

ORDINANCE 80-22

AN ORDINANCE of the Council of the City of Homer, Alaska, confirming the result of a special election held within the City on April 29, 1980, providing for the issuance and sale of a general obligation bond of the City in the principal amount of \$1,650,000 for the purpose of providing funds necessary to pay a portion of the costs of constructing improvements to the water system of the City and constructing an addition to the City's Volunteer Firehall; creating a construction fund and a bond redemption fund; providing the date, form, term, maturities and covenants of such bond to be issued; providing for the levy and collection of annual tax levies upon all the taxable property within the City without limitation as to rate or amount and in amounts which with other moneys on hand in said bond redemption fund, will be sufficient to pay the principal of and interest on such bond as it shall become due; and confirming the sale of such bond.

WHEREAS, at a special election held within the City of Homer, Alaska (hereinafter called the "City"), on April 29, 1980 pursuant to resolutions, ordinances, notices and other proceedings duly and regularly adopted and taken by the City Council, the number and proportion of the qualified voters of the City required by law for the adoption thereof voted in favor of the following propositions:

PROPOSITION NO. 1. Shall the City of Homer issue its General Obligation Bonds in the principal sum not to exceed \$1,600,000; said bonds to bear an interest rate not to exceed ten (10) percent per annum to mature no more than forty (40) years from the date of issue; such General Obligation Bonds to be paid (principal and interest) out of proceeds by extending the current 1% sales tax to include the above issue of General Obligation Bonds for the purpose of providing funds necessary to construct a Pump Station, Storage Tank on the Spit, a Raw Water Line from the Reservoir to the Treatment Plant, and an addition to the Treatment Plant.

WATER SYSTEM EXPANSION BONDS, Yes . .

WATER SYSTEM EXPANSION BONDS, No . .

PROPOSITION NO. 2. Shall the City of Homer issue its General Obligation Bonds in the principal sum not to exceed \$550,000, said bonds to bear an interest rate not to exceed ten (10) percent per annum, to mature no more than forty (40) years from the date of issue; such General Obligation Bonds to be paid (principal and interest) out of proceeds by extending the current 1% sales tax to include the above issue of General Obligation bonds for the purpose of providing funds necessary to construct an addition to the Homer Volunteer Firehall.

FIREHALL BONDS, Yes /

FIREHALL BONDS, No /

WHEREAS, it is now found necessary and in the best interest of the City and its inhabitants that it issue and sell a portion of the general obligation bonds as authorized at said special election as a single registered General Obligation Bond for the purpose of providing funds to pay a portion of the cost of constructing, repairing, improving, extending and making improvements and additions to said water system, constructing an addition to the Homer Firehall and paying expenses incidental thereto; and

WHEREAS, pursuant to proceedings previously taken and the election held on August 28, 1973, the qualified voters of the City authorized a sales tax on retail sales, rents and services in the amount of one percent (1%) of the price thereof for the purpose of providing funds to pay the principal of and interest on the General Obligation Water Bond, 1974, such tax to terminate automatically upon the retirement of such Bond; and

WHEREAS, the qualified voters of the City at the special election held April 29, 1980, authorized the extension of said 1% sales tax to provide funds for the repayment of the indebtedness authorized to be incurred by the sale of said General Obligation Bond;

NOW, THEREFORE, THE CITY OF HOMER ORDAINS, as follows:

Section 1. Confirmation of Election. The results of a special election held within the City on April 29, 1980, at which the number and proportion of the qualified electors of the City

required by law for the adoption thereof voted in favor of the above-quoted propositions are hereby in all respects ratified and confirmed.

Section 2. Definitions. As used in this ordinance, the following words shall have the following meanings:

A. The word "City" means the City of Homer, a municipal corporation, duly organized and existing under the laws of the State of Alaska.

B. The word "Bond" means the fully registered general obligation bond of the City in the aggregate principal amount of \$1,650,000 issued pursuant to this ordinance.

C. The words "Bond Fund" mean the "1980 General Obligation Bond Redemption Fund" created by Section 8 of this ordinance.

D. The word "Authority" means the Alaska Municipal Bond Bank Authority.

E. The words "Government Obligations" mean obligations of, or insured or guaranteed by, the United States of America or its agencies or instrumentalities.

