

A RESOLUTION OF THE CITY OF)
 LEBANON, OREGON AUTHORIZING)
 THE ISSUANCE AND NEGOTIATED)
 SALE OF WASTEWATER REVENUE)
 REFUNDING BONDS, SERIES 1993)
 TO ADVANCE REFUND THE)
 CALLABLE PORTION OF THE CITY'S)
 OUTSTANDING WASTEWATER REVENUE)
 BONDS, SERIES 1990.)

RESOLUTION NO. 10
 for 1993

Oregon Revised Statutes Sections 288.605 to 288.695 authorizes a public body to issue bonds to advance refund outstanding bonds to effect a savings discounted to present value. The City of Lebanon, Oregon (the "City") is advised that it is desirable to advance refund the callable portion of the City's (a) Current Interest Wastewater Revenue Bonds, Series 1990 (the "Series 1990 Current Interest Bonds") in the outstanding principal amount of \$3,395,000, and (b) the Deferred Interest Wastewater Revenue Bonds, Series 1990 (the "Series 1990 Deferred Interest Bonds") in the outstanding principal amount of \$253,869.95. The Series 1990 Current Interest Bonds and the Series 1990 Deferred Interest Bonds are collectively referred to herein as the "Prior Bonds".

The Prior Bonds were issued pursuant to Ordinance No. 2076, enacted June 25, 1990 (the "Prior Resolution"), in the aggregate principal amount of \$4,508,869.95 and the proceeds were expended to upgrade the City's wastewater collection and treatment system and to pay the costs of issuance of the Prior Bonds . There is presently \$4,353,869.95 of the Prior Bonds outstanding.

The proceeds of the Wastewater Revenue Refunding Bonds, Series 1993 (the "Series 1993 Bonds") will be for the purpose of providing funds sufficient to advance refund the callable portion of the outstanding Prior Bonds and to pay the costs of issuance of the Series 1993 Bonds.

Section 14 of the Prior Resolution authorizes the issuance of Additional Bonds for the purpose of refunding at or prior to maturity, any outstanding revenue bonds or other obligations payable from the Revenue of the Wastewater System.

The City desires to issue the Series 1993 Bonds as Additional Bonds under the Prior Resolution.

Capitalized terms not defined herein shall have the meaning assigned to such terms in the Prior Resolution, unless the context clearly requires otherwise.

NOW, THEREFORE, the City of Lebanon, Oregon, acting by and through its Common Council, does resolve as follows:

Section 1. The City does hereby approve of the advance refunding of the callable portion of the Prior Bonds and authorizes the filing of an advance refunding plan with the State Treasurer for his review and approval pursuant to Oregon Revised Statute 288.620. In the event savings discounted to present value is insufficient under Oregon statutes and administrative rules to advance refund all of the callable portion of the Prior Bonds, the Finance Director is authorized advance refund only that portion of the Prior Bonds which will result in obtaining the required savings discounted to present value. The State Treasurer is requested to approve of the advance refunding plan as submitted so that the City can incur a debt service savings discounted to present value with respect to the Prior Bonds.

Section 2. Issuance of Series 1993 Bonds. The City does authorize the issuance and negotiated sale of not to exceed \$4,500,000 Wastewater Revenue Refunding Bonds, Series 1993. The Series 1993 Bonds shall be serial negotiable bonds, shall be issued in fully registered form, shall be numbered sequentially beginning with number R-1, shall be in denominations of \$5,000 each, or integral multiples thereof, and shall bear interest at a true effective rate not to exceed seven percent (7.0%) per annum, payable semiannually. The Series 1993 Bonds shall be sold at not less than ninety-seven percent (97%) of par value. The City authorizes the Finance Director or the City Administrator (the "Authorized Representative") to determine and designate the principal amount, dated date, maturity dates, principal serial maturities, optional redemption dates and premiums, if any, term bond maturity or maturities, the interest payment dates and to determine such other provisions as are deemed necessary and desirable for the sale and issuance of the Series 1993 Bonds.

Section 3. Title and Execution of Series 1993 Bonds. The Series 1993 Bonds shall be entitled "City of Lebanon, Oregon Wastewater Revenue Refunding Bonds, Series 1993" and shall bear the manual or facsimile signature of the Mayor of the City and the manual or facsimile signature of the City Recorder. The Series 1993 Bonds may be initially issued in book-entry form as a single typewritten bond for each single maturity and issued in the registered name of the nominee of The Depository Trust Company, New York, New York. If issued in book-entry-only form, the Series 1993 Bonds will be issued without certificates being made available to the bond holders.

