

ORDINANCE NO. 90-905

ORDINANCE OF THE CITY OF SHERWOOD, COUNTY OF WASHINGTON,
STATE OF OREGON AUTHORIZING THE ISSUANCE OF BONDS FOR THE
PURPOSE OF REFUNDING A PORTION OF THE CITY'S OUTSTANDING
IMPROVEMENT BONDS AND TO PAY ALL COSTS INCIDENTAL THERETO.

WHEREAS, the City issued its General Obligation
Improvement Bonds, Rock Creek Water Line Improvement Series,
dated April 1, 1982; General Obligation Improvement Bonds, 1982
Improvement Series No. 2, dated October 1, 1982; General
Obligation Improvement Bonds, 1983 Improvement Series No. 1,
collectively (the "Refunded Bonds") which have an outstanding
aggregate principal amount of \$900,000 and which are subject to
early redemption on April 1 and June 1, 1990, at par, and

WHEREAS, issuance of refunding bonds allows the City to
restructure its bonded debt and avoids the risk of non-payment of
debt service on its Refunded Bonds,

WHEREAS, refunding bonds may be issued pursuant to ORS
288.592,

NOW, THEREFORE, THE CITY OF SHERWOOD DOES ORDAIN AS
FOLLOWS:

Section 1. Issue. For the above purposes, the City
shall issue its General Obligation Improvement Refunding Bonds,
Series 1990 (the "Bonds"), in the amount of Nine Hundred Ninety
Thousand Dollars (\$990,000), to be dated March 1, 1990, to be in
denominations of Five Thousand Dollars (\$5,000) or integral
multiples thereof, to bear interest payable on June 1 and
December 1 of each year until maturity or prior redemption,
commencing December 1, 1990, and to mature serially on June 1 of
each year as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1991	\$10,000	2001	50,000
1992	25,000	2002	50,000
1993	30,000	2003	55,000
1994	30,000	2004	60,000
1995	35,000	2005	65,000
1996	35,000	2006	65,000
1997	35,000	2007	70,000
1998	40,000	2008	75,000
1999	40,000	2009	85,000
2000	45,000	2010	90,000

Section 2. Optional Redemption. The City reserves the right to redeem all or any portion of the Bonds maturing after June 1, 1997, in inverse order of maturity and by lot within a maturity on June 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

Section 3. Optional Redemption of Bonds with Certain Funds. Prior to June 1, 1997, the City reserves the right to redeem, with amounts on deposit in the Bancroft Bond Redemption Fund established for the Bonds, all or a portion of the Bonds maturing after June 1, 2005, in inverse order of maturity and by lot within a maturity on June 1, 1991 or on any principal payment date thereafter, at par plus accrued interest to the date fixed for redemption. No Bonds shall be redeemed pursuant to this Section 3 with the proceeds of any refunding bonds.

Section 4. Notice of Redemption. Unless waived by holders of Bonds to be redeemed, official notice of any such redemption shall be given by the City's paying agent and registrar (the "Registrar") on behalf of the City by mailing a copy of an official redemption notice by registered or certified mail 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 Registrar, or as otherwise required by law and published for two consecutive weeks in a newspaper published in Hillsboro within one month of the redemption date and in one issue of a financial newspaper published in Portland, Oregon.

All 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 corporate trust office of the Registrar.

Prior to any redemption date, the City shall deposit with the Registrar an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

In addition to the foregoing notice, further notice shall be given by the Registrar as set out below, but no defect in said further notice nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

- i. Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; (iv) the maturity date of each Bond being redeemed; and (v) any other descriptive information needed to identify accurately the Bonds being redeemed.
- ii. Each further notice of redemption shall be sent at least 35 days before the redemption date by registered or certified mail or overnight delivery service to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds (such depositories now being Depository Trust Company of New York, New York, Midwest Securities Trust Company of Chicago, Illinois, California and Philadelphia Depository Trust Company of

Philadelphia, Pennsylvania) and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds (such as Financial Information, Inc.'s Financial Daily Called Bond Service; Interactive Data Corporation's Bond Service; Kenny Information Service's Called Bond Service; Moody's Municipal and Government; and Standard and Poor's Called Bond Record.

