

**RESOLUTION NO. 26 b**

**A RESOLUTION OF THE CITY OF DOVER, OF BONNER COUNTY, IDAHO, PROVIDING FOR THE ISSUANCE OF SEWER REVENUE BOND ANTICIPATION NOTE IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$450,000 IN ORDER TO OBTAIN INTERIM FUNDS TO PAY PART OF THE COSTS OF THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF IMPROVEMENTS TO THE SEWER SYSTEM AND FACILITIES OF THE CITY; PROVIDING FOR THE SALE OF THE NOTE TO PANHANDLE STATE BANK; PROVIDING FOR THE REGISTRATION OF SAID NOTE; ADOPTING CERTAIN FUNDS FOR SAID NOTE; FIXING THE INTEREST RATE, MATURITY, FORM, TERMS AND COVENANTS OF SAID NOTE; PROVIDING CERTAIN COVENANTS WITH RESPECT TO FEDERAL TAX LAW; PROVIDING FOR THE EFFECTIVE DATE OF THIS RESOLUTION; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO**

**CITY OF DOVER  
Bonner County, Idaho**

**SEWER REVENUE BOND ANTICIPATION NOTE, SERIES 1999  
Aggregate Principal Amount of Not to Exceed \$450,000**

BE IT RESOLVED by the Mayor and the City Council members of the City of Dover, of Bonner County, Idaho, as follows:

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

WHEREAS, the City has been authorized by the voters of the City and the Rocky Point Sewer District, heretofore incorporated into the City, to finance the acquisition, construction and installation of improvements to the sewer facilities of the City; and

WHEREAS, Idaho Code authorizes the City to issue bond anticipation Note in anticipation of Sewer Revenue Bonds if said bonds have been authorized to be issued; to temporarily finance the improvements to be acquired, constructed and installed; and

WHEREAS, the United States Department of Agriculture, Rural Development (the "United States"), has committed to purchase up to \$450,000 in Sewer Revenue Bonds from the City, and the City is now desirous of issuance bond anticipation Note in the amount of \$450,000 prior to the issuance and sale of such Bonds; and

WHEREAS, Panhandle State Bank, of Sandpoint, Idaho, has offered to purchase the Sewer Revenue Bond Anticipation Note of the City in an amount of not to exceed \$450,000 according to the terms hereinafter set forth; and

WHEREAS, in the judgment of the City, it is in the best interest of the City to accept said offer.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED as follows:

### **Section 1: DEFINITIONS**

As used in this Resolution, 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.

**Bonds** shall mean the herein authorized bonds designated "City of Dover Sewer Revenue Bonds" to be issued in the aggregate principal amount of not to exceed \$450,000.

**Bond Anticipation Note or Note** shall mean the interest-bearing "City of Dover Sewer Revenue Bond Anticipation Note, Series 1999," issued in the aggregate principal amount of not to exceed \$450,000, pursuant to, and for the purposes authorized in this Resolution.

**City** shall mean the City of Dover, of Bonner County, Idaho, a duly incorporated and existing City organized and operating under the laws of the State of Idaho.

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

**Council** shall mean the members of the City Council of the City as the same shall be duly and regularly constituted from time to time.

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

**Construction Fund** shall mean the "City of Dover Sewer Construction Fund" created by Section 15 of this Resolution for the purpose of paying the Costs of the Project.

**Costs of Maintenance and Operation** shall mean all necessary expenses of operating the System, current maintenance expenses, expenses of reasonable upkeep and repair, insurance and administrative expenses and reasonable pro rata budget charges for services provided to the System, but excludes depreciation, payments for debt service or into reserve funds, costs of capital additions to or replacements of the System, municipal taxes, payments to the City in lieu of taxes and transfers of money from the Revenue of the System to other funds of the City.

**Cost of the Project** or **Costs of the Project** or any phrase of similar import, shall mean all or any part designated by the City of the costs of the Project, or interest therein, which costs, at the option of the City, 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 City from funds available for use therefor, or advanced by the federal government, or from any other source, with approval of the Council 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 cost of contingencies;
- (5) The costs of any discount on the Bonds and of any of the costs of issuance of the Bonds;
- (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 cost 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 City.

**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.

**Mayor** shall mean the *de facto* or *de jure* Mayor of the City Council members of the City, or any presiding officer or titular head of the City or his/her successor in functions, if any.

