

RESOLUTION NO. 1424

A RESOLUTION AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS FOR THE PURPOSE OF FINANCING SEWERAGE FACILITIES AND TO PAY ALL COSTS INCIDENTAL THERETO.

WHEREAS, this City Council submitted to the legal voters of the City of Troutdale, Multnomah County, Oregon (the "City"), the question of contracting a general obligation bonded indebtedness in the aggregate sum of \$16,000,000 to finance sewerage facilities and to pay all costs incidental thereto; and

WHEREAS, the election was duly and legally held on November 3, 1998, and this City Council has canvassed the result thereof and has declared that issuance of bonds in such sum has been approved by a majority of the qualified voters of the City voting at the election; now, therefore,

City of Troutdale, Multnomah County, Oregon, resolves as follows:

Section 1. Issue.

1.1. For the above purposes, the City shall issue its General Obligation Bonds, Series 1999 (the "Bonds"), in the amount of (\$16,000,000), to be dated February 1, 1999, to be in denominations of Five Thousand Dollars (\$5,000) or integral multiples thereof, to bear interest payable on December 1 and June 1 of each year until maturity or prior redemption, commencing December 1, 1999, and to mature on June 1 of each year as follows unless term Bonds are bid pursuant to the Official Notice of Bond Sale:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2000	\$325,000	2010	\$855,000
2001	590,000	2011	895,000
2002	610,000	2012	940,000
2003	635,000	2013	985,000
2004	660,000	2014	1,035,000
2005	690,000	2015	1,090,000
2006	720,000	2016	1,145,000
2007	750,000	2017	1,205,000
2008	785,000	2018	1,265,000
2009	820,000		

Section 2. Bond Book-Entry-Form.

2.1. The Bonds shall be initially issued in book-entry-form, with no 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 Bonds, in form and substance satisfactory to DTC. So long as the Bonds are in book-entry form:

2.1.1. Ownership of the 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 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 Bond, and such global bonds shall be lodged with DTC until early redemption or maturity of the Bond issue.

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

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

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

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

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

2.3.3. if the City elects to discontinue maintaining the Bonds in book-entry-form, the City shall cause the Paying Agent to authenticate and deliver replacement 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 Bonds shall apply.

2.4. 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 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 Bonds in book-entry-form as provided above.

2.5. With respect to 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:

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

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

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

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

2.6. So long as the 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 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 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 Bonds or any error or delay relating thereto.

2.7. The City shall pay or cause to be paid all principal and interest on the 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.

2.8. 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 Bonds it holds to the Paying Agent for reregistration.

2.9. 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 3. Mandatory Redemption.

3.1. The Bonds maturing in two or more consecutive maturities may be designated as Term Bonds pursuant to the bid submitted by the successful bidder. Such Term Bonds, if any, shall be subject to mandatory redemption pursuant to the serial bond schedule established in the Official Notice of Bond Sale. Amounts paid to redeem bonds by optional redemption will be applied to reduce the amount of bonds subject to mandatory redemption, if any, in order of scheduled mandatory redemption.

Section 4. Optional Redemption.

4.1. The City reserves the right to redeem all or any portion of the Bonds maturing after June 1, 2009, by lot on June 1, 2009, and on any business day thereafter, at par plus accrued interest to the date fixed for redemption.

Section 5. Notice of Redemption of Bonds (DTC).

5.1. So long as the 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 Bonds.

Section 6. Notice of Redemption (No DTC).

6.1. During any period in which the Bonds are not in book-entry form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of 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 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:

6.1.1. the redemption date.

6.1.2. the redemption price,

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

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

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

6.2. Prior to any redemption date, the City shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

6.3. 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 Bonds, 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.

6.4. 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.

6.4.1. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.

6.4.2. Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, Pacific Securities Depository Trust Company of San Francisco, California and Philadelphia Depository Trust Company of Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Financial Information, Inc.'s Financial Daily Called Bond Service; Interactive Data Corporation's Bond Service; Kenny Information Service's Called Bond Service; Moody's Municipal and Government; and Standard and Poor's Called Bond Record.)

6.4.3. Each such further notice shall be published one time in *The Bond Buyer* of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.

6.4.4. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 7. Authentication, Registration and Transfer.

7.1. No 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 Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Resolution.

7.2. The ownership of all 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 Bond for all purposes.

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

7.4. If the 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 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.

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

7.5.1. written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Bondowner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

7.5.2. the Bonds to be exchanged or transferred.

7.6. Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives these materials described above.

