

CITY OF BETHEL
ORDINANCE
NO. 93-03

AN ORDINANCE OF THE CITY OF BETHEL, ALASKA PROVIDING FOR THE ISSUANCE AND SALE OF SEWER REVENUE BOND OF THE CITY IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$1,000,000 FOR THE PURPOSE OF PROVIDING FUNDS FOR THE DESIGN, CONSTRUCTION AND ACQUISITION OF SEWER FACILITIES WITHIN THE CORPORATE LIMITS OF THE CITY AND TO DO ALL THINGS NECESSARILY INCIDENT THERETO; FIXING THE DATE, FORM, TERMS AND MATURITIES OF SUCH BONDS; FIXING CERTAIN COVENANTS AND PROTECTIVE PROVISIONS SAFEGUARDING THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SAID BONDS AND PROVIDING THAT ADDITIONAL SEWER REVENUE BONDS MAY BE ISSUED ON A PARITY WITH SUCH BONDS UPON COMPLIANCE WITH CERTAIN CONDITIONS.

WHEREAS, the City of Bethel is a second class city and political subdivision of the State of Alaska created and existing pursuant to Title 29 of Alaska Statutes; and

WHEREAS, the City of Bethel has the power pursuant to Chapter 35, Title 29 of Alaska Statutes, to provide the sewer facilities contemplated herein; and

WHEREAS, Chapter 47, Title 29 of Alaska Statutes, authorizes and permits the City Council to incur revenue bonded indebtedness without ratification by the voters of the city at an election and further permits and authorizes the city to issue bond anticipation notes; and

WHEREAS, it is deemed necessary and in the best interest of the City and its inhabitants that sewer revenue bonds in a principal amount not to exceed \$1,000,000 now be authorized to be sold and the funds derived therefrom devoted to the design, construction and acquisition of a sewer lagoon and related facilities (the Project) within the city and to reimburse any fund of the City which may have advanced funds for construction of the Project or paid issuance costs of the bonds.

NOW THEREFORE, THE CITY OF BETHEL ORDAINS:

Section 1. Purpose. The purpose of this ordinance is to authorize the issuance and sale not to exceed \$1,000,000 of 1993 Series A Sewer Revenue Bonds and to provide for the form, terms, conditions, covenants and manner of sale of said bonds.

Section 2. Definitions. As used in this ordinance, unless a different meaning clearly appears from the context:

"Bond" or "Bonds" means any of the bonds of the City the issuance and sale of which are authorized herein.

"Bond Fund" means the City of Bethel Sewer Revenue Bond Fund created pursuant to Section 14 hereof.

"Bond Register" means the registration books on which are maintained the names and addresses of the owners or nominees of the owners of the bonds.

"City" means the City of Bethel, a municipal corporation and general law municipality of the State of Alaska.

"Cost" means the cost of acquiring and developing the Project, including interest on the Bonds prior to and during the period of acquiring and developing the Project, and reasonable fees of the Paying Agents for the payment of such interest, the cost whether incurred by the City or another of field surveys and advance planning undertaken in connection with the Project properly allocable to the Project and the cost of acquisition of any land or interest therein required as the site of the Project or for use in connection therewith, the cost of preparation of the site of the Project and of any land to be used in connection therewith, the cost of any indemnity and surety bonds and premiums on insurance incurred in connection with the Project prior to or during construction thereof and all related direct administrative and inspection expenses whether incurred by it or by another in connection with the Project prior to or during construction thereof and allocable portions of direct costs of the City, legal fees, fees and expenses of the Paying Agents, cost of issuance of the Bonds by the City and financing charges and fees and expenses of bond counsel, financial advisors and consultants in connection therewith, costs of audits, the cost of all machinery, apparatus and equipment, cost of engineering, architectural services, design, plans, specifications and surveys, estimates of cost, the reimbursement of all moneys advanced from whatever source, for the payment of any item or items of cost of the Project, and all other expenses necessary or incident to determining the feasibility or practicability of the Project, and such other expenses not specified herein as may be

necessary or incident to the acquisition and development of the Project, the financing thereof and the placing of the same in use and operation.

