

SCANNED

ORDINANCE NO. 135

AN ORDINANCE OF THE CITY OF DONNELLY, IDAHO, AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A WATER REVENUE BOND, SERIES 1994A, IN THE PRINCIPAL AMOUNT OF \$200,000, FOR THE PURPOSE OF PAYING EXISTING WATER SYSTEM INDEBTEDNESS AND FINANCING THE ACQUISITION OF DOMESTIC WATER SYSTEM IMPROVEMENTS; AUTHORIZING AND PROVIDING FOR THE ISSUANCE OF A PARITY LIEN SEWER REVENUE BOND, SERIES 1994B, IN THE PRINCIPAL AMOUNT OF \$217,400, FOR THE PURPOSE OF FINANCING THE ACQUISITION OF IMPROVEMENTS TO THE SANITARY SEWAGE COLLECTION and TREATMENT SYSTEM OF THE CITY; DESCRIBING THE BONDS; PROVIDING FOR THE COLLECTION AND DISPOSITION OF REVENUES; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THE BONDS; ESTABLISHING FUNDS AND ACCOUNTS, PROVIDING COVENANTS RELATING TO THE BONDS; PROVIDING FOR THE SALE OF THE BONDS TO THE UNITED STATES OF AMERICA, FARMERS HOME ADMINISTRATION; AND PROVIDING FOR OTHER MATTERS RELATING THERETO

WHEREAS, the City of Donnelly, Valley County, Idaho (the "City"), is a municipal corporation organized and operating under the laws of the State of Idaho; and

WHEREAS, the City operates an existing domestic water supply and distribution system which it currently leases from the Depot Well Water Association, Inc. (the "Association"), pursuant to a Lease and Option to Purchase Agreement between the Association and the City dated February 20, 1978 (the "Agreement"), and collects rates, fees, and charges for the use of the water system; and

WHEREAS, the City has previously incurred indebtedness in the form of a loan from the Idaho Water Resource Board to finance improvements to the domestic water supply and distribution system, the principal amount of approximately \$95,000 of which remains outstanding; and

WHEREAS, the City owns and operates a municipal sanitary sewage collection and treatment system and collects rates, fees, and charges for the use of the sewer system; and

WHEREAS, the City is authorized by the Constitution and laws of Idaho to issue revenue bonds to finance all or part of the cost of acquisition, construction, and installation of a domestic water system, a sanitary sewage system, and improvements and betterments thereto; and

WHEREAS, the Mayor and Council of the City, by adoption of Ordinance No. 128 on August 9, 1993, as amended by Ordinance No.

130, adopted on August 24, 1993, ordered a special bond election be held within the City on October 5, 1993, for the submission to the qualified electors of the City the question of whether or not the City should be authorized to issue its revenue bonds in the principal amount of not to exceed \$425,000 in order to provide funds to acquire the existing water system, to pay certain outstanding indebtedness of the water system, and to finance certain capital improvements to the domestic water system and the sanitary sewer system; and

WHEREAS, by said Ordinance No. 128, as amended, the Mayor and Council further expressed the intent of the City to combine and consolidate the domestic water and sanitary sewer systems of the City and to operate the same as a single, unified water and sewer system; and

WHEREAS, at the special bond election held and conducted on October 5, 1993, the requisite majority of the qualified electors of the City voting at the special bond election authorized the incurring of an indebtedness and the issuance of revenue bonds in the amount of not to exceed \$425,000 for the purposes set forth in Ordinance No. 128, as amended; and

WHEREAS, pursuant to Ordinance No. 55, adopted on December 16, 1974, the City issued its Sewer Revenue Bonds, dated January 1, 1975 (the "Series 1975 Bonds") in the principal amount of \$53,000, payable from net revenues of the sanitary sewage collection and treatment system of the City, the principal amount of \$28,500 of which remains outstanding; and

WHEREAS, Ordinance No. 55 permits the City to issue additional bonds payable upon a parity of lien with the Series 1975 Bonds from the net revenues of the sewage systems upon compliance with certain conditions; and

WHEREAS, the City has received an offer from the United States of America, Farmers Home Administration, to loan money to the City for its water and sewer project and to purchase the revenue bonds of the City, and has provided in such offer for an interest rate of 4.5% for the sewer portion of said loan and an interest rate of 5.25% for the water portion of said loan; and

WHEREAS, the Mayor and Council have determined that the public health, safety, and welfare will be furthered by the water and sewer project hereinafter described and have further determined that it is in the best financial interest of the City and its utility ratepayers to issue a water revenue bond, payable solely from the net revenues of the water portion of its joint water and