

RESOLUTION NO. 98-050

A RESOLUTION OF THE CITY OF THE DALLES, OREGON
AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF
NOT TO EXCEED \$1,140,000 POLICE FACILITIES REVENUE
BONDS, SERIES 1998; DESIGNATING BOND COUNSEL;
AUTHORIZING APPOINTMENT OF EXPERT ADVISOR AND
EXECUTION OF A BOND PURCHASE AGREEMENT

WHEREAS, the City of The Dalles, Oregon (the "City") is duly organized and existing under and by virtue of the laws of the State of Oregon; and

WHEREAS, the City is authorized to issue revenue bonds pursuant to the terms and provisions of Oregon Revised Statutes 288.615 and 288.805 to 288.945, inclusive, to refund outstanding obligations and to finance the cost of acquisition and renovation of facilities for the City's police department and the costs of issuance of the Bonds (collectively the "Project"). The City is authorized to pledge for the payment of the revenue bonds, the Net Rent from the State Lease (as such terms are hereinafter defined) and the unobligated and legally available revenues of the City and such revenue bond is not a general obligation bond of the City.

WHEREAS, pursuant to Oregon Revised Statutes 288.815(6) a Notice of Intent to Issue Bonds describing the purposes for which the revenue bonds are to be sold in the maximum principal amount of \$1,500,000, was published on March 14, 1997 in The Dalles Chronicle, a newspaper of general circulation in the City. In addition the Notice of Intent to Issue Bonds was given in the same manner as are other public notices of the City.

WHEREAS, the Notice of Intent to Issue Bonds provided that if a petition containing signatures of not less than 5% of electors of the City is filed with the City within sixty (60) days following publication of the Notice of Intent to Issue Bonds, the question of issuing the bonds shall be placed on ballot at the next legally available election.

WHEREAS, more than sixty (60) days have elapsed since the publication of the Notice of Intent to Issue Bonds and no petition has been filed with the City by any elector of the City.

WHEREAS, on June 9, 1997 the City adopted Resolution No. 97-026 authorizing the issuance of Police Facilities Revenue Bonds, Series 1997 in the principal amount not to exceed \$1,500,000.

WHEREAS, on June 24, 1997 the City issued its Police Facilities Revenue Bonds, Series 1997 (the "Series 1997 Bonds") in the principal amount of \$1,095,000.

WHEREAS, Section 18 of Resolution No. 97-026 authorizes the issuance of additional obligations having a greater or equal priority of lien upon the Net Rent of the State Lease only to refund the Series 1997 Bonds at or prior to their maturity.

WHEREAS, the City is advised that debt service savings will be achieved by refunding the Series 1997 Bonds.

WHEREAS, the City has determined that additional funds are required to complete the purchase and remodeling of facilities for the City's police department.

WHEREAS, the City desires to borrow such additional funds and pledge the Net Rent of the State Lease on a parity with the obligations issued to refund the Series 1997 Bonds.

WHEREAS, Bank of America National Trust and Savings Association (the "Bank"), owner of the Series 1997 Bonds, has indicated its willingness to purchase the Series 1998 Bonds on terms favorable to the City.

WHEREAS, in order to issue obligations in an amount greater than the amount necessary to refund the Series 1997 Bonds and pledge the Net Rent of the State Lease, the City must amend Resolution No. 97-014;

WHEREAS, the City is advised it is in the best interest of the City to amend Resolution No. 97-014 and adopt this resolution setting forth revised terms for the refunding of the Series 1997 Bonds and the issuance of additional obligations to complete the purchase and remodeling of facilities for the City's police department.

WHEREAS, the City has prepared a plan, pursuant to Oregon Revised Statutes 288.825(2), showing that the estimated Net Rent from the State Lease and the Net Revenues are sufficient to pay the estimated debt service on all outstanding bonds payable from the Net Rent from the State Lease and the Net Revenues plus the bonds to be issued (the "Series 1998 Bonds").

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

Section 1. Definitions. As used in this resolution, the following words shall have the following meanings:

Additional Bonds means any revenue bonds which the City may hereafter issue having a lien upon the Net Revenue for the payment of the principal thereof and interest thereon equal to the lien of the Bonds upon the Net Revenue.

Annual Debt Service means the amount required in a given fiscal year for the payment of the principal of (including any mandatory sinking fund installment on the Term Bonds due in such year) and interest on the Bonds, except interest to be paid from the proceeds of any Bonds.