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

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

7.9. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all 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 8. Security.

8.1. 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. The City shall levy annually, as provided by law, a direct ad valorem tax upon all of the taxable property within the City, without limit as to rate or amount, in sufficient amount, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other monies available for the payment of debt service on the Bonds, to pay the Bonds promptly as they mature, and 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 9. Maintenance of Tax-Exempt Status.

9.1. 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 taxation purposes (except for certain taxes on corporations), unless the City obtains an opinion of nationally recognized Bond Counsel that such compliance is not required for the interest paid on the Bonds to be so excluded. The City makes the following specific covenants with respect to the Code:

9.1.1. 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 to the United States which are required by Section 148(f) of the Code.

9.1.2. 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.

9.1.3. The City shall comply with all reporting requirements.

9.1.4. The City shall pay any required rebates to the federal government.

9.1.5. 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 10. Bonds Are Not Qualified Tax-Exempt Obligations.

10.1. The City does not designate the Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code.

Section 11. Rebate Exemption.

11.1. The City (and all subordinate entities thereof, if any) reasonably expects to issue tax-exempt obligations in calendar year 1999 which have an aggregate face amount of more than \$5,000,000. Accordingly, the City hereby covenants to pay to the United States any rebates required to be paid in connection with the Bonds, unless the City otherwise qualifies for an exemption, under Section 148(f) of the Code.

Section 12. SEC Compliance

12.1. Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires that issuers of bonds send certain financial information and operating data to certain information repositories annually and provide notice to such repositories and the Municipal Securities Rulemaking Board of certain material events.

12.2. The Finance Director is hereby authorized and directed on behalf of the City to execute the Continuing Disclosure Certificate (the "Certificate"). The Certificate is being executed for the benefit of the holders of the Bonds and to assist the underwriter of the bonds in complying with the "Rule." The City shall comply with the provisions of the Certificate and the Rule and shall enforce the provisions of the Certificate on behalf of the holders of the Bonds.

Section 13. Defeasance.

13.1. The City may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of a certified public accountant satisfactory to the escrow agent, without reinvestment, is at least equal to the principal amount of the Bonds to be defeased, plus interest which will accrue thereon until maturity or any earlier date for which the issuer has given irrevocable instructions for redemption. Such Bonds shall be paid hereunder, and shall cease to be entitled to any lien, benefit or security under this Bond Resolution except the right to receive payment from such special escrow account; such Bonds shall not for any purpose of this Bond Resolution be deemed outstanding.

Section 14. Advisors.

14.1. Seattle-Northwest Securities Corporation is hereby retained as the City's financial advisor and Preston Gates & Ellis LLP as its bond counsel.

Section 15. Sale.

15.1. The Recorder shall cause to be published in the *Gresham Outlook*, Gresham, Oregon, the *Daily Journal of Commerce*, Portland, Oregon, and *The Bond Buyer*, New York, New York, notices of sale of the Bonds in the form substantially as shown on Exhibit A attached hereto and by this reference incorporated herein, or summaries, as provided by law. The Bonds shall be sold upon the terms provided in the Notice of Bond Sale attached as Exhibit A. The Bonds shall be sold on the date and at the time and place stated in Exhibit A, unless the City Administrator establishes a different date, time, or place.

Section 16. Additional Actions.

16.1. The preparation and distribution of the Preliminary Official Statement to be used in connection with the sale of the Series 1999 Bonds, and the inclusion therein of the sections describing the activities and finances of the City, are authorized, approved and confirmed. The City Administrator or his designee may:

16.1.1. execute the Official Statement for and on behalf of the City for distribution to the public.

16.1.2. obtain a rating of the Bonds from Standard & Poor's Corporation, Moody's Investor Services, Inc., or such other similar credit rating service as they shall determine.

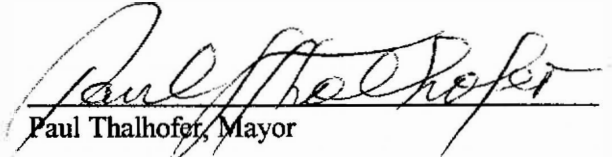
16.1.3. qualify for insurance.

16.1.4. execute and deliver on behalf of the City any and all additional certificates, documents or other papers and other acts (including, without limitation, the filing of any documents) as they may deem necessary or appropriate in order to implement the intent and purpose of this Resolution.

16.1.5. award the sale of the Bonds to the bidder offering the best bid to the City pursuant to this Resolution.

