

RESOLUTION NO. 2009-07

A RESOLUTION OF THE CITY OF PAYETTE, PAYETTE COUNTY, IDAHO, AUTHORIZING THE ISSUANCE OF A BOND ANTICIPATION NOTE PENDING THE ISSUANCE OF THE CITY'S SEWER REVENUE BOND, SERIES 2010; PROVIDING A FORM OF THE BOND ANTICIPATION NOTE; PROVIDING FOR THE MANNER OF ISSUANCE OF THE NOTE; PROVIDING FOR THE PAYMENT OF THE PRINCIPAL THEREOF AND THE INTEREST THEREON; PROVIDING TERMS, COVENANTS, AND OTHER RELATED MATTERS; AND PROVIDING AN EFFECTIVE DATE

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

WHEREAS, at a special bond election of the City held on November 6, 2007, the qualified electors of the City authorized the issuance of revenue bonds in the principal amount of \$1,335,000 for improvements to the City's sanitary sewer system (the "Project"); and

WHEREAS, the City intends to sell its Parity Lien Sewer Revenue Bond, Series 2010 (which designation may be changed to reflect its actual year of issuance), in the aggregate principal amount of \$1,335,000 (the "Bond") to the United States of America upon the completion of the Project; and

WHEREAS, the City Council is authorized and empowered by the Revenue Bond Act, being Idaho Code Sections 50-1027 through 50-1042, inclusive, to issue bond anticipation notes for temporary financing of the construction of authorized improvements pending the issuance of revenue bonds; and

WHEREAS, the City has received an offer from U.S. Bank National Association to provide interim financing for the City's water improvement project pending the issuance of the Bond, and the City Council desires to accept such offer and to authorize the issuance, sale, and delivery of bond anticipation note in accordance with such offer.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PAYETTE, IDAHO, as follows:

Section 1: For the purpose of paying the costs of improvements and betterments to the sanitary sewer system of the City, as provided in Ordinance No. 1305, adopted on July 6, 2009, or otherwise defraying any cost of the Project authorized thereby as the same becomes due, the Mayor, City Clerk and City Treasurer are hereby authorized and directed, on behalf of the City, to cause to be issued, sold, and delivered a bond anticipation note

in the manner hereinafter provided, all as authorized by Section 50-1036, Idaho Code.

Section 2: The bond anticipation note, designated "City of Payette Sewer Revenue Bond Anticipation Note" (the "Note"), shall be substantially in the form which is annexed hereto as Exhibit "A," shall be dated as of the date of issuance thereof, shall be in the total aggregate principal sum of not to exceed \$1,300,000, shall be issued in the form of draws on the Note in such principal amount or amounts as shall be authorized from time to time by the City Council, and shall mature, principal and interest, upon the earlier of the issuance of the Bond or three years from the date of the Note.

Section 3: The Note shall bear interest on its outstanding principal amount at a variable rate equal to 80% of the U.S. Bank National Association's Prime Rate per annum, as the same now exists and as it may be revised from time to time during the life of the Note. Interest shall be calculated on the basis of a 360-day year and actual days elapsed. Interest on the Note shall be payable on the date of redemption of the Note as a cost of the sanitary sewer system improvement Project.

Section 4: The Note shall be sold at private sale for not less than par value thereof to U.S. Bank National Association (the "Bank"), in accordance with the offer of the Bank to purchase the Note, a copy of which is annexed hereto as Exhibit "B".

Section 5: The City may draw on the Note from time to time and in such amounts as required by the needs of the City, so long as the aggregate total principal amount of the Note does not exceed \$1,300,000.

Section 6: There has heretofore been created the "City of Payette Sewer Project Capital Improvement Fund," into which shall be deposited all of the proceeds of the draws on the Note. A separate account shall be established and maintained in the books of account of the City for the Note, and the amounts received for draws on the Note shall be credited into such account. The amount so credited shall be expended for the purpose of paying the costs of the sanitary sewer system improvement Project and expenses incidental thereto, and for no other purpose. All moneys so expended shall be charged to the moneys credited to the Project.

Section 7: The Note shall be registered with the City Treasurer in the name of the Bank or its assignees, both as to principal and as to interest, and any transfer thereof must likewise be registered.

