

ORDINANCE NO. 1001

AN ORDINANCE OF THE CITY OF PAYETTE AUTHORIZING THE ISSUANCE AND SALE OF LOCAL IMPROVEMENT DISTRICT NO. 89-1 BONDS; SPECIFYING THE DATE, FORM, INTEREST RATE, REGISTRATION, AND MATURITIES OF SAID BONDS; ESTABLISHING A BOND FUND, INTEREST FUND, AND RESERVE FUND; AUTHORIZING THE SALE OF THE BONDS AT PRIVATE SALE; PROVIDING COVENANTS; AND PROVIDING FOR OTHER MATTERS RELATING THERETO

WHEREAS, the City Council (the "Council") of the City of Payette, of Payette County, Idaho (the "City"), has heretofore, by Ordinance No. 999, adopted on March 5, 1990, adopted and confirmed the assessment roll in the total amount of \$437,898.72 and provided for the issuance of local improvement district bonds for Local Improvement District No. 89-1 ("L.I.D. No. 89-1") to pay the costs of street improvements, together with the expenses incident to the project or to the issuance of bonds; and

WHEREAS, the sum of \$138,736.07 of said confirmed assessment roll for L.I.D. No. 89-1 was prepaid during the thirty (30) day prepayment period permitted by law for the payment of assessments without penalty or interest and because of such prepayment ten percent (10%) of this sum is no longer required to place in a reserve fund, leaving unpaid assessments in the amount of \$284,720.60; and

WHEREAS, the Council desires to issue and sell bonds of L.I.D. No. 89-1 in the principal amount of \$284,720.60 in order to pay the remaining costs and expenses of said improvements; and

WHEREAS, the City is authorized to sell local improvement district bonds at private sale and has received an offer to purchase said bonds from Kirchner Group, a Division of George K. Baum & Company, and the Council desires to authorize and enter into a contract for the sale of said bonds.

NOW, THEREFORE, BE IT ORDAINED BY THE MAYOR AND COUNCIL OF THE CITY OF PAYETTE, IDAHO, as follows:

Section 1: BONDS AUTHORIZED

Local Improvement District No. 89-1 Bonds (the "Bonds") in the principal amount of \$284,720.60 are hereby authorized to be issued, sold, and delivered. The Bonds are issued in the principal amount of the assessable portion of the cost of effecting the above-described local improvements, including the contract price and the cost and expenses of engineering, legal, and all other costs incidental to said improvements, including the costs

of issuance of the Bonds, publications, interim financing, and the cost of establishing a reserve fund for the Bonds, reduced by (i) the prepayment of assessments and (ii) ten percent (10%) of the assessments so prepaid, representing the amount no longer required for a reserve fund because of such prepayment.

Section 2: DESCRIPTION OF BONDS

The Bonds shall be dated May 1, 1990, shall be in the aggregate principal amount of \$284,720.60, and shall be issued, sold and delivered at par plus accrued interest to date of delivery, as hereinafter set forth. Said Bonds shall be in denominations of \$5,000, or any integral multiple thereof, except Bond No. One, which shall be in the denomination of \$14,720.60. The Bonds shall be registered as to both principal and interest, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary, shall bear interest, payable annually on May 1 of each year, commencing May 1, 1991, from their date at the following rates per annum, and shall mature serially on May 1 in the following years and the following amounts:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
May 1, 1991	\$ 14,720.60	8.750%
May 1, 1992	10,000.00	8.625
May 1, 1993	15,000.00	8.500
May 1, 1994	15,000.00	8.500
May 1, 1995	15,000.00	8.500
May 1, 1996	15,000.00	8.000
May 1, 1997	20,000.00	8.000
May 1, 1998	20,000.00	7.150
May 1, 1999	20,000.00	7.200
May 1, 2000	20,000.00	7.250
May 1, 2001	20,000.00	7.300
May 1, 2002	20,000.00	7.400
May 1, 2003	25,000.00	7.500
May 1, 2004	25,000.00	7.550
May 1, 2005	30,000.00	7.600

Both principal of and interest on the Bonds shall be fully paid within fifteen (15) years from their date. The Bonds shall be substantially in the form as set forth in Exhibit "A" attached hereto and by reference made a part hereof.

