

A RESOLUTION OF THE CITY OF)
 LEBANON, OREGON AUTHORIZING)
 THE ISSUANCE AND NEGOTIATED)
 SALE OF GENERAL OBLIGATION)
 BONDS, SERIES 1994; DESIGNATING)
 THE UNDERWRITER, BOND COUNSEL,)
 PAYING AGENT AND BOND REGISTRAR;)
 AUTHORIZING THE DESIGNATION OF)
 AN EXPERT ADVISOR.)

RESOLUTION NO. 11
 for 1994

WHEREAS, the Common Council of the City of Lebanon, Linn County, Oregon (the "City") submitted to the voters of the City at an election on November 8, 1983, Measure 22-2 which presented the question of contracting a general obligation bonded indebtedness in an amount not to exceed \$1,500,000 to finance necessary street, sanitary sewer, storm drainage and street light improvements within the South Main Urban Renewal District (collectively the "Projects").

WHEREAS, at such election, the voters of the City voting at the election approved of the issuance of such general obligation bonded indebtedness.

WHEREAS, on November 5, 1984, pursuant to Ordinance No. 1946 enacted by the City on October 10, 1984, the City issued its General Obligation Street Bonds, Series 1984 which were in the original principal amount of \$420,000.

WHEREAS, there remains the authority to issue \$1,080,000 of additional general obligation bonds pursuant to the authorization granted by the voters at the November 8, 1983 election.

WHEREAS, on December 8, 1993 the City adopted Resolution No. 32 authorizing and providing for the issuance of general obligation bonds in the aggregate principal amount not to exceed \$1,080,000 for the South Main Road Project under the authority of Measure 22-2.

WHEREAS, on February 8, 1994 the Circuit Court of the State of Oregon for the County of Linn, Oregon in Case No. 931786 entered its Judgement of Validation holding that Resolution No. 32 is a constitutional and valid legal action of the City and the issuance of general obligation bonds pursuant to Resolution No. 32 and Measure 22-2 approved by the voters of the City on November 8, 1983 is valid.

WHEREAS, the City now desires to proceed with the issuance of the remaining general obligation bond authority to finance the Projects.

WHEREAS, the proceeds of the general obligation bonds will be for the purpose of providing funds to pay costs of the Projects and to pay the costs of issuance of the general obligation bonds. Such bonds will be issued as general obligations of the City payable from ad valorem taxes levied upon all taxable property within the City without limitation as to rate or amount.

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

Section 1. Issuance of Bonds. The City authorizes the issuance and sale of not to exceed \$1,080,000 in original issue amount of general obligation bonds (the "Bonds"). The Bonds shall be issued in denominations of \$5,000 each, or integral multiples thereof, as negotiable general obligation bonds of the City and shall bear interest at a true effective rate not to exceed six percent (6.0%) per annum. The Bonds shall be sold to the Underwriter at a price not less than ninety-nine percent (99.0%) of par value, exclusive of original issue discount. The City authorizes the City Administrator or Finance Director (the "Authorized Representative") to determine and designate the principal amount, dated date, the maturity dates, the principal serial maturities, the optional redemption dates and premiums, if any, term bond maturity or maturities and mandatory redemption dates, to fix the interest payment dates and to determine such other provisions as are deemed necessary and desirable for the sale and issuance of the Bonds.

Section 2. Title and Execution of Bonds. The Bonds shall be entitled "City of Lebanon, Linn County, Oregon General Obligation Bonds, Series 1994", or such other title designated by the Authorized Representative, 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 Bonds shall 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 in book-entry-only form. The Bonds will be issued without certificates being made available to the bond holders. The Bonds may be issued in separate series at the determination of the Authorized Representative.

Section 3. Book-Entry-Only System. 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 Depository Trust Company book-entry-only system. The Bonds shall be initially issued in the form of a separate single fully registered type-written bond for each maturity of the Bonds (the "Global Certificates"). Each Global Certificate shall be registered in the name of Cede & Co. as nominee (the "Nominee") of The Depository Trust Company (the "Depository") as the "Registered Owner", and such Global Certificates shall be lodged with the Depository until redemption or maturity of the Bond issue. The Paying Agent shall remit payment for the maturing principal and interest on the Bonds to the Registered Owner for distribution by the Nominee for the benefit of the bondholder (the "Beneficial Owner" or

"Record Owner") by recorded entry on the books of the Depository participants and correspondents. While the Bonds are in book-entry-only form, the Bonds will be available in denominations of \$5,000 or any integral multiple thereof.