Section 8: The Note shall be subject to call and redemption prior to its stated maturity, on any date, at the option of the City, without penalty, when the proceeds of the Bond become available. Interest on the Note shall cease to accrue upon payment in full of the principal amount outstanding and interest accrued to the date of redemption.

Section 9: The Note 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 records of the City.

Section 10: The Note shall be executed in the name of the City of Payette, shall be signed by the Mayor, countersigned by the Treasurer, and attested by the City Clerk, and shall be authenticated by the seal of the City affixed thereto.

Section 11: The first proceeds of the Bond are hereby pledged for the payment and redemption of the principal of and interest on the Note.

Section 12: The City covenants with the registered owner of the Note as follows:

A. The Note is hereby designated as a "qualified tax-exempt obligation" within the meaning and for the purpose of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), and the City does not reasonably anticipate that it will designate more than \$30,000,000, including the Note, as qualified tax-exempt obligations during the calendar year in which the Note is issued.

B. None of the proceeds of the Note 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.

C. The City has general taxing powers. The Note is not a "private activity bond" within the meaning of Section 141 of the Code. 95% or more of the net proceeds of the Note is 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 the calendar year in which the Note is issued 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.

D. No portion of the original proceeds of the Note 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 Note is issued or the date the Project is substantially completed.

E. The City will take no action which would cause the Note to become an arbitrage bond within the meaning of Section 148 of the Code.

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

G. None of the proceeds of the Note will be used to reimburse the City for capital expenditures made prior to the date of delivery of the Note 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.

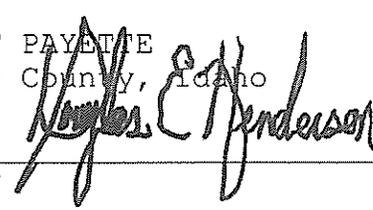
H. The City will continue to maintain and operate its sanitary sewer system in good repair, will maintain adequate insurance coverage for loss or damage thereto, will continue to charge and collect rates, fees, and charges for the use thereof in an amount sufficient to meet its obligations (including, if necessary, the repayment of the Note), and will do all things necessary to preserve and maintain the excludability of the interest on the Note from the gross income of the owner(s) of the Note for federal and State of Idaho income tax purposes and to pay the principal of and interest on the Note when due.

Section 13: This Resolution shall take effect and be in force from and after its passage and approval.

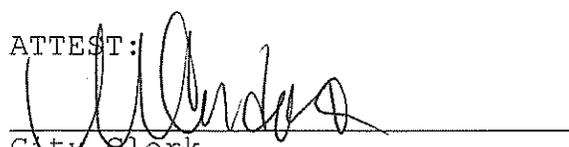
DATED this 8th day of September, 2009.

CITY OF PAYETTE
Payette County, Idaho

By _____
Mayor



ATTEST:



City Clerk

(S E A L)

NO. ONE

\$1,300,000

UNITED STATES OF AMERICA

STATE OF IDAHO

County of Payette

CITY OF PAYETTE SEWER REVENUE BOND

BOND ANTICIPATION NOTE

On or before September 17, 2011, the City of Payette, Payette County, Idaho (the "City"), will pay, in lawful money of the United States of America, to

U.S. BANK NATIONAL ASSOCIATION

the sum of

ONE MILLION THREE HUNDRED THOUSAND AND NO/100 DOLLARS

(\$1,300,000) together with interest on the outstanding principal balance thereof at a variable rate of 80% of the U.S. Bank National Association's Prime Rate per annum, as the same now exists and as it may be revised from time to time during the life of the Note.

This Bond Anticipation Note is issued pursuant to Idaho Code Section 50-1036, and under and by virtue of and in full conformity with the Constitution and laws of the State of Idaho, and Resolution No. 2009-07 of the City, adopted on September 8, 2009 (the "Bond Anticipation Note Resolution"), for the purpose of paying any contractor for the construction and installation of improvements and betterments to the sanitary sewer facilities of the City as described in Ordinance No. 1305, adopted on July 6, 2009, and in the Bond Anticipation Note Resolution (the "Project"), or otherwise defraying any costs of the Project as the same become due.

