

RESOLUTION NO. 98-R-644

**A RESOLUTION OF CITY OF BROOKINGS, CURRY COUNTY, OREGON,
AUTHORIZING ISSUANCE AND SALE OF LIMITED TAX REFUNDING
IMPROVEMENT BONDS, SERIES 1998**

WHEREAS, the City Council of City of Brookings (the City") finds:

A. The City is authorized pursuant to the Constitution and laws of the State of Oregon to issue refunding bonds for its outstanding Limited Tax Improvement Bonds, Series 1992 (the "Refundable Bonds").

B. The City has received a refunding analysis prepared by Seattle-Northwest Securities Corporation demonstrating that the City's outstanding Refundable Bonds can be refunded to produce debt service savings.

C. Issuing refunding bonds to refund the Refundable Bonds will benefit the City and its taxpayers.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Brookings that :

Section 1. Designations.

For the proposed issue of refunding bonds, the firm of Preston Gates & Ellis LLP is designated as bond counsel, the firm of Seattle-Northwest Securities Corporation is designated as Underwriter and the firm of Moore Breithaupt & Associates is designated as independent expert.

Section 2. Bonds Authorized.

For the above purpose, the City shall issue its Limited Tax Refunding Improvement bonds, Series 1998 (the "Refunding Bonds"). The City Finance Director or his or her designee (the "Finance Director"), on behalf of the City, may:

2.1. participate in the preparation and authorize the distribution of preliminary and final official statements or other disclosure document for the Refunding Bonds;

2.2. negotiate the terms of, and execute, a bond purchase agreement with the underwriters, establish the principal amount, interest rates, and sale price for the Refunding Bonds and the redemption terms, payment terms and dates, and other terms of the Refunding Bonds;

2.3. issue, sell and deliver the Refunding Bonds, and execute and deliver any related certificates or documents which are reasonably required to refund the Refundable Bonds in accordance with this Resolution; and

2.4. appoint a paying agent and escrow agent and negotiate the terms of, and execute, an escrow deposit agreement.

Section 3. Refunding Bond Book-Entry-Form.

The Refunding Bonds shall be initially issued in book-entry form, with no Refunding Bonds being made available to the Bondowners. The Finance Director shall execute and deliver letters of representations to The Depository Trust Company, New York, New York ("DTC") for the Refunding Bonds, in form and substance satisfactory to DTC. So long as the Refunding Bonds are in book-entry form:

3.1. Ownership of the Refunding Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on the DTC system. The Refunding Bonds shall be initially issued in the form of a global bond for each maturity. Each global bond shall be registered in the name of Cede & Co. as nominee of DTC as the owner of the Refunding Bond, and such global bonds shall be lodged with DTC and early redemption or maturity of the Refunding Bond issue.

3.2. The Registrar shall remit payment for the maturing principal and interest on the Refunding Bonds to DTC as owner of the Refunding Bonds for distribution by the nominee to the beneficial owners by recorded entry on the books of DTC participants and correspondents. While the Refunding Bonds are in book-entry-form, the Refunding bonds will be available in denominations of \$5,000 or any integral multiple thereof.

3.3. In the event DTC determines not to continue to act as securities depository for the Refunding Bonds, or the City determines that DTC shall no longer so act; then the City will discontinue maintaining the Refunding Bonds in the book-entry-form with DTC.

3.4. Notwithstanding the provisions regarding exchange and transfer of Refunding Bonds set forth in this Resolution, while the Refunding Bonds are in book-entry-form they may not be transferred or exchanged on the registration books maintained by the Paying Agent except:

3.5. to any successor depository designated by the City as provided below;

3.6. to any successor nominee designated by a depository; or

3.7. if the City elects to discontinue maintaining the Refunding Bonds in book-entry-form, the City shall cause the Paying Agent to authenticate and deliver replacement Refunding Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth herein, regarding registration, transfer and exchange of Refunding Bonds shall apply.

3.8. Upon the resignation of any institution acting as depository hereunder, or if the City determines that continuation of any institution in the role of depository is not in the best interests of the beneficial owners, the City shall attempt to identify another institution qualified to act as depository hereunder or shall discontinue maintaining the Refunding Bonds in book-entry-form.

by resolution or ordinance. If the City is unable to identify such successor depository prior to the effective date of the resignation, the City shall discontinue maintaining the Refunding Bonds in book-entry-form as provided above.

3.9. With respect to Refunding Bonds registered in the registration books maintained by the Paying Agent in the name of the nominee of DTC, the City and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:

3.9.1. the accuracy of the records of DTC, the Nominee or any participant or correspondent with respect to any beneficial owner's interest in the Refunding Bonds;

3.9.2. the delivery to any participant or correspondent or any other person of any notice with respect to the Refunding Bonds, including any notice of prepayment;

3.9.3. the selection by DTC of the beneficial interest in Refunding Bonds to be redeemed prior to maturity; or

3.9.4. the payment to any participant, correspondent, or any other person other than the registered owner of the Refunding Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal or interest on the Refunding Bonds.

