

Summary - An ordinance authorizing the issuance by the City of Caliente, Nevada of its Sewer Revenue Interim Debenture, Series 1998, in the maximum principal amount of \$450,000 and providing other matters relating thereto.

BILL NO. 2

ORDINANCE NO. 141

**AN ORDINANCE DESIGNATED AS THE "1998 DEBENTURE ORDINANCE;" AUTHORIZING AND DIRECTING THE ISSUANCE OF A SEWER REVENUE INTERIM DEBENTURE IN THE MAXIMUM AMOUNT OF \$450,000, IN ANTICIPATION OF THE RECEIPT OF LOAN FUNDS AND THE ISSUANCE AND SALE OF A SEWER REVENUE BOND OF THE CITY THEREFOR; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE DEBENTURE, THE SECURITY THEREFOR, THE SALE THEREOF AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS.**

WHEREAS, the City of Caliente, in the County of Lincoln and State of Nevada (the "City," "County" and the "State," respectively), is a political subdivision of the State of Nevada, a body corporate and a city organized and operating as a City under the provisions of Nevada Revised Statutes ("NRS") chapter 268 and an act entitled "AN ACT incorporating the City of Caliente, in Lincoln County, Nevada and defining the boundaries thereof, under a new charter; and providing other matters properly relating thereto," cited as chapter 31, Statutes of Nevada, 1971, as amended (the "Charter"); and

WHEREAS, pursuant to pursuant to § 7.040 of the Charter, NRS Sections 268.672 through 268.740, inclusive (the "Project Act") and NRS Sections 350.350 through 350.490, NRS (the "Water and Sewer Act"), cited in NRS Section 350.350 as the Water and Sewer Revenue Bond Law, the City Council (the "Council") of the City is authorized and empowered to acquire, improve, construct and equip within the City a sewerage project, as defined in NRS 268.714 (the "Project"); and

WHEREAS, pursuant to the Project Act, the Council, on behalf of the City is authorized and empowered to issue the City's sewer revenue bond to defray the cost of the Project, in the manner and on the conditions provided in the Project Act and the Water and Sewer Act; and

**WHEREAS**, for the purpose of defraying a part of the cost of the Project, the Council deems it necessary to issue the City's sewer revenue bond in the aggregate principal amount of \$450,000 payable solely from the net revenues of its sewer system (the "system") as improved and extended by the Project; and

**WHEREAS**, the Council is also authorized pursuant to the Local Government Securities Law, cited as NRS 350.500 to 350.720, inclusive (the "Bond Act") and all laws thereunto enabling to issue and sell the City's sewer revenue interim debenture in anticipation of the receipt of the funds from the issuance of such sewer revenue bond; and

**WHEREAS**, the Council has determined and does hereby determine and declare that it is necessary and in the best interests of the City that a maximum amount of \$450,000 be borrowed for such Project at this time by the issuance of its interim debenture (the "Debenture") in anticipation of the receipt of loan moneys (the "Loan") from the United States of America, acting by and through the United States Department of Agriculture, Rural Development ("RD"), the Loan to be in the form of the purchase by RD of the sewer revenue bond to be issued by the City pursuant to the Bond Act; and

**WHEREAS**, the commitment of RD to provide the Loan is evidenced by that certain Letter of Conditions with attached cover letter dated July 21, 1997 (the "Commitment"); and

**WHEREAS**, Nevada State Bank (the "Purchaser"), pursuant to a letter of offer to purchase dated March 5, 1998, has agreed to purchase the Debenture authorized by this Ordinance at price equal to the par amount and at an interest rate of 5.5% per annum (the "Interest Rate"); and

**WHEREAS**, the effective Interest Rate on the Debenture so authorized does not exceed by more than 3% the "Index of Revenue Bonds" most recently published before a negotiated offer was accepted for the Debenture; and

