

RESOLUTION NO. 212

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PAYETTE, IDAHO, PROVIDING FOR THE ISSUANCE AND SALE OF INTERIM WARRANTS PURSUANT TO SECTION 50-1722, IDAHO CODE, IN ANTICIPATION OF THE ISSUANCE OF LOCAL IMPROVEMENT DISTRICT BONDS AND PREPAYMENT OF ASSESSMENTS FOR LOCAL IMPROVEMENT DISTRICT NO. 98-1, FOR THE PURPOSE OF PAYING THE COSTS OF LOCAL IMPROVEMENT DISTRICT NO. 98-1; PROVIDING FOR THE MANNER OF ISSUANCE AND THE FORM OF WARRANTS; PROVIDING FOR THE REGISTRATION AND PAYMENT OF THE PRINCIPAL OF AND THE INTEREST ON THE WARRANTS; PROVIDING FOR THE SALE OF THE WARRANTS TO FIRST SECURITY BANK, N.A.; PROVIDING COVENANTS; PROVIDING FOR RELATED MATTERS; REPEALING RESOLUTION NO. 211, ADOPTED ON JUNE 1, 1998; AND PROVIDING AN EFFECTIVE DATE

WHEREAS, by passage of Ordinance No. 1154 on March 16, 1998, the City Council (the "Council") of the City of Payette, Payette County, Idaho (the "City"), duly created Local Improvement District No. 98-1 ("L.I.D. No. 98-1"), ordered the construction of certain water, sewer, and related street improvements pursuant thereto, and authorized the issuance of local improvement district bonds and warrants to finance the cost thereof; and

WHEREAS, the City is authorized and empowered by Idaho Code Section 50-1722 to issue interim warrants for the purpose of meeting costs and expenses of making local improvement district improvements prior to the sale of bonds and prepayment of assessments; and

WHEREAS, the Council has heretofore, by adoption of Ordinance No. 1154, estimated the cost of the local improvement district project at \$995,500, and authorized the issuance of interim warrants for L.I.D. No. 98-1 in an amount not to exceed \$271,400; and

WHEREAS, in order to provide interim financing for the costs and expense of the improvements to be constructed within L.I.D. No. 98-1, the Council deems it necessary and desirable to issue, sell, and deliver interim warrants for L.I.D. No. 98-1 in an aggregate principal amount not to exceed \$266,000.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PAYETTE, Payette County, Idaho, as follows:

Section 1: For the purpose of paying the costs of the improvements within L.I.D. No. 98-1, the Mayor and City Clerk-Treasurer are hereby authorized and directed to cause to be issued, sold, and delivered, on behalf of the City, interim warrants of L.I.D. No. 98-1 (the "Warrants") in the manner hereinafter provided.

Section 2: The Warrants may be issued at one time or from time to time in such amounts as may be required, so long as the aggregate principal amount thereof does not exceed \$266,000. Each Warrant shall be issued to First Security Bank, N.A.; shall bear interest at the rate of four and fifty hundredths percent (4.50%) per annum from the date of issuance to the date of maturity or prior redemption; and shall be redeemed and paid in full, together with any accrued and unpaid interest thereon, from the proceeds of the sale of bonds for and from prepayment of assessments of L.I.D. No. 98-1.

Section 3: Each Warrant shall be registered in the name of the initial purchaser both as to principal and interest with the City Treasurer, and any transfer thereof must likewise be registered.

Section 4: Each Warrant shall be dated as of its date of delivery to the purchaser thereof, shall mature on May 31, 1999, and shall be subject to call and redemption without penalty at any time at the option of the City when the proceeds of local improvement district bonds for L.I.D. No. 98-1, or prepayment of assessments of said local improvement district, become available. In the event of prior call and redemption, the City Treasurer shall give notice thereof by mailing a copy of a Notice of Call and Redemption by regular or certified mail at least three (3) days prior to the call and redemption date to the registered owner of the Warrants at the address shown on the registration books of the City. Interest on each Warrant shall cease to accrue after the date fixed for call and redemption, provided that funds for the payment and redemption thereof are available at the time and place specified in the notice of call and redemption.

Section 5: Each Warrant and the interest thereon shall be payable in lawful money of the United States of America to the registered owner thereof at the address of such registered owner as shown on the registration books of the City.

Section 6: Each Warrant shall be executed in the name of the City of Payette, shall be signed by the Mayor, countersigned by the City Treasurer, and attested by the City Clerk, and shall be authenticated by the Seal of the City affixed thereto. Each Warrant shall be substantially in the form as set forth in Exhibit "A" attached hereto and by reference made a part hereof.

Section 7: The City hereby covenants with the registered owners of the Warrants that it will issue bonds in the amount of the final, confirmed assessment roll for L.I.D. No. 98-1, less the prepayment of assessments as authorized by law, and further pledges the first proceeds of the prepayments of assessments and of the proceeds of the bonds to payment of the Warrants.

The Warrants shall not constitute an indebtedness of the City within the meaning of any state constitutional provision or statutory limitation, or a charge against the general credit or taxing power of the City, and the registered owners of the Warrants shall have no claim against the City, its funds or property.

Section 8: The City covenants with the registered owners of the Warrants as follows:

A. In accordance with Section 149(a) of the Internal Revenue Code of 1986, as amended (the "Code"), the Warrants shall be issued and remain in fully registered form in order that interest thereon be excluded from gross income of the owner or owners for federal income tax purposes. The City covenants and agrees that it will take no action to permit the Warrants to be issued in or converted to bearer or coupon form.

