

A RESOLUTION OF THE CITY OF )  
LEBANON, OREGON AUTHORIZING )  
THE REFINANCING OF THE SPECIAL )  
LEASE WATER OBLIGATIONS, )  
SERIES 1991, AUTHORIZING THE )  
EXECUTION AND DELIVERY OF AN )  
AGREEMENT TO ACCOMPLISH THE )  
REFINANCING AND RELATED MATTERS. )

RESOLUTION NO. 11  
for 1993

WHEREAS, It is desirable for the City of Lebanon, Oregon (the "City") to refinance the outstanding Special Lease Water Obligations, Series 1991 ("the Series 1991 Obligations") which were issued pursuant to Resolution No. 42 adopted August 14, 1991 and used to make certain additions and improvements to the City's water system (the "Project") in order to effectuate a savings discounted to present value; and

WHEREAS, the City will enter into a Lease Purchase Agreement, or such similar agreement (the "Agreement") wherein the City will agree to lease-purchase the Project from a Trustee or Escrow Agent, and to pay the purchase price in payments which include principal and interest. The Agreement will authorize the issuance of certificates of participation (the "Certificates") and the right of owners of the Certificate to receive payments due from the City under the Agreement. The Certificates will be sold, and proceeds from the sale will be used to refinance the Series 1991 Obligations and pay the costs associated with the issuance of the Certificates; and

WHEREAS, it is advantageous to the City to have the Certificates underwritten by Seattle-Northwest Securities Corporation; and

WHEREAS, the City has authority to enter into such Agreement pursuant to ORS 279.101.

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

Section 1. Authorization of Agreement. The Common Council approves of the refinancing of the Series 1991 Obligations in order to obtain a debt service savings and authorizes the execution and delivery of an Agreement for such purposes. The term of the Agreement shall not exceed 15 years. The true interest rate for the borrowing shall not exceed seven percent (7.0%) per annum, payable semiannually. The Common Council approves of the issuance of the Certificates in the principal amount not to exceed \$3,500,000. The Common Council hereby authorizes the Finance Director to establish the purchase price, the amount, final interest rates, and all other terms of the Agreements, and to execute and deliver the Agreements on behalf of the City, and any other documents necessary to consummate refinancing of the Series 1991 Obligations. The terms and conditions of such Agreements shall be reported to the Common Council.

Section 2. 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 funds to acquire United States Treasury Obligations (the "Government Obligations") to provide funds sufficient to pay the principal of and interest on the callable portion of the Series 1991 Obligations. The Finance Director is authorized to designate a Escrow Agent to administer the Escrow Deposit Fund. The Finance Director is authorized to execute the Escrow Deposit Agreement for and on behalf of the City.

Section 3. Irrevocable Call and Redemption of the Series 1991 Obligations. The Series 1991 Obligations are first subject to optional call and redemption on October 1, 2001 at a redemption price of par. The City does irrevocably call for redemption on October 1, 2001 the outstanding principal of the Series 1991 Obligations to and including the final maturity of October 1, 2021. This irrevocable call and redemption is subject to the full funding of the Escrow Deposit Fund as provided in the Escrow Deposit Agreement.

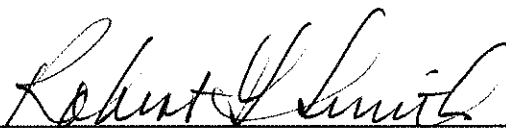
Section 4. Effect of Refunding on Series 1991 Obligations. The City determines that, upon deposit into the Escrow Deposit Fund of Government Obligations in an amount calculated to be sufficient to pay the principal of and interest on the Series 1991 Obligations, such deposit shall fully defease the Series 1991 Obligations.

Section 5. Maintenance of Tax-Exempt Status. The City covenants not to take any action or omit any action if the taking or omission would cause interest paid on the Certificates to be includable in gross income of the Certificate holders for federal income tax purposes (except for taxes on corporations). The Finance Director may enter into further covenants on behalf of the City to protect the tax-exempt status of the Certificates.


Section 6. Designation as Qualified Tax-Exempt Obligations. The City hereby designates the obligations to be incurred as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. The City does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.

Section 7. Other Action. The Finance Director is hereby authorized to take any other action necessary to secure appropriate financing for the Projects.

Passed by the Common Council of the City of Lebanon, Oregon by a vote of 6 for and 0 against, and approved by the Mayor this 28<sup>th</sup> day of April, 1993.

  
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Mayor

ATTEST:

  
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City Recorder