**WHEREAS**, in order that the Debenture may be acquired by the Purchaser as a qualified tax-exempt obligation, in accordance with the conditions of the Purchaser, the Council has determined that it does not reasonably anticipate issuing more than \$5,000,000 in bonds, debentures or other securities in calendar year 1998; and

**WHEREAS**, the Council desires to issue such Debenture for the purpose of paying a contractor for the Project and otherwise defraying related costs and expenses until moneys are available from the issuance of the sewer revenue bond; and

**WHEREAS**, the City intends to pay the Debenture from the proceeds of the Loan by the issuance of the sewer revenue bond to be hereafter delivered to RD, and from the net revenues to be collected from operation of the system; and

**WHEREAS**, the Council hereby elects to have the provisions of Chapter 348 of NRS (the "Supplemental Bond Act") apply to the Debenture; and

**WHEREAS**, the Council has determined and hereby declares that each of the limitations and other conditions to the issuance of the Debenture in the Charter, Project Act, the Water and Sewer Act, the Supplemental Bond Act, and in any other relevant act of the State or the federal government has been met and pursuant to Section 350.708, Bond Act, such determination of the Council that the limitations in the Bond Act have been met shall be conclusive in the absence of fraud or arbitrary or gross abuse of discretion; and

**WHEREAS**, the Council has determined and does hereby declare:

(1) This Ordinance pertains to the sale, issuance and payment of the Debenture;

(2) Such declaration shall be conclusive in the absence of fraud or gross abuse of discretion in accordance with the provisions of Section 350.579, Bond Act; and

(3) This Ordinance may accordingly be adopted as if an emergency exists and may become effective at any time when an emergency ordinance of the City may go into effect.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CALIENTE DOES ORDAIN:**

Section 1. This Ordinance shall be known and may be cited as the "1998 Interim Debenture Ordinance" (the "Ordinance").

Section 2. The proposal submitted by the Purchaser for the purchase of the Debenture be, and the same hereby is, accepted, and the City Manager is authorized to accept the proposal on behalf of the City.

Section 3. The Council hereby finds and determines that the interest rate set forth in the proposal submitted by the Purchaser does not exceed the Index of Revenue Bonds most recently published before the negotiated offer for the Debenture was accepted.

Section 4. For the purpose of providing for the payment of the costs and expenses of the Project and for the purpose of defraying the other costs (incidental or otherwise) heretofore incurred or to be incurred in the City there shall be issued, and the City hereby authorizes and directs the Mayor or his designee to issue, the City's fully registered (i.e. registered as to both principal and interest) sewer revenue interim debenture (the "Debenture") in the maximum principal of \$450,000, such Debenture to be designated the "City of Caliente, Nevada Sewer Revenue Interim Debenture, Series 1998." The Debenture shall be dated as of the date of delivery, shall mature two years from the dated date of the Debenture (the "Maturity Date"), subject to the City's option to redeem the Debenture by prior redemption as described below, and shall bear interest, computed on the basis of a 360-day year of twelve 30-day months, at the Interest Rate commencing on its dated date.

The Debenture shall be redeemed and retired only from the proceeds of the Loan to be evidenced by the issuance of the bond or bonds to be delivered to RD or from the net revenues of the system if said bond or bonds are not delivered in an amount sufficient to retire all of the Debenture. The interest on the Debenture shall be secured by and paid only from the net revenues of the system or from the proceeds of the Loan to be evidenced by the issuance of the bond or bonds to be delivered by RD. Principal and interest shall be payable on the Maturity Date or on an early redemption date as described herein, solely to the registered owner thereof upon surrender thereof in lawful money of the United States of America, without deduction for exchange or collection charges, at the office of the City Treasurer, at Caliente, Nevada (the "Paying Agent"). If, upon presentation at maturity or on call for early redemption by the City, payment of the Debenture is not made as therein provided, interest thereon shall continue at the same rate stated therein until the principal thereof is paid in full.