Section 3: EXECUTION

Without unreasonable delay, the City shall cause the Bonds to be prepared, executed, authenticated, and delivered, which Bonds shall be lithographed or printed with engraved or lithographed

borders. The Bonds shall be signed by the facsimile signature of the Mayor, countersigned by the facsimile signature of the City Treasurer, and attested by the facsimile signature of the City Clerk, and shall be sealed with the imprinted facsimile of the corporate seal of the City. Said facsimile signatures shall be effective so long as any Bonds are outstanding, irrespective of the fact that any of the persons holding such offices may no longer be in office prior to the issuance of any Bonds herein authorized. Bonds bearing the facsimile signatures of such officers shall be valid when authenticated and delivered by the Bond Registrar in accordance with the terms of this Ordinance. Any Bond may also be signed and attested on behalf of the City by such persons as at the actual date of execution of such Bond shall be the proper officers of the City, although at the original date of such Bond such persons shall not have been such officers of the City.

Until the bonds are prepared, the City may, if deemed necessary by the Mayor, utilize a temporary bond which shall be typewritten, and which shall be delivered to the purchaser of the Bonds in lieu of definitive bonds, subject to the same provisions, limitations, and conditions as the Bonds. The temporary bond shall be dated as of the date of the Bonds, shall be in the denomination of \$284,720.60, shall be numbered T-1, shall be substantially of the tenor of the Bonds, but with such omissions, insertions, and variations as may be appropriate to temporary bonds, and shall be manually signed by the Mayor, the Treasurer, and the City Clerk, and shall have the seal of the City impressed thereon.

Prior to delivery of any Bond hereunder, the Certificate of Authentication shall be manually executed by the Bond Registrar. Only such Bonds as shall bear thereon a Certificate of Authentication, manually executed by the Bond Registrar, shall be valid or become obligatory for any purpose or be entitled to any security or benefit under this Ordinance. Such Certificate of Authentication shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated, and delivered hereunder and are entitled to the benefits of this Ordinance.

#### Section 4: PLACE AND MANNER OF PAYMENT

Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Payment of each installment of interest on the Bonds shall be made on its annual due date by check or draft of the Bond Registrar (hereinafter defined) mailed to the registered owners thereof, or assigns, at the address appearing on the registration books for L.I.D. No. 89-1 maintained by the Bond Registrar (the "Bond Register") as of the close of business on the fifteenth day of the calendar month next preceding each interest payment date. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the

registered owners thereof at the office of the Bond Registrar, on or after the date of maturity or prior redemption.

Section 5: BOND REGISTRAR

The Corporate Trust Department of West One Bank, Idaho, N.A., is hereby appointed as bond registrar, transfer agent, and paying agent, and is herein referred to as the "Bond Registrar." The Bond Registrar shall keep, or cause to be kept, at its office, sufficient books for the registration and transfer of the Bonds.

The Bonds may be transferred only upon the books for the registration and transfer of Bonds, upon the surrender thereof at the office of the Bond Registrar, together with a form of transfer duly executed by the Registered Owner or his attorney duly authorized in writing substantially in the form set forth in the form of Bond referred to in Section 3 hereof. Upon the transfer of any Bond, there shall be issued in the name of the transferee or transferees a new fully registered Bond of the same denomination, maturity, and interest rate as the surrendered Bond. The new Bond shall bear the same date as the date of the surrendered Bond, but shall bear interest from the immediately preceding interest payment date to which interest has been paid or duly provided for. This section is intended to provide for a system of registration as provided by Title 57, Chapter 9, Idaho Code.

The Bond Registrar shall not be required to exchange or transfer any Bond within fifteen (15) days of an interest payment date or, in the case of any redemption of Bonds, within fifteen (15) days of the redemption date.

Section 6: REDEMPTION

Bonds maturing on or before May 1, 1997, shall not be subject to call or redemption prior to their stated dates of maturity. The City reserves the right to redeem any or all of the Bonds maturing on or after May 1, 1998, on any payment date on or after May 1, 1997, whenever the City Treasurer has sufficient funds available in the Bond Fund and Interest Fund (as defined in Section 7 hereof) to pay the principal of and accrued interest on one or more of the Bonds, over and above the amounts necessary to pay currently maturing installments of principal and interest, at the following times and prices, expressed as a percentage of the principal amount, plus accrued interest to the date of redemption:

<u>Redemption Date</u>	<u>Redemption Price</u>
May 1, 1997, through May 1, 1999	101%
May 1, 2000, and thereafter	100

In the case of redemption of fewer than all of the outstanding Bonds, Bonds to be redeemed shall be selected by the Bond Registrar by lot, and shall, insofar as can be done taking into consideration the denominations of the outstanding bonds, represent an equal amount of Bonds from each maturity outstanding at the time of redemption. The decision of the Bond Registrar in selecting the Bonds for retirement shall be conclusive in the absence of fraud.

