

COMMISSIONERS MINUTES

Exhibit No. 234-92

Book 14 Page _____

ORDINANCE NO. 159-92

AN ORDINANCE OF BONNEVILLE COUNTY, IDAHO, DECLARING THE COST OF ACQUIRING, CONSTRUCTING, AND INSTALLING IMPROVEMENTS TO THE WATER DISTRIBUTION SYSTEM OF THE COUNTY; AUTHORIZING THE ISSUANCE AND SALE OF A LOCAL IMPROVEMENT DISTRICT BOND IN THE PRINCIPAL AMOUNT OF \$201,600; PROVIDING FOR THE DATE, FORM, MATURITIES, AND DESIGNATION OF SAID BOND; FIXING THE RATE OF INTEREST ON SAID BOND; PROVIDING FOR REGISTRATION AND AUTHENTICATION OF SAID BOND; APPROVING THE SALE OF SAID BOND TO THE UNITED STATES OF AMERICA DEPARTMENT OF AGRICULTURE, FARMERS HOME ADMINISTRATION; PROVIDING FOR CERTAIN COVENANTS RELATING TO FEDERAL TAX LAW; PROVIDING FOR THE EFFECTIVE DATE OF THIS ORDINANCE; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

BONNEVILLE COUNTY, IDAHO

LOCAL IMPROVEMENT DISTRICT NO. 7 BOND
PRINCIPAL AMOUNT OF \$201,600

BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF BONNEVILLE COUNTY, IDAHO, as follows:

WHEREAS, Bonneville County, Idaho (the "County"), is a duly incorporated and existing municipal corporation organized and operating under the Constitution and laws of the State of Idaho; and

WHEREAS, the County is authorized to conduct proceedings and to form local improvement districts for the purpose of financing the acquisition, construction and installation of improvements to facilities within the local improvement district pursuant to the terms and provisions of Idaho Code Title 50, Chapter 17; and

WHEREAS, the Board of Commissioners of the County (the "Board") after proper notice duly created its Local Improvement District No. 7 ("LID No. 7") and ordered the acquisition, construction and installation of water system improvements by Ordinance No. 155-91, adopted on August 19, 1991;

WHEREAS, the County, by the passage of Ordinance No. 156-91, adopted on November 8, 1991, authorized the issuance of local improvement district interim warrants in the amount not to exceed \$245,000, in anticipation of the receipt of proceeds of a local improvement district bond, to temporarily finance a portion of the cost of making such improvements; and

WHEREAS, the total assessment roll within LID No. 7, as confirmed by Ordinance No. 158-92, adopted on March 11, 1992, has been determined to be \$262,650; and

WHEREAS, no appeals from assessments have been filed in the Seventh Judicial District of the State of Idaho, Bonneville County; and

WHEREAS, the owners of the property within said LID No. 7 have heretofore paid the sum of \$61,050, leaving an unpaid balance of \$201,600, which amount shall be produced by the issuance and sale of a local improvement district bond; and

WHEREAS, the County has received an offer to purchase said bond from the United States Department of Agriculture, Farmers Home Administration ("Farmers Home Administration") and desires to enter into a contract for the sale of said bond; and

WHEREAS, the Board now desires to authorize the issuance of its Local Improvement District No. 7 Bond;

NOW, THEREFORE, BE IT FURTHER ORDAINED, as follows:

Section 1: DEFINITIONS

As used in this Ordinance, capitalized terms shall have the meanings provided in this Section. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders, and vice versa. Words imparting the singular number shall include the plural numbers and vice versa, unless the context shall otherwise indicate.

Acquire, Acquiring or Acquisition includes the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the federal government, the State of Idaho, any public body therein or any person or entity, the condemnation, transfer, option to purchase, other contract, or other acquirement, or any combination thereof.

Board shall mean the Board of Commissioners of Bonneville County, Idaho.

Bond or **Bonds** shall mean the "Bonneville County Local Improvement District No. 7 Bond," herein authorized to be issued, sold, and delivered in the principal amount of \$201,600.

Bond Fund shall mean the "Bonneville County Local Improvement District No. 7 Bond Fund" created by Section 9 of Ordinance No. 158-92, adopted on March 11, 1992, and referred to in Section 11 of this Ordinance for the purpose of paying principal of the Bond.

Bond Registrar shall mean the Treasurer of the County, who shall also act as transfer agent, authenticating agent, and paying agent, pursuant to Section 9 of this Ordinance.

Bond Year shall mean the one-year period (or shorter period from the date of issue) that ends on the close of business on May 31 .

Chairman shall mean the de facto or de jure Chairman of the Board, or any presiding officer or titular head of the County or his/her successor in functions, if any.