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

"Parity Revenue Bonds" means any Sewer Revenue Bonds of the City, other than the Bonds, issued under an ordinance wherein the City pledges that the payments to be made out of the Revenues of the Project or moneys in the Sewer Revenue Fund of the City into the Bond Fund and Reserve Account therein to pay and secure the payment of the principal of, and interest on such revenue bonds will be on a parity with the payments required by this ordinance.

"Reserve Account" means the reserve account created in the Bond Fund by Section 16 hereof.

"Revenues" means all rates and charges and other income and receipts, in each case derived by or for the account of the City from the ownership or operation of the Sewer facility.

"Sewer Revenue Fund" means the fund of that name created by Section 15 hereof, into which Fund the City has pledged that all of the gross earnings and revenues of the Sewer Facility shall be paid as collected.

Section 3. Authorization of Bonds and Purpose of Issuance. For the purpose of providing part of the funds to design, construct and acquire the Project, purchase necessary equipment and other appurtenances, and to modify, improve, and to reimburse any fund of the City which may have advanced funds for construction of the Project, Reserve Account and to pay costs of issuance, the City shall issue and sell its 1993 Series A Sewer Revenue bonds, in the aggregate amount not to exceed \$1,000,000 (the "Bonds").

Section 4. Authorization of Bond Anticipation Notes. The issuance and sale of bond anticipation notes of the city is also authorized pursuant to Alaska Statutes 29.47 .080-.140 to provide interim construction financing of the project in the event the ultimate purchaser of the Bond requires that the Project be complete before

the final closing on the Bonds. The Bond Anticipation Notes would be paid from the proceeds of the Bonds. The City Manager is hereby authorized to take any necessary steps to enter into an agreement for the sale of the bond anticipation notes, which agreement shall be submitted to the Council for approval by resolution.

Section 5. Reimbursement of Expenses. It is expected that the proceeds of the Bonds or the Bond Anticipation Notes, will be used in part to reimburse expenditures on the Project including issuance costs, made from the general or other fund of the City. This section constitutes the declaration of official intent required under Treasury Regulation 1.103-18(f). The Project is the design, construction and acquisition of a sewer lagoon to be used as part of the City's Sewer Facility. Specifically, the Project is a facultative lagoon cell adjacent to the City's present sewer lagoon. This declaration of intent to reimburse funds is being made to comply with Treasury Regulation 1.103-18. The City Manager is directed to make public this declaration by making at least this section available for inspection at City offices within 30 days after adoption to comply with Treasury Regulation 1.103-18(f)(3).

Section 6. Description of Bonds. The Bonds shall be issued in one or more series and be designated "City of Bethel, Alaska 1993 Series A Sewer Revenue Bonds", shall be issued in denominations of \$5,000 or any multiple thereof, shall be in fully registered form, and respectively dated as determined by resolution of the City Council adopted at or prior to sale. The bonds may also be issued in a single bond and sold to Farmer's Home Administration. If sold to Farmer's Home Administration as a single bond this bond will be payable in substantially equal semiannual installments of principal and interest. The bonds are payable solely from the Revenues of the Sewer Facility and neither the full faith and credit or taxing power of the City are pledged for their payment.

Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the City. Such exchange or transfer shall be without cost to the owner or transferee.

Section 7. Sale of Bonds and Amendment of Terms. The Bonds shall be sold at negotiated sale on such terms as the Council shall hereafter approve by resolution.

The Mayor and City Manager are authorized to negotiate the sale and purchase of a series of City of Bethel Sewer Revenue Bonds, 1993 Series A, to the Farmer's Home Administration, pursuant to a letter of commitment, and the City Manager is authorized to make such applications as are necessary to provide for the sale of such Bonds to the Farmer's Home Administration.

