

A RESOLUTION OF THE CITY OF LEBANON,)
OREGON AUTHORIZING THE ISSUANCE AND)
NEGOTIATED SALE OF GENERAL)
OBLIGATION REFUNDING BONDS,)
SERIES 1995 TO REFUND THE CITY'S)
ADVANCE REFUNDING GENERAL)
OBLIGATION WATER BONDS, SERIES 1986;)
DESIGNATING AN UNDERWRITER AND)
BOND COUNSEL; AUTHORIZING EXECUTION)
OF A BOND PURCHASE AGREEMENT;)
AUTHORIZING THE APPOINTMENT OF A)
PAYING AGENT AND BOND REGISTRAR.)

RESOLUTION NO. 60
FOR 1995

Oregon Revised Statutes 287.252 to 287.264 and 288.160 to 288.165 authorize the issuance of bonds to refund outstanding bonds. The City of Lebanon, Oregon (the "City") is advised it is desirable to currently refund the City's outstanding Advance Refunding General Obligation Bonds, Series 1986 (the "Series 1986 Bonds").

The Series 1986 Bonds are dated November 1, 1986, were in the original principal amount of \$5,070,000 and the proceeds thereof were expended to advance refund the City's Advance Refunding General Obligation Bonds, Series 1985. The Series 1986 Bonds maturing on and after November 1, 1996 are subject to call and optional redemption on November 1, 1995 and on any interest payment date thereafter in inverse numerical order at par plus accrued interest.

The proceeds of the General Obligation Refunding Bonds, Series 1995 (the "Series 1995 Bonds") will be for the purpose of providing funds sufficient to pay the maturing principal and interest of the Series 1986 Bonds on November 1, 1995 and to currently refund on November 1, 1995 the Series 1986 Bonds maturing November 1, 1996 through November 1, 2009 and to pay the costs of issuance of the Series 1995 Bonds. The Series 1995 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 to the extent funds from other legally available resources are not available. The Series 1986 are payable from these same sources of funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF LEBANON, OREGON AS FOLLOWS:

Section 1. Issuance of Series 1995 Bonds. The Common Council of the City authorizes the issuance and the private negotiated sale of not to exceed \$5,000,000 General Obligation Refunding Bonds, Series 1995. The Series 1995 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 seven percent (7.0%) per annum, payable semiannually. The Series 1995 Bonds shall be sold at not less than ninety-seven

percent (97.0%) of par value. The City authorizes the City Administrator or the Finance Director (the "Authorized Representative") to determine and designate the principal amount, the dated date, the principal serial maturities, the optional redemption dates and premiums, if any, and the term bond maturity or maturities, if any, and 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 Series 1995 Bonds and to appoint the City's Expert Advisor. The Series 1995 Bonds may be issued in book-entry form.

Section 2. Title and Execution of Series 1995 Bonds. The Series 1995 Bonds shall be entitled "City of Lebanon, Oregon, General Obligation Refunding Bonds, Series 1995", or such other name 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.

Section 3. Book-Entry-Only System. If issued in book-entry form, this section shall apply. 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 for the Bond issue 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 Representations 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 8 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. Notice of Redemption. If subject to optional redemption by the City, notice of such 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 owners of each Series 1995 Bond to be redeemed at the address shown on the registration books of the Paying Agent and the Bond Registrar acting for and on behalf of the City.

Section 5. Payment of Series 1995 Bonds. If the book-entry system is not utilized, the principal of the Series 1995 Bonds shall be payable upon presentation of the Series 1995 Bonds at maturity at the principal corporate trust office of the Paying Agent in Portland, Oregon. Payment of each installment of interest due each year 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 6. Form of Series 1995 Bonds. The Series 1995 Bonds shall be issued substantially in the form as approved by the Authorized Representative and Bond Counsel.

Section 7. Paying Agent and Bonds Registrar. First Interstate Bank of Oregon, N.A. is appointed Paying Agent and Bond Registrar of the Series 1995 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 170-61-0101. 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 Series 1995 Bonds.

Section 8. Transfer of Series 1995 Bonds. If the book-entry system is not utilized, the Series 1995 Bonds will be issued in certificate form. Then the Series 1995 Bonds are transferable, or subject to exchange, for fully registered Series 1995 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 Series 1995 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 Series 1995 Bonds shall be valid general obligations of the City evidencing the same debt and shall be entitled to the same benefits as the Series 1995 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 Series 1995 Bond after the close of business on the 15th day of the month next preceding any interest payment date or transfer or exchange any Series 1995 Bond called or being called for redemption.