This Bond Anticipation Note is registered, both as to principal and interest, with the City Treasurer, and any transfer hereof must likewise be registered. This Bond Anticipation Note

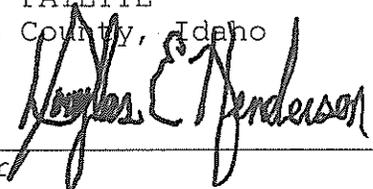
is a negotiable instrument, payable solely from the proceeds of the issuance and sale of the City of Payette Parity Lien Sewer Revenue Bond, Series 2010 (which designation may be changed to reflect its actual year of issuance), approved by the electorate of the City at a special election held within the City on November 6, 2007 (the "Bond"). The proceeds of the Bond will be placed in the City of Payette Sewer Project Capital Improvement Fund, which special fund is hereby pledged for the payment of both the principal of and interest on this Bond Anticipation Note.

This Bond Anticipation Note is subject to prior redemption at any time, without penalty or prior notice, at the option of the City Council, when proceeds of the Bond become available.

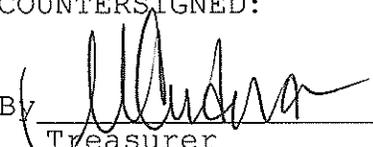
IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all matters, acts, conditions, and things required by law to make this Bond Anticipation Note a valid limited obligation of the City of Payette have happened, have been done, and have been performed and the first proceeds of the issuance and sale of the Bond are pledged for the payment of the same.

IN WITNESS WHEREOF, the City of Payette, by its City Council, has caused this Bond Anticipation Note to be executed in its behalf and under its official seal by the manual signature of its Mayor, countersigned by the manual signature of its Treasurer, and attested by the manual signature of its City Clerk, all as of the 17th day of September, 2009.

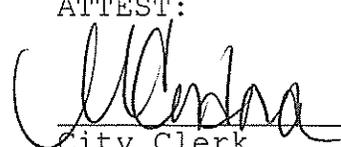
CITY OF PAYETTE
Payette County, Idaho

By 
Mayor

COUNTERSIGNED:

By 
Treasurer

ATTEST:


City Clerk

(S E A L)

This Bond Anticipation Note 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 Registration</u>	<u>Name and Address of Registered Owner</u>	<u>Signature of Note Registrar</u>
September 17, 2009	U.S. Bank National Association 13th Floor (PD-WA-T13G) 1420 Fifth Avenue Seattle, WA 98101-4087	



Government Banking Division
13th Floor (PD-WA-T13G)
Seattle, WA 98101-4087
(206) 344-7859 direct
(206) 344-4598 fax

August 27, 2009

Mary Cordova
City of Payette
700 Center Avenue
Payette, ID. 83661-2534

Dear Mary:

U.S. Bank National Association is pleased to consider your request to provide financing to the City of Payette, Idaho (the "City") for its \$1,300,000 interim funding for the Wastewater System Improvement Project (the "Project"). A summary of some of the terms U.S. Bank is considering for this financing package is as follows:

Multiple draws -- Bond Anticipation Note (BAN) facility:

Amount: Maximum credit facility: \$1,300,000 (not to exceed).

Interest Rates:

- Term is 24 months.
- Variable rate equal to 80% of U.S. Bank's Prime Rate, as it may change from time to time. The above rate includes a liquidity premium. The liquidity premium is an internal funding cost component determined by U.S. Bank, in its sole discretion, based upon the current costs of term variable funding in the wholesale market. Such premium may be increased by U.S. Bank prior to closing in the event there is a material change in the financial, bank debt or capital markets resulting in an increase in the cost of such funding. The resultant bank qualified tax-exempt rate, today (and subject to change) would be:

$$3.25 \times 0.80 = 2.60\% \text{ (BQ/TE; accrual basis of 30/360-day year)}$$

Unused Fee. No unused fee will be charged for this facility.

All draws are made by faxing in a signed draw request form (to be provided at closing by U.S. Bank). The funds so drawn will be directly deposited to a U.S. Bank account of the City.

