

RESOLUTION NO. 2024-16

A RESOLUTION OF THE CITY OF PAYETTE, PAYETTE COUNTY, IDAHO, AUTHORIZING THE ISSUANCE OF A BOND ANTICIPATION NOTE PENDING THE ISSUANCE OF A WATER REVENUE BOND; 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 operating under the laws of the State of Idaho; and

WHEREAS, the City is authorized to own, operate, and maintain a domestic water system; and

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

WHEREAS, the Mayor and Council (the "Council") of the City, by adoption of Ordinance No. 1548 on February 26, 2024, ordered a special election to be held within the City for the submission to the electors of the City the question of whether or not the City should be authorized to issue its general obligation bonds in a principal amount up to \$3,600,000 to provide funds to finance the costs of expanding the City's water system with related improvements, and costs and fees related thereto, as set forth in Ordinance No. 1548; and

WHEREAS, at the special election, duly noticed, held, and conducted within the City on May 21, 2024, the requisite majority of the qualified electors of the City approved the issuance of the water revenue bonds of the City; and

WHEREAS, the City Council ("Council") has determined that the public health, safety, and welfare will be furthered by the water improvement project described hereinafter and has further determined to issue water revenue bonds of the City in an aggregate principal amount not to exceed \$3,600,000; and

WHEREAS, Section 57-227, Idaho Code, authorizes the sale of water revenue bonds at private sale in such manner as the Council may determine, and the Council has determined to issue water revenue obligations to a purchaser to be determined at a later date.

WHEREAS, the sale of such bonds was authorized by the adoption of Ordinance No. 1557 on August 19, 2024 (the "Bond Ordinance"). Capitalized terms not otherwise defined shall be as set forth in the Bond Ordinance; and

WHEREAS, the Council is authorized and empowered 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 Zions Bancorporation, N.A. (“Purchaser”) to provide interim financing for the City’s water improvement project pending the issuance of the Bond, and the Council desires to accept such offer and to authorize the issuance, sale, and delivery of a bond anticipation note in accordance with such offer;

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 costs of improvements and betterments to the domestic water system of the City or otherwise defraying any cost of the Project authorized thereby as the same becomes due, the Mayor and City Clerk 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.

Section 2: The bond anticipation note, designated “City of Payette Water 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 not to exceed \$2,100,000, 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 upon the earlier of the issuance of the Bond or on August 1, 2027.

Section 3: The Note shall bear interest on its outstanding principal amount at the tax exempt rate of 3.68% per annum through its redemption or maturity. Interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest accrues on the amount of outstanding principal commencing on the date of the first draw. Interest on the Note shall be payable each February 1 and August 1, starting on February 1, 2025.

Section 4: The Note shall be sold at private sale for not less than par value thereof to the Purchaser, in accordance with the Purchaser’s Term Sheet dated August 8, 2024 (the “Term Sheet”) to purchase the Note, a copy of which is annexed hereto as Exhibit “B.”

Section 5: The City may draw on the Note in such amounts as required by the needs of the City and as set forth in the Term Sheet, so long as the aggregate total principal amount of the Note does not exceed \$2,100,000. Draws will be funded upon receipt and after satisfactory review of the application for payment and will be limited to two draws of any size per month.

Section 6: There has been created, by Ordinance 1557, dated August 19, 2024, the “City of Payette Capital Improvement Fund,” into which shall be deposited all of the proceeds of the draws on the Note into an escrow account held by Zions Corporate Trust, as Trustee. A separate account shall be established thereunder and maintained in the books of account of the City, 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 Project, to include the redemption of outstanding bond anticipation notes used for the 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 Treasurer of the City (the “Treasurer”) in the name of the Purchaser or its assignee, both as to principal and as to interest, and any transfer thereof must likewise be registered.

Section 8: The outstanding principal due under 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. Notice of any intended call or redemption shall be provided to the registered owner at least fifteen (15) business days prior to the redemption date.

Section 9: The outstanding principal due under the Note and the interest thereon shall be payable in lawful money of the United States of America to the registered owner thereof by preauthorized debit, wire transfer, or 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, shall be signed by the Mayor, countersigned by the Treasurer, and attested by the City Clerk.

Section 11: Any additional parity debt must be approved by the Purchaser. The City will maintain a 1.25% rate covenant based on Net Revenues as such terms as defined in the Bond Ordinance.

Section 12: The proceeds of the sale of the Bond or a refunding bond anticipation note of the City, grants, if any received by the City for the Project, or unencumbered funds remaining in the Capital Improvement Fund after final acceptance of the Project, or Net Revenues of the City’s domestic water system (the “Available Funds”) are hereby pledged for the payment and redemption of the outstanding principal of and interest on the Note. A special fund of the City to be designated as the “Bond Anticipation Note Fund” (the “Note Fund”) is hereby authorized to be created in the office of the Treasurer for the purpose of paying and securing the payment of the principal of and interest on the Note. The City hereby irrevocably obligates and binds itself for as long as the Note remains outstanding to set aside and pay into the Note Fund out of Available Funds such amounts as are required to pay the interest on and principal of the Note in accordance with its terms or upon earlier prepayment of the Note.

