

RESOLUTION NO. 967

A RESOLUTION OF THE CITY OF CANBY, CLACKAMAS COUNTY, OREGON, AUTHORIZING THE ISSUANCE OF SEWER SYSTEM REVENUE REFUNDING BONDS

The City Council of the City of Canby, Clackamas County, Oregon (the "City"), resolves as follows:

Section 1. Findings.

- 1.1 The City is authorized by ORS 288.592 to issue revenue bonds to refund outstanding revenue bonds.
- 1.2 The City previously adopted its Resolution No. 657 on October 27, 1997 (the "Master Resolution") which authorized the issuance of its Sewer Revenue Refunding Bonds, Series 1997 (the "1997 Bonds") and provides the terms under which "Parity Obligations" may be issued.
- 1.3 The City issued the Sewer Revenue Bonds, Series 1998 on May 6, 1998 (the "1998 Bonds") as parity Obligations under the Master Resolution.
- 1.4 The City may be able to achieve debt service savings by refunding all or any portion of the callable maturities of the 1997 Bonds (the "Refundable Bonds") as Parity Obligations under the Master Resolution.

Section 2. Revenue Refunding Bonds Authorized

The City hereby authorizes the refunding of all or any portion of the Refundable Bonds to achieve debt service savings.

Section 3. The Refunding Bonds

- 3.1 **Sale Authorized.** The City is hereby authorized to issue its Sewer System Revenue Refunding Bonds (the "Refunding Bonds") to refund all or any portion of the callable maturities of the Refundable Bonds. The Refunding Bonds shall be Parity Obligations as defined in the Master Resolution. Capitalized but undefined terms used in this Supplemental Resolution have the meanings defined for those terms in the Master Resolution. The aggregate principal amount of the Refunding Bonds shall not exceed the amount that the City Administrator, Finance Director or the designee of either of these officials (any of whom is referred to herein as an "Authorized Officer") determines is necessary to accomplish the refunding and pay costs of the refunding.
- 3.2 **Limitation on Payment.** The Refunding Bonds shall be special obligations of the City, payable only from Net Revenues and other amounts pledged to the payment of "Bonds" in the Master Resolution. The Refunding Bonds are issued on a parity with the 1998

Bonds and any 1997 Bonds that remain Outstanding Bonds after the issuance of the Refunding Bonds.

3.3 **Delegation.** The Authorized Officer may, on behalf of the City and without further action by the Council:

- (1) Issue the Refunding Bonds in one or more series;
- (2) Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the Refunding Bonds;
- (3) Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms of the Refunding Bonds, and either publish a notice of sale, receive bids and award the sale to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters and negotiate the sale with those underwriters;
- (4) Execute an agreement with the underwriters to purchase the Refunding Bonds;
- (5) Execute and deliver a bond declaration specifying the terms under which the Refunding Bonds are issued and making covenants for the benefit of owners;
- (6) Undertake to provide continuing disclosure for the Refunding Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission;
- (7) Apply for and purchase bond insurance, a Reserve Equivalent, or other forms of credit enhancements and enter into agreements with the insurance, Reserve Equivalent or other credit enhancement providers, and execute and deliver related documents;
- (8) Determine how to apply the proceeds of the Refunding Bonds;
- (9) Enter into covenants to maintain the excludability of Refunding Bond interest from gross income under the Internal Revenue Code of 1986, as amended (the "Code");
- (10) Appoint and enter into agreements with escrow agents, paying agents, verification agents and other professionals and service providers;
- (11) Designate the Refunding Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code, if applicable;
- (12) Call, defease, and redeem the Refundable Bonds, appoint escrow agents and verification agents, and take any other actions and enter into related agreements to defease, call and redeem the Refundable Bonds; and

- (13) Execute any documents and take any other action in connection with the Refunding Bonds which the Authorized Officer finds will be advantageous to the City.

Section 4. Required Provisions

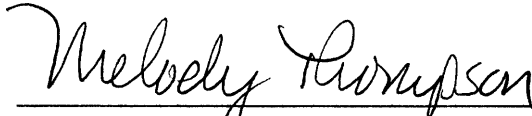
Section 13 of the Master Resolution requires this Supplemental Resolution to include the following statements. Capitalized but undefined terms shall be given the meaning for such term in the Master Resolution.

- 4.1 A deposit must be made at the closing of the Refunding Bonds sufficient to bring the balance of the Reserve Account equal to the Required Reserve for all Outstanding Bonds, including the Refunding Bonds.
- 4.2 The City covenants it shall charge rates and fees in connection with the operation of the Sewer System which, when combined with other Gross Revenues, but exclusive of system development charges and connection fee income, are adequate to generate Net Revenues in each Fiscal Year at least equal to 1.25 times the principal and interest due in that Fiscal Year on Bonds. If the Net Revenues (calculated in the manner described in the preceding sentence) fail to meet this level, the City will promptly increase its rates and fees to a level so that Net Revenues are projected to meet the required level.

Section 5. Effective Date

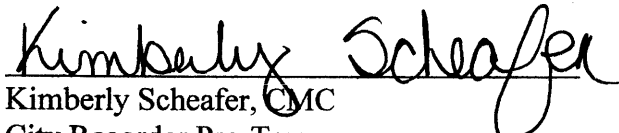
This resolution takes effect on the date of its adoption by the City Council.

ADOPTED BY THE CANBY CITY COUNCIL at a regular meeting thereof on December 5, 2007.



Melody Thompson
Mayor

ATTEST:



Kimberly Scheafer, CMC
City Recorder Pro-Tem