Section 3. Authorization of Bond. For the purpose of providing funds to pay the cost of acquiring, constructing and installing capital improvements as provided in Ordinance 80-14, the City shall issue \$1,100,000 of bonds out of the \$1,600,000 of bonds authorized by such ordinance. For the purpose of providing funds to pay the cost of acquiring, constructing and installing capital improvements as provided in Ordinance 80-15, the City shall issue \$550,000 of bonds authorized by such ordinance. Said bonds to be issued shall be combined and sold in a single issue, and the City shall issue its fully registered general obligation bond (the "Bond") in the principal amount of \$1,650,000.

The Bond shall be registered as to both principal and interest and shall be dated August 1, 1980.

The Bond shall be payable in installments on August 1 of each year as follows:

<u>Maturity Year</u>	<u>Amount</u>	<u>Maturity Year</u>	<u>Amount</u>
1982	40,000	1992	85,000
1983	40,000	1993	95,000
1984	45,000	1994	100,000
1985	50,000	1995	110,000
1986	55,000	1996	115,000
1987	60,000	1997	125,000
1988	65,000	1998	135,000
1989	70,000	1999	145,000
1990	75,000	2000	160,000
1991	80,000		

Such installments shall bear interest at a rate producing an effective rate not greater than ten percent (10%) per annum, payable on the first day of August 1, 1981, and semiannually thereafter on the first days of February and August of each year from date of issue. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America to the registered owner or owners at the address appearing on the registration certificate. Definitive coupon bonds, issued pursuant to Section 12 hereof, shall be payable at the office of the Finance Director of the City or, at the option of the holder, at the main office of Rainier National Bank in Seattle, Washington.

Section 4. Prepayment. The City hereby reserves the right (subject to any applicable provisions of the agreement with the Authority described in Section 9 hereof) to prepay any or all unpaid installments, or portions thereof, of the Bond in inverse chronological order and in multiples of \$5,000, on August 1, 1990, or on any interest payment date thereafter, at par plus accrued interest to the date of redemption.

Notice of any such intended prepayment shall be given by mailing notice thereof to the registered owner of the Bond to be prepaid, not more than sixty nor less than fifty days prior to

said prepayment date. Interest on any installment or portion thereof so prepaid shall cease on such prepayment date.

Section 5. Bond Form. The Bond and the Registration Certificate thereon shall be in substantially the following form:

UNITED STATES OF AMERICA

NO. R-1

\$1,650,000.00

STATE OF ALASKA

CITY OF HOMER

GENERAL OBLIGATION BOND, 1980

The City of Homer, a municipal corporation of the State of Alaska (hereinafter called the "City"), hereby acknowledges itself to owe and for value received promises to pay to the registered owner hereof, the principal sum of

ONE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

in the following installments on August 1 of each of the following years, together with interest on such installments, payable August 1, 1981 and semiannually thereafter on the first days of February and August of each year from the date hereof until such installments have been paid, or such payment has been duly provided for, as follows:

<u>Maturity</u> <u>Year</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Year</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1982	40,000		1992	85,000	
1983	40,000		1993	95,000	
1984	45,000		1994	100,000	
1985	50,000		1995	110,000	
1986	55,000		1996	115,000	
1987	60,000		1997	125,000	
1988	65,000		1998	135,000	
1989	70,000		1999	145,000	
1990	75,000		2000	160,000	
1991	80,000				

Both principal of and interest on this bond are payable in lawful money of the United States of America to the registered owner hereof at the address appearing in the registration certificate. Upon final payment of all installments and interest thereon, this bond shall be submitted to the City for cancellation and surrender.

The City has reserved the right (subject to any applicable provisions of a loan agreement between the City and the Alaska Municipal Bond Bank Authority, dated 7/15, 1980) to prepay any or all unpaid installments, or portions thereof, in inverse chronological order and in multiples of \$5,000, on August 1, 1990, or on any interest payment date thereafter, at par plus accrued interest to the date of redemption.

Notice of any such intended prepayment shall be given by mailing notice thereof to the registered owner, not more than sixty nor less than fifty days prior to said prepayment.

This bond is issued pursuant to the Constitution and laws of the State of Alaska, a vote of the qualified electors of the City, and duly adopted ordinances and resolutions thereof, for the purpose of providing funds to pay the cost of acquiring, constructing and installing certain capital improvements for the City.

This bond is payable, both principal and interest, out of the special fund of the City entitled "1980 General Obligation Bond Redemption Fund" created by Ordinance 80-22 of the Council of the City (the "Bond Ordinance").