**Net Proceeds** when used with reference to the Note, shall mean the face amount of the Note, plus accrued interest, if any, and original issue premium, if any, and less original issue discount, if any.

**Net Revenue** shall mean the Revenue of the System after the deduction of Costs of Maintenance and Operation.

**Note** shall mean the herein authorized "City of Dover Sewer Revenue Bond Anticipation Note" to be issued in the form of a single Note available for periodic draws bearing interest as set forth herein, maturing on or before December 1, 1998.

**Note Fund** shall mean the "City of Dover Sewer Revenue Bond Anticipation Note Fund" created by Section 12 of this Resolution.

**Note Register** shall mean the registration records of the City, maintained by the Note Registrar, on which shall appear the name and address of the Registered Owner of the Note.

**Note Registrar** shall mean the City Treasurer, for the purposes of registering and authenticating the Note, maintaining the Note Register, effecting transfer of ownership of the Note and paying interest on and principal of the Note.

**Note Year** means each one-year period that ends on the date selected by the City. The first and last Bond Years may be short periods. If no day is selected by the City before the earlier of the final maturity date of the Bonds or the date that is five years after the date of issuance of the Bonds, Bond Years end on each anniversary of the date of issue and on the final maturity date of the Bonds.

**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 a *de minimis* fee to cover custodial expenses.

**Professional Engineer** shall mean Ruen-Yeager & Associates, of Sandpoint, Idaho, or their successors, if any, serving as engineers on the Project.

**Project** shall mean the undertaking or undertakings of Acquiring the Improvements described in Section 2 hereof.

**Registered Owner** shall mean Panhandle State Bank, of Sandpoint, Idaho, or its successors or assigns, as the initial purchaser of the Note.

**Registrar** shall mean the Treasurer of the City or his/her successor in function, if any.

**Sewer Revenue Fund** shall mean the "City of Dover Sewer Revenue Fund" previously created and referred to in Section 14 of this Resolution.

**System** shall mean the sewer system and facilities of the City, 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 Note 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 Note.

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

United States shall mean the United States Department of Agriculture, Rural Development, or its successor in functions, if any.

## **Section 2: THE PROJECT**

The City shall Acquire certain Improvements to the System, consisting of the following:

- (1) The acquisition, installation and construction of improvements and additions to the sewer collection and treatment facilities of the City, and associated and accompanying appurtenances;
- (2) All costs associated with the planning and construction of the improvements described in (1) and (2) including, but not limited to, engineering, legal and other consultants fees and costs;

together with the purchase of sites and easements therefor and all appurtenances and machinery necessary or useful for said system (the "Project"), all pursuant to the preliminary maps, plans, and specifications therefor which have been prepared and filed by the City's Engineers, heretofore selected by the Council for such purpose and on file in the office of the City.

## **Section 3: COST OF THE PROJECT**

The total Cost of the Project is estimated to be \$1,090,000, of which not to exceed \$450,000 will be temporarily financed by the proceeds of the Note and the balance of which will be paid from other legally available funds, including loan and grant funds from the United States.

## **Section 4: AUTHORIZATION OF THE BONDS**

For the purpose of providing funds with which to permanently pay for a portion of the Cost of the Project authorized by Section 2 of this Resolution and all necessary expenses in connection therewith, there shall be issued, sold and delivered not to exceed \$450,000 principal amount of Sewer Revenue Bonds of the City to be designated "City of Dover Sewer Revenue Bonds, 1999" (herein called the "Bond"), or such other designation to accurately reflect the year the Bond is issued.

The Bond shall be in such denomination(s) and form; shall be dated, and bear interest at such rate or rates; shall be payable at such place or places; shall have such option of redemption prior to maturity; and may be combined with any subsequently authorized series of sewer revenue bonds and issued as a single combined series, as provided hereafter by an ordinance of the City.

## **Section 5: AUTHORIZATION OF THE NOTE**

In order to provide interim financing to pay a portion of the Cost of the Project, and in anticipation of the issuance of the Bonds, the City shall issue its short-term obligations in the form of Sewer Revenue Bond Anticipation Note in an amount of not to exceed \$450,000. Said Note shall be designated "City of Dover Sewer Revenue Bond Anticipation Note, Series 1999" (the "Note"), shall be dated as of the date of issue thereof, shall be issued in the form of a single Note or as serial Note, shall mature on or before June 10, 2000, and shall be numbered from One upward. The Note shall be substantially in form set forth in Exhibit "A" attached hereto and by this reference made a part hereof.