- iii. Each such further notice shall be published one time in The Bond Buyer of New York, New York or, if such publication is impractical or unlikely to reach a substantial number of the holders of the Bonds, in some other financial newspaper or journal which regularly carries notices of redemption of other obligations similar to the Bonds, such publication to be made at least 30 days prior to the date fixed for redemption.
- iv. Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Section 5. Security. 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 monies available for the payment of debt service on the Bonds, to pay the Bonds promptly as they mature, and the City covenants with the owners of its Bonds to levy such a tax annually during each year that any of the Bonds, or Bonds issued to refund them, are outstanding.

Section 6. Form of Registered Bonds. The City may issue the Bonds as one or more typewritten, temporary Bonds which shall be exchangeable for definitive Bonds when definitive Bonds are available. The Bonds shall be in substantially the following form:

No. R- _____

\$ _____

UNITED STATES OF AMERICA
STATE OF OREGON
COUNTY OF WASHINGTON
CITY OF SHERWOOD

GENERAL OBLIGATION IMPROVEMENT REFUNDING BOND
SERIES 1990

DATED INTEREST % PER ANNUM MATURITY DATE CUSIP

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

THE CITY OF SHERWOOD, in the County of Washington, State of 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 above maturity date together with interest thereon from the date hereof at the rate per annum indicated above. Interest is payable semiannually on the first day of June and the first day of December in each year until maturity or prior redemption, commencing December 1, 1990. Interest upon this Bond is payable by check or draft through the principal corporate trust office of the City's paying agent and registrar, which is currently Security Pacific Bank Oregon in Portland, Oregon (the "Registrar"). Check or draft will be mailed on the interest payment date (or the next business day if the interest payment date is not a business day) to the registered owner at the address shown on the Bond Register as of the fifteenth day of the month prior to the interest payment date. Bond principal is payable upon presentation and surrender of this Bond to the Registrar.

ADDITIONAL PROVISIONS OF THIS BOND APPEAR ON THE REVERSE SIDE; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED HEREIN.

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 limit prescribed by such Constitution, statutes and Charter; and that the City

Council has provided for the levying annually of a direct ad valorem tax upon all the property within the City so taxable for its purposes in an amount sufficient, with other available funds, to pay the interest on and the principal of the Bonds of such issue as such obligations become due and payable.

IN WITNESS WHEREOF, the City Council of the City of Sherwood, Washington County, Oregon, has caused this Bond to be signed by facsimile signature of its Mayor and attested by facsimile signature of its Recorder and has caused its seal to be affixed hereto or printed hereon as of the date indicated above.

Mayor, City of Sherwood, Oregon

(SEAL)

Recorder, City of Sherwood, Oregon

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

DATED:

CERTIFICATE OF AUTHENTICATION

This is one of the City's General Obligation Improvement Refunding Bonds, Series 1990, issued pursuant to the Ordinance described herein.

Security Pacific Bank Oregon, as Registrar

By

Authorized Officer

Note to Printer: The following language should be printed on the reverse of the Bond:

This Bond is one of a series of General Obligation Improvement Refunding Bonds, Series 1990, of the City in the aggregate principal amount of \$990,000, and is issued by the City for the purpose of refunding outstanding general obligation bonds, and to pay all costs incidental thereto, 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.

The City reserves the right to redeem all or any portion of the Bonds maturing after June 1, 1997, in inverse order of maturity and by lot within a maturity on June 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

Prior to June 1, 1997, the City reserves the right to redeem, with amounts on deposit in the Bancroft Bond Redemption Fund established for the Bonds, all or a portion of the Bonds maturing after June 1, 2005, in inverse order of maturity and by lot within a maturity on June 1, 1991 or on any principal payment date thereafter, at par plus accrued interest to the date fixed for redemption. No Bonds shall be redeemed pursuant to this Section 3 with the proceeds of any refunding bonds.

Notice of any call for redemption, unless waived by any holder of the Bonds to be redeemed, shall be mailed not less than thirty days and not more than sixty days prior to such call to the registered owners of the Bonds, and otherwise given as required by the authorizing Bond ordinance (the "Ordinance") and by law; however, any failure to give notice shall not invalidate the redemption of the Bonds. All Bonds called for redemption shall cease to bear interest from the date designated in the notice.

