the City on or before that day. The funds shall be drawn pursuant to a Request for Draw as provided for in the Bond Resolution.

Payments of principal of and interest on this bond are payable solely out of the Revenues of the System and moneys pledged therefor under the Resolution. Such payments are made out of the special fund of the City known as the "1989 Junior Lien Sewer Revenue Bond Fund" created and established by the Bond Resolution

(hereinafter referred to as the "Bond Fund"). Both principal of and interest on this bond are payable in lawful money of the United States of America. Both Principal and Interest shall be paid by mailing a check or draft to the registered owner or assigns at the address shown on the Bond Register as of the 15th day of the month prior to the interest payment date. Upon final payment of all principal and interest amounts, this bond shall be surrendered to the City for cancellation.

Reference is hereby made to additional provisions of this bond set forth on the reverse side hereof and such additional provisions shall for all purposes have the same effect as if set forth on this space.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by the Registrar.

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and statutes of the State of Alaska to exist, to have happened and to have been performed precedent to and in the issuance of this bond to exist, have happened and have been performed in due time, form and manner as prescribed by law, and that the amount of this bond, together with all other obligations or indebtedness of the City, does not exceed any constitutional or statutory limitations of indebtedness.

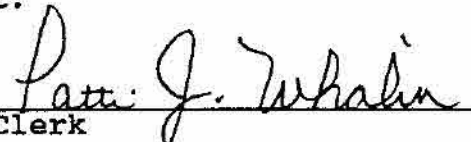
IN WITNESS WHEREOF, the City of Homer, Alaska, by its City Council, has caused this bond to be executed in its name with the manual or facsimile signature of its Mayor, and attested by the manual or facsimile signature of the City Clerk, and the seal of said City to be impressed or imprinted hereon, all as of the 28th day of August, 1989.

CITY OF HOMER, ALASKA


Mayor

(SEAL)

Attest:


City Clerk

CERTIFICATE OF AUTHENTICATION

Date of Authentication: _____

This bond is the Junior Lien Sewer Revenue Bond, 1989 of the City of Homer, Alaska, dated _____, 1989.

By _____
Registrar

By _____
Authorized Officer

ADDITIONAL BOND PROVISIONS

This bond is the Junior Lien Sewer Revenue Bond, 1989. This bond is issued under and pursuant to the aforesaid Bond Resolution, and under the authority of and in full compliance with the Constitution and laws of the State of Alaska. This bond is issued for the purpose of financing the Project as defined in the Bond Resolution. This bond is a junior lien bond and has a charge and lien upon the Revenues of the System junior and inferior to the charge lien on the Revenues created for Parity Bonds and Operating Expenses all as provided in the Bond Resolution.

The Bond Resolution contains a more complete description of the Revenues available for the payment of the principal of and interest on this bond and the rights and remedies of the owners of this bond with respect thereto, the terms and conditions upon which this bond has been issued, and the terms and conditions upon which this bond shall no longer be secured by the Bond Resolution or deemed to be outstanding hereunder if moneys or certain specified securities sufficient for the payment of this bond shall have been set aside in a special account and held in trust solely for the payment thereof.

Under the Bond Resolution, the City is obligated to set aside and pay into the Bond Fund out of the Revenues of said System, amounts sufficient to pay the principal of and interest on this bond.

The City has reserved the right to prepay, without penalty or premium, all or any portion of the Outstanding Principal Balance on the Bond at any time.

In and by the Bond Resolution, the City covenants to establish, maintain and collect rates or charges for services, facilities and commodities sold, furnished or supplied by the System of the City which shall be fair and nondiscriminatory and

adequate to provide Revenues sufficient for the amounts which the City is obligated to set aside in the Bond Fund to pay the principal of and interest on this bond.

This bond shall be transferable by the registered owner at the principal offices of the Registrar upon surrender and cancellation of this bond, and thereupon a new registered bond of the same principal amount and interest rate and maturity will be issued to the transferee as provided in the Bond Resolution. The City, may treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment hereof and for all purposes and shall not be affected by any notice to the contrary, whether this bond be overdue or not.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

PLEASE INSERT SOCIAL SECURITY OR TAXPAYER IDENTIFICATION NUMBER OF TRANSFEREE

(Please print or typewrite name and address, including zip code, of transferee)

_____ the within bond and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as Registrar to transfer said bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____, 19__.