The Authorized Representative shall file with the Depository a Letter of Representation to induce the Depository to accept the Bonds as eligible for deposit at the Depository. The Underwriter is authorized to provide the Depository with the Preliminary Official Statement, together with the completed Depository's underwriting questionnaire.

The execution and delivery of the Letter of Representation and the providing to the Depository of the Preliminary Official Statement and the underwriting questionnaire shall not in any way impose upon the City any obligation whatsoever with respect to persons having interests in the Bonds other than the Registered Owners of the Bonds as shown on the registration books maintained by the Paying Agent and Bond Registrar. The Paying Agent and Bond Registrar, in writing, shall accept the book-entry-only system and shall agree to take all action necessary to at all times comply with the Depository's operational arrangements for the book-entry-only system. The Authorized Representative may take all other action to qualify the Bonds for the Depository's book-entry-only system.

In the event:

(a) the Depository determines not to continue to act as securities depository for the Bonds, or

(b) the City determines that the Depository shall no longer so act, then the City will discontinue the book-entry-only system with the Depository. If the City fails to identify another qualified securities depository to replace the Depository, the Bonds shall no longer be a book-entry-only issue but shall be registered in the registration books maintained by the Paying Agent and Bond Registrar in the name of the Registered Owner as appearing on the registration books of the Paying Agent and Bond Registrar and thereafter in the name or names of the owners of the Bonds transferring or exchanging Bonds in accordance with the provisions of Section 10 herein.

With respect to Bonds registered in the registration books maintained by the Paying Agent and Bond Registrar in the name of the Nominee of the Depository, the City, and the Paying Agent and Bond Registrar shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Beneficial Owner on behalf of which such participants or correspondents act as agent for the Registered Owner with respect to:

(i) the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the Bonds,

(ii) the delivery to any participant or correspondent or any other person, other than a Registered Owner as shown in the registration books maintained by the Paying Agent and Bond Registrar, of any notice with respect to the Bonds, including any notice of redemption,

(iii) the selection by the Depository of the beneficial interest in Bonds to be redeemed in the event the City redeems the Bonds in part, or

(iv) 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 and Bond Registrar, of any amount with respect to principal or interest on the Bonds. Notwithstanding the book-entry-only system, the City may treat and consider the Registered Owner in whose name each Bond is registered in the registration books maintained by the Paying Agent and Bond Registrar as the Registered Owner and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, or for the purpose of giving notices of redemption and other matters with respect to such Bond, or for the purpose of registering transfers with respect to such Bond, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal of and interest on the Bonds only to or upon the order of the Registered Owner, as shown in the registration books maintained by the Paying Agent and Bond Registrar, or their representative 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.

Upon delivery by the Depository to the City and to the Registered Owner of a Bond of written notice to the effect that the Depository 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 the Depository, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent and Bond Registrar.

Section 4. Optional Redemption. The Bonds may be subject to optional redemption, with or without premium, together with accrued interest to the date fixed for the redemption, in whole, or in part, in integral multiples of \$5,000, and by lot within a maturity as determined by the Authorized Representative.

Notice of redemption shall be published as provided by law and shall be given by registered or certified mail not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books of the City maintained by the Paying Agent. Bonds called for redemption shall be payable at the office of the Paying Agent.

Section 5. Appointment of Underwriter. The City does appoint Seattle-Northwest Securities Corporation as underwriter (the "Underwriter") for the issuance of the Bonds.

Section 6. Sale of Bonds. The Authorized Representative is authorized to sell the Bonds at a private negotiated sale to the Underwriter pursuant to ORS 287.028 and determine the requirements for the negotiated sale of the Bonds, subject to the provisions of this resolution, that provides the most advantageous terms to the City.

Section 7. Payment of Bonds. If the book-entry-system has been discontinued, then the principal of the Bonds shall be payable upon presentation of the Bonds at maturity at the principal corporate trust office of the Paying Agent in Portland, Oregon. Payment of each installment of interest shall be made by check or draft of the Paying Agent mailed on each interest payment date to the registered owner thereof whose name and address appears on the registration books of the City maintained by the Paying Agent as of the close of business on the 15th day of the month next preceding any interest payment date.

Section 8. Form of Bonds. The Bonds shall be issued substantially in the form as approved by the Authorized Representative and Bond Counsel.