The Bonds are issuable in the form of registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. Bonds may be exchanged for Bonds of the same aggregate principal amount, but different authorized denominations.

Any transfer of this Bond must be registered, as provided in the Ordinance upon the Bond Register kept for that purpose at the principal corporate trust office of the Registrar. The City and the Registrar may treat the person in whose name this Bond is registered as its absolute owner for all purposes, as provided in the Ordinance.

The Bondowner may exchange or transfer any Bond only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Registrar and duly executed by the registered owner or his duly authorized attorney, at the principal corporate trust office of the Registrar in the manner and subject to the conditions set forth in the Ordinance.

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.

Signature Guaranteed

(Bank, Trust Company or
Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscrip-
tion 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.

Section 7. Authentication, Registration and Transfer.

- a. No Bond shall be entitled to any right or benefit under
this ordinance (the "Ordinance") unless it shall have

been authenticated by an authorized officer of the City's paying agent and registrar (the "Registrar"). The Registrar shall authenticate all Bonds to be delivered at closing of this Bond issue, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Ordinance.

- b. All Bonds shall be in registered form. The City has appointed Security Pacific Bank Oregon as Registrar for the Bonds. A successor Registrar may be appointed for the Bonds by ordinance or resolution of the City. The Registrar shall provide notice to Bondowners of any change in the Registrar not later than the Bond payment date following the change in Registrar.
- c. 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 of the Bond for all purposes.
- d. The Registrar shall mail each interest payment on the interest payment date (or on the next business day if the interest payment date is not a business day) to the registered owners of the Bonds at the addresses appearing on the Bond Register as of the fifteenth day of the month preceding an interest payment date (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.
- e. 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 Bondowner submits the following to the Registrar:
 - i. written instructions for exchange or transfer satisfactory to the Registrar, signed by the Bondowner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and
 - ii. the Bonds to be exchanged or transferred.
- f. 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.

- g. The Registrar shall note the date of authentication on each Bond. The date of authentication shall be the date on which the Bondowner's name is listed on the Bond Register.
- h. For purposes of this section, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in subsection E. of this section.
- i. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Bondowners. 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. Maintenance of Tax-Exempt Status. The City covenants for the benefit of the owners of the Bonds 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 (except for certain taxes on corporations), unless the City obtains an opinion of nationally recognized Bond Counsel that such compliance is not required for the interest paid on the Bonds to be so excluded. The City makes the following specific covenants with respect to the Code:

- a. The City 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 to the United States which are required by Section 148(f) of the Code.
- b. The City shall operate the facilities financed with the Bonds so that the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

The covenants contained in this section and any covenants in the closing documents for the Bonds shall constitute contracts with the owners of the Bonds, and shall be enforceable by them.

Section 9. 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 10. Rebate Exemption. The City has general taxing powers. No portion of the Bond proceeds will be used to finance property which is used in the trade or business of nongovernments, or is loaned to nongovernments. None of the Bonds are "private activity bonds" within the meaning of Section 141 of the Code. At least ninety-five percent of the net proceeds of the Bonds are use for improvements which are owned and operated by the City. The City (and all subordinate entities thereof, if any) does not reasonably expect to issue tax-exempt obligations in calendar year 1990 which have an aggregate face amount of more than \$5,000,000. Accordingly, under Section 148(f)(4)(c) of the Code, no rebate to the United States is required to be paid in connection with the Bonds.

Section 11. Sale of Bonds. The Recorder shall cause to be published in the Tigard Times, Tigard, Oregon, and in the Daily Journal of Commerce, Portland, Oregon, notices of sale of the Bonds in the form substantially as shown on Exhibit A attached hereto and by this reference incorporated herein, or summaries, as provided by law. The Bonds shall be sold upon the terms provided in the Notice of Bond Sale attached as Exhibit A. The Bonds shall be sold on the date and at the time and place stated in Exhibit A, unless the Mayor or Recorder establishes a different date, time, or place.

Section 12. Effective Date. This Ordinance being necessary to allow an early call of the Refunded Bonds to the best interests of the City to allow restructuring of the City's general obligation improvement bonded debt, an emergency is hereby declared and this ordinance shall be in effect upon its passage by the Council and approval by the Mayor.