The City Council will, by resolution adopted at or prior to sale, provide the terms and conditions of the Bonds to meet the requirements of the Farmer's Home Administration including the date, maturities, interest rates, and will further amend by said resolution other terms and conditions hereof to meet said requirements. The Mayor and City Manager are also authorized to negotiate the sale of the Bonds to another buyer should the Farmer's Home Administration not purchase the Bonds.

Section 8. Place and Medium of Payment and Redemption. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Principal and interest on the Bonds shall be paid by check or draft mailed to registered owner at the address appearing on the Bond Register, or pursuant to a resolution of Council adopts at or prior to the sale. The right of prior redemption shall be set forth in the resolution of Council approving the sale of the Bonds, except that should the Bonds be sold pursuant to an agreement with Farmer's Home Administration, the redemption may be subject to the agreement with Farmer's Home Administration and letter of conditions issued by Farmer's Home Administration.

Section 9. Notice of Redemption. Notice of any such intended redemption shall be given not less than 30 nor more than 60 days prior to the date fixed for redemption by first class mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address appearing on the Bond Register. The requirements of this section shall be deemed to be complied with when notice is mailed as herein provided, regardless of whether or not it is actually received by the

holder or owner of any Bond. The interest on the Bonds so called for redemption shall cease to accrue on the date fixed for redemption unless such Bond or Bonds so called are not redeemed upon presentation made pursuant to such call.

Section 10. Right to Purchase Bonds. The City further reserves the right, whenever it has surplus money in the Sewer Revenue Fund over and above the amounts necessary to pay current costs of maintaining and operating the Sewer Facility, costs of necessary additions, betterments, improvements and replacements thereof when they are not to be financed by the issuance of bonds or notes, all payments required to be made into any bond fund or reserve account out of the Revenues of the Sewer Facility or the money in the Sewer Revenue Fund, and all payments required for any other proper purposes in connection with the operation of the Sewer Facility, to use such surplus money at any time to purchase any of the Bonds in the open market for retirement only if the same may be purchased at a price not exceeding that at which they could be called for redemption on the first succeeding date on which Bonds may be called, plus accrued interest.

Section 11. Form of Bonds. The Bonds shall be in substantially the following form:

UNITED STATES OF AMERICA

No. _____

\$ _____

STATE OF ALASKA
CITY OF BETHEL

SEWER REVENUE BOND, SERIES A, 1993

KNOW ALL MEN BY THESE PRESENTS: That the City of Bethel, Alaska (the "City"), a municipal corporation of the State of Alaska, hereby acknowledges itself to owe and for value received promises to pay from the special fund of the City known as the "City of Bethel Sewer Revenue Bond Fund" created by Ordinance No. _____ of the city to _____ or registered assigns on the first day of _____, 1993 and semi-annually thereafter, in equal installments of principal and interest, with interest accrued from _____, 1993, or the most recent date to which interest has been paid or duly provided for

until payment of this bond, at the rate of _____% per annum. Both principal of and interest on this bond are payable in lawful money of the United States of America.

This bond is one of a series of bonds of like amount, date and tenor except as to number, rate of interest, and date of maturity, aggregating the principal sum of \$1,000,000 and is issued pursuant to resolutions and ordinances adopted by the City for the purpose of providing funds to design, construct and acquire a sewer lagoon within the corporate limits of the City, and is payable solely out of the Revenues of such Sewer facility (as such terms are defined in Ordinance No. hereinafter called the "Bond Ordinance"). Neither the full faith and credit or taxing power of the City are pledged for their payment.

The City has reserved the right to redeem the bonds maturing on and after ___19___ on and after _____, 19___, as a whole or in part in inverse order of maturity (and by lot within a maturity) on any interest payment date for the principal amount outstanding plus interest accrued to the redemption.] Should the Bonds be sold to the Farmer's Home Administration redemption will be governed by the agreement for purchase of the Bonds.

The City hereby covenants and agrees with the owner of this bond that it will keep and perform all the covenants of this bond and of the Bond Ordinance to be by it kept and performed.