Section 9. Appointment of Paying Agent and Bond Registrar. The City designates First Interstate Bank of Oregon, N.A., Portland, Oregon, as the Paying Agent and Bond Registrar of the Bonds. The Authorized Representative is authorized to negotiate and execute on behalf of the City the Paying Agent and Bond Registrar Agreement. This Agreement shall provide for compliance with Oregon Administrative Rule 170-61-010. In addition, the City requests and authorizes the Paying Agent and Bond Registrar to execute the Certificate of Authentication as of the date of delivery of the Bonds.

Section 10. Transfer of Bonds. If the book-entry system is discontinued the Bonds will be issued in certificate form. If in certificate form, the Bonds are transferable, or subject to exchange, for fully registered Bonds in the denomination of \$5,000 each or integral multiples thereof by the registered owner thereof in person, or by the owner's attorney, duly authorized in writing, at the office of the Bond Registrar. The Bond Registrar shall maintain a record of the names and addresses of the registered owners of the Bonds. The records of the registered bond ownership are not public records within the meaning of Oregon Revised Statutes 192.410(4).

All bonds issued upon transfer of or in exchange for Bonds shall be valid general obligations of the City evidencing the same debt and shall be entitled to the same benefits as the Bonds surrendered for such exchange or transfer. All fees, expenses and charges of the Paying Agent and Bond Registrar shall be payable by the City. The Bond Registrar shall not be required to transfer or exchange any Bond after the close of

business on the 15th day of the month next preceding any interest payment date or transfer or exchange any Bond called or being called for redemption.

Section 11. Printing of Bonds. If the Bonds are not in book-entry form, then the Authorized Representative is authorized to contract for the printing of the Bonds. The Authorized Representative may provide for the printing of, in addition to the original issue of Bonds, if any, additional bonds to be printed in blank form as to registration and to be designated by appropriate number for the Bond Registrar for delivery to the registered owner upon transfer or exchange of Bonds. The additional bonds shall be dated the date of the Bonds, shall be signed by the manual or facsimile signature of the Mayor of the City and by the manual or facsimile signature of the City Recorder and the Paying Agent and Bond Registrar shall manually sign the Certificate of Authentication as of the date of delivery or transfer of the Bonds.

Section 12. Tax Levy and Pledge. The City shall levy annually, as provided by law, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, without limitation, to pay the principal of and interest on the Bonds promptly as they become due and payable. The City covenants with the owners of the Bonds to pledge such ad valorem taxes in sufficient amount to pay the principal of and interest on the Bonds as they respectively become due and payable.

Section 13. Covenant as to Arbitrage. The proceeds of the Bonds shall be used and invested in such manner that the 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 Bonds and in the investment and expenditure of the proceeds thereof which would result in the interest on the Bonds becoming taxable for federal income tax purposes.

Section 14. Appointment of Expert Advisor. The Authorized Representative is authorized to designate an Expert Advisor to the City for the issuance of the Bonds.

Section 15. Appointment of Bond Counsel. The City does appoint the law firm of Mersereau & Shannon of Portland, Oregon as Bond Counsel for the issuance of the Bonds.

Section 16. Designation as Qualified Tax-Exempt Obligations. The City hereby designates the 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 1994.

Section 17. Rebate Exception for Small Governmental Units. The City finds and determines that the Bonds comply with the statutory requirements of Section 148(f)(4)(C) of the Code in that the City is a governmental unit having general taxing powers, the Bonds are not being issued for a private activity purpose, more than 95% of the net proceeds of the Bonds will be used for local governmental activities of the City, and the aggregate face amount of all tax-exempt obligations which will be issued by the City during the calendar year 1994 is not reasonably expected to exceed \$5,000,000.

Section 18. Preliminary and Final Official Statement. The City shall cause the Underwriter to prepare a preliminary official statement for the Bonds which shall be available for distribution to prospective investors. In addition, an official statement shall be prepared by the Underwriter and ready for delivery to the purchasers of the Bonds no later than the seventh (7th) business day after the sale of the Bonds. When advised 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 Authorized Representative is authorized to certify the accuracy of the official statement on behalf of the City.

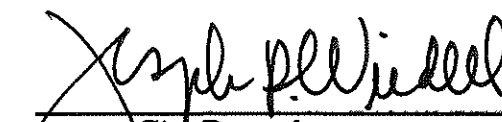
Section 19. Closing of the Sale and Delivery of the Bonds. The Authorized Representative is authorized to execute all documents, including a Certificate as to Arbitrage, and any and all other things or acts necessary for the sale and delivery of the Bonds. Such acts of the Authorized Representative are for and on behalf of the City and are hereby authorized by the Common Council of the City.

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 23rd day of February, 1994.



Ron Miller, Mayor Pro Tem

ATTEST:



City Recorder