Clerk shall mean the de facto or de jure Clerk, or other officer of the County who is the custodian of the seal of the County and of the records of the proceedings of the Board, or his/her successor in function, if any.

Code shall mean the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder.

Construction Fund shall mean the "Bonneville County Construction Fund" created by Section 13 of Ordinance No. 156-91, adopted on November 8, 1991, and referred to in Section 10 of this Ordinance.

Cost of the Project or Costs of the Project or any phrase of similar import, shall mean all or any part designated by the Board of the costs of the Project, or interest therein, which costs, at the option of the Board, may include all or any part of the incidental costs pertaining to the Acquisition of the Project, including, without limitation:

(1) Preliminary expenses advanced by the County from funds available for the use therefor, or advanced by the federal government, or from any other source, with approval of the Board, or any combination thereof;

(2) The costs of making surveys, audits, preliminary plans, other plans, specifications, estimates of costs and other preliminaries;

(3) The costs of appraising, printing, estimates, advice, services of engineers, architects, financial consultants, attorneys at law, clerical help, or other agents or employees;

(4) The costs of contingencies;

(5) The costs of any discount on the Bond and of any of the costs of issuance of the Bond;

(6) The costs of funding any short-term financing, warrants, or other temporary loans appertaining to the Project, and of the incidental expenses incurred in connection with such loans;

(7) The Acquisition costs of any properties, rights, easements, or other interest in properties, or any licenses, privileges, agreements and franchises; and

(8) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the County.

County shall mean Bonneville County, Idaho, a duly incorporated and existing municipal corporation organized and operating under the Constitution and laws of the State of Idaho.

Farmers Home Administration shall mean the United States Department of Agriculture, Farmers Home Administration.

Guarantee Fund shall mean the "Bonneville County Local Improvement Guarantee Fund" created by Ordinance No. 158-92, adopted on March 11, 1992, for the purpose of guaranteeing, to the extent of such fund, the payment of principal of and interest on local improvement district bonds and warrants of the County.

Interest Fund shall mean the "Bonneville County Local Improvement District No. 7 Interest Fund" created by Section 9 of Ordinance No. 158-92 adopted on March 11, 1992 and referred to in Section 11 of this Ordinance for the purpose of paying interest on the Bond.

Improvement(s) or Improve includes the Acquisition, extension, widening, lengthening, betterment, alteration, reconstruction, or other major improvement, or any combination thereof, of any properties pertaining to the System or an interest therein, but does not mean general maintenance or repair.

Net Proceeds when used with reference to the Bond, shall mean the face amount of the Bond, plus accrued interest, if any, and original issue premium, if any, and less original issue discount, if any, and less proceeds deposited into the Guarantee Fund, if any.

Ordinance No. 159-92 shall mean Ordinance No. 159-92, adopted on March 11, 1992, by the Board authorizing the issuance of the Bond.

Private Person shall mean any natural person engaged in a trade or business or any trust, estate, partnership, association, company or corporation.

Private Person Use shall mean the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Person Use includes ownership of the property of the Private Person as well as other arrangements that transfer to the Private Person the actual or beneficial use of the property (such as a lease, management or

incentive payment contract or other special arrangement) in such a manner as to set the Private Person apart from the general public. Use of property as a member of the general public includes attendance by the Private Person at municipal meetings or business rental of property to the Private Person on a day-to-day basis if the rental paid by such Private Person is the same as the rental paid by any Private Person who desires to rent the property. Use of property by nonprofit community groups or community recreational groups is not treated as Private Person Use if such use is incidental to the governmental uses of property, the property is made available for such use by all such community groups on an equal basis and such community groups are charged on a de minimis fee to cover custodial expenses.

Project shall mean the water improvement project described and authorized by Ordinance No. 155-91, adopted on August 19, 1991, and consisting generally of the acquisition, construction and installation of improvements and additions to the Bonneville County water distribution system and facilities.

Registered Owner or Registered Owners shall mean the purchaser or purchasers of the Bond or Bonds and any subsequent transferees or purchasers of the Bond or Bonds.

System shall mean the water system and facilities of the County, as it now exists, including the assets, real and personal, tangible and intangible, as it will be added to by the Acquisition of the Project, and as it may later be added to, improved and extended, and shall include buildings, structures, utilities or other income-producing property from the operation of or in connection with which revenues for the payment of the Bond to be issued hereunder will be derived, and the lands appertaining thereto, including, without limitation, any Improvement to be Acquired with the proceeds of the Bond.

Treasurer shall mean the Treasurer of the County, or his or his/her successor in functions, if any.