Adopted by the unanimous vote of the City Council, with a quorum in attendance, this 8th day of December, 1998.

YEAS: 7
NAYS: 0
ABSTAINED: 0


Paul Thalhofet, Mayor

Dated: 12-10-98


Debbie Stickney, Acting City Recorder

Adopted: 12-8-98

**Exhibit A (1)
Official Notice of Bond Sale**

**\$16,000,000
City of Troutdale
Multnomah County, Oregon
General Obligation Bonds
Series 1999**

NOTICE IS HEREBY GIVEN that sealed or telecopied bids will be received on behalf of the City of Troutdale, Multnomah County, Oregon (the "City"), for the purchase of its General Obligation Bonds, Series 1999 (the "Bonds"), until 10:00 o'clock a.m. (Pacific Time) on January 20, 1999, at the offices of Preston Gates & Ellis LLP, Suite 1400, 222 S.W. Columbia Street, Portland, Oregon 97201-6632, at which time they will be publicly opened and announced.

The bids shall be considered and acted upon by the City within four hours.

ISSUE: The issue shall be in the aggregate principal amount of (\$16,000,000), consisting of registered Bonds in denominations of Five Thousand Dollars (\$5,000) or integral multiples thereof, all dated February 1, 1999.

BIDDING CONSTRAINTS: All bids must be for not less than all the Bonds hereby offered for sale, and for not less than 98.5% of the par value thereof and accrued interest to the date of delivery. The maximum interest rate shall not exceed a true interest cost of five and one-half percent (5.5%) per annum. Interest is payable semiannually on June 1 and December 1 of each year until maturity or prior redemption, commencing December 1, 1999. Bidders must specify the interest rate or rates which the Bonds hereby offered for sale shall bear. The bids shall comply with the following conditions: (1) each interest rate specified in any bid must be a multiple of 1/8th or 1/20th of one percent (1%); (2) no Bond shall bear more than one rate of interest; (3) each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (4) all Bonds maturing at any one time shall bear the same rate of interest; (5) no rate of interest may exceed 5.5%; (6) the highest rate bid shall not exceed the lowest rate bid by more than 3%, and (7) zero rates are not permitted.

MATURITIES: The Bonds shall mature on June 1 of each year as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2000	\$325,000	2010	\$855,000
2001	590,000	2011	895,000
2002	610,000	2012	940,000
2003	635,000	2013	985,000
2004	660,000	2014	1,035,000
2005	690,000	2015	1,090,000
2006	720,000	2016	1,145,000
2007	750,000	2017	1,205,000
2008	785,000	2018	1,265,000
2009	820,000		

OPTIONAL DESIGNATION OF TERM BONDS AND MANDATORY REDEMPTION: The successful bidder may designate one or more term Bonds, which consist of two or more consecutive maturities, which mature on the maturity date of the last of the consecutive maturities in an amount equal to the sum of the consecutive maturities, and which are subject to mandatory redemption at par and by lot in amounts equal to the consecutive maturities which were combined into term Bonds.

OPTIONAL REDEMPTION: The Bonds shall be subject to redemption, in whole or in part, at the option of the City, on June 1, 2009 and on any business day thereafter at par plus accrued interest to the date of redemption upon prior written notice as hereinafter provided.

NOTICE OF REDEMPTION: Notice of any call for redemption, unless waived by the holders of the Bonds to be redeemed, shall be given as required by the Letter of Representations to The Depository Trust Company or shall be mailed not less than thirty days and not more than sixty days prior to such call to the registered owners of the Bonds, and otherwise given as required by the authorizing Bond Resolution and by law; however, any failure to give notice shall not invalidate the redemption of the Bonds. All Bonds called for redemption shall cease to bear interest from the date designated in the notice.

BOOK ENTRY ONLY: The Bonds are to be issued in registered, book-entry form only and all bidders of the Bonds must be participants of The Depository Trust Company, New York, New York, or affiliated with its participants. The certificates will be on deposit with The Depository Trust Company. The Depository Trust Company will be responsible for maintaining a book-entry system for recording the interest of its participants for the transfer of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interest in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$5,000, or any multiple thereof through book entries made on the books and records of The Depository Trust Company and its participants.

REGISTRATION: The Bonds will be issued in fully registered form, and may be exchanged at the expense of the City for similar Bonds of different authorized denominations. Bonds may not be converted to bearer form.

PAYMENT: Principal and interest are payable, either at maturity or upon earlier redemption, by check or draft through the principal corporate trust office of the registrar and paying agent of the City, which is currently U.S. Bank Trust National Association, in Portland, Oregon.