The City has obligated and bound itself to make annual levies of ad valorem taxes upon all the taxable property within the City without limitation as to rate or amount and in amounts sufficient, with such other moneys of the City available for such purposes as the Council, may, from time to time, appropriate and order transferred to such Bond Redemption Fund, to pay the principal of and interest on this bond as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the levy of such taxes and the prompt payment of such principal and interest. This bond is additionally secured as set forth in the Bond Ordinance.

As provided in the Bond Ordinance, this bond is exchangeable, at the request and sole expense of the registered owner and upon ninety days' written notice thereof, for definitive coupon bonds in a total principal amount equal to the unpaid principal amount of the bond, payable to bearer, in the denomination of \$5,000 each, maturing and bearing interest at the same time and the same rate as the respective unpaid installments of principal of this bond, and with rights of redemption and in the form provided in the Bond Ordinance.


It is hereby certified and declared that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed, and that the total indebtedness of the City, including this bond, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Homer, Alaska, has caused this bond to be signed by its Mayor, to be attested by its Clerk, and the official seal of the City to be impressed hereon, this first day of August, 1980.

CITY OF HOMER, ALASKA

By 
Mayor

Attest:


City Clerk

REGISTRATION CERTIFICATE

This bond is registered in the name of the holder on the books of the City, in the office of the Finance Director of the City, as to both principal and interest as noted in the registration blank below. No transfer hereof shall be valid unless made by the registered owner or his duly authorized agent in writing, and similarly noted hereon. All payments of principal and interest on this bond shall be made by the City with full acquittance by the Finance Director's check, or by warrant of the City, made payable to the last registered holder as shown hereon and on the registration books of the City and delivered to such holder or mailed to him at his address noted hereon and on the registration books of the City.

Date of Registration	Name and Address of Registered Holder	Signature of Registrar
_____	_____	_____
_____	_____	_____
_____	_____	_____

A fully registered bond shall have endorsed thereon the following form of assignment:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner thereof hereby sells, assigns and transfers the within bond unto _____

DATED _____

In the presence of:

(Repeat this form of assignment)

Section 6. Execution of Bond. The Bond shall be signed on behalf of the City by its Mayor, shall be attested by its City Clerk, and shall have the official seal of the City impressed thereon.

Section 7. Special Funds. The Finance Director of the City is hereby directed to create or maintain the following special funds of the City, which funds are to be maintained for the purposes specified below.

A. There is hereby created a special fund of the City to be known as the "1980 Water System Expansion Construction Fund" into which shall be paid the sum of \$1,100,000 out of the proceeds of the sale of the Bond, and any and all other moneys which the City may now or later have on hand which are necessary and legally available to pay the cost of acquiring, constructing and installing the improvements specified in Ordinance 80-14.

Said Water System Construction Fund shall be drawn upon for paying the cost of acquiring, constructing and installing the facilities described in Ordinance 80-14, for repaying any other funds or accounts of the City which may have advanced moneys for such purposes, for paying all expenses incidental to such purposes and the expenses incidental to the issuance of the Bond, and also for paying the principal of and interest on any Bond Anticipation Notes or other obligations which the City may issue or may have issued against said Construction Fund to pay a portion of the cost of such improvements and additions. In the event there are any moneys left remaining in such Construction Fund after the payment of all of such costs and expenses, the same may be transferred to the Bond Fund hereinafter created for the uses and purposes herein provided.

B. There has heretofore been created a special fund of the City known as the "1980 General Obligation Bond Anticipation Note Redemption Fund" into which shall be paid the sum of \$550,000 out of the proceeds of sale of the Bond, for the purpose of paying any 1980 General Obligation Bond Anticipation Notes issued to provide funds for the payment of the cost of the improvements authorized by Ordinance 80-15, as the same respectively become due and payable. Upon the retirement or redemption of the last to become due and payable of such 1980 General Obligation Bond Anticipation Notes, the balance remaining in said Bond Anticipation Note Redemption Fund, if any, shall be

transferred to the 1980 Volunteer Firehall Expansion Fund heretofore created by Resolution 80-38 of the City to be used for the purposes provided therein. In the event there are any monies left remaining in said Expansion Fund after the payment of all such costs and expenses, the same shall be transferred to the Bond Fund hereinafter created for the uses and purposes herein provided, and said Expansion Fund shall be closed.

Section 8. Bond Redemption Fund. There is hereby created another special fund of the City to be known as the "1980 General Obligation Bond Redemption Fund," which Bond Fund is created for the sole purpose of paying the principal of and interest on the Bond. All accrued interest received at the time of delivery of the Bond shall be paid into said Bond Fund.

