

**ORDINANCE 2003-1**  
**#152**

**SUMMARY:** An ordinance authorizing the issuance by the City of Caliente, Nevada of its Water Revenue Interim Debenture, Series 2003, and providing other matters relating thereto.

**AN ORDINANCE AUTHORIZING AND DIRECTING THE ISSUANCE OF A WATER REVENUE INTERIM DEBENTURE, IN ANTICIPATION OF THE RECEIPT OF CERTAIN FUNDS AND THE ISSUANCE AND SALE OF A WATER REVENUE BOND OF THE COUNTY THEREFOR; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE DEBENTURE, THE SECURITY THEREFOR, THE SALE THEREOF; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND OTHER DETAILS IN CONNECTION THEREWITH.**

**WHEREAS,** the City of Caliente, in the County of Lincoln and State of Nevada (the “City”, “County” and “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 entitle “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, Statues of Nevada, 1971, as amended (the “Charter”); and

**WHEREAS,** pursuant to paragraph 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, construct and equip a water project, as defined in NRS 268.728 (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 water 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 water revenue bond in the aggregate principal amount

of \$2,000,000 payable solely from the net revenues of its water 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 water revenue interim debenture in anticipation of the receipt of the funds from the issuance of such water revenue bond; and

**WHEREAS**, the Council is also authorized pursuant to the Bond Act, and all laws thereunto enabling it, to issue and sell the City's water revenue interim debenture in anticipation of the receipt of the funds from the issuance of such water revenue bond and from other sources pursuant to the Water and Sewer Act, and NRS §§ 349.980 through 349.987; 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 the City issue the "City of Caliente, Nevada, Water Revenue Interim Debenture, Series 2003" (the "Debenture") in the maximum aggregate principal amount of \$2,000,000, or such lesser amount advanced thereunder and sell the Debenture to Nevada Bank & Trust (the "Purchaser") for a price equal to the principal amount advanced thereunder less a loan fee of \$5,000; and

**WHEREAS**, the Council has determined to issue 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 water revenue bond to be issued by the City pursuant to the Bond Act, and grant moneys (the "AB-198 Grant") from the State of Nevada Department of Conservation and Natural Resources, Division of Environmental Protection (the "Nevada DCNR"), the AB-198 Grant to be made from proceeds from bonds to be issued by the State; and

**WHEREAS**, the letter of conditions of RD to provide the Loan is evidenced by that certain Letter of Conditions with attached cover letter dated April 17, 2002 (the "Letter of

Conditions"), and the intention of the Nevada DCNR to provide the AB-198 Grant is evidenced by that certain Inducement Letter; and

**WHEREAS**, the Purchaser intends to purchase the Debenture authorized by this Ordinance; and

**WHEREAS**, after negotiation with the Purchaser for the sale of the Debenture, the chief administrative officer or the chief financial officer of the City is hereby authorized to accept a binding offer for the Debenture, the Debenture to bear interest at the rates per annum provided in the debenture purchase proposal submitted by the Purchaser (the "Debenture Purchase Proposal"), such rates not to exceed 3 % over the Index of Revenue Bonds most recently published in The Bond Buyer prior to the time the negotiated offer was accepted for the Debenture (calculated on the basis of a 360-day year of twelve 30-day months), at a price equal to the principal amount thereof plus a premium or less a discount not to exceed 9 percent of the principal amount of the Debenture, all as specified herein; and

**WHEREAS**, in order that the Debenture may be acquired by the Purchaser as a qualified tax-exempt obligation, the Council hereby designates the Debenture as a qualified tax-exempt obligation within the meaning of Section 265(b) of the Internal Revenue Code of 1986 as amended to the date of delivery of the Debenture (the "Code") in accordance with the conditions of the Purchase, inasmuch as 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 2003; and

**WHEREAS**, the Council desires to issue the 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 water revenue bond and from the AB-198 Grant; and

**WHEREAS**, the City intends to pay the Debenture from the proceeds of the Loan by the issuance of the water revenue bond to be hereafter delivered to RD, proceeds of the AB-198 Grant, 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, the Project Act, the Bond 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 § 350.708 of the 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 and 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 "2003 Interim Debenture Ordinance" (the "Ordinance").