Average Annual Debt Service means the average amount of the Annual Debt Service which will become due on the Bonds for the period from the date of such calculation until the final maturity date of the Bonds. Term Bonds shall be calculated based on the mandatory redemption requirements.

Bond Register means the registration records of the City, maintained by the Bond Registrar, on which shall appear the names and addresses of the Registered Owners of the Bonds.

Bond Registrar means, for the Series 1998 Bonds, the City.

Bond or Bonds means the Series 1998 Bonds and any Additional Bonds issued pursuant to Section 16 hereof, unless the context clearly requires that such term refers solely to the Series 1998 Bonds.

Code means the Internal Revenue Code of 1986, as amended, and any Treasury Regulations promulgated thereunder or applicable thereto.

Costs of the Project or any phrase of similar import, means all or any part designated by the City as the Costs of the Project, or interest therein, which costs, at the option of the City, may include all or any part of the incidental costs pertaining to the Project and all other expenses necessary or desirable and appertaining to the Projects, as estimated or otherwise ascertained by the Council.

Continuing Disclosure Certificate means an agreement providing for the periodic provision by the City of certain material information and of certain defined "material events notices" (as defined in Rule 15c2-12 under the Securities Exchange Act of 1934) executed by the City and dated the date of issuance and delivery of a series of Bonds, as originally executed and as it may be amended from time to time.

Debt Service Fund means the Debt Service Fund created by Section 12 of this Resolution.

Event of Default means any of the Events of Default listed in Section 19 of this Resolution.

Maximum Annual Debt Service means an amount equal to the greatest Annual Debt Service with respect to a series of Bonds for the current or any future fiscal year.

Net Proceeds, means the face amount of a series of Bonds, plus accrued interest and original issue premium, if any, and less original issue discount and proceeds deposited into the Reserve Account, if any.

Net Rent means that component of the Base Rent, as such terms are defined in the State Lease.

Net Revenue means the unobligated and legally available revenues of the City, including the City's general funds.

Outstanding, as of any particular date, means all Bonds which have been issued, executed, authenticated and delivered under this Resolution, or any Supplemental Resolution, except (i) Bonds canceled because of payment or redemption prior to their stated dates of maturity, and (ii)

any Bond (or portion thereof) for the payment or redemption of which there has been separately set aside and held for the payment thereof sufficient funds to redeem such Bonds.

Police Facility Department means the Police Facility Department within the Capital Project Fund described in Section 11 of this Resolution.

Project means, with respect to the Series 1998 Bonds, the refunding of the Series 1997 Bonds and the acquisition and renovation of facilities for the City's police department.

Property means the site and improvements leased by the City to the State pursuant to the State Lease.

Registered Owner or Registered Owners means the person or persons whose names and addresses shall appear on the Bond Register maintained by the Bond Registrar, as the owner or owners of a specific Bond.

Reserve Account means the Reserve Account created in the Debt Service Fund by Section 12(B) of this Resolution.

Reserve Account Requirement means, for a particular series of Bonds, an amount equal to the least of (a) the Maximum Annual Debt Service on such series of Bonds, (b) 10% of the proceeds of such series of Bonds, or (c) 125% of the Average Annual Debt Service on such series of Bonds.

Series 1997 Bonds means the City's Police Facilities Revenue Bonds, Series 1997 issued in the original principal amount of \$1,095,000 and to be refunded by the Series 1998 Bonds.

Series 1998 Bonds means the City's Police Facilities Revenue Bonds, Series 1998 to be issued in an aggregate principal amount not to exceed \$1,140,000.

State means the State of Oregon.

State Lease means that certain lease dated January 14, 1994 between the City, as lessor, and the State of Oregon, as lessee, acting severally, but not jointly, by and through two agencies, the Oregon Department of Human Resources and the Oregon Employment Department, whereby the lessor leased to the lessee the site and office facility located at 700 Union Street, The Dalles, Oregon.

Subordinate Obligations means any obligation having a lien upon the Net Revenue for the payment of the principal thereof and interest thereon subordinate to the lien of the Bonds.

Supplemental Resolution means a resolution adopted pursuant to Section 16 hereof authorizing the issuance of Additional Bonds.

Section 2. Resolution No. 97-014 is Superseded

Resolution No. 97-014 is hereby superseded by this Resolution upon the completion of the refunding and payment in full of the Series 1997 Bonds.

Section 3. The Project. The Project consists of the refunding of the Series 1997 Bonds, the acquisition and renovation of facilities for the City's police department and the costs of issuance of the Bonds.