Payments: A single principal and interest payment will be due at maturity.

Prepayments: Upon a 3 business day notice, prepayments are allowed on any U.S. Bank business day without additional fee.

Security. The BAN is secured by Project revenues. The Bank retains the right to underwrite the permanent financing in a time frame that will provide the requisite funds for payment of the BAN. It is anticipated that the permanent bonds will be sold by the City to the U.S. Department of Agriculture, Rural Development (USDA-RD).

Costs: U.S. Bank's initial set up fee is \$750.00. All legal expenses and fees relating to due diligence are the responsibilities of the City.

Other. The City will covenant to automatically provide the Government Banking Division of U.S. Bank with copies of its annual, audited financial statements within 330 days of the end of each fiscal year for the duration of the credit facility.



Government Banking Division
13th Floor (PD-WA-T13G)
Seattle, WA 98101-4087
(206) 344-7859 direct
(206) 344-4598 fax

The Bank's continued involvement with this financing is predicated upon the Bank obtaining credit approval of the various terms, conditions, and creditworthiness of the City. The credit approval process includes the mandatory analysis of the City's most recent three years of audited financial statements (we have all three years currently on file).

All draw requests must be accompanied by an approval of that same amount from the USDA – RD. The USDA Commitment Letter must be a component of the financing. **All draw requests must be directly deposited to a U.S. Bank account.**

This Letter of Interest automatically expires 10 calendar days from the date of this letter.

All documentation for the BAN will be prepared by the City's bond counsel, Moore Smith Buxton & Turcke, Chartered, and will include an appropriate authorizing resolution or ordinance, 8038 filing, and bond counsel opinion that the credit facility is a legal, valid, binding, enforceable and properly authorized obligation of the City. The City will designate the credit facility as a "bank qualified tax-exempt obligation" under existing federal tax regulations.

As we obtain more information, additional substantive conditions will be required and terms may be changed or be supplemented. In addition, upon completion of our analysis and due diligence and if we obtain credit approval of this proposal, recognized bond counsel, at the City's expense, will prepare loan documentation which will include terms and conditions customary to U.S. Bank, as well as warranties and covenants specific to this transaction.

To that end, this letter is an expression of interest only, and it is not a contract, commitment nor intent to be bound. U.S. Bank does not intend that this letter or discussions relative to the terms of this letter create any legal rights or obligations, implicit or explicit, in favor of or against the other party. Also, no oral discussions and/or written agreements shall be in place of or supersede written loan agreements executed by your business and accepted by U.S. Bank.

Please note that this proposal is for your review only. It may not be disclosed to any third party other than your attorney, accountant and authorized agents representing you.

Thank you for discussing your financing needs with U.S. Bank. Should you wish us to continue to consider your credit request; you will be responsible for all of U.S. Bank's out-of-pocket expenses related to this financing request. We look forward to the opportunity to working with you on this project. If you have any questions regarding this letter, please contact me at (206) 344-7859.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

Luke Shimono

Luke Shimono
Assistant Vice President & Lender
Government and Non-Profit Banking Division
Debt Finance Team

Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)
 See separate instructions.

OMB No. 1545-0720

Caution: If the issue price is under \$100,000, use Form 8038-GC.

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name City of Payette		2 Issuer's employer identification number 82 6000241	
3 Number and street (or P.O. box if mail is not delivered to street address) 700 Center Avenue		Room/suite	4 Report number 2009- 1
5 City, town, or post office, state, and ZIP code Payette, Idaho 83617		6 Date of issue September 17, 2009	
7 Name of issue Sewer Revenue Bond Anticipation Note		8 CUSIP Number N/A	
9 Name and title of officer or legal representative whom the IRS may call for more information Mary Cordova, Treasurer		10 Telephone number of officer or legal representative 208-337-4641	

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule	
11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input checked="" type="checkbox"/> Environment (including sewage bonds)	15 1,300,000
16 <input type="checkbox"/> Housing	16
17 <input type="checkbox"/> Utilities	17
18 <input type="checkbox"/> Other. Describe <input type="checkbox"/>	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input checked="" type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