3.10. So long as the Refunding bonds are in book-entry-form, the Paying Agent will give any notice of redemption or any other notices required to be given to registered owners of Refunding Bonds only to DTC or its nominee registered as the registered owner thereof. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of the Refunding Bonds called for redemption or of any other action premised on such notice. Neither the City nor the Paying Agent is responsible or liable for the failure of DTC or any participant to make any payment or give any notice to a beneficial owner in respect of the Refunding Bonds or any error or delay relating thereto.

3.11. The City shall pay or cause to be paid all principal and interest on the Refunding Bonds only to or upon the order of the owner, as shown in the registration books maintained by the Paying Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to payment thereof to the extent of the sum or sums so paid.

3.12. Upon delivery by DTC to the City and to the owner of written notice to the effect that DTC has determined to substitute a new nominee in place of the nominee, then the word "nominee" in this resolution shall refer to such new nominee of DTC, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent. DTC shall tender the Refunding Bonds it holds to the Paying Agent for reregistration.

3.13. The provisions of this Section may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC for bonds issued in book-entry-form.

Section 4. Optional Redemption.

4.1. The Bonds may be subject to optional redemption as described in the Bond Purchase Agreement.

Section 5. Notice of Redemption of Bonds.

5.1. Notice of Redemption (DTC). So long as the Refunding Bonds are in book-entry-form, the Paying Agent shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by a letter of representation submitted to DTC in connection with the issuance of the Refunding Bonds.

5.2. Notice of Redemption (No DTC). During any period in which the Refunding Bonds are not in book-entry-form, unless waived by any Owner of the Refunding Bonds to be redeemed, official notice of any redemption of Refunding Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Refunding Bond or Bonds to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such owner to the Paying Agent. The City shall notify the Paying Agent of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

5.2.1. the redemption date,

5.2.2. the redemption price,

5.2.3. if less than all outstanding Refunding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Refunding Bonds to be redeemed,

5.2.4. that on the redemption date the redemption price will become due and payable upon each such Refunding Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

5.2.5. the place where such Refunding Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

5.3. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued.

5.4. In addition to the foregoing notice, further notice shall be given by the Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

Section 6. Authentication, Registration and Transfer.

6.1. No Refunding Bond shall be entitled to any right or benefit under this Resolution unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all Refunding Bonds to be delivered at closing of the Refunding Bonds, and shall additionally authenticate all Refunding Bonds properly surrendered for exchange or transfer pursuant to this resolution.

6.2. The ownership of all Refunding Bonds shall be entered in the bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the bond register as the owner of the Refunding Bond for all purposes.

6.3. While the Refunding Bonds are in book-entry-form, the Paying Agent shall transfer Refunding Bond principal and interest payments in the manner required by DTC.

6.4. If the Refunding Bonds cease to be in book-entry-form, the Paying Agent shall mail each interest payment on the interest payment date (or the next business day if the payment date is not a business day) to the name and address of the Refunding Bondowners as they appear on the bond register as of the fifteenth day of the month preceding an interest payment date (the "Record Date"). If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

6.5. Refunding Bonds may be exchanged for an equal principal amount of Refunding Bonds of the same maturity which are in different denominations, and Refunding Bonds may be transferred to other owners if the Refunding Bondowner submits the following to the Paying Agent:

6.5.1. written instructions for exchange or transfer satisfactory to the Paying

Agent, signed by the Refunding Bondowner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

6.5.2. the Refunding Bonds to be exchanged or transferred.

6.6. The Paying Agent shall not be required to exchange or transfer any Refunding Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Refunding Bonds shall be exchanged or transferred promptly following that payment date.

6.7. The Paying Agent shall note the date of authentication on each Refunding Bond. The date of authentication shall be the date on which the Refunding Bondowner's name is listed on the bond register.

6.8. For purposes of this section, Refunding Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 5.5.

6.9. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Refunding Bondowners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 7. Security for Refunding Bonds.