Section 2. The proposal submitted by the Purchaser for the purchase of the Debenture on behalf of the City is hereby accepted.

Section 3. The interest rate of 4.75% per annum (the "Interest Rate") as set forth in the proposal submitted by the Purchaser does not exceed 3% over the Index of Revenue

Bonds most recently published in the Bond Buyer before the negotiated offer for the Debenture is accepted (calculated on the basis of a 360-day year of twelve 30-day months).

Section 4. For the purpose of providing for the payment of a part of the costs and expenses of the Project and for the purpose of defraying 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 fully registered (as to principal and interest) Debenture in the maximum principal amount of \$2,000,000 or such lesser amount as is advanced to the City by the Purchaser provided that no more than \$500,000 in principal amount shall be outstanding at any time. The Debenture shall be designated the "City of Caliente, Nevada Water Revenue Interim Debenture, Series 2003". The Debenture shall be dated as of the date of delivery, shall mature on the day of the month of the date of delivery of the Debenture which is twenty-four months following the date of delivery of the Debenture (the "Maturity Date"), subject to the City's option to redeem the Debenture by prior redemption as described below. The Debenture shall bear interest at the Interest Rate computed on the basis of a 360-day year of twelve 30-day months, commencing on its dated date. Interest on the unpaid balance of the total principal advanced from the date or dates of each advance to the Maturity Date shall be payable to the registered owners of the Debenture on the date which is 90 days immediately following the date of delivery of the Debenture and quarterly thereafter on such day of the month until the Maturity Date. Notwithstanding the foregoing, the obligation of the City as represented by the Debenture shall be \$2,000,000 or such lesser amount as shall represent the aggregate principal amount advanced by the Purchaser to the City, as shown on the principal advance panel appended to the Debenture provided that no more than \$500,000 in principal amount shall be outstanding at any time. The Mayor, the City Treasurer or the Director, Community Development are hereby authorized to request advances of principal from the Purchaser.

The Debenture shall be redeemed and retired from the proceeds of the Loan to be evidenced by the issuance of the bond or bonds to be delivered to RD, from the proceeds received

pursuant to the AB-198 Grant from the Nevada DCNR, or from the net revenues of the System if said bond or bonds and grant are not sufficient to retire the outstanding principal amount of the Debenture. The interest on the Debenture shall be secured by and paid only from the proceeds of the Loan to be evidenced by the issuance of the bond or bonds to be delivered to RD, the AB-198 Grant, and the net revenues of the System. The outstanding principal advanced under the Debenture shall be payable only 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, City of 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 sealed with the seal of the City, shall be countersigned by the manual signature of the City Treasurer and shall be attested by the manual signature of the 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 City of 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 the Debenture (i) during a period beginning at the opening of business fifteen 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 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 or in part prior to maturity, at the option of the City, at the redemption price of the principal amount thereof plus accrued interest to the redemption date, without premium, on any date selected by the City, upon notice to the registered owner of the Debenture by first class mail no later than fifteen (15) 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 fifteenth (15th) day preceding the selected redemption date, to the registered owner of the Debenture at the address shown on the registration records of such Registrar and Paying Agent; provided, however, that neither failure of the 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 the Debenture be surrendered at the principal office of the Paying Agent in City of 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 the 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 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. Any prepayment shall be applied first to accrued interest and second to the outstanding principal amount of the Debenture. Notwithstanding the provisions of this section, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