United States shall mean the United States of America.

Warrants shall mean the interest-bearing "Bonneville County, Idaho Local Improvement District No. 7 Interim Warrants" issued in the aggregate principal amount of not to exceed \$245,000, pursuant to, and for the purposes authorized in Ordinance No. 156-91, adopted on November 8, 1991.

Section 2: THE PROJECT

A. Project Description. The County shall Acquire certain Improvements to the System, consisting of the following:

(1) Improvement of properties by the installation, construction, and reconstruction of a complete new water

distribution system to extend, maintain, and repair water works, pipes, mains, hydrants, and other water facilities, for the purpose of supplying water for domestic and fire protection purposes including, but not limited to, installation of water mains, valves, fittings, fire hydrants, service lines, service connections, connection to houses, water meters, street repair and such other improvements as are reasonable and necessary for the improvement and installation of a new water distribution system to conform with the general regulations of the Idaho State Department of Health for culinary water systems.

(2) Engineering fees, administrative costs, legal fees and all other costs incidental thereto; together with sites and easements therefor, and all appurtenances, equipment and machinery necessary or useful for said System.

Said Project is more fully described in the plans and specifications prepared by David E. Benton and Associates, of Idaho Falls, Idaho, on file in the office of the Clerk and hereby incorporated herein by this reference.

B. Cost of the Project. The total Cost of the Project is estimated to be \$408,800, of which \$201,600 will be financed by the proceeds of the Bond, hereinafter defined, authorized to be issued by the Board by this Ordinance. The remainder of the Cost of the Project will be paid with grant funds from Farmers Home Administration, prepaid assessments from property owners and other legally available funds, including the issuance of an additional series of bonds, if necessary.

Section 3: BOND AUTHORIZED

A local improvement district bond of the County, in fully registered form, designated "Bonnevill County Local Improvement District No. 7 Bond" (the "Bond"), in the principal amount of \$201,600, is hereby authorized to be issued, sold, and delivered. The Bond is issued in the principal amount of the cost of effecting the 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 Bond, publications, and interim financing, less the prepayment of assessments.

Section 4: DESCRIPTION OF BOND

The Bond shall be issued in fully registered form, shall be dated as of the date of delivery, shall be in the total principal amount of \$201,600 and shall bear interest on the unpaid balance from the date of the Bond until paid at the rate of five and seventy-five hundredths percent (5.75%) per annum. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Said Bond shall be payable in equal annual installments of principal and interest, with the first amortized installment of principal and interest being due on June 1, 1993 in the amount of \$14,258, and annual amortized installments of principal and interest due thereafter on each June 1 in the amount of \$14,258 to the date of maturity or prior redemption. The final annual installment may be in such greater or lesser amount as is necessary to fully pay said Bond.

The principal of and interest on the Bond shall be fully paid within thirty (30) years.

The single fully registered Bond referred to herein shall be substantially in the form as set forth in Exhibit "A", attached hereto and hereby made a part hereof.

Section 5: SALE OF BOND AUTHORIZED

The sale of the Bond to the Farmers Home Administration (hereinafter the "Registered Owner"), in accordance with its offer to purchase, is hereby accepted, authorized and approved. The Registered Owner has requested, and the County has agreed, that the obligation of the County thereunder shall be represented in the form of a single registered, transferable bond without coupons. The Registered Owner thereof shall have the right, at its expense, to convert said single bond to fully registered serial bonds, without coupons, in the principal amount then remaining unpaid, bearing the same interest rate, maturing annually on the first day of the month in which the Bond is originally issued, and dated as of the year in which such conversion is effected.

Section 6: EXECUTION AND DELIVERY OF BOND

Without unreasonable delay, the County shall cause a definitive Bond to be prepared, executed and delivered, which Bond shall be lithographed or printed with engraved or lithographed borders. The Bond shall be signed by the Chairman, countersigned by the Treasurer, and attested by the Clerk (all of which signatures shall be done manually), and the official seal of the County shall be impressed thereon. The Bond shall then be delivered to the Bond Registrar for authentication.

Until the definitive Bond is prepared, the County may, if deemed necessary by the Chairman, utilize a temporary Bond which shall be typewritten, and which shall be delivered to the Registered Owner of the Bond in lieu of a definitive Bond, subject to the same provisions, limitations, and conditions as the definitive Bond. The temporary Bond shall be dated as of the date of the Bond, shall be in the denomination of \$201,600, shall be numbered T-1, shall be substantially of the tenor of such definitive Bond, but with such omissions, insertions, and variations as may be appropriate to temporary bonds, and shall be

manually signed by the Chairman, the Treasurer, the Clerk, and the Bond Registrar, and shall have the seal of the County impressed thereon.

