

COPY

RESOLUTION NO. 2001-920

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF SHERWOOD, WASHINGTON COUNTY, OREGON,
AUTHORIZING THE CITY TO ISSUE UP TO \$3,840, 000
OF GENERAL OBLIGATIONS BONDS FOR A NEW
POLICE FACILITY**

WHEREAS, on November 7, 2000, the voters of the City of Sherwood approved Sherwood City Measure No. 34-29, which authorizes the City to issue up to \$3,840,000 of general obligation bonds to finance costs of capital construction and improvements for a new police facility; and,

WHEREAS, it is now desirable to authorize the sale and delivery of the bonds approved by the voters on November 7, 2000; now, therefore,

BE IT RESOLVED by the City Council of the City of Sherwood, Washington County, Oregon, that:

Section 1. Bonds Authorized; Delegation.

The City is hereby authorized to issue its General Obligation Bonds, Series 2001 (the "Bonds") in a principal amount of not more than \$3,840,000. Bond proceeds shall be used to finance a new police facility as described in the ballot and to pay costs of issuing the Bonds. The City Manager or Finance Director (the "City Official"), on behalf of the City and without further action by the City Council, may:

- 1.1. Participate in the preparation and authorize the distribution of a preliminary official statement or other disclosure document for the Bonds.
- 1.2. Appoint a paying agent (the "Paying Agent") for the Bonds.
- 1.3. Prepare a notice of sale and advertise for bids for the Bonds, or select one or more underwriters and negotiate the terms of, and execute, a Bond purchase agreement with those underwriters.
- 1.4. Apply for municipal bond insurance for the Bonds, expend Bond proceeds to pay any bond insurance premium, and enter into related agreements.
- 1.5. Determine whether the Bonds will be issued in one or more series, and establish the principal amount, interest rates, redemption terms, payment dates and other terms of the Bonds. However, the Bonds shall not bear interest at a true interest cost of more than seven percent per annum.
- 1.6. Undertake to provide continuing disclosure relating to the Bonds pursuant to Section (b)(5) of Rule 15c2-12, as amended of the Securities Exchange Act of 1934.
- 1.7. Issue, sell and deliver the Bonds, and execute and deliver any related certificates or documents, and take any other action reasonably required to carry out this resolution.

Section 2. Security For Bonds.

The Bonds shall be general obligations of the City, and the full faith and credit of the City are hereby pledged to the successive owners of each of the Bonds for their punctual payment when due. 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, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay all Bond principal and interest on the date such payments are due. The City covenants with the owners of the Bonds to levy such a tax annually during each year that any of the Bonds are outstanding.

Section 3. Tax-Exempt Status.

3.1. The City covenants to use the proceeds of the Bonds, and to otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that interest paid on the Bonds will not be includable in gross income of the Bondowners. The City specifically covenants:

- (A) to comply with the "arbitrage" provisions of Section 148 of the Code, and pay any rebates due to the United States on the gross proceeds of the Bonds; and,
- (B) to operate the facilities which were financed with the proceeds of the Bonds, so that the Bonds are not "private activity bonds" under Section 141 of the Code.

3.2. The City Official may enter into additional covenants on behalf of the City to protect the tax-exempt status of the Bonds.

Section 4. Designation of Bonds as Qualified Tax-Exempt Obligations.

The City designates the Bonds as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code. The City covenants not to so designate tax-exempt obligations in the current calendar year in an aggregate amount of more than \$10,000,000. The City (and all subordinate entities thereof, if any) does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.

Section 5. Book Entry System for Bonds.

5.1. The Bonds shall be initially issued in book entry only ("BEO") form and shall be governed by this Section 5. While Bonds are in BEO form no physical Bonds shall be provided to registered owners of Bonds. The City Official has executed and delivered a blanket Letter of Representations 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 that letter and the Operational Arrangements of DTC, as they may be amended from time to time, as provided in the blanket issuer letter of representations. So long as Bonds are in BEO form:

- (A) DTC shall be treated as the registered owner for all purposes, including payment and the giving of notices to registered owners of Bonds. Bond payments shall be made, and notices shall be given, to DTC in accordance with the Letter of Representations. Any failure of DTC to advise any of its participants, or of any participant to notify the

beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of Bonds called for redemption or of any other action premised on such notice.