Section 4. Refunding of the Series 1998 Bonds and Issuance of Series 1998 Bonds. The City authorizes the refunding of the Series 1997 Bonds and the issuance and negotiated sale of not to exceed \$1,140,000 Police Facilities Revenue Bonds, Series 1998. The Bonds shall be serial negotiable bonds, shall be issued in fully registered form, shall be numbered sequentially beginning with number R-1, shall be in denominations of \$5,000 each, or integral multiples thereof, and shall bear interest at a true effective rate not to exceed six percent (6.0%) per annum, payable semiannually. The Bonds shall be sold at not less than ninety nine percent (99.0%) of par value. The City authorizes the City Manager or the Finance Director (the "Authorized Representative"), to determine and designate the principal amount, dated date, maturity dates, principal serial maturities, interest rates, optional redemption dates and premiums, if any, term bond maturity or maturities, the interest payment dates and to determine such other provisions as are deemed necessary and desirable for the sale and issuance of the Series 1998 Bonds.

Section 5. Title and Execution of Series 1998 Bonds. The Series 1998 Bonds shall be entitled "City of The Dalles, Oregon Police Facilities Revenue Bonds, Series 1998", or such other name approved by the Authorized Representative, and shall bear the manual or facsimile signature of the Mayor and the manual or facsimile signature of the City Recorder.

Section 6. Form of Series 1998 Bonds. The Bonds shall be issued substantially in the form approved by the Authorized Representative, the City Attorney and Bond Counsel.

Section 7. Redemption of the Series 1998 Bonds.

A. **Optional Redemption.** The City reserves the right to redeem all or any portion of the Series 1998 Bonds with maturities selected by the City and by lot within a maturity at the redemption prices and on the dates established by the Authorized Representative pursuant to Section 3.

B. **Mandatory Redemption.** If the Authorized Representative establishes pursuant to Section 3 that any Series 1998 Bonds are subject to mandatory redemption prior to maturity, the Authorized Representative shall establish the schedule for mandatory redemption of the Series 1998 Bonds. The Registrar shall, without further action by the City, select the particular Series 1998 Bonds to be redeemed in accordance with the mandatory redemption schedule by lot, call the selected Series 1998 Bonds, and give notice of their redemption in accordance with this Section 7. If certain maturities of Series 1998 Bonds are subject to both optional and mandatory redemption, the City may elect to apply any of those Series 1998 Bonds which it has previously redeemed against the mandatory redemption requirement. If the City makes such an election, it shall notify the Registrar not less than sixty (60) days prior to the mandatory redemption date to which the election applies.

Section 8. Payment of Series 1998 Bonds. The principal of the Series 1998 Bonds shall be payable upon presentation of the Series 1998 Bonds at maturity or earlier redemption at the office of the Paying Agent designated to receive the Series 1998 Bonds at maturity or redemption. 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 9. Pledge of Net Rent from the State Lease and the Net Revenues. The City hereby pledges the Net Rent from the State Lease and the Net Revenues to the payment of principal of, premium, if any, and interest on all Bonds, and as security for such Bonds.

Section 10. Priority of Payment of the Net Rent from the State Lease and the Net Revenues.

A. So long as any Bonds are Outstanding, the Net Rent from the State Lease may be used only for the following purposes and in the following order of priority:

First, to pay the principal of, premium, if any, and interest on the Bonds;

Second, to make all payments required to be made into the Reserve Account created to secure the repayment of the Bonds and to provide for any deficiency in the Reserve Account;

Third, to retire by redemption or purchase in the open market any Outstanding Bonds as determined by the City to be payable from the Net Rent from the State Lease or for any other lawful City purpose.

B. So long as any Bonds are Outstanding, the Net Revenues may be used only for the following purposes and in the following order of priority:

First, to pay the principal of, premium, if any, and interest on the Bonds in the event the Net Rent from the State Lease is insufficient to make such payments;

Second, to make all payments required to be made into the Reserve Account created to secure the repayment of the Bonds and to provide for any deficiency in the Reserve Account in the event the Net Rent from the State Lease is insufficient to make such payments;

Third, to retire by redemption or purchase in the open market any Outstanding Bonds as determined by the City to be payable from the Net Revenues or for any other lawful City purpose.

Section 11. Police Facility Department. The City shall maintain an account known as the Police Facility Department within the Capital Projects Fund, for the purpose of paying the Costs of the Project financed with the proceeds of the Bonds and the costs of issuance of the Bonds. The City will deposit or cause to be deposited into the Police Facility Department the Net Proceeds of the Bonds. Any interest earnings on moneys invested from the Police Facility Department will be retained in the

Police Facility Department. The City's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into the Police Facility Department to assure the completion of the Projects financed with the proceeds of the Bonds.

