

A RESOLUTION OF THE CITY OF)
LEBANON, OREGON AUTHORIZING)
THE REFINANCING OF THE SPECIAL)
LEASE WATER REFUNDING OBLIGATIONS,)
SERIES 1993, AUTHORIZING THE)
EXECUTION AND DELIVERY OF AN)
AGREEMENT TO ACCOMPLISH THE)
REFINANCING AND RELATED MATTERS.)

RESOLUTION NO. 31
for 2003

WHEREAS, it is desirable for the City of Lebanon, Oregon (the "City") to refinance its outstanding Special Lease Water Refunding Obligations, Series 1993 ("the Series 1993 Obligations") which were issued pursuant to Resolution No. 11 adopted April 28, 1993 and used to refund a portion of the City's Special Lease Obligations, Series 1991 dated October 1, 1991 (the "Series 1991 Obligations") in order to effectuate a savings discounted to present value; and

WHEREAS, the City will enter into an agreement (the "Agreement") wherein the City will agree to make payments which include principal and interest. The Agreement will authorize the issuance of obligations (the "Series 2003 Obligations") and the right of owners of the Series 2003 Obligations to receive payments due from the City under the Agreement. The Series 2003 Obligations will be sold, and proceeds from the sale will be used to refinance the Series 1993 Obligations and pay the costs associated with the issuance of the Series 2003 Obligations; and

WHEREAS, it is advantageous to the City to have the Series 2003 Obligations underwritten by Seattle Northwest Securities Corporation; and

WHEREAS, the City has authority to enter into such an 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 1993 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 20 years. The true interest rate for the borrowing shall not exceed five and one-half percent (5.50%) per annum, payable semiannually. The Common Council approves of the issuance of the Series 2003 Obligations in the principal amount not to exceed \$3,330,000. The Common Council hereby authorizes the City Administrator or the Finance Director (the "Authorized Representative") to determine the final terms for the Agreement as provided in Section 3 hereof. The terms and conditions of such Agreement shall be reported to the Common Council.

Section 2. Payments. Payments due under the Agreement shall be limited obligations of the City payable solely from the Net Revenues of the Water System, as such term is defined in the Agreement, and such other funds, if any, described in the Agreement. The Series 2003 Obligations shall not be general obligations or full faith and credit obligations of the City nor shall the Series

2003 Obligations be a charge upon the tax revenues of the City. The Net Revenues of the Water System are hereby pledged to the repayment of the Agreement and the Series 2003 Obligations. The City hereby covenants to deposit in a debt service account amounts sufficient to make payments as provided in the Agreement.

Section 3. Delegation of Final Terms of the Agreement and Additional Documents. The Authorized Representative is hereby authorized, on behalf of the City, to:

- a. establish the dated date, interest payment dates, interest rates (not to exceed the true interest cost stated in Section 1 of this Resolution), the principal maturities, the final principal amount, not to exceed \$3,330,000, and to establish prepayment provisions for the payments;
- b. prepare an Agreement which the Authorized Representative determines to be in the best interests of the City, and to execute and deliver the Agreement;
- c. approve of the issuance of the Series 2003 Obligations in connection with the Agreement;
- d. designate a trustee, escrow agent, registrar and paying agent for the Agreement or any obligations, if required;
- e. prepare, or cause to be prepared, a preliminary official statement which shall be available for distribution to prospective investors. Such preliminary official statement will be deemed final pursuant to Rule 15c2-12 of the Securities and Exchange Commission. In such a case, the City shall prepare, or cause to be prepared, a final official statement for delivery no later than the seventh (7th) business day after the sale of the Agreement or obligations. After determining 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; and
- f. enter into any other agreements and to execute any other certificates or documents, and take any actions, which are necessary to refinance the Series 1993 Obligations in accordance with this Resolution.

Section 4. Irrevocable Call and Redemption of the Series 1993 Obligations. The Series 1993 Obligations are next subject to optional call and redemption on October 1, 2003. The City does irrevocably call for redemption on October 1, 2003 the outstanding principal of the Series 1993 Obligations to and including the final maturity of October 1, 2021 at a redemption price of 101% of par. This irrevocable call and redemption is subject to sale, delivery and closing of the Series 2003 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 Series 2003 Obligations to be includable in gross income of the Series 2003 Obligation holders for federal income tax

purposes (except for taxes on corporations). The Authorized Representative may enter into further covenants on behalf of the City to protect the tax-exempt status of the Series 2003 Obligations.

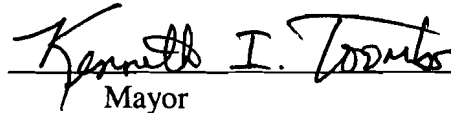
Section 6. Designation as Qualified Tax-Exempt Obligations. The City hereby designates the obligations to be incurred as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. The City does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the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

Section 7. Appointment of Special Counsel and Underwriter. The City hereby appoints Mersereau & Shannon, LLP as special counsel and Seattle Northwest Securities Corporation as underwriter for the execution of the Agreement and the sale of the Series 2003 Obligations issued in connection with the Agreement.

Section 8. Other Action. The Authorized Representative is hereby authorized to take any other action necessary to refinance the Series 1993 Obligations in accordance with this resolution.

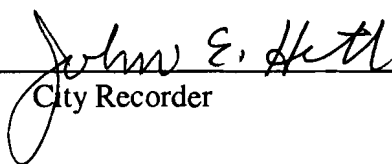
Section 9. Effective Date. Pursuant to ORS 221.310(3), this resolution shall become effective upon passage by the Council and approval of the Mayor.

0 Passed by the Common Council of the City of Lebanon, Oregon by a vote of 4 for and 0 against, and approved by the Mayor this 13th day of August, 2003.



Mayor

ATTEST:



City Recorder