Section 5. The Debenture shall be signed and executed by the manual signature of the Mayor, shall be countersigned by the manual signature of the Acting City Treasurer and shall be attested by the manual signature of the Acting City Clerk. The fully registered Debenture bearing the signatures of the officers in office at the time of the signing thereof shall be the valid and binding obligation of the City notwithstanding that before the delivery thereof and payment therefor, any or all of the persons whose signatures appear thereon shall have ceased to fill their respective offices.

Section 6. The Debenture shall be fully registered in the name of the owner for the payment of both principal and interest in the office of the City Treasurer in Caliente, Nevada, and any transfer thereof must likewise be registered in said office. The City Treasurer is hereby appointed as Registrar (the "Registrar") and shall maintain records in the office of the City Treasurer showing at all times that the Debenture is registered as to both principal and interest, and the name, address and taxpayer identification number of the owner thereof. The Registrar will not be required to transfer or exchange the Debenture (i) during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of a notice of prior redemption of the Debenture and ending at the close of business on the day of such mailing, or (ii) after the mailing of notice calling such Debenture or any portion thereof for prior redemption. The City Treasurer, as Registrar, shall note such registration on the registration records and on the registration panel on the Debenture showing that such Debenture is registered as to both principal and interest. The City and its officers may treat the person in whose name the Debenture is registered as the absolute owner, whether or not such Debenture shall be overdue. All payments made as provided in this Ordinance shall be valid and effectual to discharge the liability upon any part of the Debenture to the extent of the amount so paid.

Section 7. The Debenture is subject to redemption in whole prior to maturity, at the option of the City, without premium, on any date selected by the City, from the proceeds of the Loan, upon notice to the registered owner or owners of the Debenture by first class mail no later than thirty (30) days prior to the date of such intended redemption. The Paying Agent and Registrar, on behalf and at the expense of the City, shall mail notice of redemption once, no later than the thirtieth (30th) day preceding a selected redemption date, to the registered owner or owners of such Debenture at the address shown on the registration records of such Registrar and Paying Agent;

provided, however, that neither failure of any Debenture holder to receive any such notice nor any defect therein shall affect the validity of the proceedings for the redemption of the Debenture or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption amount, and shall require that such Debenture be surrendered at the principal office of the Paying Agent in Caliente, Nevada, for redemption at the redemption price of the principal amount thereof plus accrued interest to the redemption date, giving notice also that further interest on such Debenture will not accrue from and after the redemption date. From and after the date fixed for redemption (if funds available for the payment of the principal of and interest on the Debenture called for redemption shall have been duly provided), the Debenture so called shall cease to be entitled to any benefit under this Ordinance other than the right to receive payment of the redemption amount, and no interest shall accrue thereon from and after the redemption date specified in such notice.

Section 8. The Debenture shall be in substantially the following form:

(Form of Debenture)

**Transfer of this Debenture Other than by Registration Is Not Effective**

UNITED STATES OF AMERICA

STATE OF NEVADA

COUNTY OF LINCOLN

CITY OF CALIENTE, NEVADA  
SEWER REVENUE INTERIM DEBENTURE  
SERIES 1998

No. R-1

\$450,000

Interest Rate  
5.50% per annum

Maturity Date  
April \_\_, 2000

Dated as of  
April \_\_, 1998

REGISTERED OWNER:

PRINCIPAL AMOUNT: Four Hundred Fifty Thousand DOLLARS

The City Treasurer (the "Registrar" and "Paying Agent") of City of Caliente, Nevada (the "City") will on the maturity date stated above, or at an earlier date upon call by the City as described below, pay to the registered owner hereof as specified above, or registered assigns, the principal amount specified above, at the office of the Paying Agent in Caliente, Nevada, with the interest due thereon at the rate per annum shown above from the date hereof payable on the maturity date shown above until the principal has been paid on the maturity date shown above or upon prior redemption.