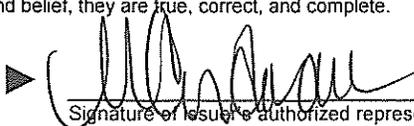
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.				
(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21 September 17, 2011	\$1,300,000	\$1,300,000	-- years	Variable

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)				
22 Proceeds used for accrued interest	22	0		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	1,300,000		
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	3750		
25 Proceeds used for credit enhancement	25	0		
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0		
27 Proceeds used to currently refund prior issues	27	0		
28 Proceeds used to advance refund prior issues	28	0		
29 Total (add lines 24 through 28)	29	3750		
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	1,296,250		

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)	
31 Enter the remaining weighted average maturity of the bonds to be currently refunded	N/A years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded	N/A years
33 Enter the last date on which the refunded bonds will be called	N/A
34 Enter the date(s) the refunded bonds were issued	N/A

Part VI Miscellaneous	
35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35 N/A
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a N/A
B Enter the final maturity date of the guaranteed investment contract	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a N/A
B If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the Issuer _____ and the date of the issue _____	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Please Sign Here  September 17, 2009 Mary Cordova, Treasurer
 Signature of issuer's authorized representative Date Type or print name and title

CITY OF PAYETTE
Payette County, Idaho

SEWER REVENUE BOND ANTICIPATION NOTE
PRINCIPAL AMOUNT \$1,300,000

TAX CERTIFICATE

1. In General

- 1.1 The undersigned is the Treasurer of the City of Payette, Payette County, Idaho (the "Issuer"), a political subdivision of the State of Idaho, and is the officer charged, with others, with issuing the "City of Payette, Idaho, Sewer Revenue Bond Anticipation Note" (the "Note") described hereinafter.
- 1.2 This Certificate is made on behalf of the Issuer pursuant to Sections 103 and 141 through 150 of the Internal Revenue code of 1986, as amended (the "Code"), and the Income Tax Regulations promulgated thereunder (the "Regulations"). The words and phrases used herein have the same meanings as defined and used in the Regulations. In accordance with the Regulations, this Certificate is executed for the purpose of establishing certain covenants of the Issuer for the benefit of the purchaser of the Note and establishing the reasonable expectations of the Issuer as to future events regarding the use of the proceeds of the Note and the property financed with those proceeds.
- 1.3 The undersigned has investigated the facts, estimates, and circumstances in existence on the date of issue of the Note. Those facts, estimates, and circumstances are set forth in summary terms in this Certificate. Based on those facts, estimates, and circumstances, it is not expected that the proceeds of the Note will be used in a manner that would cause the Note to be an arbitrage bond within the meaning of Section 148 of the Internal Revenue Code of 1986 (the "Code"), and the applicable Treasury Regulations. To the best of my knowledge and belief, the Issuer's expectations regarding the amount and the use of the proceeds of the Note are reasonable. Furthermore, to the best of my knowledge and belief, there are no other facts, estimates, or circumstances which would materially change those expectations.

1.4 The Commissioner of Internal Revenue has not given notice by publication in the Internal Revenue Bulletin that the Issuer has been disqualified from certifying an issue of bonds.

2. The Purpose of the Obligation

2.1 The Issuer, simultaneously with the delivery of this Certificate, is issuing and delivering its Note in a principal amount of not to exceed \$1,300,000 for the purpose of providing funds to pay the costs of improvements and betterments to the sanitary sewer facilities of the Issuer, to be owned and operated by the Issuer (the "Project"), pending issuance of permanent financing by the Issuer therefor.

3. General Covenants and Expectations

3.1 The Project financed with the proceeds of the Note will be owned and utilized by the Issuer for public purposes, and not more than ten percent (10%) of the Project will be leased or rented to any persons. None of the proceeds of the Note will be used, directly or indirectly, to make or finance loans to persons, and not more than ten percent (10%) will be used, directly or indirectly, in any trade or business carried on by any person (other than use as a member of the general public). The Note is payable from the proceeds of a sewer revenue bond anticipated to be issued on or prior to September 17, 2011, for the financing of the construction costs of the Project. For purposes of this subsection, the term "person" does not include a governmental 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. Accordingly, the Note is not a "private activity bond" within the meaning of Section 141 of the Code.