ADOPTED by the unanimous vote of the Council, with a quorum in attendance, this 24th day of January 1990.

APPROVED by the Mayor this 24 day of January, 1990.

Norma Jean Oyler
Mayor

ATTEST:

Polly Blankenbaker
Recorder

	AYE	NAY
Oyler	X	
Chavez	X	
Boyle	Absent	
Birchill	X	
Hitchcock	X	

EXHIBIT A

OFFICIAL NOTICE OF BOND SALE

\$990,000

CITY OF SHERWOOD

COUNTY OF WASHINGTON

STATE OF OREGON

GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS, SERIES 1990

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of the City of Sherwood, Washington County, Oregon (the "City"), for the purchase of its General Obligation Improvement Refunding Bonds, Series 1990 (the "Bonds"), until 10:00 o'clock a.m. (Pacific Time) on Wednesday, February 21, 1990, at the offices of Lindsay, Hart, Neil & Weigler, Lawyers, Suite 1800, 222 S. W. Columbia Street, Portland, Oregon 97201-6618, at which time they will be publicly opened and announced.

The bids shall be considered and acted upon by the City within four hours.

ISSUE: The issue shall be in the aggregate principal amount of NINE HUNDRED NINETY THOUSAND DOLLARS (\$990,000), consisting of registered Bonds in denominations of Five Thousand Dollars (\$5,000) or integral multiples thereof, all dated March 1, 1990.

INTEREST RATE: The maximum interest rate shall not exceed a true interest cost of ten percent (10%) per annum. Interest is payable semiannually on June 1 and December 1 of each year until maturity or prior redemption, commencing December 1, 1990. Bidders must specify the interest rate or rates which the Bonds hereby offered for sale shall bear. The bids shall comply with the following conditions: (1) each interest rate specified in any bid must be a multiple of one one-thousandth of one percent (.001%); (2) no Bond shall bear more than one rate of interest; (3) each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (4) all Bonds maturing at any one time shall bear the same rate of interest; and (5) no rate of interest may exceed ten percent (10%); and (6) the rate bid for any maturity shall not be less than the rate bid for any earlier maturity.

MATURITIES: The Bonds shall mature serially on the 1st day of June of each year as follows:

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
1991	\$10,000	2001	50,000
1992	25,000	2002	50,000
1993	30,000	2003	55,000
1994	30,000	2004	60,000
1995	35,000	2005	65,000
1996	35,000	2006	65,000
1997	35,000	2007	70,000
1998	40,000	2008	75,000
1999	40,000	2009	85,000
2000	45,000	2010	90,000

REGISTRATION: The Bonds will be issued in fully registered form, and may be exchanged at the expense of the City for similar Bonds of different authorized denominations. Bonds may not be converted to bearer form.

OPTIONAL REDEMPTION: The City reserves the right to redeem all or any portion of the Bonds maturing after June 1, 1997, in inverse order of maturity and by lot within a maturity on June 1, 1997, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

OPTIONAL REDEMPTION OF BONDS WITH CERTAIN FUNDS: Prior to June 1, 1997, the City reserves the right to redeem, with amounts on deposit in the Bancroft Bond Redemption Fund established for the Bonds, all or a portion of the Bonds maturing after June 1, 2005, in inverse order of maturity and by lot within a maturity on June 1, 1991 or on any principal payment date thereafter, at par plus accrued interest to the date fixed for redemption. No Bonds shall be redeemed pursuant to this paragraph with the proceeds of any refunding bonds.

NOTICE OF REDEMPTION: Notice of any call for redemption, unless waived by the holders of the Bonds to be redeemed, shall be mailed not less than thirty days and not more than sixty days prior to such call to the registered owners of the Bonds, and otherwise given as required by the authorizing Bond ordinance and by law; however, any failure to give notice shall not invalidate the redemption of the Bonds. All Bonds called for redemption shall cease to bear interest from the date designated in the notice.

PAYMENT: Principal and interest are payable, either at maturity or upon earlier redemption, by check or draft through the principal corporate trust office of the registrar and paying agent of the City, which is currently Security Pacific Bank Oregon in Portland, Oregon.