SIGNATURE GUARANTEED:

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

SECTION 27. Resolution and Laws a Contract With Bond Owner. This Resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Alaska, as amended and supplemented. In consideration of the purchase and acceptance of the Bond by those who shall hold the same from time to time, the provisions of this Resolution and of said laws shall constitute a contract with the owner of the Bond and the obligations of the City and its Council under said acts and under this Resolution shall be enforceable by any court of competent jurisdiction.

SECTION 28. Bond Deemed No Longer to be Outstanding Hereunder. In the event that the City, in order to effect the payment, retirement or redemption of the Bond, sets aside in the Bond Fund or in another special account, held in trust by the City, advance refunding bond proceeds or other money lawfully available or direct obligations of or obligations the principal of and the interest on which are unconditionally guaranteed by the United States Government ("Government Obligations"), or any combination of such proceeds, money and/or Government Obligations, in amounts which, together with known earned income from the investment thereof are sufficient to redeem, retire or pay such Bond in accordance with its terms and to pay when due the interest and redemption premium, if any, thereon, and such proceeds, money and/or Government Obligation are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund for the payment of the principal of and interest on such Bond, and the owner of such Bond shall cease to be entitled to any lien, benefit or security of this Resolution except the right to receive payment of principal, premium, if any, and interest from such special account, and such Bond shall be deemed not to be outstanding hereunder.

SECTION 29. Sale of the Bond. The Bond shall be sold to the Department in accordance with this Resolution and the Agreement. The Council authorizes the Mayor, or the City Manager or Finance Director on behalf of the City to execute the Agreement in substantially the form attached as Appendix A.

The proper officials of the City are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Bond and for the proper use and application of the proceeds of the sale thereof.

SECTION 30. Severability. If any one or more of the covenants or agreements provided in this Resolution on the part of the City to be performed shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements shall be null and void and shall be deemed separable from the remaining covenants and agreements,

and shall in no way affect the validity of the other provisions of this Resolution or of the Bond issued hereunder.


SECTION 31. General Authorization. The Mayor, the Manager of the City, the Finance Director, the City Clerk and each of the other appropriate officers of the City are each hereby authorized and directed to take such steps, to do such other acts and things, and to execute such letters, certificates, agreements, papers, financing statements, assignments or instruments as in their judgment may be necessary, appropriate or desirable in order to carry out the terms and provisions of, and complete the transactions contemplated by, this Resolution.

SECTION 32. Prior Acts. All acts taken pursuant to the authority of this Resolution but prior to its effective date are hereby ratified and confirmed.

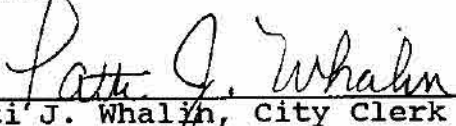
SECTION 33. Effective Date of Resolution. This Resolution shall be in effect immediately upon its passage and publication as required by law.

PASSED by the City Council of the City of Homer, Alaska, at a regular meeting thereof this ~~31~~^{28th} day of August, 1989.

CITY OF HOMER


John P. Calhoun, Mayor

ATTEST:


Patti J. Whalin, City Clerk

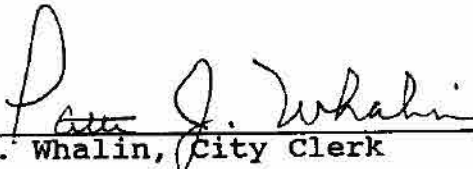
CERTIFICATE

I, the undersigned, City Clerk of the City of Homer, Alaska, and keeper of the records the City Council of said City (herein called the "Council"), DO HEREBY CERTIFY:

1. That the attached is a true and correct copy of Resolution No. 89-76 (herein called the "Resolution") of the Council, duly passed at a regular meeting thereof held on the ~~14th~~^{28th} day of August, 1989.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting and a legally sufficient number of members of the Council voted in the proper manner for the passage of said Resolution; that all other requirements and proceedings incident to the proper passage of said Resolution have been fully fulfilled, carried out and otherwise observed; and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of August, 1989.



Patti J. Whalin, City Clerk