

City of Sherwood, Oregon
Resolution No. 96-652

A RESOLUTION AUTHORIZING ISSUANCE OF GENERAL OBLIGATION BONDS TO FINANCE RECREATIONAL FACILITIES.

WHEREAS, on September 17, 1996, the voters of the City authorized the City to issue \$7,900,000 of general obligation bonds to finance recreational facilities; and,

WHEREAS, it is now desirable to issue those bonds; and,

WHEREAS, a portion of the recreational facilities will be operated by the YMCA, and bonds to finance those facilities must be issued pursuant to special provisions of the United States Internal Revenue Code which apply to tax exempt obligations which finance facilities which are used by charitable organizations which qualify under Section 501(c)(3) of that code; and,

WHEREAS, a portion of the facilities will be operated by the City, and may be issued under more flexible provisions of the United States Internal Revenue Code; and,

WHEREAS, it is desirable to sell and deliver the bonds before November 5, 1996, many other Oregon local governments are selling bonds at this time, and it is therefore desirable to authorize the City to sell the bonds at either a competitive sale or a negotiated sale;

NOW, THEREFORE, THE CITY OF SHERWOOD RESOLVES AS FOLLOWS:

1. Authorization and Sale; Delegation.

1.1. To finance the costs of capital construction and improvements which are part of the recreational facilities approved by the voters on September 17, 1996, the City shall issue its general obligation bonds in one or more series, in an aggregate principal amount of not more than Seven Million Nine Hundred Thousand Dollars (\$7,900,000). The Bonds shall bear interest and be sold at prices which result in a true interest cost of no more than eight percent (8.00%) per annum. The Bonds shall be in substantially the form attached to this Resolution as Exhibit A, with such changes as may be approved by the City Manager, the Finance Director or the person designated by the City Manager to act as City Official under this Resolution (the "City Official").

1.2. The City Official may, on behalf of the City and without further action by the City Council:

1.2.1. divide the bonds into one or more series;

1.2.2. participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the Bonds;

1.2.3. establish the maturity schedule, redemption terms, dates and other terms of each series of Bonds;

- 1.2.4. appoint a paying agent and registrar for the Bonds (the “Registrar”);
- 1.2.5. prepare and publish notices of sale for the Bonds, accept bids and award the sale of the series of Bonds to the most favorable responsive bidders, or select one or more underwriters, negotiate the terms of, and execute and deliver, an agreement with the underwriters which establishes the terms under which the Bonds will be sold;
- 1.2.6. undertake to provide continuing disclosure for the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission;
- 1.2.7. enter into covenants to protect the registered owners of the Bonds (the “Owners”);
- 1.2.8. apply for and purchase municipal bond insurance or obtain other forms of credit enhancement for the Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents;
- 1.2.9. issue, sell and deliver the Bonds;
- 1.2.10. take any action necessary to comply with the restrictions of the Internal Revenue Code which apply to bonds issued to finance facilities which are operated by organizations which qualify under Section 501(c)(3) of that code;
- 1.2.11. negotiate the terms of and enter into an operating agreement for a period of twenty or more years for portion of the recreational facilities with the Young Men’s Christian Association of Columbia-Willamette; and
- 1.2.12. take any other action in connection with the Bonds which the City Official finds will be advantageous to the City.

Section 2. Security.

2.1. The City pledges its full faith and credit to pay the Bonds. The City shall levy annually, as provided by law, a direct ad valorem tax upon all of the taxable property within the City, without limit as to rate or amount, outside the limits of Sections 11 and 11b of Article XI of the Oregon Constitution and in addition to the City’s levies within the limits of Sections 11 and 11b of Article XI of the Oregon Constitution, in sufficient amount, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature, and the City covenants with the Owners to levy such a tax annually during each year that any of the Bonds are outstanding.

2.2. This Resolution is intended to constitute a contract with the Owners. The covenants contained in this Resolution and any covenants in the closing documents for the Bonds shall constitute contracts with the Owners, and shall be enforceable by them.

Section 3. Bond Book-Entry-Form.

3.1. The Bonds shall be initially issued in book-entry-only ("BEO") form and shall be governed by this Section 3. While Bonds are in BEO form no physical bonds shall be made available to Owners in accordance with the City's blanket Letter of Representations (the "Letter") to the Depository Trust Company of New York ("DTC"). While the Bonds are in BEO form, registration and transfer of beneficial interests in the Bonds shall be governed by the Letter and the operational arrangements of DTC, as they may be amended from time to time, as provided in the Letter.

3.2. So long as Bonds are in BEO form, DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners. Bond payments shall be made, and notices shall be given, to DTC in accordance with the Letter. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such payment, or any such notice and its content or effect, shall not affect the validity of the redemption of Bonds or of any other action premised on such payment or notice.