PURPOSE: The Bonds are being issued to refund outstanding general obligation improvement bonds and to pay all costs incidental thereto.

SECURITY: The Bonds are general obligations of the City. The City has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay Bond principal and interest as they come due.

LEGAL OPINION: The approving opinion of Lindsay, Hart, Neil & Weigler, Lawyers, of Portland, Oregon, will be provided at no cost to the purchaser, and will be printed on the Bonds at the expense of the City.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel, under existing law and conditioned on the City complying with certain covenants relating to the tax-exempt status of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes (except for certain taxes on corporations). The Bonds are not "private activity bonds" under Section 141 of the Internal Revenue Code of 1986, as amended (the "Code").

In the opinion of Bond Counsel, the interest on the Bonds is exempt from personal income taxation by the State of Oregon under present state law.

Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds.

The City has the legal authority to comply with its covenants.

BANK PURCHASE: The City has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

BEST BID: The Bonds will be awarded to the responsible bidder whose proposal will result in the lowest true interest cost to the City. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service to March 1, 1990, and the price bid for the Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the City will pay upon the issue if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to the date of delivery. The cost of printing the Bonds will be paid by the City.

ISSUE PRICE CERTIFICATE: To provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986, as amended,

relating to the exclusion of the interest on the Bonds from the gross income of their owners, the successful bidder will be required to complete, execute and deliver to Bond Counsel (on or before three business days prior to the date of delivery of the Bonds) a certification provided by Bond Counsel as to the "issue price" of each maturity of the Bonds. In the event the successful bidder has (1) purchased the bonds for its own portfolio without intention to resell the Bonds, or (2) made a bona fide private placement of the Bonds, such certificate may be modified in a manner provided by Bond Counsel. Each bidder, by submitting its bid, agrees to complete, execute and deliver such a certificate, if its bid is accepted by the City. Failure to honor this agreement may result in the cancellation of the sale and the forfeiture of the successful bidder's good faith deposit.

DELIVERY: Delivery of the Bonds will be made without cost to the successful bidder at such bank in the City of Portland, Oregon, as the successful bidder shall name or elsewhere at the expense of the successful bidder. Payment for the Bonds must be made in federal funds. Delivery of the Bonds will be made within thirty days.

FORM OF BID: All bids must be for not less than all the Bonds hereby offered for sale, and for not less than ninety-eight percent (98%) of the par value thereof and accrued interest to the date of delivery. Each bid together with bidder's check as herein specified must be enclosed in a sealed envelope addressed to the City and designated "Proposal for Refunding Bonds."

BID CHECK: All bids must be unconditional and accompanied by a certified or cashier's check on a bank doing business in the State of Oregon for Twenty Thousand Dollars (\$20,000) payable to the order of the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid. Checks will be forfeited to the City as liquidated damages in case the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase in accordance with the terms thereof. No interest shall be allowed on the deposit but the check of the successful bidder will be retained as part payment of the Bonds or for liquidated damages as described above. Checks of the unsuccessful bidders will be returned by the City promptly.

RIGHT OF REJECTION: The City reserves the right to reject any or all bids, and to waive any irregularities.

OFFICIAL STATEMENT AND FURTHER INFORMATION: Further information and a preliminary official statement relating to the Bonds will be provided upon request to its financial advisor, Public Financial Management, Inc., 1300 S.W. Fifth Avenue, 25th Floor, Portland, Oregon 97201, telephone: 503-223-3383.

COMPLIANCE WITH SEC RULES: The City agrees to provide the successful bidder with up to 150 copies of the official statement in a form "deemed final" by the City for the Bonds at the expense of the City, and such additional copies as the successful bidder may request in its bid form at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. The successful bidder must provide the reoffering yields or prices which will be printed on the cover of the final official statement to the City's financial advisor within twenty-four hours after bids are opened. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the City, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

CUSIP: CUSIP numbers will be imprinted upon all Bonds of this issue at the City's expense. Failure to print, or improperly imprinted numbers will not constitute basis for the purchaser to refuse to accept delivery.

NO LITIGATION: At the time of payment for the delivery of said Bonds, the City will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the Bonds.

Polly Blankenbaker, City Recorder
City of Sherwood, Oregon