- (B) 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.
- (C) If the City discontinues maintaining the Bonds in BEO form, the City shall cause the Paying Agent 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 Section 7. below, regarding registration, transfer and exchange of Bonds shall apply.
- (D) The City and the Paying Agent 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:
 - (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;
 - (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) the selection by DTC of the beneficial interest in Bonds to be redeemed prior to maturity; or
 - (4) 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, of any amount with respect to principal, any premium or interest on the Bonds.
- (E) The City shall pay or cause to be paid all principal, premium and interest on the Bonds only to or upon the order of the owner, as shown in the registration books maintained by the Paying Agent, or their respective 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.
- (F) The provisions of this Section 5 may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC or any successor depository for obligations issued in BEO form.

Section 6. Redemption of Bonds.

6.1. The City reserves the right to purchase Bonds in the open market.

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

6.3. So long as Bonds are in BEO form, the Paying Agent 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 a letter of representation submitted to DTC in connection with the issuance of the Bonds.

6.4. During any period in which the Bonds are not in BEO form, unless waived by any registered owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent 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 registered 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 registered owner to the Paying Agent. The City shall notify the Paying Agent 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:

- (A) the redemption date,
- (B) the redemption price,
- (C) 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,
- (D) 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
- (E) 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 Paying Agent.

Section 7. Authentication, Registration and Transfer.

7.1. 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 Paying Agent. The Paying Agent 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.

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

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

7.4. If the Bonds cease to be in BEO form, the Paying Agent 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 registered owners as they appear on the Bond register as of the Record Date for the Bonds. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

7.5. 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 registered owners if the registered owner submits the following to the Paying Agent:

- (A) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the registered owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent and
- (B) the Bonds to be exchanged or transferred.

7.6. The Paying Agent 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.

7.7. The Paying Agent shall note the date of authentication on each Bond. The date of authentication shall be the date on which the registered owner's name is listed on the Bond register.

7.8. For purposes of this Section 7, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 7.5, above.

7.9. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all registered 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 8. Form of Bonds; Execution.

The Bonds shall be in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the City Official. The Bonds may be printed or typewritten. The Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Recorder.

Section 9. Amendment of Resolution.

9.1. The City may amend this resolution without the consent of any registered owner for any one or more of the following purposes:

- (A) To cure any ambiguity or formal defect or omission in this resolution;
- (B) To add to the covenants and agreements of the City in this resolution other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this resolution as theretofore in effect;
- (C) To confirm, as further assurance, any security interest or pledge created under this resolution;
- (D) To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the registered owners of Bonds.

9.2. The City may amend this resolution for any other purpose, but only if the City obtains the consent of registered owners representing not less than fifty-one percent (51%) in aggregate

principal amount of the adversely affected Bonds then Outstanding. However, no amendment shall be valid which:

- (A) Extends the maturity of any Bonds, reduces the rate of interest on any Bonds, extends the time of payment of interest on any Bonds, reduces the amount of principal payable on any Bonds, or reduces any premium payable on any Bonds, without the consent of all affected registered owners; or
- (B) Reduces the percent of registered owners required to approve amendments to this resolution.

Section 10. Default and Remedies.

10.1. The occurrence of one or more of the following shall constitute an "Event of Default" under this resolution:

- (A) Failure by the City to pay Bond principal, interest or premium when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption) as required by this resolution; or,
- (B) Failure by the City to observe and perform any covenant, condition or agreement which this resolution requires the City to observe or perform for the benefit of registered owners of Bonds, which failure continues for a period of 60 days after written notice to the City by the registered owners of ten percent (10.0%) or more of the principal amount of Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph (B).

10.2. The registered owners of ten percent or more of the principal amount of Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 10.1(A)

10.3. Upon the occurrence and continuance of any Event of Default hereunder the registered owners of ten percent or more of the principal amount of affected Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the registered owners of Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this resolution or in aid of the exercise of any power granted in this resolution or for the enforcement of any other legal or equitable right vested in the registered owners of Bonds by this resolution or by law. However: the Bonds shall not be subject to acceleration.

10.4. No remedy in this resolution conferred upon or reserved to registered owners of Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this resolution or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the registered owners of Bonds to exercise any

remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this resolution or by law.

Section 11. Defeasance.

The City shall be obligated to pay any Bonds which are defeased in accordance with this Section 11 solely from the money and Government Obligations which are deposited in escrow agent pursuant to this Section 11. Bonds shall be deemed defeased if the City:

11.1. irrevocably deposits money or noncallable direct obligations of the United States, or obligations unconditionally guaranteed by the United States, in escrow with an independent trustee or escrow agent which are calculated to be sufficient without reinvestment for the payment of Bonds which are to be defeased; and,

11.2. files with the escrow agent or trustee an opinion from a certified public accountant or independent financial advisor to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due.