The principal amount of the Debenture and interest due hereon, at maturity or on any prepayment date as provided below, is payable solely to the registered owner hereof in lawful money of the United States of America, without deduction for exchange or collection charges; on presentation hereof, at the office of the City Treasurer, in Caliente, Nevada. If, upon presentation at maturity, or upon prepayment, payment of this Debenture is not made as provided, interest shall continue at the interest rate set forth above until the principal hereof is paid in full. Interest on the unpaid principal hereof until the principal amount hereof is paid in full shall be payable at maturity, except that accrued interest due on any principal being prepaid shall be paid at the time of such prepayment. Interest due at the time of maturity or any such prepayment of principal shall be paid with the principal then being paid.

The principal of this Debenture may be prepaid in whole at any time at a price equal to the principal amount so prepaid and accrued interest to the prepayment date upon thirty (30) days' notice, by first class mail, to the registered owner hereof as provided in the Ordinance authorizing

the issuance of this Debenture, cited in Section 1 thereof as the "1998 Interim Debenture Ordinance" (the "Ordinance"), adopted and approved by the City Council of the City (the "Council") on March 19, 1998.

This registered Debenture and the interest hereon shall be a special obligation of the City for the payment of which the City hereby pledges the net revenues to be derived from the operation of the City's sewer system (the "system") and the proceeds of a Loan to be evidenced by the City's sewer revenue bond which are to be sold to the United States of America, acting by and through the United States Department of Agriculture, Rural Development, as provided in the ordinance authorizing the issuance of the sewer revenue bond to be passed and adopted pursuant to the Water and Sewer Revenue Bond Law (Sections 350.350 through 350.490, Nevada Revised Statutes) and the Local Government Securities Law (sections 350.500 through 350.720, Nevada Revised Statutes) and Chapter 31, Statutes of Nevada, 1971, as amended (the "Charter"). This Debenture is being issued in accordance with said provisions of the Nevada Revised Statutes and this recital is conclusive evidence of the validity of this Debenture and the regularity of its issuance.

The Debenture is issuable solely as a fully registered debenture in the amount of \$450,000, and is exchangeable for fully registered debentures of the same maturity in equivalent aggregate principal amounts and in authorized denominations at the aforesaid office of the Registrar but only in the manner, subject to the limitations, and on payment of the charges provided in the Ordinance. The Registrar will not be required to transfer or exchange the Debenture (i) during a period beginning at the opening of business 15 days before the day of the mailing by the Registrar of a notice of prior redemption of the Debenture and ending at the close of business on the day of such mailing, or (ii) after the mailing of notice calling such debenture or any portion thereof for prior redemption.

This Debenture must be registered in the name of the owner as to both principal and interest on the registration records kept by the Registrar in conformity with the provisions stated herein and endorsed hereon and subject to the terms and conditions set forth in the Ordinance. No transfer of this Debenture shall be valid unless made on the registration records maintained at the principal office of the Registrar by the registered owner or his or her attorney duly authorized in writing.

The City has designated this Debenture a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

It is hereby certified, recited and warranted that all of the requirements of law have been fully complied with by the proper officers of the City in the issuance of this Debenture.

No recourse shall be had for the payment of the principal and interest of this Debenture or for any claim based thereon or otherwise in respect to the Ordinance, against any individual member of the Council or any officer or other agency of the City, past, present, or future, either directly or indirectly through the Council or the City, or otherwise, whether by virtue of any



construction, statute, or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of this Debenture and as a part of the consideration of its issuance specially waived and released.

This Debenture shall not be valid or obligatory for any purpose until the Registrar shall have manually signed the registration panel appended hereto.

IN WITNESS WHEREOF, City of Caliente, in the State of Nevada, acting by and through the City Council, has caused this Debenture to be signed and executed in the name and on behalf of the City with the manual signature of the Mayor, countersigned with the manual signature of the Acting City Treasurer and attested by the manual signature of the Acting City Clerk and has caused the manual impression of the corporate seal of the City to be affixed hereon, all as of the date above designated.