Notice of any intended redemption shall be given not less than twenty-one (21) nor more than sixty (60) days prior to the redemption date 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 Ordinance 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 owner of such Bond. Interest on all of such Bonds so called for redemption shall cease to accrue on the date fixed for redemption unless such Bond or Bonds so called for redemption are not redeemed upon presentation made pursuant to such call.

Section 7: BOND FUND AND INTEREST FUND

The City Treasurer is hereby authorized and empowered, and it shall be his duty, to receive and collect for L.I.D. No. 89-1 all assessments levied on property within said L.I.D. No. 89-1 to pay the costs of said improvements, the installments thereof, the interest thereon, and the penalties accrued, and to pay and disburse such payments to the person or persons lawfully entitled to receive the same, in accordance with the laws of the State of Idaho and all ordinances and resolutions of the City.

All moneys constituting payment of principal on said unpaid installments of assessments for L.I.D. No. 89-1 are to be deposited into a special fund, designated "City of Payette Local Improvement District No. 89-1 Bond Fund" (the "Bond Fund"), which is hereby created, and shall be used and applied for the purpose of paying the principal of the Bonds herein authorized and for no other purpose whatsoever, and as security for such payment the Bond Fund is hereby pledged.

All moneys constituting payment of interest on said unpaid installments of assessments for L.I.D. No. 89-1 are to be deposited into a special fund designated "City of Payette Local Improvement District No. 89-1 Interest Fund" (the "Interest Fund"), which is hereby created, and shall be used and applied for the purpose of paying the interest on the Bonds herein authorized and for no other purpose whatsoever, and as security for such payment the Interest Fund is hereby pledged.

Both principal of and interest on the Bonds are payable only out of said Bond Fund and Interest Fund, and, if necessary, out of the Local Improvement District No. 89-1 Reserve Fund, hereinafter created, and not otherwise.

Moneys in the Bond Fund and Interest Fund for L.I.D. No. 89-1 shall be deposited in such bank or banks as are designated as depositories of public moneys for the funds of the City under the depository laws of the State of Idaho for the deposit of public funds or investments as provided by law. Interest received on such funds to be deposited or invested shall be placed to the credit of the fund from which it was earned.

\* Section 8: RESERVE FUND

A. For the purpose of further securing the payment of the principal of and interest on the Bonds, there is hereby created a special fund, separate and apart from any other funds of the City and of L.I.D. No. 89-1, designated the "City of Payette Local Improvement District No. 89-1 Reserve Fund" (the "Reserve Fund"), which shall be maintained by the City Treasurer so long as any Bonds remain outstanding. There shall be transferred from the proceeds of the Bonds to the Reserve Fund a sum equal to ten percent (10%) of the principal amount of the Bonds. This sum shall be reduced from time to time as necessary, such that the Reserve Fund balance does not exceed ten percent (10%) of the principal amount of the Bonds outstanding (the "Reserve Requirement").

B. Whenever, on any principal and interest payment date, there are insufficient moneys in either the Bond Fund or the Interest Fund to make the payments of principal or interest then due, the amount of any such deficiency shall be withdrawn from the Reserve Fund and transferred to the Bond Fund or Interest Fund, or both such Funds, in the amounts required, together with other moneys in such Funds, to make the payments of principal and interest then due. The amounts so withdrawn shall be restored to the Reserve Fund from payments of the delinquent assessments until the amount of the Reserve Requirement has been restored. Whenever the amount in the Reserve Fund is insufficient to meet claims for principal and interest against the Reserve Fund, the Council may appropriate funds from other legally available sources to cover such deficiency, as provided by Section 50-1771, Idaho Code.

C. Moneys in the Reserve Fund may be deposited or invested in the same manner as other funds of the City. So long as the Reserve Fund contains the full amount of the Reserve Requirement, all interest or investment earnings shall be deposited into the Bond Fund, to the end that the moneys in the Reserve Fund shall never exceed the Reserve Requirement.