In case any of the officers who shall have signed or countersigned the Bond shall cease to be such officer or officers of the County before the Bond so signed or countersigned shall have been authenticated or delivered by the Bond Registrar, or issued by the County, the Bond may nevertheless be authenticated, delivered, and issued and, upon such authentication, delivery, and issue, shall be as binding upon the County as though those who signed and countersigned the same had continued to be such officers of the County. The Bond may also be signed and countersigned on behalf of the County by such persons as at the actual date of execution of the Bond shall be the proper officers of the County although at the original date of the Bond any such person shall not have been such officer of the County.

Only a Bond as shall bear therein a certificate of authentication in the form set forth in Exhibit "A," manually executed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Ordinance, and such certificate of authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated, and delivered hereunder and is entitled to the benefits of this Ordinance.

Section 7: PLACE AND MANNER OF PAYMENT

Both principal of and interest on the Bond are payable in lawful money of the United States of America by check or draft mailed on or before the due date to the Registered Owner at the address of such Registered Owner as shown on the registration books of the County (the "Bond Register") maintained by the Bond Registrar as of the close of business on the 15th day of the calendar month next preceding the payment date.

Section 8: REDEMPTION PRIOR TO MATURITY

A. Optional Redemption. The County hereby reserves the right, at its option with the prior written approval of the Registered Owner, to redeem, on any payment date, the principal amount outstanding, in whole, or, in the manner hereinafter provided, in part, at any time while the single registered Bond is held by the Registered Owner.

Redemption shall be made on any payment date, and partial redemption shall be in the amount of \$1,000 or in multiples thereof. No partial redemption shall extend or postpone the due date of any subsequent installment. Any redemption shall be made without penalty, additional interest, or charges.

B. Notice of Redemption. Notice of any such intended redemption shall be mailed by registered mail to the Registered Owner of the Bond at its address appearing on the Bond Register or at such other address as designated in writing to the Bond Registrar by the Registered Owner, at least thirty (30) days prior to the redemption date.

If the single Bond referred to herein is converted to fully registered serial bonds, without coupons, the County reserves the right to redeem and call said serial bonds, at par plus accrued interest to the date of redemption in inverse numerical order, at the option of the County, on any interest payment date, subject to written notice of such intended redemption to the Registered Owner in the manner provided in this Section 8.

C. Effect of Redemption. When so called for redemption, the Bond or Bonds shall cease to accrue interest on the specified redemption date, provided funds for redemption are on deposit at the place of payment at that time, and shall not be deemed to be outstanding as of such redemption date.

D. Voluntary Redemption Notice. If the Bond is converted to fully registered serial bonds as provided for in section 3 herein, in addition to the notice required by Section B above, further notice may be given by the Bond Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed in said Section 8, Subsection B.

(1) Each further notice of redemption given hereunder shall contain the following information:

- (a) the redemption date;
- (b) the redemption price;
- (c) if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- (d) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date;
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Bond Registrar;

- (f) the CUSIP numbers, if any, of all Bonds being redeemed;
- (g) the date of issue of the Bonds as originally issued;
- (h) the rate of interest borne by each Bond being redeemed;
- (i) the maturity date of each Bond being redeemed;
- and
- (j) any other descriptive information needed to identify accurately the Bonds being redeemed.

(2) Each further notice of redemption shall be sent at least thirty (30) days before the redemption date by registered or certified mail or overnight delivery service to:

(a) all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bond, such depositories now being:

(i) Depository Trust Company, New York, New York, and

(ii) Philadelphia Depository Trust Company, Philadelphia, Pennsylvania; and to

(b) one or more national information services that disseminate notices of redemption of obligations such as the Bond (such as Moody's Municipal and Government, or Standard & Poor's Called Bond Record).

(3) Each such further notice may be published one time in the Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the Registered Owners of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least thirty (30) days prior to the date fixed for redemption.

(4) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number, if any, identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 9: BOND REGISTRAR

The Treasurer of the County is hereby appointed as bond registrar, transfer agent, authenticating agent, and paying agent, and is herein referred to as the "Bond Registrar." The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bond. The Bond Registrar is authorized to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of such Bond and this Ordinance and to carry out all of the Bond Registrar's powers and duties under this Ordinance.

The Bond Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Bond.

The Bond may be transferred only upon the Bond Register, upon the surrender thereof at the principal office of the Bond Registrar, together with a form of transfer duly executed by the Registered Owner or their attorney duly authorized in writing, substantially in the form set forth in the form of the Bond referred to in Section 4 hereof. Upon the transfer of any Bond, there shall be issued in the name of the transferee or transferees a new fully registered Bond or Bonds of the same aggregate principal amount, maturity and interest rate as the surrendered Bond. The new Bond or Bonds 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.