CITY OF CALIENTE, NEVADA

\_\_\_\_\_  
Mayor

(SEAL)

Countersigned:

\_\_\_\_\_  
Acting City Treasurer

Attested:

\_\_\_\_\_  
Acting City Clerk

(Form of Registration Panel)

PROVISION FOR REGISTRATION AS TO PRINCIPAL AND INTEREST

This Debenture must be registered as to both principal and interest on the registration records of the City, kept by the City Treasurer, as Registrar. After registration as to principal and interest, the Registrar shall note such registration on such registration records and in the registration blank below, and the principal and interest on this Debenture shall be paid to such registered owner. This Debenture may be transferred by the registered owner or his or her legal representative only upon a duly executed assignment in form satisfactory to the Registrar, such transfer to be made on said registration records and endorsed hereon.

Every privilege, registration and transfer shall be exercised only in accordance with the authorizing ordinance and such reasonable rules and regulations as the Registrar may prescribe.

<u>Date of Registration</u>	<u>Name of Registered Owner</u>	<u>Signature of Registrar</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

(End of Registration Form)

(Form of Assignment)

**ASSIGNMENT**

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Debenture and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney, to transfer the same on the records kept for registration of the within Debenture, with full power of substitution in the premises.

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

Signature Guaranteed:

\_\_\_\_\_  
Address of transferee:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Social Security or other tax  
identification number of  
transferee:

\_\_\_\_\_

Note: The signature to this Assignment must correspond with the name as written on the face of the within Debenture in every particular, without alteration or enlargement or any change whatsoever.

(End of Form of Assignment)

Section 9. There is hereby created, a special account to be designated the "1998 Interim Debenture Proceeds Account" (the "Proceeds Account"). The proceeds received by the City from the sale of the Debenture to the Purchaser shall be deposited in the Proceeds Account. Moneys deposited in the Proceeds Account shall be used and expended by the City solely for the Project and for the purposes for which the proceeds of the Loan are to be received, and any money remaining in the Proceeds Account shall be used to pay the Debenture and after such Debenture is paid in full (both principal and interest) shall be transferred to the Income Fund to be created in the ordinance authorizing the issuance of the sewer revenue bond.

Section 10. The principal amount of the Debenture, together with the interest thereon, shall be payable only from the moneys to be received pursuant to the Loan from RD. As security for the payment of the principal of and interest on the Debenture the City hereby pledges the sum of \$450,000 to be received by the City with respect to the Loan (such pledged amount being hereinafter called the "Pledged Loan Receipts"). The principal of the Debenture and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Loan Receipts. Notwithstanding the foregoing, to the extent the principal of or interest on the Debenture is not paid from Pledged Loan Receipts, as herein provided, such principal of or interest on the Debenture shall be paid, to the extent permitted by law, from the net sewer revenues or other moneys of the City lawfully available therefor.

Section 11. There is hereby created, a special account to be designated the "1998 Interim Debenture Repayment Account" (the "Repayment Account") and applied as directed in this Ordinance. Any money placed in the Repayment Account shall be for the benefit of the holders of the Debenture and, until the Debenture and all interest thereon is paid or until provision has been made for the payment of the Debenture at maturity with interest to maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is created. As received, the City shall deposit all Pledged Loan Receipts in the Repayment Account. At least one day prior to an early redemption date, if applicable, or on the maturity date of the Debenture, the City shall transfer to the Paying Agent the moneys in the Repayment Account necessary to pay the principal of and interest on the Debenture. Any moneys remaining in the Repayment Account after the Debenture and the interest thereon have been paid, or provision for

Section 9. There is hereby created, a special account to be designated the "1998 Interim Debenture Proceeds Account" (the "Proceeds Account"). The proceeds received by the City from the sale of the Debenture to the Purchaser shall be deposited in the Proceeds Account. Moneys deposited in the Proceeds Account shall be used and expended by the City solely for the Project and for the purposes for which the proceeds of the Loan are to be received, and any money remaining in the Proceeds Account shall be used to pay the Debenture and after such Debenture is paid in full (both principal and interest) shall be transferred to the Income Fund to be created in the ordinance authorizing the issuance of the sewer revenue bond.