3.2 The Issuer hereby covenants with the owners of the Note not to make any use of the proceeds of the Note or the Project financed with the proceeds of the Note that would result in the interest on the Note being includable in gross income of taxpayers (other than corporations) for federal income tax purposes.

3.3 The Issuer has general taxing powers. The Note is not a "private activity bond" within the meaning of Section 141 of the Code. 95% or more of the net proceeds of

the Note are to be used for the local governmental activities of the Issuer. The Issuer has not issued, and does not reasonably expect to issue, tax-exempt obligations in calendar year 2009 in a face amount which exceeds \$5,000,000. Accordingly, under Section 148(f)(4)(D) of the Code, the Issuer is not required to pay rebates to the United States under Section 148(f) of the Code.

3.4 The Issuer hereby designates the Note as a "qualified tax-exempt obligation" within the meaning and for the purposes of Section 265(b)(3) of the Code, and the Issuer does not reasonably anticipate that it will designate more than \$30,000,000, including the Note, as qualified tax-exempt obligations during the calendar year 2009.

4. Source and Disbursement of Funds

4.1 The Issuer will draw funds against the Note as needed, with the first draw being on the date of this Certificate, and with draws continuing from time to time. The aggregate principal amount of such draws will not exceed the authorized principal amount of the Note. The Note will be dated the date of its issue; hence there will be no accrued interest on the Note. Each draw will be sold at par. Accordingly, the maximum net amount received from the sale of the Note will not exceed \$1,300,000.

4.2 The approximately \$1,300,000 received by the Issuer from the sale of the Note will be fully expended as drawn to pay the costs of acquiring the Project, including legal costs and other costs incidental to the issuance of the Note.

5. Temporary Period

5.1 It is expected that all of the proceeds of the Note will be fully expended for the governmental purposes of the Issuer within three years of the date of this Certificate.

6. Yield Limitation; Temporary Period

6.1 Except as provided below in this Section 6, none of the gross proceeds of the Note will be invested in any security, any obligation, any annuity contract or any investment-type property that has a yield that exceeds

the yield on the Note by more than one-eighth of one percentage point.

- 6.2 The exception is for proceeds of the Note that are invested for the temporary period described in Section 5.1 of this Certificate.

7. Debt Service Fund

- 7.1 The Issuer has provided for the establishment of a fund for payment of the principal of and interest on the Note as the same fall due. The fund so established will be a "bona fide debt service fund" within the meaning of Treasury Regulations Section 1.148-1(b). Any money deposited in the debt service fund will be spent within a twelve-month period beginning on the date of deposit, and any amount received from investment of money held in this account will be spent within a one-year period beginning on the date of receipt.

- 7.2 The Issuer reasonably anticipates that the Note will be fully paid, currently refunded, and retired from the proceeds of the bond to be issued for the Project on or before 18 months from the date of the Note.

- 7.3 There are no reserve funds or other funds or accounts which the Issuer reasonably expects to be available to pay debt service on the Note.

8. Original Proceeds

- 8.1 The original proceeds of the Note will not exceed the amount necessary to achieve the purpose described in subsection 2.1 of this Certificate.

- 8.2 No portion of the Note is being used (as less than a major portion of the issue) solely for the purpose of investing such portion at a materially higher yield.

- 8.3 No portion of the Note will be used directly or indirectly to replace funds which were used to acquire obligations with a yield that is materially higher than the yield on the Note.

9. Composite Issues

- 9.1 There are no other obligations being issued:

(i) at substantially the same time as the Note;

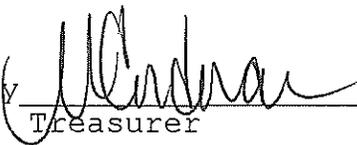
- (ii) pursuant to a common plan of financing; and
- (iii) which will be paid out of substantially the same source of funds (or will have substantially the same claim to be paid out of substantially the same source of funds).

10. Loans

10.1 The proceeds of the Note are not being loaned to any person.

DATED: As of the 17th day of September, 2009.

CITY OF PAYETTE
Payette County, Idaho

By  _____
Treasurer