Section 13: The City covenants with the registered owner of the Note as follows:

A. 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.

B. 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.

C. 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.

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

E. The City will continue to maintain and operate its domestic water 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 such that the Net Revenues shall equal 125% of all of its outstanding obligations, which obligations include all outstanding debt for which the Pledged Revenues are pledged to repay (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.

F. During the term of the Note, the City covenants to comply with the requirements under the Purchaser’s Term Sheet.

G. The Note has been designated by the City as a “bank qualified tax-exempt obligation” under Section 265(b)(3) of the Code.

Section 14: This Resolution shall take effect and be in force from and after its passage and approval.

DATED this 19<sup>th</sup> day of August, 2024.

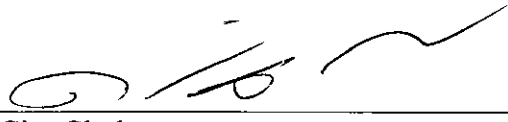
CITY OF PAYETTE  
Payette County, Idaho



By \_\_\_\_\_  
Mayor

A handwritten signature in black ink, appearing to read "R.D. Lopez", is written over a horizontal line.

ATTEST:



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City Clerk

[FORM OF BOND ANTICIPATION NOTE]

NO. ONE

Not To Exceed \$3,600,000

UNITED STATES OF AMERICA  
STATE OF IDAHO

County of Payette

CITY OF PAYETTE  
WATER REVENUE BOND ANTICIPATION NOTE

On or before August 1, 2027 the City of Payette, Payette County, Idaho (the “City”), will pay, in lawful money of the United States of America, to

ZIONS BANCORPORATION, N.A.

the sum of not exceeding

TWO MILLION ONE HUNDRED THOUSAND DOLLARS  
AND NO CENTS

(\$2,100,000.00) together with interest on the outstanding principal balance thereof at the tax-exempt interest rate of 3.68% per annum (calculated on the basis of a 360-day year consisting of twelve 30-day months).

This Bond Anticipation Note is issued pursuant to Idaho Code Section 42-3221, and under and by virtue of and in full conformity with the Constitution and laws of the State of Idaho, and Resolution No. 2024-16 of the City, adopted on August 19, 2024 (the “Bond Anticipation Note Resolution”), for the purpose of paying, pursuant to draws hereunder, any contractor for the construction and installation of improvements and betterments to the domestic water system (the “Project”) as described in Ordinance No. 1556, adopted on August 19, 2024 (the “Bond Ordinance”), and in the Bond Anticipation Note Resolution, 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 from the proceeds of the issuance and sale of the City of Payette Water Revenue Bond, Series 2024 (which designation may be changed to reflect its actual year of issuance) hereinafter referred to as the “Water Revenue Bond.”

The City does hereby pledge and bind itself to set aside and pay into the City’s Bond Anticipation Note Fund the amount required by this Bond Anticipation Note and the Bond Anticipation Note Resolution, with interest to be paid on each April 1 and October 1, beginning

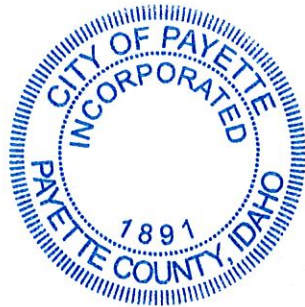
on April 1, 2024, and the principal to be paid therein on the date of maturity of this Note or upon prepayment thereof from the proceeds of the City's Water Revenue Bond, a refunding bond anticipation note, grants, if any received by the City for the Project, or unencumbered funds remaining in the City's Capital Improvement Fund after final acceptance of the Project, and to the extent necessary, Net Revenues, as defined in the Bond Anticipation Note Resolution, of the City's domestic water System.

This Bond Anticipation Note is subject to prior redemption at any time, without penalty, with fifteen days' notice, at the option of the City Council, when proceeds of the City's Water Revenue Bond become available as provided by the Bond Anticipation Note Resolution.

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 have happened, have been done, and have been performed and the first proceeds of the issuance and sale of the City's Water Revenue Bond, the Capital Improvement Fund and the Net Revenues are pledged for the payment of the same.

THE PURCHASER AND HOLDER OF THIS NOTE AGREES FOR THE BENEFIT OF THE CITY THAT THIS NOTE MAY BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (I) TO THE CITY (II) TO AFFILIATES OF THE PURCHASER, OR (3) A "BANK" AS SUCH TERM IS DEFINED IN SECTION 3(A)(2) OF THE SECURITIES ACT OF 1933.

IN WITNESS WHEREOF, the City, by its City Council, has caused this Bond Anticipation Note to be executed in its behalf by the manual signature of its Mayor, countersigned by the manual signature of its City Treasurer, and attested by the manual signature of its City Clerk, all as of the 5<sup>th</sup> day of September, 2024.



CITY OF PAYETTE  
Payette County, Idaho

By

  
Mayor

COUNTERSIGNED:

By

  
City Treasurer

ATTEST:

  
City Clerk

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 5, 2024	Zions Bancorporation, N.A. 800 W. Main Street, Ste. 700 Boise, ID 83702	

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