

A RESOLUTION OF THE COMMON COUNCIL)
OF THE CITY OF LEBANON, OREGON,)
AUTHORIZING THE LEASE-PURCHASE OF)
WATER SYSTEM IMPROVEMENTS AND)
APPROVING OF THE ISSUANCE AND)
SALE OF NOT TO EXCEED \$3,500,000)
CERTIFICATES OF PARTICIPATION IN)
THE LEASE-PURCHASE AGREEMENT.)

RESOLUTION NO. 42
For 1991

WHEREAS, the City of Lebanon, Oregon (the "City") desires to make certain additions and improvements to the City's water system (the "Facilities"); and

WHEREAS, the Council has reviewed a proposed plan to provide funds for payment of the costs of such additions and improvements through the issuance of certificates of participation in a lease-purchase agreement to be entered into between the City and a trustee (the "Trustee"), and has determined that the proposed issuance of certificates of participation would be in the best interests of the City; and

WHEREAS, the City is authorized to enter into lease-purchase agreements for the acquisition of the Facilities by Oregon Revised Statutes Section 271.390.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City of Lebanon:

Section 1. Issuance of Certificates. The Common Council approves of the financing of the projects listed on Schedule A attached hereto through the City entering into a lease-purchase agreement with the Trustee, and of the issuance and sale of certificates of participation in the payments to be made by the City pursuant to such lease-purchase agreement (the "Certificates"). The Certificates are to be issued for the purpose of providing for the payment of the costs of the Facilities and to pay the costs of issuance of the Certificates.

The Certificates shall be issued in an amount not to exceed \$3,500,000, shall be in fully registered form, shall be numbered sequentially beginning with R-1, shall be in denominations of Five Thousand Dollars (\$5,000) each, or any integral multiple thereof and shall be issued as printed certificates or in book-entry form. The City Administrator or the Finance Director is authorized and directed to designate a dated date for the Certificates and a maturity schedule which shall provide for annual payments of principal and semi-annual payments of interest.

Section 2. Title of Certificates. The Certificates shall be entitled "Certificates of Participation Evidencing an Ownership Interest in a Lease-Purchase Agreement with the City of Lebanon, Linn County, Oregon".

Section 3. Lease-Purchase Agreement. The City authorizes the City Administrator or the Finance Director to negotiate and prepare a lease-purchase agreement for the acquisition of the Facilities which shall be for a period of not to exceed thirty (30) years and which provides for periodic principal and interest payments to the Trustee. The payments to be made by the City pursuant to such lease-purchase agreement shall be payable solely from the revenues of the water system and shall not be a charge upon the general funds of the City.

Section 4. Designation of Paying Agent and Certificate Registrar. The City Administrator or the Finance Director is authorized to designate the Trustee, Paying Agent and Registrar for the Certificates.

Section 5. Payment of Certificates. The principal of the Certificates shall be payable upon presentation of the Certificates at maturity at the office of the Certificate Paying Agent in Portland, Oregon. Payment of each installment of interest shall be made by check or draft of the Certificate Paying Agent mailed to the registered owner of each Certificate whose name and address appears on the registration books maintained by the Certificate Registrar as of the close of business on the 15th day next preceding the interest payment date.

Section 6. Printing of Certificates. The City Administrator or the Finance Director is authorized to contract for the printing of the Certificates. The City Administrator and the Finance Director may provide for the printing of, in addition to the original issue of Certificates, additional certificates to be printed in blank form as to registration for the Certificate Registrar to deliver to the registered owner upon transfer or exchange of Certificates. The additional certificates shall be dated as of the date of the Certificates, shall be signed by the facsimile signature of an authorized representative of the Trustee and the Certificates Registrar shall manually sign the Certificate of Authentication as of the date of the transfer of the Certificates.

Section 7. Arbitrage. The proceeds of the Certificates shall be used and invested in such manner that the Certificates shall not become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder.

Section 8. Bond Counsel. Messrs. Rankin, Mersereau and Shannon of Portland, Oregon are hereby appointed Bond Counsel for the issuance of the Certificates.

Section 9. Qualified Tax-Exempt Obligations. The City hereby designates the Certificates for purposes of paragraph (3) of Section 265(b) of the Internal Revenue Code of 1986, as amended, (the "Code") as "qualified tax-exempt obligations" and covenants that the Certificates do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations, the interest on which is excludable under Section 103(a) of the Code from gross income for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Certificates, have been or shall be issued by the City, including all subordinate entities of the City, if any, during the calendar year 1991.

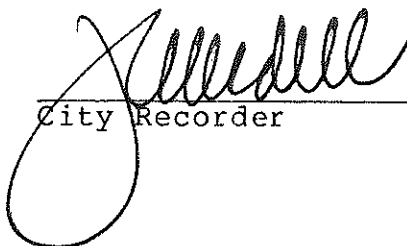
Section 10. Preliminary Official Statement. The City shall assist in the preparation of a Preliminary Official Statement for the Certificates which shall be available for distribution to prospective purchasers of the Certificates. When advised by staff that the final Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the Official Statement not misleading in the light of the circumstances under which they are made, the City Administrator or the Finance Director is authorized to certify the accuracy of the Official Statement on behalf of the City.

Passed by the Common Council of the City of Lebanon by a vote of 4 for and 0 against, and approved by the Mayor this 14th day of August, 1991.



Mayor

ATTEST:



City Recorder

SCHEDULE A

DISTRIBUTION SYSTEM PROJECTS:

East Grant Street Water Reconstruction
5th Street Water Reconstruction
Land Acquisition-2 Reservoirs
Emergency Back-up Wells
2nd and Morton Water Reconstruction
7th Street Reconstruction
Vehicle-Combination Cleaner (30%)
Vehicle-5 Yard Dump Truck
Cathodic Protection (3 sites)
New Shop Site (Phase 1)
Airport Road Water Reconstruction
Hiatt/Wheeler Water Reconstruction
Grant Street/Green Acres/Airway Water Reconstruction
Vaughn Lane/Tenth Street Loop
Santiam Highway Interconnect
Kees Street Interconnect
Garvord Interconnect
Small Diameter Waterline Replacement

WATER TREATMENT PLANT UPGRADE AND MAJOR MAINTENANCE PROJECTS:

Backwash Waste Pond Reconstruction
Chemical Feed Controller
Lime Feed Equipment and Building
Misc. Filter Improvements
Rebuild FWP Cla-Vals (4)
Rebuild Raw Water Pumps (3)
Accelerator Leak Repairs
WTP Roof Repairs
Media Replacement
On-line PH Monitoring System
Rebuild Surface Sweeps
Rebuild Finished Water Pumps
Turbidimeter (2)
Polymer Feed Equipment
Emergency Power Generator
Building/Accelerator Exterior Painting
Rebuild Reservoir Altitude Valves/Vaults
Chlorine Residual Analyzer
North Reservoir Telemetry Replacement
Rebuild Accelerator Auto Waste System
Landscaping, Fencing and Signing
Finish Water Pump Building HVAC and Insulation
SCIP Vault Rebuild