The City hereby covenants and agrees that from and after the date of the issuance of the Bond, the 1% sales tax of the City authorized to be used for the purpose of paying the principal of and interest on the Bond shall be appropriated and paid into the Bond Redemption Fund and shall not be used for any other purpose than the payment of the principal of and interest on the Bond.

The City hereby irrevocably covenants and pledges for as long as the Bond is outstanding that it will make provision for the payment of the principal of and interest on such Bond in its annual budgets and further covenants that it will make annual levies of ad valorem taxes, for payment into such Bond Fund, upon all the property within the City subject to taxation, without limitation as to rate or amount, and in amounts sufficient, with such other moneys available for such purposes as the Council from time to time may appropriate and order transferred to such Bond Fund, to pay the principal of and interest on such Bond as the same shall become due.

The full faith, credit and resources of the City are hereby irrevocably pledged for the annual levy and collection of

such taxes and for the prompt payment of such principal and interest as the same shall become due.

Section 9. Authorization of Sale Agreement. The City Manager and the Finance Director of the City are hereby authorized and directed to negotiate with the Authority and to establish the terms of an agreement with the Authority for the sale of the Bond to the Authority, at a price equal to par plus accrued interest, provided that the interest rate to be borne by any installment of the Bond shall not exceed the interest rate on any corresponding bond or bonds of the Authority sold to provide funds for the purchase of the Bond by the Authority. The form and terms of said agreement shall be subject to approval by resolution of the Council. The provisions of said agreement shall be applicable to the Bond as if set forth herein in full.

Section 10. Defeasance. In the event that money and/or Government Obligations maturing at such time or times and bearing interest to be earned thereon in amounts sufficient to redeem and retire part or all of the Bond in accordance with its terms are set aside in a special account to effect such redemption or retirement and such money and the principal of and interest on such Government Obligations are irrevocably set aside and pledged for such purpose, then no further payments need be made into the Bond Fund securing the installments of the Bond so provided for, for the payment of the principal of and interest on such installments of the Bond, and, to the extent of such installments, the Bond shall cease to be entitled to any lien, benefit or security of this ordinance except the right to receive the funds so set aside and pledged, and shall be deemed not to be outstanding hereunder.

Section 11. Transfer of Bond. The Bond may be transferred by the registered owner thereof, provided that such transfer

relates to the entire principal amount of the Bond, and such transfer is noted on the bond registration book of the City.

Section 12. Exchange for Coupon Bonds. Upon ninety days' written notice by the holder of the registered Bond, the City shall cause to be prepared and shall deliver to such holder, at the sole cost and expense of the holder, definitive coupon bonds of type composition and on bond paper of weight and strength that is customarily used for serial bonds of an issue comparable to the principal amount of the Bond.

Such definitive bonds shall be in the denomination of \$5,000 each, shall be numbered in chronological order, and shall be in the total principal sum of the unpaid installments of principal of the Bond so exchanged.

Coupon bonds shall correspond to \$5,000 increments of the unpaid installments of the Bond so exchanged and shall bear interest at the rates borne by the respective installments which they represent and shall mature at the time the respective installments become due and payable. Coupon bonds shall be callable in inverse numerical order under the same conditions, at the same times and at the same price at which installments of the Bond may be prepaid. Notice of any such intended redemption shall be given by one publication thereof in a financial journal of general circulation in the City of New York, New York, not more than 60 nor less than 50 days prior to said redemption date, and by mailing a like notice at the same time to the holder of the Bond so exchanged, at the time of its conversion into coupon bonds, at its last address as it appeared on the registration books of the City. Interest on any coupon bond so called for redemption shall cease on such redemption date unless the same is not redeemed upon presentation made pursuant to such call.

Coupon bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

No. _____

\$5,000

STATE OF ALASKA

CITY OF HOMER

GENERAL OBLIGATION BOND, 1980

The City of Homer, a municipal corporation of the State of Alaska (hereinafter called the "City"), hereby acknowledges itself to owe and for value received promises to pay to bearer on the first day of August, 1981, the principal sum of

FIVE THOUSAND DOLLARS

together with interest thereon payable August 1, 1981, and semiannually thereafter on the first days of February and August of each year from date hereof at the rate of _____% per annum to date of maturity as evidenced by coupons attached hereto, upon presentation and surrender of such interest coupons as they severally become due, or until such principal amount shall have been paid or duly provided for.