PURPOSE: The Bonds are being issued to to finance sewerage facilities and to pay all costs incidental thereto. The Bonds were authorized at a special election held within the City on November 3, 1998.

SECURITY: The Bonds are general obligations of the City. The City has covenanted to levy an ad valorem tax annually without limit as to rate or amount, which, with other available funds, will be sufficient to pay Bond principal and interest as they come due.

BOND INSURANCE: Application will be made for qualification of the Bonds for debt service insurance. If the Bonds qualify for municipal bond insurance, any purchase of such policy shall be at the sole option and expense of the bidder. Failure of the Bonds to be so insured or of any such policy to be issued shall not in any manner relieve the successful bidder of his contractual obligations arising from the acceptance of his proposal for the purchase of the Bonds.

RATING AGENCIES: The City shall obtain one bond rating. Any additional rating, with or without insurance, shall be at the bidder's expense.

LEGAL OPINION: The approving opinion of Preston Gates & Ellis LLP, Bond Counsel, of Portland, Oregon, will be provided at no cost to the purchaser.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel, under existing law and conditioned on the City complying with certain covenants relating to the tax-exempt status of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes (except for certain taxes on corporations). The Bonds are not "private activity bonds" under Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

In the opinion of Bond Counsel, the interest on the Bonds is exempt from personal income taxation by the State of Oregon under present state law.

Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

CERTIFICATE REGARDING ISSUE PRICE: To provide the City with information required to enable it to comply with certain conditions of the Code relating to the exclusion of the interest on the Bonds from the gross income of their owners, the successful

bidder will be required to complete, execute and deliver to Bond Counsel (on or before three business days prior to the date of delivery of the Bonds) a certification provided by Bond Counsel as to the "issue price" of each maturity of the Bonds. In the event the successful bidder has (1) purchased the Bonds for its own portfolio without intention to resell the Bonds, or (2) made a bona fide private placement of the Bonds, such certificate may be modified in a manner provided by Bond Counsel. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate, if its bid is accepted by the City. In addition, the successful bidder shall provide the City's financial advisor, Seattle-Northwest Securities Corporation, with the reoffering prices and yields within twenty-four hours after award of the bid. The reoffering prices and yields so provided will be printed on the cover of the final official statement. Failure to provide the reoffering prices and yields, or the certificate satisfactory to Bond Counsel, may result in cancellation of the sale and forfeiture of the successful bidder's good faith deposit.

DELIVERY: Closing will occur in Portland, Oregon. Delivery of the Bonds will be made, at no cost to the purchaser, to The Depository Trust Company, New York, New York, on or about February 3, 1999. Payment for the Bonds must be made in funds immediately available.

BEST BID: The Bonds will be awarded to the responsible bidder whose proposal will result in the lowest true interest cost to the City. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service to February 1, 1999, and the price bid for the Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the City will pay upon the issue if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to the date of delivery.

FORM OF BID: Bids must be for all Bonds, and for not less than the minimum bid price, plus accrued interest to the date of delivery. Each bid must be signed and may be submitted on the optional bid form enclosed in the preliminary official statement. Bids may be telecopied or delivered to the City in care of its Bond Counsel, Preston Gates & Ellis LLP at 503-248-9085 (fax). Bids which are delivered must be enclosed in a sealed envelope addressed to the City, which is clearly marked as a proposal for the Bonds. The City requests that any firm planning to telecopy a bid contact the person shown below under "Official Statement and Further Information" at least one business day prior to the sale. Bidders electing to telecopy bids bear all risk of failure of the bid to be received by Bond Counsel in a timely manner, and any inaccuracies that result from lack of clarity in the telecopied bid which Bond Counsel receives.

GOOD FAITH DEPOSIT - CHECK OR FINANCIAL SURETY BOND: Each bid must be accompanied by a good faith deposit in the amount of THREE HUNDRED TWENTY THOUSAND DOLLARS (\$320,000.00). The good faith deposit must be in the form of a certified or cashier's check drawn on a bank doing business in the State of Oregon or a financial surety bond and payable to the order of the City. The good faith deposit will be held by the City as security against any loss resulting from the failure of the bidder to comply with the

terms of its bid. The good faith deposit will be forfeited to the City as liquidated damages in case the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase of the Bonds in accordance with the terms thereof, including any failure to purchase the Bonds resulting from the inability of the bidder to secure delivery of an insurance policy submitted as part of its bid for the purchase of the Bonds.