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**

CITY OF CALIENTE, NEVADA  
WATER REVENUE INTERIM DEBENTURE  
SERIES 2003

No. R-1

Maximum Principal Amount: \$2,000,000.00

Maturity Date

Interest Rate

Dated as of

\_\_\_\_\_ 1, 2005

4.75% per annum

\_\_\_\_\_, 2003

REGISTERED OWNER: NEVADA BANK & TRUST

MAXIMUM PRINCIPAL AMOUNT: FIVE HUNDRED THOUSAND DOLLARS

The City Treasurer (the "Registrar" and "Paying Agent") of the 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 maximum principal amount specified above, or such lesser amount as shall represent the aggregate principal amount advanced to the City, provided that no more than \$500,000 in principal amount shall be outstanding at any time, as shown on the principal advance panel appended hereto, at the office of the Paying Agent in City of Caliente, Nevada, with the interest due thereon at the rate per annum set forth above from the date of each advance payable commencing on \_\_\_\_\_, 2003 and quarterly thereafter on \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ until the maturity date shown above or upon prior redemption. Interest shall be calculated based on a 360-day year of twelve 30-day months.

The principal amount of the Debenture and interest due hereon, on an interest payment date, at maturity or on any redemption 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 City of Caliente, Nevada. If, upon presentation at maturity, payment of this Debenture is not made as provided herein, interest shall continue at the interest rate set forth above until the principal hereof is paid in full.

The principal of this Debenture may be redeemed in whole or in part at any time prior to maturity at the option of the City at a price equal to the principal amount thereof so redeemed plus accrued interest to the redemption date upon fifteen (15) days' notice, by first class mail, to the registered owner hereof as provided in the Ordinance authorizing the issuance of this Debenture (the "Ordinance"), adopted and approved by the City Council (the "Council") on February 6, 2003. Any

prepayment shall be applied first to accrued interest and second to the outstanding principal amount of the Debenture.

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 proceeds of an AB-198 Grant from the State of Nevada Department of Natural Resources, Division of Environmental Protection ("Nevada DCNR"), the net revenues to be derived from the operation of the City's water system (the "System"), and the proceeds of a Loan to be evidenced by the City's water revenue bond which is to be sold to the United States of America, acting by and through the United States Department of Agriculture, Rural Development (the "RD"), as provided in the Ordinance authorizing the issuance of the water revenue bond to be passed and adopted pursuant to the Water and Water 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), Chapter 31, Statutes of Nevada, 1971, as amended (the "Charter") and Chapter 349 of the Nevada Revised Statutes, §§ 349.980 through 349.987. 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 and is transferable for a fully registered debenture in equivalent aggregate principal amount 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 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 the Debenture 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 to the date of delivery of the Debenture.

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 upon the Ordinance, against any individual member of the Council or any officer or other agent of the City, past, present, or future, either

directly or indirectly through the Council or the City, or otherwise, whether by virtue of any constitution, 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.

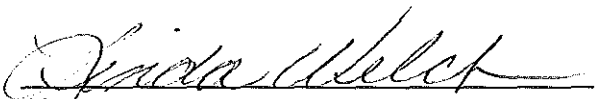
IN WITNESS WHEREOF, City of Caliente, in the State of Nevada, acting by and through the City Council, has caused this Debenture to be signed and executed in the name and on behalf of the City with the manual signature of the Mayor, countersigned with the manual signature of the City Treasurer and attested by the manual signature of the 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

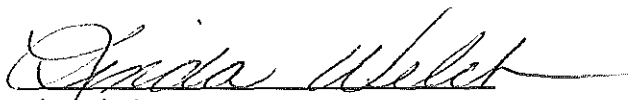
  
\_\_\_\_\_  
Mayor

(SEAL)

Countersigned:

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

Attested:

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

[End of Form of Debenture]

[Form of Advance Panel]

PRINCIPAL ADVANCES BY NEVADA BANK & TRUST

Date	Amount of Advance	Signature of City Treasurer
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
_____	\$ _____	_____

[End of Form of Advance Panel]

[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.

<b><u>Date of Registration</u></b>	<b><u>Name of Registered Owner</u></b>	<b><u>Signature of Registrar</u></b>
_____	<u>Nevada Bank &amp; Trust</u>	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

[End of Registration Panel]

[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 "2003 Interim Debenture Proceeds Account" (the "Proceeds Account"). The proceeds received by the City and advanced from the Purchaser, less the loan fee of \$5,000, 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 water revenue bond. The principal advanced on the Debenture shall be invested as permitted under State law.