When the Project has been completed and all costs related thereto have been paid in full, any balance remaining in the Police Facility Department may be deposited into the Debt Service Fund.

Section 12. Debt Service Fund.

A. Debt Service Fund. The City hereby creates a Debt Service Fund for the Bonds. Three (3) business days prior to the date of payment of principal of, premium, if any, and interest on the Outstanding Bonds the City shall transfer to the Bond Registrar, as paying agent, sufficient funds from the Debt Service Fund to make such payments when due.

As long as the Bonds remain Outstanding, the City irrevocably covenants, pledges and binds itself to set aside and pay into the Debt Service Fund the Net Rent as and when it is received.

B. Reserve Account. The City hereby creates a Reserve Account in the Debt Service Fund for the purpose of securing the payment of the principal of and interest on the Bonds. At the closing of the sale of each series of the Series 1998 Bonds and any Additional Bonds, the City will deposit into the Reserve Account from the proceeds of such series of Bonds, or from other funds of the City, an amount equal to the Reserve Account Requirement applicable to such series of Bonds.

The City covenants and agrees that in the event of the issuance of Additional Bonds it will provide in the Supplemental Resolution authorizing the issuance of the Additional Bonds that the City will pay into the Reserve Account from the proceeds of the issue of the Additional Bonds, or from the Net Revenue, not less than an amount which will be equal to the Reserve Account Requirement for each such issue of Additional Bonds.

The City covenants and agrees that when the required deposits have been made into the Reserve Account, it will at all times maintain therein an amount at least equal to the Reserve Account Requirement for each series of Bonds. The value of money and investments in the Reserve Account shall be maintained at an amount equal to the Reserve Account Requirement. The value of investments in the Reserve Account shall be determined as of January 1 and June 30 of each fiscal year. If on the last business day of each fiscal year the amount on deposit in the Reserve Account is in excess of the Reserve Account Requirement (with investments on deposit therein being valued as provided herein), the City shall withdraw such excess and transfer it to the Debt Service Fund.

If there is at any time a deficiency in the Debt Service Fund to meet maturing installments of either interest on or principal of and interest on the Outstanding Bonds payable from the Debt Service Fund, the City shall transfer such deficiency amount from the Reserve Account to the Debt Service Fund. The City shall transfer the amount of any deficiency created in the Reserve Account by reason of such transfer from the Net Revenues, after making necessary provision for the payments required to be made by subparagraphs First and Second of Section 10 hereof.

Notwithstanding anything in this Section 12 to the contrary, the City will not be obligated to accumulate and maintain in a reserve subaccount for the Bonds an amount at least equal to the Reserve Account Requirement for the Bonds if the City provides a surety bond, letter of credit or other financial guaranty in the amount of the Reserve Account Requirement issued by a financial institution whose long term obligations are rated in one of the two highest ratings of Standard and Poor's Corporation or of Moody's Investors Service, Inc.

C. Priority of Lien of Payments into the Debt Service Fund. The City pledges and declares the amounts to be paid into the Debt Service Fund from the Net Rent and the Net Revenue to be a prior lien and charge thereon in favor of the Bonds superior to all other charges of any kind or nature whatsoever.

D. Application and Investment of Moneys in the Debt Service Fund. Moneys in the Debt Service Fund and the Reserve Account may be invested as permitted by law. Investments of funds in the Debt Service Fund shall mature prior to the date on which such moneys shall be required for payment of interest or principal payments. All interest earned and income derived by virtue of investment of funds in the Debt Service Fund and the Reserve Account will remain in the Debt Service Fund and be applied to meet the required deposits into any fund or account therein. Subject to other provisions of this subparagraph, moneys in the Debt Service Fund and the Reserve Account may be combined for the purpose of purchasing investments but the records of the City shall show to which Fund or Account the respective portions of any such combined investments are credited. The City will value investments of funds in the Reserve Account at the lower of amortized cost or market value and pay any deficiency resulting from the valuation of such investments from any legally available funds.

E. Sufficiency of Revenues. The City finds that in fixing the amounts to be paid into the Debt Service Fund, it has not obligated the City to set aside and pay into such Debt Service Fund a greater amount of such Net Rent and Net Revenue than will be required to fully fund the Debt Service Fund.

Section 13. Paying Agent and Bond Registrar. The City shall serve as its own Paying Agent and Bond Registrar for the Series 1998 Bonds.