D. In the event the Reserve Fund balance exceeds ten percent (10%) of the principal amount of the Bonds outstanding, the City shall transfer to the Bond Fund the amount in excess of ten percent (10%) of the principal amount of the Bonds outstanding. Upon such transfer, the City shall credit each person paying his or her assessments in installments, whose prior installment payments have been paid, by the proportionate amount that his or her payments bear to the total payments of persons entitled to a credit hereunder. The total credited to a person shall not exceed the portion of such person's assessment attributable to the Reserve Fund.

Section 9: SALE OF BONDS

The sale of the Bonds to, and the execution of a Bond Purchase Agreement, substantially in the form annexed hereto as Exhibit "B," for the purchase of the Bonds by, Kirchner Group, a Division of George K. Baum & Company, are hereby approved, and the Mayor and City Clerk are hereby authorized to execute said Bond Purchase Agreement on behalf of the City.

Section 10: PUBLICATION OF ORDINANCE

Pursuant to Idaho Code Section 50-1727, this Ordinance shall be published once in the official newspaper of the City. No contest or proceeding to question the validity or legality of this Ordinance or of the Bonds authorized hereby shall be brought in any court by any person for any cause whatsoever after the expiration of thirty (30) days from the publication of this Ordinance, and after such time the validity, legality, and regularity of this Ordinance and the Bonds authorized hereby shall be conclusively presumed.

Section 11: COVENANTS OF THE CITY

The City further covenants and agrees:

A. The Bonds are qualified tax-exempt obligations within the meaning and for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 (the "Code"), and the City will not designate more than \$10,000,000, including the Bonds, as qualified tax-exempt obligations during the calendar year 1990.

B. None of the proceeds of the Bonds 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 Bonds are not "private activity bonds" within the meaning of Section 141 of the Code. 95% or more of the net proceeds of the Bonds are to be used for the local governmental activities of the City. The City has no subordinate entities. The City has not issued, and will not issue, tax-exempt obligations in calendar year 1990 in a face amount which exceeds \$5,000,000. Accordingly, under Section 148(f)(4)(C) of the Code, the City is not required to pay rebates to the United States under Section 148(f) of the Code.

D. The City will take no action which would cause the Bonds to become arbitrage bonds within the meaning of Section 148 of the Code.

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

Section 12: EFFECTIVE DATE

This Ordinance, or a summary hereof in compliance with Section 50-901A, Idaho Code, shall be published once in the official newspaper of the City and shall take effect and be in force from and after its passage, approval, and publication.

DATED this 20th day of April, 1990.

CITY OF PAYETTE  
Payette County, Idaho

BY *Donald L. Meyer*  
Mayor

ATTEST:

*John R. Franks*  
City Clerk

( S E A L )

(Face of Bond)

UNITED STATES OF AMERICA  
STATE OF IDAHO  
COUNTY OF PAYETTE

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

See Reverse Side for  
Additional Provisions

CITY OF PAYETTE  
LOCAL IMPROVEMENT DISTRICT NO. 89-1 BOND

INTEREST RATE

MATURITY DATE

DATED DATE

May 1, 1990

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That the City of Payette, of Payette County, Idaho (the "City"), for value received, promises to pay from the "City of Payette Local Improvement District No. 89-1 Bond Fund" (the "Bond Fund") created by Ordinance No. 1001, adopted on April 20, 1990 (the "Bond Ordinance"), to the registered owner identified above, or registered assigns, on the maturity date specified above, the principal sum indicated above, and to pay interest thereon from the "City of Payette Local Improvement District No. 89-1 Interest Fund" (the "Interest Fund") created by the Bond Ordinance, from May 1, 1990, or the most recent date to which interest has been paid or duly provided for, at the rate per annum specified above, payable on May 1, 1991, and annually thereafter on the first day of May of each year until the date of maturity or prior redemption of this Bond. Both principal and interest are payable only out of said Bond Fund and Interest Fund, and, if necessary, from the Local Improvement District No. 89-1 Reserve Fund of the City, and not otherwise.

Both principal of and interest on this Bond are payable in lawful money of the United States of America, to the registered owner hereof, whose name and address shall appear on the registration books of the City (the "Bond Register") maintained by the Corporate Trust Department of West One Bank, Idaho, N.A. (the "Bond Registrar"). Interest shall be paid to the registered owner whose name appears on the Bond Register as of the close of business on the fifteenth day of the calendar month next preceding the interest payment date, and shall be paid by check or draft of the Bond Registrar mailed to such registered owner on the due date, at the address appearing on the Bond Register, or such other address as may be furnished in writing by such registered owner to the Bond Registrar. Principal shall be paid to the registered owner upon presentation and surrender of this Bond at the office of the Bond Registrar, on or after the date of maturity or prior redemption.