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 Bond, within fifteen (15) days of the redemption date.

Section 10: CONSTRUCTION FUND

There has heretofore been created by Section 13 of Ordinance No. 156-91 adopted on November 8, 1991 a fund known as the "Bonneville County Construction Fund," herein called the "Construction Fund," into which shall be deposited all of the proceeds of the sale of the Bond, plus all grant funds received from any source and/or funds received from any other legally available source, to be used and applied for the payment of the Cost of the Project, including principal of and interest on the Warrants. Any interest earnings on moneys invested from the Construction Fund shall be deposited into the Construction Fund. The County's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into said Construction Fund to assure the completion of the Project.

When the Project has been completed and all costs related thereto have been paid in full, any balance remaining in the

Construction Fund derived from the Bond will be deposited into the Bond Fund described by Section 11 of this Ordinance.

Section 11: BOND FUND AND INTEREST FUND

The County Treasurer was authorized and empowered by Ordinance No. 158-92 adopted by the Board on March 11, 1992, to receive and collect for LID No. 7 all assessments levied on property within the said local improvement district to pay the Cost of the Project, 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 County.

All moneys constituting payment of principal on said unpaid installments of assessments for LID No. 7 are to be deposited into a special fund, designated "Bonneville County Local Improvement District No. 7 Bond Fund" (the "Bond Fund"), created by Ordinance No. 158-92, adopted on March 11, 1992, and shall be used and authorized for the purpose of paying the principal of the Bond 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 LID No. 7 are to be deposited into a special fund, designated "Bonneville County Local Improvement District No. 7 Interest Fund" (the "Interest Fund"), created herein and previously referred to in Ordinance No. 158-92, on March 11, 1992, and shall be used and authorized for the purpose of paying the interest on the Bond herein authorized and for no other purpose whatsoever, and as security for such payment the Interest Fund is hereby pledged.

Both principal and interest on the Bond are payable only out of said Bond Fund and Interest Fund, or out of the Local Improvement Guarantee Fund created in Section 10 of Ordinance No. 158-92, adopted by the Board on March 11, 1992, to the extent of such fund and not otherwise.

Moneys in the Bond Fund and Interest Fund for LID No. 7 shall be deposited in such bank or banks as are designated as depositories of public moneys for the funds of the County 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 12: GUARANTEE FUND

The County authorized the creation of a Guarantee Fund by Ordinance No. 158-91, adopted on November 8, 1991. The County hereby covenants to make deposits into the Guarantee Fund from legally available sources (including the tax levy provided by I.C.

50-1762). Whenever there shall be, on any payment date on the Bond, insufficient funds in the Bond Fund or Interest Fund to make any payment of principal of or interest on the Bond as the same becomes due, payment therefor shall be made by warrant drawn against the Guarantee Fund in the manner provided by Section 50-1763, Idaho Code. If funds for the payment of such warrant are not available in the Guarantee Fund, such warrant shall be registered as provided in Section 50-1763, Idaho Code, and the County shall cause a special tax to be levied and collected therefor as provided in Section 50-1762, Idaho Code. The Guarantee Fund shall thereafter be maintained in the manner provided by Sections 50-1762 through 1769, Idaho Code.

Section 13: LOST, STOLEN, MUTILATED OR DESTROYED BOND

In case any Bond shall be lost, stolen, mutilated or destroyed, the Bond Registrar may authenticate and deliver a new Bond of like date, denomination, number, tenor and effect to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the County in connection therewith and upon his filing with the County evidence satisfactory to the County that such Bond was actually lost, stolen or destroyed and of this ownership thereof, and upon furnishing the County with indemnity satisfactory to the County.

Section 14: TRANSFER OR EXCHANGE OF BOND

The Bond shall be transferable by the Registered Owner thereof in person, or by its attorney duly authorized in writing, upon surrender of the Bond at the principal office of the Bond Registrar for cancellation and issuance of a new Bond registered in the name of the transferee, in exchange therefor.

The Bond shall be exchangeable for Bonds of any authorized denomination or denominations, upon surrender and cancellation of said Bond at the office of the Bond Registrar.

Whenever the Bond or Bonds shall be surrendered for transfer or exchange, the Bond Registrar shall authenticate and deliver to the transferee or exchange, in exchange therefor, a new fully registered Bond or Bonds of any authorized denomination or denominations, of the same maturity and interest rate, and for the aggregate principal amount of such Bond or Bond being surrendered.