The Note shall bear interest on the unpaid balance at the rate of 5.25% per annum, from its date of issuance or the date of draw to the date of maturity or prior redemption. Interest will be based on an actual 365-day year.

A request for draw pursuant to the Note may be made by the City in writing at any time, which request shall be approved by the engineer chosen by the City for the Project and shall be reviewed and approved "subject to availability of funds" by an authorized representative of the United States. Approval of the request by the United States Department of Agriculture, Rural Development, ("Rural Development") shall include any approval by an appropriate representative thereof, including approval by signature on FmHA Form No. 1924-18, entitled "Partial Pay Estimate."

## **Section 6: PLACE AND MANNER OF PAYMENT**

Both principal of and interest on the Note shall be payable in immediately available lawful money of the United States to the Registered Owner thereof whose name and address appear on the Note Register maintained by the Registrar, upon presentation and surrender of each of the Note on or after the date of maturity or prior redemption at the principal office of the Registrar.

## **Section 7: REDEMPTION PRIOR TO MATURITY**

The Note is subject to call or redemption on any business day prior to its fixed date of maturity at the price of par, plus accrued interest, if any, to the date of redemption.

Notice of any such intended redemption shall be mailed by first-class mail, postage prepaid, at least ten (10) days prior to the redemption date, to the Registered Owner of the Note at its address appearing on the Note Register, unless such notice is waived by the Registered Owner.

### **Section 8: LOST, STOLEN, MUTILATED OR DESTROYED NOTE**

In case the Note is lost, stolen, mutilated or destroyed, the Registrar may register and deliver a new Note of like date, rate of interest, maturity, tenor and effect to the Registered Owner thereof upon the Registered Owner's paying the expenses and charges of the City in connection therewith and upon his filing with the Registrar and the City evidence satisfactory to the Registrar and the City that such Note was actually lost, stolen, mutilated or destroyed and of his ownership thereof, and upon furnishing the Registrar and the City with indemnity satisfactory to the Registrar and the City.

### **Section 9: TRANSFER OR EXCHANGE OF NOTE**

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

Whenever the Note shall be surrendered for transfer, the Registrar shall register and deliver to the transferee, in exchange therefor, a new Note of the same denomination, maturity and interest rate as the Note surrendered.

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

### **Section 10: REGISTRAR**

The Treasurer is hereby appointed as Registrar, paying agent, and transfer agent with respect to the Note, subject to the following terms and conditions:

- A. The Registrar shall keep, or cause to be kept, at his/her principal office, sufficient books for the registration and transfer of the Note (the "Note Register"), in which shall be maintained the name and address of the Registered Owner of the Note.
- B. The Registrar is authorized, on behalf of the City, to register and deliver any Note issued or transferred in accordance with the provisions of such Note and this Resolution, and to carry out all of the Registrar's powers and duties under this Resolution.
- C. The Registrar shall be responsible for his/her representations contained in the Registration Certificate on the Note.

D. The City hereby adopts as its system of registration the system of registration set forth herein.

**Section 11: NOTE FUND**

There is hereby created, and shall be maintained by the Treasurer, a fund known as the "City of Dover Sewer Revenue Bond Anticipation Note Fund" (the "Note Fund") which shall be drawn upon for the sole purpose of paying the principal of and interest on the Note. Money on deposit in the Note Fund not immediately needed to pay such interest or principal may be temporarily deposited in such institutions or invested in any obligations which are legal investments for City funds. Any interest earnings from the investment of such money shall be deposited into the Note Fund.

The City hereby covenants that it will issue the Bonds, additional bond anticipation Note or a combination thereof, which will provide proceeds sufficient, together with other money of the City to be paid out of the Revenue of the System and money in the Sewer Revenue Fund, if any, legally available and specifically set aside for the purpose of paying the principal of and interest on the Note.

The City further covenants that simultaneously with the receipt of the proceeds of sale of the Bonds it will pay into the Note Fund moneys sufficient to pay the principal of and interest on the Note then outstanding to the date of their maturity or prior redemption.