Section 14. Transfer of Bonds. The Series 1998 Bonds will be issued in certificate form. The Series 1998 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 will be valid obligations of the City evidencing the same debt and will be entitled to the same benefits as the Bonds surrendered for such exchange or transfer. The Bond Registrar will not be required to transfer or exchange any Series 1998 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 1998 Bond called or being called for redemption.

Section 15. Contract with Registered Owners of Bonds. In consideration of the purchase and acceptance of the Bonds, the provisions of this Resolution and the Bonds shall be deemed to be and shall constitute a contract between the City and the Registered Owners of the Bonds. The covenants and agreements to be performed by or on behalf of the City shall be for the equal benefit, protection and security of the Registered Owners of any and all Bonds, all of which shall be of equal rank without preference, priority, or distinction among the Bonds, except as expressly provided pursuant to this Resolution.

Section 16. Additional Bonds. The City covenants and agrees for as long as any of the Bonds and any Additional Bonds are outstanding as follows:

The City will not issue any bonds or other obligations having a greater or equal priority of lien upon the Net Rent of the State Lease, or secure the payment of the principal of and interest on such bonds or other obligations by a lien created on the Net Rent of the State Lease of equal priority to the lien securing the payment of the principal of and interest on the Bonds, *except* to refund at or prior to their maturity, the Series 1998 Bonds.

The City may issue Additional Bonds having an equal priority of lien on the Net Revenues at the City's discretion.

Section 17. Designation as Qualified Tax-Exempt Obligations. The Authorized Representative is hereby authorized to designate the Series 1998 Bonds for purposes of paragraph (3) of Section 265(b) of the Code as "qualified tax-exempt obligations" so long as the Series 1998 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and not more than \$10,000,000 aggregate principal amount of obligations, interest on which is excludable under Section 103(a) of the Code from gross income for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Series 1998 Bonds, have been or shall be issued by the City, including all subordinate entities of the City, if any, during the calendar year in which the Series 1998 Bonds, or a portion thereof, are issued..

Section 18. Covenant as to Arbitrage. The proceeds of the Series 1998 Bonds shall be used and invested in such manner that the Series 1998 Bonds will 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 1998 Bonds and in the investment and expenditure of the proceeds thereof which would result in the interest on the Series 1998 Bonds becoming taxable for federal income tax purposes.

Section 19. Events of Default and Remedies. The following shall constitute "Events of Default" under this Resolution:

A. If the City fails to pay any Bond principal or interest when due, either at maturity or mandatory or optional redemption or otherwise;

B. If the City defaults in the observance and performance of any other of its covenants, conditions and agreements in this Resolution, if such default continues for ninety (90) days after the City receives a written notice, specifying the Event of Default and demanding the cure of such default, from the Owners of not less than twenty percent (20%) in aggregate principal amount of the Bonds Outstanding,

C. If an order, judgment or decree is entered by any court of competent jurisdiction:

(1) Appointing a receiver, trustee or liquidator for the City;

(2) Approving a petition seeking a declaration of bankruptcy, or the arrangement or reorganization of the City under any applicable law of the United States or the State; or

(3) Assuming custody or control of the City under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree is not vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within sixty (60) days from the date of the entry of such order, judgment or decree, or

(4) If the City:

(a) admits in writing its inability to pay its debts generally as they become due;

(b) files a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law;

(c) makes an assignment for the benefit of its creditors;

(d) consents to the appointment of a receiver of the whole or any part of the City; or

(e) consents to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City or of the whole or any part of the City.

D. It will not constitute an Event of Default under Section B hereof if the default cannot practicably be remedied within ninety days after the City receives notice of the default, so long as the City promptly commences reasonable action to remedy the default after the notice is received, and continues reasonable action to remedy the default until the default is fully and actually remedied.

E. If an Event of Default occurs, any Bondowner may exercise any remedy available at law or in equity; however, the Bonds will not be subject to acceleration.

Section 20. General Covenants.

A. Alienation of Property. The City will not, nor will it permit others to, sell, mortgage, lease, transfer, assign, convey or otherwise dispose of or encumber all or any portion of the Property unless the City pays all Series 1998 Bonds or defeases them pursuant to Section 21.

B. Operation and Maintenance of Project. The City will operate and maintain the Project in a sound, efficient and economic manner.

C. Insurance. The City will at all times maintain with responsible insurers all such insurance on the Project as is customarily maintained with respect to properties of like character against accident to, loss of or damage to such properties.