Section 10. The principal amount of the Debenture, together with the interest thereon, shall be payable from the moneys to be received pursuant to the Loan from RD, and moneys received pursuant to the AB-198 Grant from the Nevada DCNR and net revenues of the System. As security for the payment of the principal of and interest on the Debenture the City hereby pledges the moneys to be received by the City with respect to the Loan, and moneys received pursuant to the AB-198 Grant from the Nevada DCNR (such pledged amount being hereinafter called the "Pledged Loan Receipts"). The principal of the Debenture and the interest thereon shall constitute a prior 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, and the City hereby pledges for such payment, the net water revenues of the System lawfully available therefor.

Section 11. There is hereby created a special account to be designated the "2003 Interim Debenture Repayment Account" (the "Repayment Account") to be applied as directed in this Ordinance. Any money placed in the Repayment Account shall be for the benefit of the holder 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 or any default interest if not paid at 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.

Section 12. If the Debenture shall become mutilated, the Registrar, at the expense of the holder of the 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 is 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 is 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 Letter of Conditions from RD and with all applicable State and federal laws and



regulations governing implementation of the Letter of Conditions from RD, (d) take all actions necessary to preserve its right to receive any moneys, reimbursements, and other moneys under the Letter of Conditions, (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 Letter of Conditions from RD.

Section 14. The City covenants for the benefit of the owner 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 Code, or (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 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 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 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 2003.

Section 16. The City hereby designates the Debenture for purposes of paragraph (3) of Section 265(b) of the Code and covenants that the Debenture does not constitute a private activity bond as defined in Section 141 of the 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 Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the

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 2003.

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, the Nevada DCNR, 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. After this Ordinance is signed by the Mayor and attested and sealed by the 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 AUTHORIZING AND DIRECTING THE ISSUANCE OF A WATER REVENUE INTERIM DEBENTURE, IN ANTICIPATION OF THE RECEIPT OF CERTAIN FUNDS AND THE ISSUANCE AND SALE OF A WATER REVENUE BOND OF THE COUNTY THEREFOR; PROVIDING THE FORM, TERMS AND CONDITIONS OF THE DEBENTURE, THE SECURITY THEREFOR, THE SALE THEREOF; PROVIDING FOR ADOPTION AS IF AN EMERGENCY EXISTS; AND OTHER DETAILS IN CONNECTION THEREWITH.**

**PUBLIC NOTICE IS HEREBY GIVEN** that the above-numbered and entitled Ordinance was proposed by Council member \_\_\_\_\_ on February 6, 2003 was passed and adopted at a regular meeting of the City Council of the City of Caliente, Nevada at the same meeting on February 6, 2003 by unanimous affirmative vote of the members of City Council:

Those Voting Aye:

Kevin J. Phillips, Mayor  
Ashley Moore  
William Revell  
Roland B. Simmons  
Stan Wallis

Those Absent:

\_\_\_\_\_

This Ordinance shall be in full force and effect from and after the \_\_\_\_\_ day of \_\_\_\_\_, 2003, i.e., the date after the 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 February 6, 2003.

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

Attest:

/s/ Linda Welch  
City Clerk/Treasurer

(End of Form of Publication)

Section 19. 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 20. 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 affect 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 FEBRUARY 6, 2003.**

Proposed on February 6, 2003.

Proposed by Council member Ashley Moore

Passed on February 6, 2003.

Those Voting Aye:

Kevin J. Phillips, Mayor  
Ashley Moore  
William Revell  
~~Roland B. Simmons~~  
Stan Wallis

Those Voting Nay:

Absent:

Roland B. Simmons

Kevin J. Phillips  
Mayor, City of Caliente, Nevada

(SEAL)  
Attest:

Spina Welch  
City Clerk

STATE OF NEVADA )  
 ) SS.  
COUNTY OF LINCOLN )

I am the duly chosen and qualified 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 February 6, 2003, 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 set forth in the ordinance.