Section 50-1723, Idaho Code, reads as follows:

"LIABILITY OF MUNICIPALITY. The holder of any bond, issued under the authority of this code, shall have no claim therefor against the municipality by which the same is issued, except to the extent of the funds created and received by assessments against the property within any local improvement district as herein provided and to the extent of the local improvement guarantee fund which may be established by any such municipality under the provisions of this code, but the municipality shall be held responsible for the lawful levy of all special taxes or assessments herein provided and for the faithful accounting of settlements and payments of the special taxes and assessments levied for the payment of the bonds as herein provided. The owners and holders of such bonds shall be entitled to complete enforcement of all assessments made for the payment of such bonds. A copy of this section shall be plainly written, printed or engraved on the face of each bond so issued."

Reference is hereby made to additional provisions of this Bond set forth on the reverse side hereof, and such additional provisions shall for all purposes have the same effect as if set forth in this space.

IN WITNESS WHEREOF, the City of Payette, of Payette County, Idaho, acting through its Mayor and Council, has caused this Local Improvement District No. 89-1 Bond to be signed by the facsimile signature of its Mayor, countersigned by the facsimile signature of the City Treasurer, and attested by the facsimile signature of

the City Clerk, and the official seal of the City to be reproduced hereon, as of this first day of May, 1990.

CITY OF PAYETTE

\_\_\_\_\_  
(facsimile signature)  
Mayor

Countersigned:

\_\_\_\_\_  
(facsimile signature)  
Treasurer

ATTEST:

\_\_\_\_\_  
(facsimile signature)  
City Clerk

[ FACSIMILE SEAL ]

-----  
(Reverse Side of Bond)

ADDITIONAL BOND PROVISIONS

This Bond is one of a duly authorized issue of Bonds of like date, interest rate, tenor, and effect, except for variations required to state numbers, denominations, and maturities, aggregating \$284,720.60.

The City Council, as the agent for said Local Improvement District No. 89-1, created by Ordinance No. 994, adopted on June 5, 1989, has caused this Bond to be issued in the name of the City as a Bond of said Local Improvement District, said Bond, or the proceeds thereof, to be applied in payment of certain street improvements described in the Bond Ordinance.

Payment of the principal of and interest on this Bond is to be borne by owners of property within the above local improvement district from special assessments levied upon all property benefited by the improvements made therein. The registered owner of this Bond shall look only to the Bond Fund and Interest Fund, and, if necessary, to the Local Improvement District No. 89-1 Reserve Fund, created by the Bond Ordinance, for the payment of either the principal of or the interest on this Bond. The

principal sum of this Bond shall be payable from a separate fund under the control of the City Treasurer and designated "City of Payette Local Improvement District No. 89-1 Bond Fund," pledged solely for the payment of the principal of the Bonds of the issue of which this is one and consisting of all moneys constituting the payment of principal of assessments unpaid at the time of the issuance of this Bond. Interest hereon shall be payable from a separate fund under the control of the City Treasurer and designated "City of Payette Local Improvement District No. 89-1 Interest Fund," pledged for the payment of the interest on the Bonds of the issue of which this is one, and consisting of all moneys constituting the payment of interest on assessments unpaid at the time of the issuance of this Bond. Both Funds have been created by the Bond Ordinance. In the event said Bond Fund and Interest Fund shall be insufficient to pay the Bonds and the interest thereon as they become due, the deficiency shall be paid out of the City's Local Improvement District No. 89-1 Reserve Fund.

This Bond is issued pursuant to and in full compliance with the Constitution and statutes of the State of Idaho, particularly Title 50, Chapter 17, Idaho Code, and with the Bond Ordinance.

This Bond is transferable by the registered owner hereof or his attorney duly authorized in writing at the office of the Bond Registrar upon surrender of this Bond accompanied by a duly executed instrument of transfer in the form attached hereto and with guaranty of signature satisfactory to the Bond Registrar, subject to such reasonable regulations as the Bond Registrar may prescribe and upon payment of any tax, fee, or other governmental charge incident to such transfer. Upon any such transfer, there shall be issued in the name of the transferee a new fully registered Bond or Bonds of authorized denominations, of the same maturity and interest rate, and for the same aggregate principal amount as this Bond. The person in whose name this Bond is registered shall be deemed the owner hereof for all purposes, and neither the City nor the Bond Registrar shall be affected by any notice to the contrary.