The Bond Registrar shall require the payment by the Registered Owner requesting such transfer or exchange of any tax, fee or governmental charge required to be paid with respect to such transfer or exchange. The costs imposed by the Bond Registrar for such transfer or exchange shall be deemed to be a Cost of the Project to be borne by the County.

Section 15: ARBITRAGE; SPECIAL TAX COVENANTS

The County hereby covenants that it will not make any use of the proceeds of sale of the Bond or any other funds of the County which may be deemed to be proceeds of such Bond pursuant to Section 148 of the Code which will cause the Bond to be "arbitrage bonds" within the meaning of said Section. The County will comply with the requirements of Section 148 of the Code (or any successor provision thereof applicable to the Bond) throughout the term of the Bond.

The County hereby further covenants that it will comply with the registration requirements of Section 149(a) of the Code so long as any of the Bond are outstanding,

The County hereby further covenants that it will not take any action or permit any action to be taken that would cause the Bond to constitute "private activity bonds" under Section 141 of the Code.

Section 16: BOND DESIGNATED QUALIFIED TAX-EXEMPT OBLIGATION

The County hereby designates the Bond as a "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code, and the County hereby represents that it does not reasonably expect to issue tax exempt obligations in an aggregate principal amount in excess of \$10,000,000 during the 1992 calendar year.

Section 17: PRIVATE PERSON USE LIMITATION

The County covenants that so long as the Bond is outstanding, it will not permit:

(a) More than 10% of the Net Proceeds of the Bond to be used for any Private Person Use; and

(b) More than 10% of the principal or interest payments on the Bond in a Bond Year to be (under the terms of this Ordinance or any underlying arrangement) directly or indirectly: (i) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (ii) derived from payments (whether or not made to the County) in respect of property, or borrowed money, used or to be used for any Private Person Use.

The County further covenants that, if:

(c) More than 5% of the Net Proceeds of the Bond are to be used for any Private Person Use; and

(d) More than 5% of the principal or interest payments on the Bond in a Bond Year are (under the terms of this Ordinance

or any underlying arrangement) directly or indirectly: (i) secured by any interest in property used or to be used for any Private Person Use or secured by payments in respect of property used or to be used for any Private Person Use, or (ii) derived from payments (whether or not made to the County) in respect of property, or borrowed money, used or to be used for any Private Person Use

then, (i) any Private Person Use of the System described in subsection (c) hereof or Private Person Use payments described in subsection (d) hereof that is in excess of the 5% limitations described in such subsections (c) or (d) will be for a Private Person Use that is related to the state or local governmental use of the System, and (ii) any Private Person Use will not exceed the amount of Net Proceeds of the Bond used for the state or local governmental use portion of the System to which the Private Person Use of such portion of the System relates. The County further covenants that it will comply with any limitations on the use of the System by other than state and local governmental users that are necessary, in the opinion of bond counsel, to preserve the tax exemption of the interest on the Bond.

Section 18: PRIVATE LOAN LIMITATION

The County covenants that so long as the Bond is outstanding, it will not permit Bond proceeds in excess of the lesser of:

- (a) 5% of the Net Proceeds of the Bond, or
- (b) \$5,000,000

of the proceeds of the Bond, to be used (directly or indirectly) to make loans (other than loans that enable a borrower to finance a governmental tax or assessment of general application for a specific essential governmental function) to a Private Person.

Section 19: EXEMPTION FROM ARBITRAGE REBATE REQUIREMENT

The County hereby covenants and represents that it shall not issue more than \$5,000,000 in tax exempt obligations during the 1992 calendar year. Accordingly, the County is not required to comply with the arbitrage rebate rules by virtue of Section 148(f)(4)(C) of the Code.

Section 20: FEDERAL GUARANTY PROHIBITION

The County covenants that so long as the Bond is outstanding, it will not take any action or permit or suffer any action to be taken if the result thereof would be to cause the Bond to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 21: TAX COVENANTS - BOND COUNSEL OPINION

The County shall comply with the provisions of the sections of this Ordinance pertaining to the Code unless in the written opinion of Preston Thorgrimson Shidler Gates & Ellis or other nationally recognized bond counsel to the County, such compliance is not required to maintain the exemption of the interest on the Bond from federal income taxation.

Section 22: VALIDITY OF ISSUANCE

The Bond is issued pursuant to the Local Improvement District Act, being Idaho Code Section 50-1701 through 50-1771, inclusive. This recital is conclusive evidence of the validity of the Bond and the regularity of its issuance.