Both principal of and interest on this bond are payable in lawful money of the United States of America at the office of the Finance Director, Homer, Alaska, or, at the option of the holder, at the main office of Rainier National Bank, Seattle, Washington.

The City has reserved the right (subject to any applicable provisions of a loan agreement between the City and the Alaska Municipal Bond Bank Authority, dated 7/15, 1980) to redeem any or all of the outstanding bonds of this issue in whole, or in part in inverse numerical order, on August 1, 1990, or on any interest payment date thereafter, at par plus accrued interest to the date of redemption.

Notice of any such intended redemption shall be given by one publication thereof in a financial journal of general circulation in the City of New York, New York, not more than 60 nor less than 50 days prior to said redemption date, and by mailing a like notice at the same time to _____.

This bond is one of an issue of 330 general obligation bonds of the City of like amount, date and tenor except as to number, interest rate and date of maturity and is issued pursuant to the Constitution and laws of the State of Alaska, a vote of the qualified electors of the City, and duly adopted ordinances and resolutions thereof, for the purposes of providing funds to pay part of the cost of acquiring, constructing and installing certain capital improvements for the City.

This bond and the bonds of the issue of which it is one are payable both principal and interest out of the special fund of the City entitled "1980 General Obligation Bond Redemption Fund" created by Ordinance 80-22 of the Council of the City (the "Bond Ordinance").

The City has obligated and bound itself to make annual levies of ad valorem taxes upon all the taxable property within the City without limitation as to rate or amount and in amounts sufficient, with such other moneys of the City available for such purposes as the Council may, from time to time, appropriate and order transferred to such Bond Redemption Fund, to pay the principal of and interest on this bond and the bonds of this issue as the same shall become due. The full faith, credit and resources of the City are hereby irrevocably pledged for the levy of such taxes and the prompt payment of such principal and interest. This bond is additionally secured as provided in the Bond Ordinance.

It is hereby certified and declared that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed, and that the total indebtedness of the City, including this bond and the bonds of this issue, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City of Homer, Alaska, has caused this bond to be signed with the facsimile signature of its Mayor, to be attested by its Clerk, the official seal of the City to be impressed hereon, and the interest coupons pertaining hereto to be signed with the facsimile signatures of said officials, this first day of August, 1980.

CITY OF HOMER, ALASKA

By Leo Rude
Mayor

ATTEST:

Kathleen F. Herald
Clerk

The interest coupons attached to the coupon bonds shall be in substantially the following form:

No. _____ \$ _____

Unless this bond has previously been redeemed, on the first day of _____, the City of Homer, Alaska will pay to bearer at the office of the Finance Director of the City of Homer, Alaska, or at the option of the holder, at the main office of Rainier National Bank, Seattle, Washington, the amount shown hereon in lawful money of the United States of America, said amount being the interest due that date on its general obligation bond, dated August 1, 1980 and numbered _____.

CITY OF HOMER, ALASKA

By Leo Rude
Mayor

ATTEST:

Kathleen F. Leard
Clerk

The coupon bonds shall be signed on behalf of the City with the facsimile signature of its Mayor, shall be attested by its Clerk, and shall have the official seal of the City impressed thereon. Each of the attached interest coupons shall be signed with the facsimile signatures of said officials.

Section 13. Arbitrage Covenant. The City covenants to the purchaser of the Bond that it will make no use of the proceeds of the Bond at any time during the term thereof which, if such use had been reasonably expected on the date the Bond is issued, would have caused the Bond to be an arbitrage bond within the meaning of Section 103(c) of the United States Internal Revenue Code of 1954, as amended, and applicable regulations thereunder.

Section 14. Effective Date. This ordinance shall be effective from and after its final passage.

Introduced and set for hearing at a regular meeting of the Council of the City of Homer, Alaska, held this 24th day of June, 1980.

This ordinance published and posted as required by Section 2-100.2 of the City's Code of Ordinances on June 26, 1980.

PASSED BY THE COUNCIL OF THE CITY OF HOMER, ALASKA, and approved by its Mayor at a regular meeting of said Council held this 14th day of July, 1980.

CITY OF HOMER, ALASKA

By [Signature]
Mayor

ATTEST:

Kathleen F. Leard
Clerk

First Reading 6/23/80

Public Hearing 7/14/80

Second Reading 7/14/80

Effective Date 7/15/80