Bonds maturing on or before May 1, 1997, shall not be subject to call or redemption prior to their stated dates of maturity. The City has reserved the right to redeem the Bonds maturing on or after May 1, 1998, prior to their stated dates of maturity, on any payment date on or after May 1, 1997, whenever the City Treasurer has sufficient funds available in the Bond Fund and Interest Fund, over and above the amounts necessary to pay currently maturing installments of principal and interest, at the following times and prices, expressed as a percentage of the principal amount, plus accrued interest to the date of redemption:

Redemption Date

Redemption Price

May 1, 1997, through May 1, 1990	101½
May 1, 2000, and thereafter	100

If fewer than all of the outstanding Bonds are to be redeemed, Bonds to be redeemed are to be selected by the Bond Registrar by lot, and shall, insofar as can be done taking into consideration the denominations of the outstanding bonds, represent an equal amount of Bonds from each maturity outstanding at the time of redemption. The decision of the Bond Registrar in selecting the Bonds for retirement will be conclusive.

Notice of any intended redemption shall be given not less than twenty-one (21) nor more than sixty (60) days prior to the redemption date 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 the Bond Ordinance 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 owner of any Bond. Interest on all of such Bonds so called for redemption shall cease to accrue on the date fixed for redemption unless such Bond or Bonds so called for redemption are not redeemed upon presentation made pursuant to such call.

The assessments authorized by the confirmed assessment rolls in Local Improvement District No. 89-1 are a lien upon the property assessed and have been pledged to pay the principal of and interest on the Bonds of this issue, pursuant to Chapter 17, Title 50, Idaho Code, the Local Improvement District Code of Idaho, and pursuant also to the ordinances and resolutions of the City.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts and things required by the Constitution and statutes of the State of Idaho and the ordinances and resolutions of the City to exist, to happen, and to be performed precedent to and in the issuance of this Bond and the issue of which it forms a part, necessary to constitute the same legal, binding, and valid special obligations of Local Improvement District No. 89-1, in accordance with the tenor and terms of said Bonds, have existed, have happened, and have been performed in due time, form, and manner; and that the aforesaid special assessments have been legally levied and that this Bond and the other Bonds of this issue do not exceed the amount of unpaid assessments.



ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Name of Transferee: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Tax Identification No. \_\_\_\_\_

the within Bond and hereby irrevocably constitutes and appoints

\_\_\_\_\_

of \_\_\_\_\_,

to transfer said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Registered Owner

NOTE: The signature on this Assignment must correspond with the name of the registered owner as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

SIGNATURE GUARANTEED:

\_\_\_\_\_  
Bank, Trust Company or Member  
Firm of the New York Stock  
Exchange

\_\_\_\_\_  
Authorized Officer

\* \* \* \* \*

BOND PURCHASE AGREEMENT

April 19, 1990

The Honorable Mayor  
and Members of the City Council  
City of Payette  
Payette, Idaho

Dear Mayor and Council Members:

The City of Payette, Payette County, Idaho (the "City"), proposes to sell an issue of City of Payette, Local Improvement District No. 89-1 Bonds (the "Bonds") in the principal amount of \$284,720.60.

This Bond Purchase Agreement (the "Agreement") states the terms and conditions upon which Kirchner Group, A Division of George K. Baum & Company (the "Purchaser") will purchase the Bonds to be issued by the City.

Section 1. Bonds. The Bonds are to be authorized to be issued as fully registered bonds in the aggregate principal amount of \$284,720.60, dated May 1, 1990, bearing annual interest at the rates and maturing on May 1 in the years and in the amounts as set forth in the attached Schedule A. The Bonds are authorized and to be issued pursuant to an ordinance substantially in the form introduced and passed on April 16, 1990 by the City (said ordinance or one substantially in the form of said ordinance called the "Bond Ordinance").

The Bonds maturing on or before May 1, 1997 are not callable. The Bonds maturing on or after May 1, 1998 are callable on the following dates and at the prices expressed as a percentage of the principal amount, plus accrued interest to the date of redemption.