Section 23: ORDINANCE A CONTRACT

The provisions of this Ordinance shall constitute a contract between the County and the Registered Owner so long as the Bond hereby authorized remains unpaid.

Section 24: DETERMINATION

The Board does hereby find, determine, and declare that it is essential to the public interest, welfare, and convenience of the County and the inhabitants thereof to undertake and acquire the Project. Said Project will be paid for in part by the issuance of the Bond in conformity with the Idaho Code, as set forth herein.

The Project shall conform to the description contained in this Ordinance and ratified and approved by the Board in Ordinance 155-91, adopted on August 19, 1991.

Section 25: SEVERABILITY

If any one or more of the covenants or agreements provided in this Ordinance to be performed on the part of the County shall be declared by any court of competent jurisdiction to be contrary to law, then such covenants or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this Ordinance and shall in no way affect the validity of the other provisions of the Ordinance or of the Bond.

Section 26: REPEALER

All prior resolutions or ordinances inconsistent herewith are hereby repealed and shall, to the extent of such inconsistency, have no further force or effect.

Section 27: PUBLICATION

Pursuant to Section 50-1727, Idaho Code, this Ordinance, or a summary thereof in compliance with Section 31-715A, Idaho Code, shall be published once in the official newspaper of the County. Any contest or proceeding to question the validity or legality of this Ordinance, or of any ordinance, resolution, or proceedings heretofore taken with respect to LID No. 7, or of the Bond authorized hereby, shall be brought in 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 any ordinance, resolution, or proceedings with respect to LID No. 7, or the Bond authorized hereby, shall be conclusively presumed.

Section 28: EFFECTIVE DATE

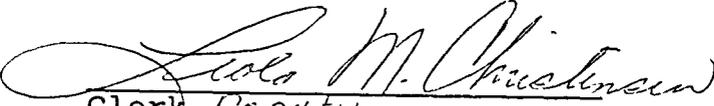
This Ordinance shall take effect and be in force from and after its passage, approval and publication as provided herein.

ADOPTED this 22nd day of May, 1992.

BONNEVILLE COUNTY, IDAHO


Chairman, Board of Commissioners

ATTEST:


Clerk, Deputy

(S E A L)

CERTIFICATION

I, the undersigned Clerk of the Board of Commissioners of Bonneville County, Idaho, HEREBY CERTIFY that the foregoing Ordinance is a full, true and correct copy of a Ordinance duly adopted at a regular meeting of the Board of said County, duly and regularly held at the regular meeting place thereof on _____, 1992 of which meeting all members of said Board had due notice and at which a majority thereof were present; and that at said meeting said Ordinance was adopted by the following vote:

AYES, and in favor thereof, Commissioners: Long, Stanger

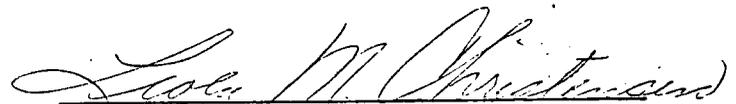
NOES, Commissioners: None

ABSENT, Commissioners: Burtenshaw

ABSTAIN, Commissioners: None

I FURTHER CERTIFY that I have carefully compared the same with the original Ordinance on file and of record in my office; that said Ordinance is a full, true and correct copy of the original Ordinance adopted at said meeting; and that said Ordinance has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have set my hand and affixed the official seal of said County on May 22, 1992.


Clerk, Deputy and Secretary to
Board of County Commissioners

(S E A L)

(Face of Bond)

REGISTERED
1

REGISTERED
\$201,600

UNITED STATES OF AMERICA
STATE OF IDAHO
COUNTY OF BONNEVILLE

LOCAL IMPROVEMENT DISTRICT NO. 7 BOND

(The County has designated the Bond of this Series
as a "Qualified Tax-Exempt Obligations")

See Reverse Side For
Additional Provisions

Interest Rate

Maturity Date

5.75%

KNOW ALL MEN BY THESE PRESENTS: That Bonneville County, Idaho (the "County"), for value received, promises to pay from the "Bonneville County Local Improvement District No. 7 Bond Fund" (the "Bond Fund") created by Ordinance No. __, adopted on _____, 1992, (the "Bond Ordinance") to:

or registered assigns, on the maturity date specified above, the principal sum of

TWO HUNDRED ONE THOUSAND SIX HUNDRED AND NO/100 DOLLARS

and to pay interest thereon from the "Bonneville County Local Improvement District No. 7 Interest Fund" (the "Interest Fund") created by the Bond Ordinance from _____, 1992, or the most recent date to which interest has been paid or duly provided for, at the rate per annum specified above, payable on _____ 1, _____ in the amount of \$14,258 and annually thereafter on _____ 1 in the amount of \$14,258 until the date of maturity or prior redemption of this Bond. Both principal of and interest on this Bond are payable only out of said Bond Fund and Interest Fund, respectively. However, in the event said Bond Fund and Interest Fund shall be insufficient to pay the Bond and the interest thereon as they become due, the deficiency shall be paid out of the County's Local Improvement Guarantee Fund. The Bond has been authorized to be issued by the Bond Ordinance.