The City does hereby pledge and bind itself to set aside out of the Revenues of the Sewer Facility or the money deposited in the Sewer Revenue Fund of the City and to pay into the Bond Fund and Reserve Account created therein the various amounts required by the Bond Ordinance to be paid into and maintained in said Fund and Account, all within the times provided in the Bond Ordinance. The City has further pledged and bound itself to pay into such Sewer Revenue Fund as collected all Revenues of the Sewer Facility.

Said amounts so pledged to be paid into said Bond Fund and Reserve Account are hereby declared to be a lien and charge upon the money in the Sewer Facility Revenue Fund and the Revenues of the Sewer Facility superior to all other charges of any kind or nature and on a parity with any revenue bonds the City may issue later pursuant to Section 18 of the Bond Ordinance. The pledge of the Revenues of the Sewer Facility and the moneys in the Sewer Revenue Fund contained herein and in the Bond Ordinance may be discharged by making provisions, at any time, for the payment of the principal of and interest on this bond in the manner provided in the Bond Ordinance.

The City has further bound itself to maintain said Sewer Facility in good condition and repair, to operate the same in an efficient manner and at a reasonable cost, and to establish, maintain and collect rates and charges for sewer services that will provide Revenues each calendar year hereafter equal to at least 1.1 times the amount required each such calendar year hereafter to pay the principal of and interest on the bonds of this issue and all Sewer Revenue Bonds which may have an equal

lien on the Revenues of the Sewer Facility or the moneys in the Sewer Revenue Fund, after necessary expenses of maintenance and operation of said Sewer Facilities have been paid but before depreciation.

It is hereby certified and declared that all acts, conditions and things required by the Constitution and statutes of the State of Alaska, resolutions and ordinances of the City to exist, to have happened, been done and performed precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the City of Bethel, Alaska, has caused this bond to be executed with the manual or facsimile signature of its (Mayor (Manager), and to be countersigned with the manual or facsimile signature of its Clerk and the official seal of the City to be impressed or a facsimile thereof imprinted hereon this ___ day of ___, 199___.

CITY OF BETHEL

BY _____
(Mayor) (Manager)

Countersigned:

Clerk

[Should the council decide to sell the Bonds to a buyer other than the Farmer's Home Administration then the City Manager will Provide for an appropriate amendment to the above form to provide for paying agents registration, and certificate of authentication and redemption provisions.]

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto (name and address of assignee) the within Bond and does hereby irrevocably constitute and appoint _____ of _____, or its successor, as Bond Registrar to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

DATED: _____

Section 12. Execution of Bonds. The Bonds shall be executed on behalf of the City with the manual or facsimile signature of its Mayor or Manager and shall be countersigned with the manual or facsimile signature of the Clerk. The official seal of the City shall be impressed or imprinted on each Bond. No Bond shall become valid or obligatory for any purpose until manually authenticated by the Bond Registrar, except the bonds sold to the or Farmer's' Home Administration need not be so authenticated.

Section 13. Sewer Revenue Fund. There is hereby created a special fund known as the "Sewer Revenue Fund." The City hereby obligates and binds itself to set aside and pay into such Fund as collected all Revenues of the Sewer Facility. Such Revenues and the moneys in the Sewer Facility Revenue Fund shall be used only for the following purposes and in the following order of priority:

First, to pay necessary costs of maintenance and operation of the Sewer Facility.

Second, to make all payments required to be made into the Bond Fund for the payment of the principal of and interest on the Bonds, and any Parity Revenue Bonds;

Third, to make all payments required to be made into the Reserve Account; and,

Fourth, to pay any other lawful expense including purchase of the bonds.

Section 14. Sewer Revenue Bond Fund. There is hereby created a special fund known as the "Sewer Revenue Bond Fund", herein called the "Bond Fund", which Fund is to be drawn upon for the sole purpose of paying the principal of and interest, and premium if any, on the Bonds and any Parity Revenue Bonds hereafter issued.