Section 10. The principal amount of the Debenture, together with the interest thereon, shall be payable only from the moneys to be received pursuant to the Loan from RD. As security for the payment of the principal of and interest on the Debenture the City hereby pledges the sum of \$450,000 to be received by the City with respect to the Loan (such pledged amount being hereinafter called the "Pledged Loan Receipts"). The principal of the Debenture and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Loan Receipts. Notwithstanding the foregoing, to the extent the principal of or interest on the Debenture is not paid from Pledged Loan Receipts, as herein provided, such principal of or interest on the Debenture shall be paid, to the extent permitted by law, from the net sewer revenues or other moneys of the City lawfully available therefor.

Section 11. There is hereby created, a special account to be designated the "1998 Interim Debenture Repayment Account" (the "Repayment Account") and applied as directed in this Ordinance. Any money placed in the Repayment Account shall be for the benefit of the holders of the Debenture and, until the Debenture and all interest thereon is paid or until provision has been made for the payment of the Debenture at maturity with interest to maturity, the moneys in the Repayment Account shall be applied solely for the purposes for which the Repayment Account is created. As received, the City shall deposit all Pledged Loan Receipts in the Repayment Account. At least one day prior to an early redemption date, if applicable, or on the maturity date of the Debenture, the City shall transfer to the Paying Agent the moneys in the Repayment Account necessary to pay the principal of and interest on the Debenture. Any moneys remaining in the Repayment Account after the Debenture and the interest thereon have been paid, or provision for

such payment has been made, shall be transferred to the Proceeds Account for use for the construction of the Project.

Section 12. If the Debenture shall become mutilated, the Registrar, at the expense of the holder of said Debenture, shall execute and deliver a new debenture of like maturity and principal amount in exchange and substitution for the Debenture so mutilated, but only upon surrender to the Registrar of the Debenture so mutilated. Every mutilated debenture so surrendered to the Registrar shall be canceled by it and destroyed. If the Debenture shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Registrar and if such evidence be satisfactory to the Registrar and City and indemnity satisfactory to the Registrar shall be given, the Registrar, at the expense of the owner, shall execute and deliver a new debenture of like maturity and principal amount in lieu of and in substitution for the Debenture so lost, destroyed or stolen. The Registrar may require payment of a sum not exceeding the actual cost of preparing each new debenture issued and of any extra expenses which may be incurred by the Registrar. Any debenture issued under the provisions of this Section in lieu of a debenture alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the City whether or not the debenture so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Ordinance with any other debentures issued pursuant to this Ordinance.

Section 13. It is hereby covenanted and warranted by the City that all representations and recitals contained in this Ordinance are true and correct, and that the City and its appropriate officials have duly taken all proceedings necessary to be taken, and will take any additional proceedings necessary to be taken by them, to carry out the provisions of this Ordinance. In addition, it is hereby covenanted by the City that the City will (a) proceed to complete, with all practicable dispatch, the construction and acquisition of the Project, (b) not make or cause or permit to be made any application of the proceeds of the Debenture or of any moneys in the Repayment Account except in accordance with this Ordinance, (c) comply in all respects with the terms and provisions of the Commitment from RD and with all applicable State and federal laws and regulations governing implementation of the Commitment from RD, (d) take all actions necessary to preserve its right to receive any moneys, reimbursements, and other moneys under the

Commitment, (e) apply or continue to apply the appropriated moneys and any other available funds to pay those costs not expected to be reimbursed from Pledged Loan Receipts until all such costs have been paid and (f) promptly request or otherwise secure each reimbursement or other moneys to which it has become entitled under the Commitment from RD.