All grants, if any, received by the City for the Project, and the proceeds of sale of the Bonds issued to pay a portion of the Costs of the Project, shall be paid into the Note Fund to the extent necessary (together with other available funds) to pay and redeem the Note. When the Note and interest accrued thereon have been paid in full, any balance in the Note Fund shall be deposited into the Construction Fund to pay the cost of additional Improvements to the System.

**Section 12: SEWER REVENUE FUND**

There is hereby created, and shall be maintained by the Treasurer, a fund known as the "City of Dover Sewer Revenue Fund" (the "Sewer Revenue Fund") into which the Revenue of the System, except income from investment of moneys in the Note Fund or Construction Fund, shall be deposited as collected. The Sewer Revenue Fund shall be held separate and apart from all other funds and accounts of the City.

**Section 13: CONSTRUCTION FUND**

There is hereby created, and shall be maintained by the Treasurer, a fund known as the "City of Dover Construction Fund" (herein called the "Construction Fund"), into which shall be deposited the following moneys:

- (a) All of the proceeds of the sale of the Note; and
- (b) All of the proceeds of the sale of the Bonds when they become available.

Moneys in the Construction Fund shall be used for the payment of part of the cost and expense of the construction and installation of the Project and to pay the interest due on the Note. The City will not pay any expenses of construction or installation of the Project prior to approval of the expenditure by the City's Professional Engineer or its successor, if any, in the supervision and management of the Project and the City. The City shall provide copies of payment requests submitted to the Professional Engineer to the Registered Owner and to Rural Development.

All interest earnings on moneys invested from the Construction Fund shall be deposited into said Construction Fund. The City'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 thereof paid in full, or if the Project is abandoned, if the Note remain Outstanding, any funds remaining in the Construction Fund (or so much thereof as may be needed) shall be transferred to the Note Fund. When the Project has been completed and all costs related thereto, including all principal of and interest on the Note is paid in full, any moneys remaining in the Construction Fund shall be deposited in the Bond Fund, created hereafter.

#### **Section 14: EXECUTION OF THE NOTE**

Without unreasonable delay the City shall cause the Note to be prepared, executed and delivered, which Note shall be typed, lithographed or printed with steel engraved or lithographed borders. Each Note shall be executed on behalf of the City by the Mayor, countersigned by the Treasurer, shall be attested by the City Clerk (all of which signatures shall be by manual signature), and shall have the seal of the City impressed thereon. Each Note shall be substantially in the form as set forth in Exhibit A attached hereto and made a part hereof.

The Note shall then be delivered to the Registrar for registration and delivery. Only such Note as shall bear thereon a Registration Certificate in the form hereinafter recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such Registration Certificate shall be conclusive evidence that the Note so registered have been duly executed and delivered hereunder and are entitled to the benefits of this Resolution.

**Section 15: SALE OF NOTE**

The sale of the Note to Panhandle State Bank, of Sandpoint, Idaho, in accordance with its bid to purchase dated April 14, 1999, is hereby authorized and approved.

The proper officials of the City are hereby authorized and directed to do all things necessary for the prompt execution and delivery of the Note and for the proper use and application of the proceeds of sale thereof.

**Section 16: ARBITRAGE; SPECIAL TAX COVENANTS**

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

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

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

**Section 17: NOTE DESIGNATED QUALIFIED TAX-EXEMPT OBLIGATION**

The City hereby designates the Note as a "qualified tax-exempt obligation" pursuant to Section 265(b) of the Code. The City does not expect to issue tax-exempt obligations in an aggregate principal amount in excess of \$10,000,000 during the calendar year 1999.

**Section 18: EXEMPTION FROM ARBITRAGE REBATE REQUIREMENTS**

The City hereby covenants and represents that: (i) all proceeds of the Note will be expended within six (6) months of the date of issuance; and (ii) it does not reasonably expect to issue more than \$5,000,000 in tax-exempt obligations during the 1999 calendar year. Accordingly, the City is not required to comply with the arbitrage rebate rules by virtue of Sections 148(f)(4)(B) and 148(f)(4)(C), respectively, of the Code.

**Section 19: PRIVATE PERSON USE LIMITATION**

The City hereby covenants that so long as the Note are outstanding, it will not permit the use of any Net Proceeds of the Note for any Private Person Use as determined under the Code.