<u>Redemption Date</u>	<u>Redemption Price</u>
May 1, 1997 through May 1, 1999	101%
May 1, 2000 and thereafter	100%

Bonds to be redeemed shall be selected by the Bond Registrar by lot and shall, in the event that less than all outstanding Bonds are to be redeemed, represent an equal amount of Bonds from each maturity outstanding at the time of the redemption.

Regarding redemption, in the event of a conflict between the Bond Ordinance and this Agreement, the Bond Ordinance shall prevail.

Section 2. Sale, Purchase and Delivery of the Bonds.

(a) Upon the terms and subject to the conditions stated in this Agreement, the City agrees to issue and sell to the Purchaser, and the Purchaser agrees to purchase from the City, at the Closing (as defined below), all of the Bonds at the purchase price of the par value of the Bonds, plus accrued interest from May 1, 1990 to the date of the Closing.

(b) The Closing shall occur on May 1, 1990. At the Closing, the Bonds or a temporary bond form prepared and approved by bond counsel shall be delivered by the City to the Purchaser against receipt by the City of the purchase price payable by the Purchaser in good, immediately available funds payable to the order of the City.

Section 3. Purchaser's Conditions. The obligation of the Purchaser to purchase the Bonds shall be subject to the performance by the City of its obligations under this Agreement to be performed at or before the Closing and to the satisfaction of each of the following additional conditions:

(a) As of the Closing, the unqualified approving opinion of Lindsay, Hart, Neil & Weigler, bond counsel, shall be received, in form and substance satisfactory to the Purchaser;

(b) As of the Closing, a no litigation certificate in customary form (including litigation and threatened litigation affecting the City, the source of payment of the Bonds, the issuance of the Bonds, and the Bonds), satisfactory to the Purchaser, shall be received by the Purchaser from the City;

(c) An Official Statement providing information for investors about the City, the Bonds, and the source of payment of the Bonds for use by the Purchaser in connection with the distribution of the Bonds shall be prepared by or on behalf of the City in a form and substance satisfactory to the Purchaser. With the delivery of the Bonds at the Closing, the Purchaser shall receive the certificate of the City to the effect that the Official Statement, as then supplemented or amended, does not contain an untrue statement of any material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading;

(d) By adoption of this Agreement, the Official Statement dated April 16, 1990 is "deemed final" by the City for purposes of SEC Rule 15c2-12(b)(1). The information contained in the Preliminary Official Statement and the Official Statement, and in any amendment or supplement that may be authorized by the City for use with respect to the Bonds (collectively referred to as the "Official Statement"), are as of their respective dates, and as of the Closing will be true and correct; and do not contain and will not contain any untrue statement of a

material fact that is necessary to make the Official Statement, in light of the circumstances under which they were made, not misleading. The City makes no representation regarding the pricing information on the cover page of the Official Statement. The Purchaser is authorized to use the Official Statement in marketing and consummating sales of the Bonds;

(e) From the date hereof until the Closing, and for a period of 25 days following the "end of the underwriting period," the beginning of which is defined as the later of the Closing Date or the time at which the Purchaser does not retain an unsold balance of Bonds to be sold to the public, and to the extent that the City knows or is made aware, if any event shall occur as a result of which it is necessary to supplement the Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, the City shall forthwith notify the Purchaser of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Official Statement necessary, in the reasonable opinion of the Purchaser, so that the statements therein as so supplemented will not be misleading in the light of circumstances existing at such time;

(f) At the Closing, the Purchaser and the City shall receive an opinion of Lindsay, Hart, Neil & Weigler to the effect that the summary description of the Ordinance in the Official Statement has been compared to such document and that the firm has not independently verified the information contained in the Official Statement (except for the summary description of such document and the statements contained under the heading "Tax Exemption") and is not passing upon, and does not assume responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement;

(g) Subsequent to the date of this Agreement, the market price of the Bonds, or the market price of general obligation or revenue obligations issued by states or their political subdivisions, shall not, in the judgment of the Purchaser, have been materially and adversely affected by reason of the fact that:

(i) legislation shall have been enacted by the Congress of the United States, or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either House of the Congress by the Committee of such House to which such legislation has been referred for consideration, or

(ii) a decision shall have been rendered by a court established under Article III of the Constitution of the United States, or the United States Tax Court, or

(iii) an order, ruling, or regulation shall have been made or proposed by the Treasury Department of the United States or the Internal Revenue Service,

in each such case with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by any holder of the Bonds;

(f) As of the Closing, the Purchaser shall receive such additional certificates, including an opinion from counsel to the City in a form acceptable to the Purchaser, regarding other matters relating to the Bonds, or other documents as it may reasonably require to evidence the compliance with the terms of this Agreement and completion of the conditions required by the Ordinance.