Section 12. Rules of Construction.

In determining the meaning of provisions of this resolution, the following rules shall apply unless the context clearly requires application of a different meaning:

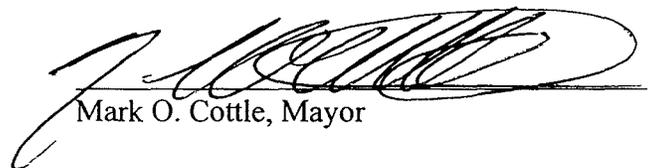
12.1. References to section numbers shall be construed as references to sections of this resolution.

12.2. References to one gender shall include all genders.

12.3. References to the singular include the plural, and references to the plural include the singular.

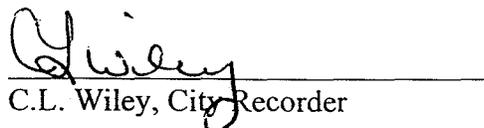
ADOPTED by the City Council of the City of Sherwood, Washington County, Oregon on this 23rd day of January, 2001.

City of Sherwood
Washington County, Oregon



Mark O. Cottle, Mayor

Attest:



C.L. Wiley, City Recorder

**EXHIBIT A
(Form of Bond)**

No. R-1

\$ _____

United States of America
State of Oregon
City of Sherwood
Washington County, Oregon
General Obligation Bonds
Series 2001

Dated Date: _____, 2001

Interest Rate Per Annum: «CouponRate»%

Maturity Date: _____, «MaturityYear»

CUSIP Number: «CUSIPNumbr»

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

Principal Amount: -----«PrincipalAmtSpelled» DOLLARS-----

The City of Sherwood, Washington County, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, 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 first day of ___ and the first day of ___ in each year until maturity or prior redemption, 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 maintained by the City's paying agent and registrar, which is currently _____ (the "Paying Agent") as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, 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. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of the City's duly authorized series of \$3,840,000 aggregate principal amount of General Obligation Bonds, Series 2001 (the "Bonds"), and is issued by the City for the purpose of financing a new police facility and paying related costs, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City.

This Bond is a general obligation of the City, and the full faith and credit of the City are pledged to the successive owners of each of the Bonds for the punctual payment of such obligations, when due. 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, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and other moneys available for the payment of debt service on the Bonds, to pay the Bonds promptly as they mature. The City has covenanted with the 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 as a book-entry-only security issue 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 denominations of \$5,000 or any integral multiple thereof.

Such Bonds may be exchanged for Bonds of the same aggregate principal amount, interest rate and maturity date, but different authorized denominations, as provided in the Resolution.

The Bonds shall mature and be subject to redemption as provided in the final official statement for the Bonds which is dated _____, 2001.

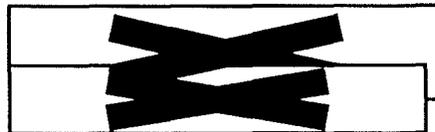
Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Resolution. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. The Paying Agent will notify The Depository Trust Company of any Bonds called for redemption not less than 30 days prior to the date fixed for redemption. Notice of redemption shall be published as provided by law. If the book-entry-only system is discontinued, notice of redemption shall be given by certified or registered mail not less than thirty days nor more than sixty days prior to the date fixed for redemption to the Registered Owner of each Bond to be redeemed at the address shown on the Bond register; however, any failure to give notice shall not invalidate the redemption of the Bonds..

Any exchange or transfer of this Bond must be registered, as provided in the Resolution, upon the Bond register kept for that purpose by the Paying Agent. The exchange or transfer of this Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Paying Agent and which is executed by the registered owner or 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 Paying Agent 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 and the Charter of the City; that the issue of which this Bond is a part, and all other obligations of such City, are within every debt limitation and other limits prescribed by such Constitution, Statutes and Charter.

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 Recorder as of the date indicated above.

City of Sherwood, Oregon



Mayor

Recorder

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

CERTIFICATE OF AUTHENTICATION

This is one of the \$ _____ aggregate principal amount of City of Sherwood, Oregon General Obligation Bonds, Series 2001, issued pursuant to the Resolution described herein.

Date of authentication: _____, 2001.

_____, as Paying Agent

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
_____ CUST UL OREG _____ MIN
as custodian for (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.