The City further covenants that it will comply with any limitations on the use of the Project 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 Note.

**Section 20: PRIVATE LOAN LIMITATION**

The City hereby covenants that so long as the Note are outstanding, it will not permit Note proceeds to be used in a manner which may be characterized as a loan to a Private Person.

**Section 21: FEDERAL GUARANTY PROHIBITION**

The City hereby covenants that so long as the Note are 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 Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

**Section 22: TAX COVENANTS; BOND COUNSEL OPINION**

The City hereby covenants that it will comply with the provisions of this Resolution pertaining to the Code unless, in the written opinion of Preston Gates & Ellis LLP, or other nationally recognized bond counsel to the City, such compliance is not required in order to maintain the exemption of the interest on the Note from federal income taxation.

**Section 23: SEVERABILITY**

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

**Section 24: RESOLUTION A CONTRACT**

The provisions of this Resolution shall constitute a contract between the City and the Registered Owner so long as the Note hereby authorized remain unpaid.

**Section 25: RATIFICATION**

All actions (not inconsistent with the provisions of this Resolution) heretofore taken by the City, and its employees, with respect to the Acquisition of the Improvements, and the

issuance, sale and delivery of the Note, are hereby in all respects ratified, approved, and confirmed.

**Section 26: REPEALER**

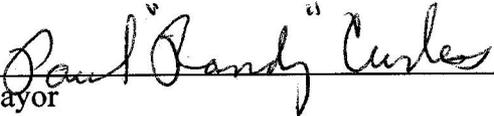
All resolutions, ordinances, or parts thereof in conflict herewith, to the extent of such conflict, are hereby repealed.

**Section 27: EFFECTIVE DATE**

This Resolution shall be effective from and after its adoption.

PASSED AND ADOPTED this 10<sup>th</sup> day of June, 1999.

CITY OF DOVER, Bonner County, Idaho

  
\_\_\_\_\_  
Mayor

ATTEST:

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

( S E A L )

**CERTIFICATION**

I, the undersigned City Clerk of the City of Dover, of Bonner County, Idaho, HEREBY CERTIFY that the foregoing Resolution is a full, true and correct copy of a Resolution duly adopted at a regular meeting of the City of said City, duly and regularly held at the regular meeting place thereof on June 10, 1999 of which meeting all members of said City had due notice and at which a majority thereof were present; and that at said meeting said Resolution was adopted by the following vote:

AYES, and in favor thereof, Councilmembers: *Brad Littlefield, Jenny Neal Hewitt, Maggie Becker*

NOES, Councilmembers: *none*

ABSENT, Councilmembers: ~~none~~ *Jenny Shulow*

ABSTAIN, Councilmembers: *none*

I FURTHER CERTIFY that I have carefully compared the same with the original Resolution on file and of record in my office; that said Resolution is a full, true and correct copy of the original Resolution adopted at said meeting; and that said Resolution 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 City on June 10, 1999.

CITY OF DOVER, Bonner County, Idaho

*Connie A. Herible*  
\_\_\_\_\_  
City Clerk

(SEAL)

[ Face of Note ]

**MASTER  
NOTE**

**Not to Exceed  
\$450,000**

STATE OF IDAHO  
County of Bonner

CITY OF DOVER

SEWER REVENUE  
BOND ANTICIPATION NOTE, SERIES 1999

(The City has Designated the Note of this Series  
as "Qualified Tax-Exempt Obligations")

See Reverse Side for  
Additional Provisions

INTEREST RATE

MATURITY DATE

5.25%

June 10, 2000

The CITY OF DOVER (the "City"), of Bonner County, Idaho, a duly incorporated and existing municipal corporation organized and operating under the laws of the State of Idaho, acknowledges itself to owe, and for value received, promises to pay from the City of Dover Sewer Revenue Bond Anticipation Note Fund" (the "Note Fund"), created by Resolution No. \_\_\_\_\_ (the "Note Resolution"), adopted on June 10, 1999, to

PANHANDLE STATE BANK, of Sandpoint, Idaho

or registered assigns, on the maturity date specified above, the principal sum of not to exceed

Four Hundred Fifty Thousand and No/100 Dollars - - - - - (\$450,000.00)

or such portion thereof actually drawn against this Note by the City, together with interest thereon from the date of such draw at the rate set forth above, payable at maturity or at any date of prepayment or redemption, or until such principal sum shall have been paid or payment duly provided for. Interest shall be calculated on the basis of a 365-day year. Capitalized terms used herein shall have the meanings given to them by the Note Resolution.