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) Meadow Valley Drug  
357 N. Spring Street  
P.O. Box 218  
Caliente, Nevada
- (iv) Jerry's Chevron

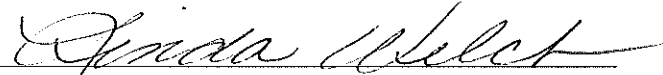
880 Front Street  
P.O. Box 798  
Caliente, Nevada

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 Offices.

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of the City this February 6, 2003.

  
\_\_\_\_\_  
City Clerk/Treasurer

(SEAL)

---

---

## AGENDA

### CALIENTE CITY COUNCIL

**Date:** Thursday, February 6<sup>th</sup>, 2003  
**Time:** 6:00 P.M.  
**Place:** Caliente City Hall - Council Chambers

1. Pledge of Allegiance to the Flag.
2. Confirmation of Compliance with Nevada Open Meeting Law.

#### Public Comment

- 3.\* Approve / Deny - Minutes of 01/16/03
- 4.\* Approve / Deny - Payment of city vouchers
- 5.\* Approve / Deny - Cory Lytle, Rose City Equestrian - plan for activities at rodeo grounds
- 6.\* Approve / Deny - Bill Hartman, Chamber of Commerce regarding Homecoming events:
  - a. Permanent Stage in Rose Park
  - b. Request permission for street closures and use of city properties
- 7.\* Approve / Deny - Planning Commission recommendations:
  - a. C.U.P.- Elaine Solomon, Deli at 147 Clover Street
- 8.\* Approve / Deny - Water Revenue Interim Debenture Ordinance, #2003-1, No. 152
- 9.\* Approve / Deny - Nevada League of Cities Bill Draft Requests
- 10.\* Approve / Deny - New business licenses
11. Parks - Councilman Simmons' Report
12. Community Development - Councilman Wallis' Report
13. Public Utilities and Beautification Committee - Councilman Moore's Report
14. Planning - Councilman Revell's Report
15. Director of Community Development - Bryan Elkins' Report.
- 16.\* Special Legal Counsel - Gregory Barlow's Report.

#### Public Safety

\* Denotes Action Item

Posted February 3<sup>rd</sup>, 2003 at: Caliente City Hall, Meadow Valley Pharmacy, Caliente Post Office, Bulletin board by Great Basin Foods and Jerry's Shell.

NOTICE: The City of Caliente does not discriminate based on the handicapped status in the admission or access to, or treatment or employment in its programs or activities. Stephanie Haluzak, Caliente City Hall, P.O. Box 1006, Caliente, NV 89008-1006, has been designated to coordinate compliance with the nondiscrimination requirements contained in the Dept. Of Housing and Urban Development Regulations implementing Section 504 at 24 Code of Federal Regulations Part B. Persons with disabilities who require special accommodations or assistance (e.g. sign language interpreters or assistance listening device) at the meeting should notify Stephanie Haluzak at 726-3132, P.O. Box 1006, Caliente, NV 89008-1006. TDD Relay Service #800-326-6868 (Rural NV).

---

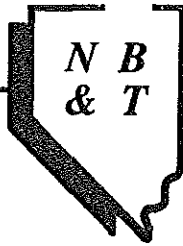
EXHIBIT A

(Attach Copy of Notice of Meeting)



**EXHIBIT B**

(Attach Affidavit of Publication)



NEVADA

**BANK & TRUST**

210 Front St.. Callente, Nevada 89008  
(775) 726-3487

December 12, 2002

City Of Caliente  
Attn: Bryan Elkins  
Director, Community Development  
PO Box 1006  
Caliente, NV 89008

Dear Bryan,

Nevada Bank & Trust Company has clarified the bid proposal placed on November 19, 2002. :

- 24 months
- \$500,000.00 credit line
- 4.75 % fixed interest rate
- 90 day interest only with principal due on maturity
- \$5,000.0 Loan Fee
- No fees for advancing funds
- No prepayment penalties

If you have any questions or need further information please feel free to call me at (775) 726-3135.

Thank you,

Tyler Heaton  
Manager

EXHIBIT C

(Attach Bid from Nevada Bank & Trust)