If a financial surety bond is used as the good faith deposit, such financial surety bond must be submitted to the City prior to the opening of the bids. The issuer of the financial surety bond must be rated in the highest rating category by Moody's Investors Service, Inc., by Standard & Poor's Corporation, or by Fitch Investors Service, Inc., and must identify the bidder whose good faith deposit is guaranteed by such financial surety bond. If the Bonds are awarded to a bidder utilizing a financial surety bond as the good faith deposit, then not later than 2:00 p.m. (Pacific Time) on January 21, 1999 the successful bidder must send by electronic wire transfer to such account as the City shall specify, immediately available funds in an amount equal to the good faith deposit. If such wire transfer is not received from the successful bidder by 2:00 p.m. on January 21, 1999 the financial surety bond may be immediately drawn upon by the City to satisfy the good faith deposit requirement.

The City reserves the right to cash the good faith deposit check of the successful bidder, or to retain any good faith deposit delivered by electronic wire transfer, immediately upon receipt thereof by the City. The City shall be entitled to retain for the sole and exclusive use and benefit of the City all investment earnings derived from the good faith deposit prior to the delivery of the Bonds, and in no event shall the successful bidder be entitled to any such investment earnings (whether by means of a credit or otherwise).

Upon delivery of the Bonds, the successful bidder will receive a credit against the purchase price of the Bonds in an amount equal to the good faith deposit. Checks representing the good faith deposits of the unsuccessful bidders will be promptly returned by the City.

NOT BANK QUALIFIED: The City has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

RIGHT OF REJECTION: The City reserves the right to reject any or all bids, and to waive any irregularities.

OFFICIAL STATEMENT AND FURTHER INFORMATION: Further information and a preliminary official statement relating to the Bonds will be provided upon request to its financial advisor, Seattle-Northwest Securities Corporation, 1000 S.W. Broadway, Suite 1800, Portland, OR 97205, telephone: (503) 275-8300, attention: Mike Lewis or Carol Samuels.

COMPLIANCE WITH SEC RULES: The City agrees to provide the successful bidder for the Bonds with sufficient copies of the official statement for the Bonds to comply with

federal regulations, in a form "deemed final" by the City at the expense of the City, and such additional copies as the successful bidder may request in its bid form at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the City, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

The City further covenants and agrees to enter into a written agreement or contract, constituting an undertaking to provide ongoing disclosure about the City, for the benefit of the Bondholders on or before the date of delivery of the Bonds as required by Section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"), which undertaking shall be a part of the Resolution and in the form as summarized in the Preliminary Official Statement, with such changes as may be agreed to in writing by the Underwriter. The City is in full compliance with each and every undertaking previously entered into by it pursuant to the Rule.

POTENTIAL BID: The financial advisor may submit a bid or participate in a bidding syndicate.

CUSIP: CUSIP numbers will be imprinted upon all Bonds of this issue at the City's expense. Failure to print, or improperly imprinted numbers will not constitute basis for the purchaser to refuse to accept delivery.

NO LITIGATION: At the time of payment for the delivery of said Bonds, the City will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the Bonds.

FURTHER INFORMATION: Additional information regarding the City and this sale may be obtained from Robert W. Gazewood, Finance Director, City of Troutdale 104 SE Kibling Avenue, Troutdale, OR 97060, telephone: (503) 665-5175.

Finance Director
City of Troutdale, Multnomah County, Oregon

**Exhibit A(2)
Summary Notice of Bond Sale**

**\$16,000,000
City of Troutdale
Multnomah County, Oregon
General Obligation Bonds
Series 1999**

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of City of Troutdale, Multnomah County, Oregon (the "City"), at the office of Preston Gates & Ellis LLP, Lawyers, 222 SW Columbia Street, Suite 1400, Portland, Oregon 97201-6632, until 10:00 o'clock a.m. (Pacific Time) on Wednesday,

January 20, 1999.

The Bonds will be dated February 1, 1999, will be in denominations of \$5,000 each or integral multiples thereof, and will mature in varying amounts from June 1, 2000, to June 1, 2018, inclusive, and are callable on June 1, 2009 at par.

In the opinion of Preston Gates & Ellis LLP, Bond Counsel, assuming compliance by the City with its covenants relating to the tax-exempt status of the Bonds and except for certain taxes on the book income of corporations, interest on the Bonds is excluded from gross income for federal income taxation and is exempt for Oregon personal income taxation purposes. The Bonds are not private activity bonds.