From and after the time of issuance and delivery of the Bonds and as long thereafter as any of the same remain outstanding, the City hereby irrevocably obligates and binds itself to set aside and pay into the Bond Fund out of Revenues or moneys in the Sewer Revenue Fund, or out of other moneys legally available therefor, at least thirty (30) days prior to the respective dates on which payments of the interest on or principal of and interest on the Bonds shall become due, the amounts necessary to pay such interest or principal and interest next coming due on the Bonds outstanding.

Said amounts so pledged to be paid into the Bond Fund and the amounts hereafter pledged to be paid into the Reserve Account are hereby declared to be a lien and charge upon the Revenues of the Sewer Facility and the moneys in the Sewer Revenue Fund superior to all other charges of any kind or nature (including any transfer of money to other funds of the City and license fees), and equal in rank to the charges thereon to pay and secure the payment of the principal of and interest on the Parity Bonds hereafter issued.

Section 15. Reserve Account. A Reserve Account is hereby created in the Bond Fund. The City hereby covenants and agrees that it will set aside and pay into the Reserve Account out of the money in the Sewer Revenue Fund and out of any other moneys which it may now or later have on hand and available for such purposes not less than approximately equal monthly payments, commencing with the month after the first semiannual payment on the Bonds, so that within five (5) years from said date the total amount paid into the Reserve Account, together with money already in the Reserve Account, will be at least equal to the average annual amount required thereafter to pay the principal of and interest on the Bonds, except that in no event will

the amount in the Reserve Account exceed 10% of the size of the issue.

The City further covenants and agrees that in the event it issues any Parity Revenue Bonds it will provide in each ordinance authorizing the same that approximately equal monthly payments will be made into the Reserve Account out of the Revenues of the Sewer Facility or the moneys in the Sewer Facility Revenue Fund so that within five (5) years or less from the date of issuance of such Parity Revenue Bonds, the total amount or such payments with the money already in the Reserve Account will be at least equal to the average annual amount required after such five (5) year period to pay the principal of and interest on all outstanding bonds payable out of the Bond Fund.

The City further covenants and agrees that when said required amounts have been deposited in the Reserve Account it will at all times maintain those amounts herein until there is a sufficient amount in the Bond Fund and Reserve Account to pay the principal of, premium, if any, and interest on all outstanding bonds payable out of the Bond Fund, at which time the money in the Reserve Account may be used to pay such principal, premium, if any, and interest; provided, however, that moneys in the Reserve Account may be withdrawn, or set aside in a special account in the Bond Fund pursuant to Section 20 of this ordinance, to pay (with or without other available funds) the principal, premium, if any, and interest on the outstanding bonds payable out of the Bond Fund, so long as the moneys remaining on deposit in the Reserve Account are at least equal to the average annual amount required thereafter to pay the principal of and interest on all of the remaining outstanding bonds payable out of the Bond Fund.

In the event there shall be a deficiency in the Bond Fund for meeting the maturing installments of either interest or principal of the Bonds or any Parity Revenue Bonds, such deficiency shall be made up from the Reserve Account by the withdrawal of cash therefrom. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up from the money in the Sewer Revenue Fund first available therefor after making necessary provisions for the required payments into the Bond Fund.

All money in the Reserve Account may be kept in cash or invested in direct obligations of, or obligations the principal of and interest on which are guaranteed by the United States Government, obligations of agencies of the United States Government or certificates of deposit secured by such obligations. Such investments shall mature not later than twelve (12) years from the date of purchase, and in no event later than the last maturity of the Bonds or Parity Revenue Bonds outstanding at the time of said purchase. Interest on such investments and/or any profits realized from the sale thereof shall be deposited in and become apart of the Bond Fund.

Section 16. Exception from Rebate Requirements. The City hereby states and covenants it meets the requirements of 26 USC Section 148(f)(4)(c) respecting small governmental units in that:

- (1) the City is a governmental unit with general taxing powers;
- (2) no part of this issue shall be a private activity bond;
- (3) at least 95% of the proceeds will be used for local governmental activities (i.e. provision of sewer services) and,
- (4) the aggregate face amount of all tax exempt bonds issued by the City during this calendar year is reasonably expected to not exceed \$5,000,000.