B. The Warrants are hereby designated as "qualified tax-exempt obligations" within the meaning and for the purpose of Section 265(b)(3) of the Code, and the City does not reasonably anticipate that it will designate more than \$10,000,000, including the Warrants, as qualified tax-exempt obligations during the calendar year 1998.

C. None of the proceeds of the Warrants will be used directly or indirectly (i) to make or finance loans to persons or (ii) in any trade or business carried on by any person (other than use as a member of the general public). For purposes of the preceding sentence, the term "person" does not include a government unit other than the United States or any agency or instrumentality thereof, and the term "trade or business" means any activity carried on by a person other than a natural person.

D. The City has general taxing powers. The Warrants are not "private activity bonds" within the meaning of Section 141 of the Code. 95% or more of the net proceeds of the Warrants are to be used for the local governmental activities of the City. The City has no subordinate bond-issuing entities. The City has not issued, and does not reasonably anticipate that it will issue, tax-exempt obligations in calendar year 1998 in a face amount which exceeds \$5,000,000. Accordingly, under Section 148(f)(4)(D) of the Code, the City is not required to pay rebates to the United States under Section 148(f) of the Code.

E. No portion of the original proceeds of the Warrants will be invested in higher-yielding non-purpose obligations beyond a temporary period determined as the earlier of three (3) years after the date the Warrants are issued or the date the project is substantially completed.

F. The City will take no action which would cause the Warrants to become arbitrage bonds within the meaning of Section 148 of the Code. In particular, the City will comply with any applicable arbitrage rebate requirements pursuant to Section 148(f) of the Code.

G. The City will comply with the information reporting requirements of Section 149(e) of the Code.

H. The City will not permit the Warrants to be or become "federally guaranteed" within the meaning of Section 149(b) of the Code.

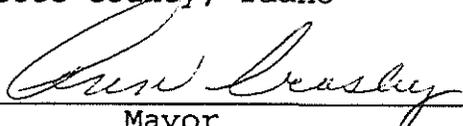
I. None of the proceeds of the Warrants will be used to reimburse the City for capital expenditures made prior to the date of delivery of the Warrants unless the City, not later than 60 days after the payment of such expenditure, shall have adopted an official intent resolution as provided by Section 1.150-2 of the Treasury Regulations.

Section 9: Resolution No. 211, adopted on June 1, 1998, is hereby repealed.

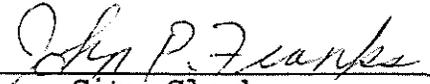
Section 10: This Resolution shall take effect and be in force immediately upon its passage and approval.

DATED this 15th day of June, 1998.

CITY OF PAYETTE
Payette County, Idaho

By 
Mayor

ATTEST:


City Clerk

NO. 1

UNITED STATES OF AMERICA

\$266,000

STATE OF IDAHO

COUNTY OF PAYETTE

CITY OF PAYETTE

LOCAL IMPROVEMENT DISTRICT NO. 98-1 INTERIM WARRANT

FOR VALUE RECEIVED, the City of Payette, Payette County, Idaho (the "City"), acknowledges itself to owe, and promises to pay, solely from the prepayment of assessments and the first proceeds of bonds described below, to

FIRST SECURITY BANK, N.A.

the original Registered Owner hereof or its assignee, at the office of the City Treasurer, on or before the 31st day of May, 1999, the sum of

DOLLARS

(\$266,000) in lawful money of the United States of America, together with interest thereon in like money at the rate of four and fifty hundredths percent (4.50%) per annum from the date hereof, interest payable on redemption.

This Warrant is registered, both as to principal and interest, with the City Treasurer, and any transfer hereof must likewise be registered. This Warrant is a negotiable instrument, payable solely from the prepayment of assessments or the issuance of local improvement district bonds for Local Improvement District No. 98-1 of the City, all as authorized by Section 50-1722, Idaho Code, Ordinance No. 1154, adopted on March 16, 1998, and Resolution No. 212, adopted on June 15, 1998. The owner of this Warrant shall have no claim against the City, its funds or property, except as set forth above.

This Warrant is issued for the purpose of providing part of the interim funds necessary to construct the improvements authorized for Local Improvement District No. 98-1, under and by virtue of and in full conformity with the Constitution and laws of the State of Idaho and Ordinance No. 1154 of the City.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all matters, acts, conditions and things required by law to make this Interim Warrant a valid and enforceable limited obligation of Local Improvement District No. 98-1 of the City, have happened, have been done, and have been performed, and the first proceeds of the prepayment of local improvement district assessments and of the issuance and sale of local improvement district bonds for Local Improvement District No. 98-1 of the City, are pledged for the payment of the same.

IN WITNESS WHEREOF, the City of Payette, Payette County, Idaho, has caused this Warrant to be executed on its behalf and under its official seal by its Mayor, countersigned by its Treasurer, and attested by its City Clerk, all as of the 15 day of June, 1998.

CITY OF PAYETTE
Payette County, Idaho

By Ann Brasley
Mayor

John P. Franks
Treasurer

ATTEST:

John P. Franks
City Clerk

(S E A L)

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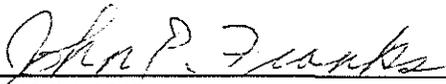
This Warrant is registered in the name of the registered owner whose name and address appear last below, and both principal and interest are payable only to said owner.

NOTE: There must be no writing in the space below except by the City Treasurer.

<u>Date of Registry</u>	<u>Name of Registered Owner</u>	<u>Address of Registered Owner</u>
	First Security Bank	Payette, Idaho 83661

TREASURER'S CERTIFICATE

I, the undersigned, the Treasurer of the City of Payette, Payette County, Idaho, hereby certify that the within Warrant has been duly registered in my office in the Registration Book kept for that purpose.



Treasurer
City of Payette