Section 14. The City covenants for the benefit of the owner or owners of the Debenture that it will not take any action or omit to take any action with respect to the Debenture, the proceeds thereof, any other funds of the City or any facilities financed with the proceeds of the Debenture if such action or omission (i) would cause the interest on the Debenture to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Tax Code"), (ii) would cause interest on the Debenture to lose its exclusion from alternative minimum taxable income as defined in Section 55(b) (2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the Debenture until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

Section 15. The City reserves the privilege of issuing at a later time or times, from time to time, any securities hereafter authorized by law (not herein designated for issuance), as moneys, if any, are needed for the project or projects for which such securities are authorized respectively to be issued, provided however, that not more than a total of \$5,000,000 in bonds or other securities are to be issued in calendar year 1998.

Section 16. The City hereby designates the Debenture for purposes of paragraph (3) of Section 265(b) of the Tax Code and covenants that the Debenture does not constitute a private activity bond as defined in Section 141 of the Tax Code, and that not more than \$5,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Tax Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Tax Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Tax Code), including the Debenture, have been or are reasonably expected to

be issued by or on behalf of the City, including all subordinate entities of the City during calendar year 1998. -

Section 17. The officers of the City be, and they hereby are, authorized and directed to take all action necessary or appropriate to effectuate the provisions of this Ordinance, including, without limitation, the execution of such certificates as may be reasonably required by RD or the Purchaser relating to the signing of the Debenture, the tenure and identity of the officials of the City and of the Council, the delivery of the Debenture and the receipt of the purchase price, and, if it is in accordance with fact, the absence of litigation, pending or threatened, affecting the validity thereof, and the absence and existence of factors affecting the exemption of interest on the Debenture from federal income taxation, the assembly and dissemination of financial and other information concerning the City, the Council and the Debenture, and the sale and issuance of the Debenture pursuant to the provisions of this Ordinance and to any instrument supplemental thereto.

Section 18. The City has expressed in the preambles of this Ordinance that it pertains to the sale, issuance and payment of the Debenture, that this Ordinance may accordingly be adopted as if an emergency now exists, and may become effective at any time when an emergency ordinance of the City may go into effect. Consequently, pursuant to NRS Section 350.579, final action shall be taken immediately, and this Ordinance shall be in effect from and after its publication by title as herein provided.

Section 19. After this Ordinance is signed by the Mayor and attested and sealed by the Acting City Clerk, this Ordinance shall be in effect from and after its publication by title, together with the votes cast for and against its passage, such publication to be made in a newspaper published and having a general circulation in the City. Such publication to be in substantially the following form:



(Form of Publication)

BILL NO. \_\_\_\_

ORDINANCE NO. \_\_\_\_

**AN ORDINANCE DESIGNATED AS THE "1998 DEBENTURE ORDINANCE;" AUTHORIZING AND DIRECTING THE ISSUANCE OF A SEWER REVENUE INTERIM DEBENTURE IN THE MAXIMUM AMOUNT OF \$450,000, IN ANTICIPATION OF THE RECEIPT OF LOAN FUNDS AND THE ISSUANCE AND SALE OF A SEWER REVENUE BOND OF THE CITY THEREFOR; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE DEBENTURE, THE SECURITY THEREFOR, THE SALE THEREOF AND OTHER DETAILS IN CONNECTION THEREWITH; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS.**

**PUBLIC NOTICE IS HEREBY GIVEN** that the above-numbered and entitled Ordinance was proposed by Councilmember \_\_\_\_\_ on March 19, 1998 was passed and adopted at a regular meeting of the City Council of the City of Caliente, Nevada at the same meeting on March 19, 1998 by unanimous affirmative vote of the members of City Council:

Those Voting Aye:

Kevin J. Phillips, Mayor  
Judy J. Dojaquez  
Cory D. Lytle  
Roland B. Simmons  
Stan Wallis

Those Absent:

\_\_\_\_\_

This Ordinance shall be in full force and effect from and after the \_\_\_\_\_ day of \_\_\_\_\_, 1998, i.e., the date of publication of such Ordinance by title.