This section is intended to show that the City is exempt from arbitrage rebate requirements of 26 USC Section 148(f).

Section 17. Specific Covenants. The City hereby covenants with the owner and holder of each of the Bonds for as long as any of the same remain outstanding as follows:

- a. That it will establish, maintain and collect rates and charges for sewer services for as long as any of the Bonds and any Parity Revenue Bonds are outstanding that will make available for the payment of the principal of and interest on such bonds each calendar year hereafter an amount equal to at least 1.1 times the amount required each calendar year to pay the principal of and interest on all

outstanding Bonds and Parity Revenue Bonds issued prior to such calendar year as the same shall become due.

b. That it will at all times maintain, preserve and keep the Sewer Facility and every part and parcel thereof in good repair, working order and condition; will from time to time make or cause to be made all necessary and proper repairs, renewals and replacements thereto so that the business carried on in connection therewith may be properly and advantageously conducted, and will at all times operate the Sewer Facility in an efficient manner and at a reasonable cost.

c. That it will at all times carry all risk (except war) insurance on the Sewer Facility to the full insurable value thereof, and will also carry adequate public liability insurance and such other forms of insurance as under good business practice are ordinarily carried on such facilities.

d. That it will not expend any of the money in the Sewer Revenue Fund for any extensions or betterments which are not economically sound and which will not contribute to the operation of the Sewer Facility in an efficient and economical manner.

e. That it will keep and maintain proper books and accounts with respect to the operation of the Sewer Facility in such manner as prescribed by any authorities having jurisdiction over public utilities operated by cities in Alaska; that it will cause its books of account to be audited annually by competent public or certified public accountants, copies of which audits shall, upon request, be furnished to the purchaser or purchasers of the Bonds. Said audit shall show whether or not the City has in all respects performed and complied with the covenants set forth in this ordinance, including the payments into the Bond Fund and Reserve Account herein provided for.

f. That all employees and agents of the City collecting or handling money of the City in connection with the management and operation of the Sewer Facility shall be bonded in an amount commensurate with the funds they handle and in an amount sufficient to protect the City from loss.

g. That it will not sell or otherwise dispose of the Sewer Facility unless contemporaneously with such sale or disposal there shall be paid into the Bond Fund a sum sufficient to pay the principal of and interest on all of the Bonds then outstanding to the date or dates on which they first may be redeemed.

h. That it will require the bank or banks in which the moneys of the Reserve Account are deposited to secure such funds by the pledging of a proper amount of the assets of such bank or banks as collateral security for the moneys deposited.

i. That it will make no use of the proceeds of sale of the Bonds or any other funds held pursuant to this ordinance which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code as amended, and that it shall comply with the requirements of said Section 148 and the applicable regulations thereunder so long as any of the Bonds are outstanding.

Section 18. Parity Revenue Bonds. The City hereby further covenants and agrees with the owners of each of the Bonds for as long as the same remain outstanding that it will not issue any bonds having a greater or equal lien on the Revenues of the Sewer Facility or the moneys in the Sewer Revenue Fund to pay and secure the payment of the principal of and interest on such bonds than the lien created thereon to pay and secure the payment of the principal of and interest on the Bonds except that the City reserves the right to issue Parity Revenue Bonds as follows:

a. For the purpose of acquiring, constructing, and installing additions, betterments and improvements to and extensions of, acquiring equipment for, or making replacements or repairs to the Sewer Facility and for the purpose of refunding by exchange or purchasing and retiring at or prior to their maturity any outstanding revenue bonds or notes of the City that have a lien on the Revenues of the Sewer Facility and the moneys in the Sewer Revenue Fund for the payment of the principal thereof and interest thereon junior and inferior to the lien on such revenues and moneys for the payment of the principal of and interest on the Bonds upon compliance with the following conditions:

1. That the City will covenant in each ordinance authorizing the issuance of Parity Revenue Bonds that it will pay into and maintain in the Reserve Account the amounts required by Section 16 of this ordinance to be paid into and maintained in said Account when Parity Revenue Bonds are issued.