Both principal of and interest on this Note are payable from the City of Dover Sewer Revenue Bond Anticipation Note Fund in immediately available lawful money of the United States of America to the Registered Owner hereof whose name and address appear on the Note Register maintained by the Registrar, upon presentment and surrender of this Note on or after the date of maturity or prior redemption at the principal office of the Registrar.

Reference is hereby made to the Additional Provisions of this Note 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 Note shall not become obligatory for any purpose or be entitled to any security or benefit under the Note Resolution until the Registration Certificate hereon shall have been manually signed by the Registrar.

IT IS HEREBY CERTIFIED AND DECLARED that this Note is issued pursuant to and in strict compliance with the Constitution and laws of the State of Idaho and resolutions of the City, specifically the Note Resolution, and that all acts, conditions and things required to be done precedent to and in the issuance of this Note have happened, been done and performed.

IN WITNESS WHEREOF, the City has caused this Note to be executed by the manual signature of its Mayor, and attested by the manual signature of its City Clerk, with the official seal of the City impressed hereon this 10<sup>th</sup> day of June, 1999.

CITY OF DOVER, Bonner County, Idaho

*Paul Randy Curles*  
[Manual Signature]

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
[Manual Signature]

City Clerk

( S E A L )

[ Reverse Side of Note ]

### **ADDITIONAL PROVISIONS**

This Note is issued pursuant to and in full compliance with the Constitution and laws of the State of Idaho, particularly Idaho Code Title 50, Chapter 17, and also pursuant to all proceedings duly adopted and authorized by the City, more particularly the Note Resolution. Capitalized terms used herein shall have the meanings given to them by the Note Resolution.

This Note is subject to call or redemption prior to its fixed date of maturity at the price of par, plus accrued interest, if any, to the date of redemption. Notice of any such redemption shall be mailed by first-class mail, postage prepaid, at least three (3) days prior to the redemption date, to the Registered Owner of the Note at its address appearing on the Note Register.

The Note are issued by the City in the aggregate principal amount of not to exceed \$450,000.00 in anticipation of the issuance of Sewer Revenue Bonds to be designated "City of Dover Sewer Revenue Bonds, Series 1999" (the "Bonds"), and said Bond proceeds have been irrevocably pledged to the payment of the principal of and interest on this Note and the Note of this series.

To provide for the payment of the Note, the City has created the Note Fund, into which shall be deposited the first proceeds of the Bonds, and which shall be drawn upon for the sole purpose of paying the principal of and interest on the Note.

Reference is hereby made to the Note Resolution for a description of the covenants and conditions under which this Note is issued. The City hereby covenants and agrees with the Registered Owner of this Note that it will keep and perform all of the covenants of this Note and of the Note Resolution to be kept and performed by the City.

This Note is transferable by the Registered Owner hereof in person, or by his attorney duly authorized in writing, upon presentation and surrender of this Note at the principal office of the Registrar. Upon such transfer, a new fully registered Note of the same denomination, maturity and interest rate will be issued to the transferee, in exchange therefor.

### **LEGAL OPINION**

I, the undersigned City Clerk of the City of Dover, of Bonner County, Idaho, DO HEREBY CERTIFY that the legal opinion of Preston Gates & Ellis LLP, of Coeur d'Alene, Idaho, which opinion was dated the date of delivery of and payment for the Note described therein, was delivered to me on said date, and is now part of the permanent records of the City.

CITY OF DOVER, Bonner County, Idaho

[Manual Signature]

City Clerk

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

Date of Authentication  
and Registration: \_\_\_\_\_, 1999.

This Note is the City of Dover, of Bonner County, Idaho, Sewer Revenue Bond Anticipation Note, Series 1999, dated June 10, 1999, described in the within-mentioned Note Resolution, and registered as follows:

Date of Registration

June 10, 1999

Registered Owner

Panhandle State Bank  
P.O.Box 987  
Sandpoint, ID 83864

Signature of Registrar

[manual signature]

City Treasurer