3.3. The City may discontinue maintaining the Bonds in the BEO form at any time. The City shall discontinue maintaining the Bonds in BEO form if DTC determines not to continue to act as securities depository for the Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.

3.4. If the City discontinues maintaining the Bonds in BEO form, the City shall cause the Registrar to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 5 below, regarding registration, transfer and exchange of Bonds shall apply.

3.5. While the Bonds are in BEO form, the City and the Registrar shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:

3.5.1. the accuracy of the records of DTC, the nominee or any participant or correspondent with respect to any beneficial owner's interest in the Bonds;

3.5.2. the delivery to any participant or correspondent or any other person of any notice with respect to the Bonds, including any notice of prepayment;

3.5.3. the selection by DTC of the beneficial interest in Bonds to be redeemed prior to maturity; or

3.5.4. the payment to any participant, correspondent, or any other person other than the Owner of the Bonds as shown in the registration books maintained by the Registrar, of any amount with respect to principal or interest on the Bonds.

3.6. The City shall pay or cause to be paid all principal and interest on the Bonds only to or upon the Resolution of the Owners, 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.

3.7. Upon delivery by DTC to the City and to the beneficial owner of written notice to the effect that DTC 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 DTC, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Registrar. DTC shall tender the Bonds it holds to the Registrar for reregistration.

3.8. The provisions of this Section 3 may be modified without the consent of the beneficial owners in Resolution to conform this Section to the standard practices of DTC for Bonds issued in BEO form.

Section 4. Redemption of Bonds.

4.1. The Bonds shall be subject to redemption on the terms established by the City Official pursuant to Section 1.2 of this Resolution. The City reserves the right to purchase Bonds in the open market.

4.2. If any Bonds are subject to mandatory redemption, the City may credit against the mandatory redemption requirement any Bonds of similar maturities which the City has previously purchased or which the City has previously redeemed pursuant to any optional redemption provision.

4.3. So long as Bonds are in BEO form, the Registrar shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the Letter.

4.4. During any period in which the Bonds are not in BEO form, unless waived by any Owner of Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bond or Bonds to be redeemed at the address shown on the Bond register or at such other address as is furnished in writing by such Owner to the Registrar. The City shall notify the Registrar of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

4.4.1. the redemption date,

4.4.2. the redemption price,

4.4.3. if less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

4.4.4. that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

4.4.5. the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar.

Section 5. Authentication, Registration and Transfer.

5.1. No Bond shall be entitled to any right or benefit under this Resolution unless it shall have been authenticated by an authorized officer of the Registrar. The Registrar shall authenticate all

Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Resolution.

5.2. The ownership of all Bonds shall be entered in the Bond register maintained by the Registrar, and the City and the Registrar may treat the person listed as owner in the Bond register as the Owner for all purposes.

5.3. While the Bonds are in BEO form, the Registrar shall transfer Bond principal and interest payments in the manner required by DTC.

5.4. If the Bonds cease to be in BEO form, the Registrar shall mail each interest payment on the interest Payment Date (or the next Business Day if the Payment Date is not a Business Day) to the name and address of the Owners as they appear on the Bond register as of the Record Date. If payment is so mailed, neither the City nor the Registrar shall have any further liability to any party for such payment.

5.5. Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different denominations, and Bonds may be transferred to other Owners if the Owner submits the following to the Registrar:

5.5.1. written instructions for exchange or transfer satisfactory to the Registrar, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar and

5.5.2. the Bonds to be exchanged or transferred.

5.6. The Registrar shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following Payment Date; however, such Bonds shall be exchanged or transferred promptly following that Payment Date.

5.7. The Registrar shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Owner's name is listed on the Bond register.

5.8. For purposes of this Section 5, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in Section 5.5, above.

5.9. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 6. Maintenance of Tax-Exempt Status.

6.1. The City covenants for the benefit of the Owners to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for Bond interest to be excluded from gross income for federal income taxation purposes under Section 103(a) of the Code. In determining whether a particular act will affect the exclusion of Bond interest from gross income under the Code, the City may rely on an opinion of nationally recognized bond counsel.

6.2. The City specifically covenants that it shall not take any action or omit any action, if it would cause the Bonds to become "arbitrage bonds" under Section 148 of the Code, and shall pay any rebates or penalties which may be due under Section 148 of the Code.

6.3. The City specifically covenants that it shall operate the facilities financed with the Bonds so that the series of Bonds issued to finance facilities operated by the YMCA are "qualified 501(c)(3) bonds" as described in Section 145 of the Code, and the other series of bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

Section 7. Defeasance.

