

A RESOLUTION OF THE CITY OF)
LEBANON, OREGON AUTHORIZING)
THE CASH DEFEASANCE OF THE)
LOAN FROM THE STATE OF OREGON)
SPECIAL PUBLIC WORKS FUND)

RESOLUTION NO. 31
for 1996

WHEREAS, pursuant to Ordinance No. 2185 for 1996 adopted July 31, 1996, the City authorized obtaining a direct loan in an amount not to exceed \$315,000 (the "Direct Loan") and a deferred loan in the amount of \$25,000 (the "Deferred Loan") from the Oregon Economic Development Department (the "Department") to construct water service, sanitary sewer service and road improvements to unserved, industrially zoned land near the Lebanon airport (the "Project"); and

WHEREAS, Oregon Revised Statutes 288.677 authorizes the City to deposit Government Obligations irrevocably in escrow in an amount calculated to be sufficient to pay principal and interest on outstanding obligations as they mature; and

WHEREAS, the City now desires to defease the Direct Loan and the Deferred Loan.

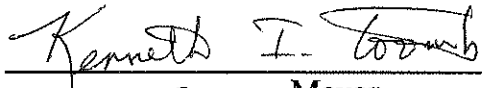
NOW, THEREFORE, the City of Lebanon, Oregon, acting by and through its Common Council, does resolve as follows:

Section 1. The City does hereby approve of the cash defeasance of the Direct Loan and the Deferred Loan. The City shall 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 Direct Loan and the Deferred Loan.

Section 2. 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 Government Obligations which will provide sufficient moneys to pay the principal of and interest on the Direct Loan and the Deferred Loan. The City authorizes the Finance Director or the City Administrator (the "Authorized Representative") to designate an Escrow Agent to administer the Escrow Deposit Fund, to execute the Escrow Deposit Agreement for and on behalf of the City and to take such action and execute such documents on behalf of the City as is necessary or desirable to defease the Direct Loan and the Deferred Loan.


Section 3. The Direct Loan is first subject to optional call and redemption five (5) years from the date of closing of the Direct Loan. The Deferred Loan is subject to optional call and redemption at any time and does not accrue interest until the 16th year following the closing. The City does irrevocably call the Direct Loan and the Deferred Loan for redemption on the fifth (5th) anniversary of the closing of the Direct Loan. This irrevocable call and redemption is subject to the full funding of the Escrow Deposit Fund as provided in the Escrow Deposit Agreement.

Passed by the Common Council of the City of Lebanon by a vote of 5 for and 0 against, and approved by the Mayor this 31st day of July, 1996.



For Mayor

ATTEST:



City Recorder