Section 9. Printing of Series 1995 Bonds. If the Series 1995 Bonds are not in book-entry form, then the Authorized Representative is authorized to contract for the printing of the Series 1995 Bonds. The Authorized Representative may provide for the printing of, in addition to the original issue of Series 1995 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 Series 1995 Bonds. The additional bonds shall bear the dated date of the Series 1995 Bonds, shall be signed by the manual or facsimile signature of the Mayor 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 Series 1995 Bonds.

Section 10. Tax Levy and Pledge. To the extent funds are not budgeted and appropriated by the Council from revenues of the City's water system or other legally available resources, 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 Series 1995 Bonds promptly as they become due and payable. The City covenants with the owners of the Series 1995 Bonds to pledge such ad valorem taxes in sufficient amount to pay the principal of and interest on the Series 1995 Bonds as they respectively become due and payable.

Section 11. Covenant as to Arbitrage. The proceeds of the Series 1995 Bonds shall be used and invested in such manner that the Series 1995 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 1995 Bonds and in the investment and expenditure of the proceeds thereof which would result in the interest on the Series 1995 Bonds becoming taxable for federal income tax purposes.

Section 12. 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 Bonds to acquire Government Obligations to provide funds sufficient to pay the principal of and interest on the Series 1986 Bonds which are being redeemed on the redemption date of November 1, 1995. First Interstate Bank of Oregon, N.A. is designated 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 13. Irrevocable Call and Redemption of Series 1986 Bonds. The Series 1986 Bonds are first subject to optional call and redemption on November 1, 1995 at par value. The City does irrevocably call for redemption on November 1, 1995 at par value the principal of the Series 1986 Bonds maturing after November 1, 1995. The irrevocable call and redemption of the Series 1986 Bonds is subject to the sale and delivery of the Series 1995 Bonds.

Section 14. Effect of Refunding on Series 1986 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 Series 1986 Bonds being redeemed, such deposit shall fully defease the Series 1986 Bonds being redeemed.

Section 15. Designation as Qualified Tax-Exempt Obligation. The City hereby designates the Series 1995 Bonds 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 Series 1995 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 excludable under Section 103(a) of the Code from gross income for federal income tax purposes have been or shall be issued by the City including all subordinate entities of the City if any, during the calendar year 1995.

Section 16. Exception to Rebate. The Council finds and determines that the Series 1995 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 Series 1995 Bonds are not being issued for a private activity purpose, more than 95% of the net proceeds of the Series 1995 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 1995 is not reasonably expected to exceed \$5,000,000.

Section 17. Continuing Disclosure. The City covenants and agrees to comply with the provisions of Resolution No. 61 for 1995 adopted June 14, 1995 regarding continuing disclosure with respect to the Bonds. Failure by the City to comply with the provisions of Resolution No. 61 for 1995 shall not be deemed a default with respect to the Bonds, but shall entitle the owners of the Bonds to seek performance of the City's obligations contained in Resolution No. 61 for 1995.

Section 18. Appointment of Expert Advisor. The Authorized Representative shall appoint the Expert Advisor to the City for the issuance of the Series 1995 Bonds.

Section 19. Appointment of Underwriter. The City does designate and appoint Seattle-Northwest Securities Corporation as Underwriter for the private negotiated sale of the Series 1995 Bonds.

Section 20. 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 Series 1995 Bonds.

Section 21. Preliminary and Final Official Statement. The City shall cause the Underwriter to prepare a preliminary official statement for the Series 1995 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 Series 1995 Bonds no later than the seventh (7th) business day after the sale of the Series 1995 Bonds. 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 Authorized Representative is authorized to certify the accuracy of the official statement on behalf of the City.

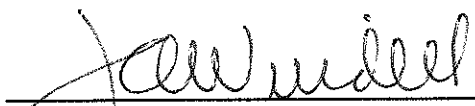
Section 22. Closing of the Sale and Delivery of the Series 1995 Bonds. The Authorized Representative is authorized to negotiate with the Underwriter as to the terms and conditions of a Bond Purchase Agreement providing for the private negotiated sale of the Series 1995 Bonds. The Authorized Representative is authorized to execute the Bond Purchase Agreement for and on behalf of the City and to execute such additional documents, including a Certificate as to Arbitrage, and any and all other things or acts necessary for the sale and delivery of the Series 1995 Bonds and redemption of the Series 1986 Bonds as herein authorized. Such acts of the Authorized Representative are for and on behalf of and are authorized by the Common Council of the City.

PASSED by the Common Council of the City of Lebanon, Oregon on this 14th day of June, 1995.



Mayor

ATTEST:



City Recorder