The City has assessed benefited properties for the costs of local improvements, and has received applications to pay assessments in installments. Each assessment is exempt from the limitation provided in Section 11b(1), Article XI of the Oregon Constitution, because each assessment either: constitutes an assessment for a "local improvement" within the meaning of Section 11b(2)(d), Article XI of the Oregon Constitution; or, was levied prior to July 1, 1991. All installment assessment payments, delinquent payments and foreclosure proceeds shall be placed in the Refunding Bond account of the Bancroft Bond Redemption Fund or such similar fund and applied to the payment of principal and interest on the Bonds. In addition, the full faith and credit of the City are pledged to the successive owners of each of the Bonds for the punctual payment of such obligations, when due. Pursuant to ORS 223.235(4), the City shall levy annually, a direct ad valorem tax upon all of the taxable property within the City in an amount sufficient, with other available funds, to pay all principal of and interest on the Bonds which is due and payable in that year, provided that the amount of such tax shall not exceed the amount permitted under Section 11b(1), Article XI of the Oregon Constitution. The City covenants with the owners of its Bonds to levy such a tax annually during each year that any of the Bonds, or Bonds issued to refund them, are outstanding.

Section 8. Refunding Bond Insurance.

The City may apply for municipal bond insurance for the Refunding Bonds, and may expend Refunding Bond proceeds to pay any bond insurance premium.

Section 9. Form of Refunding Bonds.

The Refunding Bonds shall be in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the City Manager. The Refunding Bonds may be printed or typewritten, and may be issued as one or more temporary Refunding Bonds which shall be exchangeable for definitive Refunding Bonds when definitive Refunding Bonds are available.

Section 10. Execution.

The Refunding Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and the Finance Director/Recorder.

Section 11. Tax-Exempt Status.

The City covenants to use the proceeds of the Refunding Bonds, and the facilities financed with the Refundable Bonds, and to otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended, (the "Code") so that interest paid on the Refunding Bonds will not be includable in gross income of the bondowners. The City specifically covenants:

11.1. to comply with the "arbitrage" provisions of Section 148 of the Code, and pay any rebates due to the United States on the gross proceeds of the Refunding Bonds;

11.2. to yield restrict and pay any rebates due to the United States on any unexpended proceeds of the Refundable Bonds; and

11.3. to operate the facilities which were financed with the proceeds of the Refundable Bonds, and any facilities which are financed with the unexpended proceeds of the Refundable Bonds, so that the Refunding Bonds are not "private activity bonds" under Section 141 of the Code.

Section 12. Maintenance of Tax-Exempt Status.

12.1. The City covenants for the benefit of the owners of the Bonds to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for Bond interest to be excluded from gross income for federal income tax purposes. The City makes the following specific covenants with respect to the Code:

12.1.1. The City shall not take any action or omit any action, if it would cause the Bonds to become "arbitrage bonds" under Section 148 of the Code and shall pay any rebates or penalties to the United States which are required by Section 148(f) of the Code.

12.1.2. The City shall operate the facilities financed with the Bonds so that the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

12.2. The covenants contained in this Section and any covenants in the closing documents for the Bonds shall constitute contracts with the owners of the Bonds, and shall be enforceable by them.

Section 13. Bank Designation.

The City designates the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. The City (and all subordinate entities thereof, if any) does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.

The Finance Director may enter into covenants on behalf of the City to protect the tax-exempt status of the Refunding Bonds.

Section 14. Escrow.

The net proceeds of the Refunding Bonds shall be placed in irrevocable escrow, pursuant to the Escrow Deposit Agreement. The escrow agent or the Finance Director are hereby authorized to subscribe for and purchase the government obligations to be placed in the escrow, on behalf of the City.

Section 15. Redemption of Refundable Bonds.

Contingent solely on the sale of the Refunding Bonds, the City hereby irrevocably calls for redemption all of the then outstanding Refundable Bonds on June 1, 1999.

Section 16. Defeasance.

If the City:

16.1. irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of Refunding Bonds which are to be defeased; and,

16.2. files with the escrow agency or trustee an opinion from an independent, certified public accountant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Refunding Bonds when due; and,

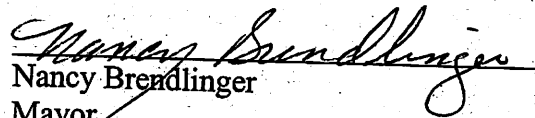
16.3. files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest component of the Refunding Bonds to be includable in gross income under the Code; then City shall be obligated to pay the defeased Refunding Bonds solely from the money and Government Obligations deposited with the escrow agent or trustee, and the City shall have no further obligation to pay the defeased Refunding Bonds from any source except the amounts deposited in the escrow. For purposes of this section, "Government Obligations" means direct obligations of the United States, or

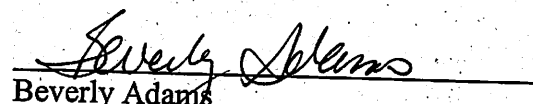


obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

Dated this 12th day of October, 1998.

City of Brookings
Curry County, Oregon


Nancy Brendlinger
Mayor


Beverly Adams
Finance Director/Recorder