Section 4. City's Conditions. The obligation of the City to issue and sell the Bonds pursuant to this Agreement will be subject to the performance of the obligations of the Purchaser under this Agreement to be performed at or before the Closing, to the rendering of the unqualified approving opinion of Lindsay, Hart, Neil & Weigler, bond counsel, as described in Subsection 3(a) of this Agreement, and to the completion of the conditions required by the Ordinance.

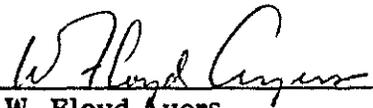
Section 5. Expenses. Expenses of the City incurred in connection with the issuance and sale of the Bonds shall be paid by the City, including without limitation, attorney's fees and printing of the Bonds in definitive form.

Section 6. Termination. The Purchaser shall have the right to terminate this Agreement at or before the Closing, by giving notice to the City, if trading on the New York Stock Exchange shall have been suspended, if minimum or maximum prices for securities shall have been required, on the New York Stock Exchange, by that exchange, by order of the Securities and Exchange Commission, or by any other governmental authority having jurisdiction, or if a banking moratorium shall have been declared by federal, New York or Idaho authorities. If this Agreement shall be terminated as allowed in this Section, such termination shall be without liability of any party to this Agreement to any other party of this Agreement.

Section 7. Governing Law. This Agreement is made under, and shall be governed by, and construed in accordance with, the laws of the State of Idaho.

Yours truly,

KIRCHNER GROUP, A Division of  
George K. Baum & Company

By   
W. Floyd Ayers  
Vice President and Manager

This Agreement is accepted by the City of Payette, Idaho, pursuant to the authority of the City Council of the City of Payette, Idaho, this 20 day of April, 1990.

By Floyd Moyer  
Floyd Moyer, Mayor

Attest:

John P. Franks  
John P. Franks, Clerk

\$284,720.60  
**CITY OF PAYETTE, IDAHO**  
**LOCAL IMPROVEMENT DISTRICT**  
**15 YEAR DEBT - NON RATED - BANK QUALIFIED**  
**AS OF MAY 1, 1990**

<u>Date</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Total</u>	<u>Annual Total</u>
11/01/90					
05/01/91	14,720.60	8.750%	22,078.05	36,798.65	36,798.65
11/01/91					
05/01/92	10,000.00	8.625%	20,790.00	30,790.00	30,790.00
11/01/92					
05/01/93	15,000.00	8.500%	19,927.50	34,927.50	34,927.50
11/01/93					
05/01/94	15,000.00	8.500%	18,652.50	33,652.50	33,652.50
11/01/94					
05/01/95	15,000.00	8.500%	17,377.50	32,377.50	32,377.50
11/01/95					
05/01/96	15,000.00	8.000%	16,102.50	31,102.50	31,102.50
11/01/96					
05/01/97	20,000.00	8.000%	14,902.50	34,902.50	34,902.50
11/01/97					
05/01/98	20,000.00	7.150%	13,302.50	33,302.50	33,302.50
11/01/98					
05/01/99	20,000.00	7.200%	11,872.50	31,872.50	31,872.50
11/01/99					
05/01/2000	20,000.00	7.250%	10,432.50	30,432.50	30,432.50
11/01/2000					
05/01/2001	20,000.00	7.300%	8,982.50	28,982.50	28,982.50
11/01/2001					
05/01/2002	20,000.00	7.400%	7,522.50	27,522.50	27,522.50
11/01/2002					
05/01/2003	25,000.00	7.500%	6,042.50	31,042.50	31,042.50
11/01/2003					
05/01/2004	25,000.00	7.550%	4,167.50	29,167.50	29,167.50
11/01/2004					
05/01/2005	30,000.00	7.600%	2,280.00	32,280.00	32,280.00
	<u>284,720.60</u>		<u>194,433.05</u>	<u>479,153.65</u>	<u>479,153.65</u>

Average Coupon Rate

7.566%

Average Life

9.03 Years