Section 4. Principal Amount. The principal amount of the Series 1993 Bonds shall be sufficient to purchase United States Treasury Obligations (the "Government Obligations") for deposit into the Escrow Deposit Fund under the Escrow Deposit Agreement between the City and the Escrow Agent sufficient to pay the principal of and interest on the Prior Bonds which are being refunded and to pay the costs of issuance of the Series 1993 Bonds. In the event savings discounted to present value is insufficient under Oregon statute and administrative rules to advance refund all of the callable portion of the Prior Bonds, the Authorized Representative is authorized to advance refund only a portion of the Prior Bonds in order to obtain the required savings discounted to present value.

Section 5. Rate Pledge and Covenant. The City covenants to fix, maintain and collect rates and charges for the use of the services and facilities and all wastewater collected by the Wastewater System and the City shall adjust such rates and charges from time to time so that:

(1) the Revenue of the Wastewater System derived therefrom, will at all times be sufficient (a) to pay the Costs of Maintenance and Operation, (b) to make any payments required to be made on account of the Prior Bonds, the Series 1993 Bonds and any Additional Bonds as and when the same shall become due and payable, (c) to make when due all payments which the City is obligated to make into the Reserve Account and all other payments which the City is obligated to make pursuant to this Resolution or the Prior Resolution, and (d) to pay all governmental charges lawfully imposed on the Wastewater System or the revenue therefrom and any and all other amounts which the City may now or hereafter become obligated to pay from the Revenue of the Wastewater System by law or contract; and

(2) the Net Revenue in each fiscal year shall equal at least 1.25 times such year's Annual Debt Service on the Prior Bonds, the Series 1993 Bonds and any Additional Bonds then Outstanding.

Section 6. Covenant as to Arbitrage. The proceeds of the Series 1993 Bonds shall be used and invested in such manner that the Series 1993 Bonds shall not become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations. The City covenants that, within its lawful powers, it will not do, and will refrain from doing, anything in the issuance of the Series 1993 Bonds and in the investment and expenditure of the proceeds thereof which would result in the interest on the Series 1993 Bonds becoming taxable for federal income tax purposes.

Section 7. Escrow Deposit Agreement and Escrow Agent. The City shall enter into an Escrow Deposit Agreement for the establishment of an Escrow Deposit Fund to which shall be deposited sufficient proceeds from the Series 1993 Bonds to acquire Government Obligations to provide funds sufficient to pay the principal of and interest on the Prior Bonds which are being refunded. The Authorized Representative is authorized to designate a Escrow Agent to administer the Escrow Deposit Fund. The Authorized Representative is authorized to execute the Escrow Deposit Agreement for and on behalf of the City.


Section 8. Irrevocable Call and Redemption of the Callable Portion of the Prior Bonds. The Prior Bonds are first subject to optional call and redemption on June 1, 2000 at a redemption price of par. The City does irrevocably call for redemption on June 1, 2000 the outstanding principal of the Prior Bonds to and including the final maturity of June 1, 2020. This irrevocable call and redemption is subject to the sale and delivery of the Series 1993 Bonds and the full funding of the Escrow Deposit Fund as provided in the Escrow Deposit Agreement.

Section 9. Effect of Refunding on Prior Bonds. The City determines that, upon deposit into the Escrow Deposit Fund of Government Obligations in an amount calculated to be sufficient to pay the principal of and interest on the Prior Bonds being refunded, such deposit shall fully defease the Prior Bonds being refunded. The funds on deposit in the Escrow Deposit Fund for the redemption and payment of the refunded principal of the Prior Bonds shall be deducted from the amount of outstanding indebtedness of the City. In addition, such refunded principal amounts of the Prior Bonds shall be deemed fully defeased for the purpose of any statutory debt limitation.

Section 10. Designation as Qualified Tax-Exempt Obligations. The City hereby designates the Series 1993 Bonds for purposes of paragraph (3) of Section 265(b) of the Code as "qualified tax-exempt obligations" and covenants that the Bonds 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 for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Bonds, have been or shall be issued by the City, including all subordinate entities of the City, if any, during the calendar year 1993.


Section 11. Provisions of Prior Resolution Incorporated. The terms, provisions and covenants of the Prior Resolution not inconsistent with the provisions of this resolution are incorporated herein by reference as if each such term, provision and covenant was fully set forth herein.

Passed by the Common Council of the City of Lebanon by a vote of 6 for and 0 against, and approved by the Mayor this 28th day of ~~May, 1993~~ April, 1993.



Mayor

ATTEST:



City Recorder