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 shall appear on the registration books of the County (the "Bond Register") maintained by the Treasurer (the "Bond Registrar"). Interest shall be paid to the Registered Owner at the address shown on the Bond Register as of the close of business on the 15th day of the calendar month next preceding the 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.

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.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Ordinance until the Certificate of Authentication hereon shall have been manually signed by the Bond Registrar.

IN WITNESS WHEREOF, Bonneville County, Idaho, acting through its Board of Commissioners has caused this Local Improvement District No. 7 Bond to be signed by the manual signature of the Chairman of its Board, countersigned by the manual signature of the Treasurer, and attested by the manual signature of the Clerk, and

the official seal of the County to be impressed hereon, as of this
____ day of _____, 1992.

BONNEVILLE COUNTY, IDAHO


Chairman, Board of Commissioners

Treasurer

ATTEST:

Clerk

(S E A L)

CERTIFICATE OF AUTHENTICATION

This Bond is the "Bonneville County Local Improvement District
No. 7 Bond", dated as of _____ 1, 1992 described in the
within-mentioned Bond Ordinance.

Date of Authentication:

BONNEVILLE COUNTY, IDAHO

By: _____
Treasurer, as Registrar

(Reverse Side of Bond)

ADDITIONAL BOND PROVISIONS

This Bond in the principal amount of \$201,600, is issued
pursuant to and in full compliance with the Constitution and laws
of the State of Idaho, particularly Title 50, Chapter 17 and Title
31, Chapter 7 of the Idaho Code and the Bond Ordinance.

The Board of Commissioners of said County as the agent for
said Local Improvement District No. 7, created by Ordinance No.
155-91, adopted on August 19, 1991, has caused this Bond to be
issued in the name of the County as a Bond of said Local
Improvement District No. 7, said Bond, or the proceeds thereof, to
be applied in payment of water improvements within Local
Improvement District No. 7.

Payment of the principal of and interest on this Bond is to be borne by owners of property within Local Improvement District No. 7 from special assessments levied upon all property benefited by the water improvements made therein. The Registered Owner of this Bond shall look only to the Bond Fund, the Interest Fund, and the Local Improvement Guarantee Fund provided by Section 50-1762 of the Idaho Code, 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 County Treasurer and designated "Bonneville County Local Improvement District No. 7 Bond Fund," pledged solely for the payment of the principal of this Bond 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 County Treasurer and designated "Bonneville County Local Improvement District No. 7 Interest Fund," pledged for the payment of the interest on this Bond 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.

This Bond is transferable by the Registered Owner hereof or their attorney duly authorized in writing at the principal 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 aggregate principal amount, maturity, and interest rate as this Bond. The person in whose name this Bond is registered shall be deemed the owner hereof for all purposes, and the Bond Registrar shall not be affected by any notice to the contrary.

The Bond is subject to redemption at the times and upon the giving of notice as provided in the Bond Ordinance.

The assessments authorized by the assessment roll in Local Improvement District No. 7, confirmed by Ordinance No. ___ adopted on _____, 1992, is a lien upon the property assessed and have been pledged to pay the principal of and interest on this Bond, 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 County.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all acts and things required by the Constitution and laws of the State of Idaho and the ordinances and resolutions of the County 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. 7, in accordance with the tenor and terms of said Bond, 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 does not exceed the amount of unpaid assessments.

(NO WRITING TO BE PLACED HEREIN EXCEPT BY THE BOND REGISTRAR)

REGISTRATION CERTIFICATE

This Bond shall be payable only to the order of the Registered Owner or his legal representative.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Bond Registrar</u>
_____ 1992	United States of America Farmers Home Administration Finance Office 1520 Market Street St. Louis, MO 63103	

LEGAL OPINION

I, the undersigned, Clerk of the Board of Commissioners of Bonneville County, Idaho, DO HEREBY CERTIFY that the legal opinion of Preston Thorgrimson Shidler Gates & Ellis, of Spokane, Washington, which opinion is dated the date of delivery of and payment for the Bond described therein, an original of which was delivered to me on said date, and is a part of the permanent records of the County.

BONNEVILLE COUNTY, IDAHO

Clerk