The successful bidder must certify the reoffering price as provided in the complete Official Notice of Bond Sale for the Bonds.

The City has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Complete copies of the Official Notice of Bond Sale will be published in the Preliminary Official Statement for the Bonds, which is available from the City's financial advisor: Seattle-Northwest Securities Corporation, 1000 S.W. Broadway, Suite 1800, Portland, OR 97205, telephone: (503) 275-8300, Attention: Mike Lewis.

City of Troutdale, Multnomah County, Oregon

**Exhibit B
Form of Bond**

No. R-«BondNumber»

\$«PrincipalAmtNumber»

United States of America
County of Multnomah
City of Troutdale
General Obligation Bond
Series 1999

Dated Date: _____, 199__
Interest Rate Per Annum: «CouponRate»%
Maturity Date: _____, «MaturityYear»
CUSIP Number: _____ «CUSIPNumbr»
Registered Owner: -----CEDE & CO.-----
Principal Amount: -----«PrincipalAmtSpelled» DOLLARS-----

The City of Troutdale, in Multnomah County, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the first day of _____ and on the first day of _____ in each year until maturity or prior redemption, commencing _____, _____. Payment of each installment of principal or interest shall be made to the Registered Owner hereof whose name appears on the registration books of the City maintained by the City's paying agent and registrar, which is currently _____ in Portland, Oregon (the "Registrar") as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, principal and interest payments shall be paid on each payment date to the nominee of the securities depository for the Bonds. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the City aggregating \$16,000,000 in principal amount designated as General Obligation Bonds, Series 1999 (the "Bonds"). The Bonds are issued for the purpose of financing sewerage facilities. The Bonds are issued under and pursuant to Resolution No. _____ of the City adopted _____, 1999 (the "Resolution"), and in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City.

The Bonds constitute valid and legally binding obligations of the City. The full faith and credit of the City are pledged for the punctual payment of the principal of and interest on the Bonds when due. The City has pledged and is obligated by law to provide for the levy and collection annually of ad valorem taxes without limitation as to rate or amount on all taxable property within the boundaries of the City to pay the principal of and interest on the Bonds. The Bonds do not constitute a debt or indebtedness of Multnomah County, the State of Oregon, or any political subdivision thereof other than the City.

The Bonds are initially issued as a book-entry only security issue with no certificates provided to the beneficial owners. Records of ownership of beneficial interests in the Bonds will be maintained by The Depository Trust Company and its participants.

Should the book-entry only security system be discontinued, the Bonds shall be issued in the form of registered Bonds without coupons in denominations of \$5,000 or any integral multiple thereof. Such Bonds may

be exchanged for Bonds of the same aggregate principal amount, interest rate, and maturity date, but different authorized denominations, as provided in the Resolution.

The Bonds shall mature and be subject to redemption as described in the Official Notice of Bond Sale for the Bonds which is dated _____, 1999 and in the final Official Statement for the Bonds which is dated _____, 1999.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Resolution. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. The Registrar will notify The Depository Trust Company of any Bonds called for redemption not less than 30 days prior to the date fixed for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the Bond register; however, any failure to give notice shall not invalidate the redemption of the Bonds.

Any exchange or transfer of this Bond must be registered, as provided in the Resolution, upon the bond register kept for that purpose by the Registrar. The exchange or transfer of this Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Registrar and which is executed by the registered owner or duly authorized attorney. Upon registration, a new registered Bond or Bonds, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Resolution. The City and the Registrar may treat the person in whose name this Bond is registered on the bond register as its absolute owner for all purposes, as provided in the Resolution.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and the Charter of the City; and that the issue of which this Bond is a part, and all other obligations of the City, are within every debt limitation and other limit prescribed by such Constitution and Statutes and Charter.

IN WITNESS WHEREOF, the City Council has caused this Bond to be signed by facsimile signature of its Finance Director and attested by facsimile signature of its Recorder as of the date indicated above.

City of Troutdale

Finance Director

Recorder

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the \$16,000,000 aggregate principal amount of the City of Troutdale, Oregon General Obligation Bonds, Series 1999 issued pursuant to the Resolution described herein.

Date of Authentication: _____

_____, as Registrar

Authenticating Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Please insert social security or other identifying number of assignee)

this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of survivorship
and not as tenants in common

OREGON CUSTODIANS use the following

_____ CUST UL OREG _____ MIN
as custodian for (name of minor)

OR UNIF TRANS MIN ACT

under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.