The City may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in amounts which, in the opinion of an independent certified public accountant, are sufficient without reinvestment to pay all principal and interest on the defeased Bonds until their maturity or any earlier date for which the issuer has given irrevocable instructions for redemption. Bonds which have been defeased pursuant to this Section 7 shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Resolution except the right to receive payment from such special escrow account.

Section 8. Reimbursement.

Federal laws controlling the excludability of bond interest from gross income under the Code require an issuer of such bonds to declare its intention if it intends to use bond proceeds to reimburse expenditures the issuer makes from revenues. The City hereby declares its official intent to use Bond proceeds to reimburse expenditures the City makes from revenues prior to issuance of the Bonds.

Duly passed by the City Council this 8th day of October, 1996.

Mayor



ATTEST:



City Manager/Recorder

Exhibit A
Form of Bond

No. R-«BondNumber»

\$«PrincipalAmtNumber»

UNITED STATES OF AMERICA
STATE OF OREGON
CITY OF SHERWOOD, OREGON
GENERAL OBLIGATION BOND
SERIES _____

Dated Date:

Interest Rate Per Annum: ____%

Maturity Date: _____

CUSIP Number: _____

Registered Owner: -----CEDE & CO.-----

Principal Amount: -----___ DOLLARS-----

City of Sherwood, Oregon, for value received, acknowledges itself indebted and hereby promises to pay to the order of the Registered Owner (as defined below) the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the ___ day of ___ and the ___ day of ___ in each year until maturity, commencing _____. Payment of each installment of principal or interest shall be made to the registered owner hereof whose name appears on the registration books of the City (the "Registered Owner") maintained by the City's paying agent and registrar, which is currently First Trust National Association, in Portland, Oregon (the "Registrar") as of the close of business on the ___ day of the calendar month immediately preceding the applicable interest payment date. For so long as this bond is in book-entry-only form, principal and interest payments shall be paid on each payment date to the nominee of the securities depository for the Bonds. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company.

This bond is one of a duly authorized series of bonds of the City aggregating \$7,900,000 in principal amount which are designated as General Obligation Bonds, Series _____ (the "Bonds"). The Bonds are issued to finance capital construction and improvements for a recreational facility pursuant to the approval granted to the City by its voters at an election duly called and held on September 17, 1996, and pursuant to a Resolution of the City Council adopted on _____, 1996 (the "Resolution"), and in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The Bonds constitute valid and legally binding obligations of the City. The full faith and credit of the City are pledged to pay the principal and interest on the Bonds when due. In the Resolution the City has covenanted to levy annually, as provided by law, a direct ad valorem tax upon all of the taxable property within the City, without limit as to rate or amount, in sufficient amount, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature, as provided in the Resolution. The City has covenanted with the Registered Owners of the Bonds to levy such a tax annually during each year that any of the Bonds are outstanding.

The Bonds are initially issued in book-entry-only form with no certificates provided to the beneficial owners. Records of ownership of beneficial interests in the Bonds will be maintained by The Depository Trust Company and its participants.

Should the book-entry-only security system be discontinued, the Bonds shall be issued in the form of registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. Such Bonds may be exchanged for Bonds of the same aggregate principal amount, but different authorized denominations, as provided in the Resolution.

The Bonds are subject to redemption on the terms shown in the final official statement for the Bonds which is dated _____, 1996.

Any transfer of this Bond must be registered, as provided in the Resolution, upon the bond register kept for that purpose by the Registrar. This Bond may be registered only by surrendering it, together with a written instrument of transfer which is satisfactory to the Registrar and which is executed by the Registered Owner or his duly authorized attorney. Upon registration, a new registered Bond or Bonds, of the same Series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Resolution. The City and the Registrar may treat the person in whose name this Bond is registered on the bond register as its absolute owner for all purposes, as provided in the Resolution.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED: that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; that the issue of which this Bond is a part, and all other obligations of the City, are within every debt limitation and other limit prescribed by such Constitution and Statutes; and that the City has covenanted to levy a tax to pay the Bonds upon all taxable property within the City as provided in the Resolution.

IN WITNESS WHEREOF, the City Council has caused this Bond to be signed by facsimile signature of its Mayor and attested by facsimile signature of its City Manager, as of the date indicated above.

CITY OF SHERWOOD, OREGON

Mayor

City Manager

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the \$7,900,000 aggregate principal amount of City of Sherwood, Oregon General Obligation Bonds, Series _____, issued pursuant to the Resolution described herein.

Date of authentication: _____, 1996.
First Trust National Association, as Registrar

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Please insert social security or other identifying number of assignee)

this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the Registered Owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM -- tenants in common
- TEN ENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survivorship
and not as tenants in common
- OREGON CUSTODIANS use the following

as custodian for _____ CUST UL OREG _____ MIN
(name of minor)
- OR UNIF TRANS MIN ACT
under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.