The net proceeds of insurance against accident to or destruction of the Project shall be used first to repair or rebuild the damaged or destroyed Project, and to the extent excess insurance proceeds remain, shall be applied to the payment or redemption of the Series 1998 Bonds on a pro rata basis.

Insurance described in this subsection shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the City, or in the form of self-insurance by the City. The City shall establish such fund or funds or reserves which it deems are necessary to provide for its share of any such self-insurance.

D. Obligations under State Lease. The City covenants to comply with all the provisions of the State Lease applicable to it.

Section 21. Defeasance. The City may defease and deem all or any portion of the Outstanding Bonds to be paid by:

A. irrevocably depositing cash or noncallable, nonprepayable Direct Obligations in escrow with an independent escrow agent which are calculated to be sufficient, without reinvestment, for the payment of Bonds which are to be defeased; and

B. filing with the escrow agent an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Direct Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and,

C. filing with the escrow agent an opinion of nationally recognized bond counsel that the proposed defeasance will not cause interest on the defeased Bonds to be includable in gross income under the Code.

If Bonds are defeased under this Section, all obligations of the City with respect to those defeased Bonds shall cease and terminate, except for the obligation of the City, the escrow agent and the Registrar to pay the defeased Bonds from the amounts deposited in escrow, and the obligation of the Registrar to continue to transfer bonds as provided in this Resolution.

Section 22. Delegation of Authority to Authorized Representative. The Authorized Representative is authorized to take any or all of the actions described in this Section on behalf of the City and without further action by the City Council, and the actions of the Authorized Representative will be binding on the City Council and on the City. The Authorized Representative may do the following:

- A. Participate in the preparation of, authorize the distribution of and deem final preliminary and final official statements or other disclosure documents for the Bonds;
- B. Negotiate, execute and deliver a Continuing Disclosure Certificate and provide such information as may be required pursuant to such Continuing Disclosure Certificate from time to time;
- C. Appoint the Paying Agent and Bond Registrar and any successor Paying Agent and Bond Registrar and an independent expert pricing advisor;
- D. Negotiate the terms of and obtain a Credit Facility, if in the opinion of the Authorized Representative such Credit Facility is necessary or advisable, and to enter into related agreements;
- E. Negotiate the terms under which the Bonds will be sold and execute a purchase agreement for the Bonds;
- F. Determine and establish the final principal amount, maturity schedule, interest rates, redemption terms, payment dates and other terms of the Bonds; and
- G. Issue, sell and deliver the Bonds, and execute and deliver any related certificates or documents which are reasonably required to carry out the purposes of this Resolution.

Section 23. Appointment of Expert Advisor. The Authorized Representative is authorized to appoint an expert advisor to the City for the private negotiated sale of the Bonds.

Section 24. Appointment of Bond Counsel. The City does appoint the law firm of Mersereau & Shannon, LLP of Portland, Oregon as Bond Counsel for the issuance of the Series 1998 Bonds.

Section 25. Preliminary and Final Official Statement. If requested by the purchaser of the Bonds, the City shall cause the Underwriter/Placement Agent to prepare a preliminary official statement for the Bonds. In addition, if requested by the purchaser of the Bonds, an official statement shall be prepared by the Underwriter/Placement Agent 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 26. Continuing Disclosure. The City covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, if any, entered into in

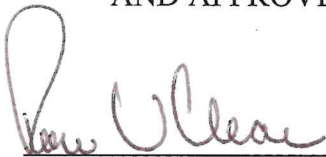
connection with the Bonds. Notwithstanding any other provision of this Resolution, failure by the City to comply with the Continuing Disclosure Agreement, if any, will not constitute an event of default; however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section.

Section 27. Closing of the Sale and Delivery of the Bonds. The Authorized Representative is authorized to negotiate the terms and conditions of an agreement providing for the private negotiated sale of the Series 1998 Bonds. The Authorized Representative is authorized to execute a bond purchase agreement for and on behalf of the City and to execute such additional documents, including a Tax Certificate, and any and all other things or acts necessary for the sale, delivery and rating of the Series 1998 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 AND ADOPTED THIS 14TH DAY OF DECEMBER, 1998.


Voting Yes, Councilor: Davis, Davison, Broehl, Gosiak, Wasser
Voting No, Councilor: None
Absent, Councilor: None
Abstaining, Councilor: None

AND APPROVED BY THE MAYOR THIS 14th DAY OF DECEMBER, 1998.



Robb Van Cleave, Mayor

Attest:



Julie Krueger, CMC/AAE, City Clerk