**IN WITNESS WHEREOF**, the City Council of the City of Caliente, Nevada has caused this Ordinance to be published by title.

DATED this March 19, 1998.

/s/ Kevin J. Phillips  
Mayor  
City of Caliente, Nevada

Attest:

/s/ L. Michele Hales  
Acting City Clerk/Treasurer

(End of Form of Publication)

Section 20. All consistent action taken previously by the City and the Council officers directed toward the Project and toward the issuance of its Debenture for that purpose is ratified, approved and confirmed.

Section 21. If any section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall in no way effect any remaining provisions of this Ordinance.

**PASSED AND ADOPTED AND APPROVED BY UNANIMOUS AFFIRMATIVE VOTE OF THE MEMBERS OF THE CITY COUNCIL OF THE CITY OF CALIENTE, NEVADA, THIS MARCH 19, 1998.**

Proposed on March 19, 1998.

Proposed by Councilmember \_\_\_\_\_.

Passed on March 19, 1998.

Those Voting Aye:

Kevin J. Phillips, Mayor  
Judy J. Dojaquez  
Cory D. Lytle  
Roland B. Simmons  
Stan Wallis

Those Voting Nay:

\_\_\_\_\_

Absent:

\_\_\_\_\_

---

Mayor, City of Caliente, Nevada

(SEAL)

Attest:

---

Acting City Clerk

STATE OF NEVADA                    )  
  ) SS.  
COUNTY OF LINCOLN                )

I, L. Michele Hales, the duly chosen and qualified Acting Clerk/Treasurer of the City of Caliente (the "City"), Nevada, do hereby certify:

1. The foregoing pages constitute a true, correct and compared copy of an ordinance of the City Council (the "Council") adopted at a regular meeting of the Council held on March 19, 1998, and the original of such ordinance has been approved and authenticated by the signature of the Mayor and myself as Clerk, and has been recorded in the minute book of the Council kept for that purpose in my office, which record has been duly signed by such officers and properly sealed.

2. The members of the Council were present at such meeting and voted on the passage of such ordinance as follows:

Those Voting Aye:	Kevin J. Phillips, Mayor Judy J. Dojaquez Cory D. Lytle Roland B. Simmons Stan Wallis
Those Voting Nay:	_____
Those Abstaining:	_____
Those Absent:	_____

3. All members of the Council were given due and proper notice of such meeting.

4. Public notice of such meeting was given and such meeting was held and conducted in full compliance with the provisions of NRS 241.020. A copy of the notice of meeting and excerpt from the agenda for the meeting relating to the ordinance, as posted no later than 9:00 a.m. at least 3 working days in advance of the meeting at the Council's office and three other locations, i.e., at:

- (i) Council Chambers  
Caliente City Hall  
100 Depot  
Caliente, Nevada
- (ii) U.S. Post Office  
170 Front Street  
Caliente, Nevada
- (iii) Swallows Drug  
357 N. Spring Street  
P.O. Box 218  
Caliente, Nevada
- (iv) Jerry's Shell  
880 Front Street  
P.O. Box 798  
Caliente, Nevada

is attached as Exhibit "A".

5. No later than 9:00 a.m. at least 3 working days before such meeting, such notice was mailed to each member of the Council and to each person, if any, who has requested notice of meetings of the Council in the same manner in which notice is required to be mailed to a member of the Council.

6. After the ordinance was adopted, the ordinance was posted in full in the City Hall.

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of the City this  
March 19, 1998.

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Acting City Clerk/Treasurer

(SEAL)

EXHIBIT A

(Attach Copy of Notice of Meeting)

EXHIBIT B

(Attach Affidavit of Publication)