2. That at the time of the issuance of such Parity Revenue Bonds the City shall have on file a certificate executed by a competent public or certified public accountant, or an independent consulting engineer experienced in the construction and operation of sewer facilities, (which certificate may not be dated more than thirty days prior to the date of delivery of such Parity Revenue Bonds) showing that, in his professional opinion, the annual income available for revenue bond debt service each calendar year subsequent to the year in which such parity revenue bonds are issued shall be at least equal to 1.1 times the amount required in such year for the payment of the principal of and interest on all outstanding bonds payable out of the Bond Fund and the Parity Revenue Bonds being issued.

3. That at the time of the issuance of such Parity Revenue Bonds there is no deficiency in the Bond Fund or Reserve Account.

4. That, if the Farmer's Home Administration is the holder of the Bonds at the time of the proposed issuance of Parity Revenue Bonds, then the City will obtain the written consent of the Farmer's Home Administration prior to sale of said Parity Revenue Bonds.

b. For the purpose of refunding at or prior to their maturity any part of or all of the then outstanding bonds payable out of the Bond Fund if the issuance of such refunding Parity Revenue Bonds does not require a greater amount to be paid out of the Revenues of the Sewer Facility for principal and interest over the life of such refunding Parity Revenue Bonds than is required to be paid out of such Revenues for the principal and interest over the life of the bonds being refunded, and if the conditions required in subsections a(1) and a(3) of this section are complied with.

Section 19. Junior Lien Bonds. Nothing herein contained shall prevent the City from issuing revenue bonds or notes which are a charge upon the Revenues of the Sewer Facility and the moneys in the Sewer Revenue Fund junior or inferior to the payments required herein to be made therefrom into the Bond Fund and Reserve Account, or from issuing Sewer Revenue Bonds to refund maturity bonds or warrants for the payment of which moneys are not otherwise available. Should the Bonds be held by the Farmer's Home Administration, the written consent of Farmer's Home Administration shall be obtained prior to issuance of such junior lien bonds.

Section 20. Defeasance. In the event that money and/or Government Obligations maturing at such time or times and bearing interest to be earned thereon amounts sufficient to redeem and retire the Bonds in accordance with their terms are set aside in a special account in the Bond Fund to effect such redemption or retirement and such money and the principal of and interest on such obligations 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 the Bonds, and the Bonds 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 the Bonds shall be deemed not be outstanding hereunder or under any other ordinance authorizing the issuance of bonds payable out of the Bond Fund. This section shall not be applicable should the Bonds be purchased by the Farmer's Home Administration.

Section 21. Proceeds of Sale After the sale, the proper City officials are hereby authorized and directed to do everything necessary to complete such sale and delivery of the Bonds to the purchaser thereof upon payment of the purchase price thereof. The proceeds of such sale shall be used to construct and improve the Sewer Facility where necessary within the City, and, if proper, to reimburse any fund of the City which may have advanced money for such purpose, to fund the Reserve Account in an amount equal required to be deposited therein as a result of the issuance of the Bonds and to pay the costs of bond issuance.

Section 22. Severability. If any one or more of the covenants or agreements in this ordinance to be performed on the part of the City 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 in this ordinance and shall in no way affect the validity of the other provisions of this ordinance or of the Bonds.

PASSED AND APPROVED by the City Council of the City of Bethel this 9th day of March, 1993.

This Ordinance shall take effect immediately.

CITY OF BETHEL

By James H. Feaster III
Mayor -- James H. Feaster III

ATTEST:

Jane Elam
Municipal Clerk -- Jane Elam

INTRODUCED: February 23, 1993

PUBLIC HEARING: March 9, 1993