

RESOLUTION NO. 563

A RESOLUTION AUTHORIZING THE SALE OF SEWER REVENUE BOND ANTICIPATION NOTES, SERIES 1995, IN AN AMOUNT NOT TO EXCEED \$5,000,000.

WHEREAS, The city council of the City of Stayton, Oregon (the City) finds:

1. On August 1, 1994 the Stayton City Council adopted Resolution No. 549, authorizing the City to issue sewer revenue bonds (the Bonds) pursuant to the Uniform Revenue Bond Act (ORS 288.805 to 288.895, or the Act), in a principal amount of up to \$8,793,000 to finance capital improvements to the City's sewer system (the Public Improvements), and to pay all costs incidental thereto, and published notice pursuant to the Act.
2. Sixty days have expired since publication of the required notice, no petitions have been filed which would require the City to hold an election before issuing the Bonds, and the City is therefore authorized to issue the Bonds.
3. The office of Rural Economic and Community Development of the United States Department of Agriculture has issued its letter confirming that it will purchase more than \$5,000,000 of the Bonds.
4. Oregon Revised Statutes 288.165 authorize the City to borrow money and issue its notes for the interim financing of capital assets and to determine the method and terms of sale for such notes.
5. Notes issued under ORS 288.165 must mature not more than one year after the estimated date of completion of the capital assets which are to be financed with the Notes. The City estimates the Public Improvements will require more than one year to complete.

NOW, THEREFORE, THE STAYTON CITY COUNCIL HEREBY RESOLVES that:

Section 1.: Notes Authorized. The Stayton City Council hereby authorizes the issuance of Sewer Revenue Bond Anticipation Notes, Series 1995 (the Notes), in a principal amount of not more than \$5,000,000 pursuant to ORS 288.165. The proceeds of the Notes shall be used for interim financing of the costs of the Public Improvements and to pay the costs of issuing the Notes. The Notes shall bear interest at a rate of not more than seven percent (7%) per annum, shall mature approximately two years after they are issued, and shall be subject to redemption beginning approximately eighteen months after they are issued. The mayor, city administrator, or finance director (the City Official) is hereby authorized, on behalf of the City and without further authorization by the city council, to:

1. Appoint a registrar and paying agent for the Notes, and engage the services of professionals to assist in the preparation of the preliminary and final official statements for the Notes and the competitive sale of the Notes;

2. Determine the final principal amount, maturity date, interest payment dates, redemption terms, and other terms of the Notes which are offered for purchase by competitive bid, or by negotiated sale if the bonds cannot be sold competitively, within the limitations established in Section 1. of this Resolution;
3. Approve, deem final, and authorize the distribution of preliminary and final official statements for the Notes;
4. Prepare and publish a notice of sale, receive bids for the purchase of the Notes, award the sale of the Notes to the bidder offering the most favorable terms to the City, and issue and deliver the Notes in accordance with this Resolution and the successful bid; and
5. Execute all documents which are reasonably required, and take any other action which is desirable, in order to issue, sell, and deliver the Notes in accordance with this Resolution.

Section 2., Security: The Notes shall be paid solely from the proceeds of the Bonds and from the revenues of the City's sewer system which remain after payment of operation and maintenance costs of the sewer system (the New Revenues). The City hereby pledges the Net Revenues and the Bond proceeds to pay the Notes.

Section 3., Protection and Disposition of Funds: The finance director shall be custodian of the proceeds of all Notes sold hereunder and such proceeds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation; provided that if any or all of the Notes are purchased by any bank in the State of Oregon, the finance director may cause the funds to be deposited in the bank to the extent that it is insured by the FDIC. The proceeds of the Notes may also be invested in the State of Oregon Local Government Investment Pool. The finance director is directed to establish the Construction Account described in Section 4., into which the Note proceeds and the net revenues from the sewer system shall be deposited, and which account shall be continued and maintained for such purpose, except as otherwise herein provided, for so long as the Notes remain unpaid.

Section 4., Construction Account: The proceeds of the Notes hereby authorized shall be deposited in the Construction Account. The amounts in the Construction Account exceeding the insurance available from the Federal Deposit Insurance Corporation shall be secured by the depository bank in accordance with state and federal law. Withdrawals from the Construction Account (other than transfers to the State of Oregon Local Government Investment Pool) shall be made only on checks signed by a City Official as authorized by the city council, countersigned by the mayor or another authorized City Official, and only for the purposes for which the Notes were issued as specified in the estimate of costs. The City's share of any liquidated damages and other moneys paid by defaulting contractors or their sureties shall be deposited in the Construction Account to assure completion of the Public Improvements. When the construction of the Public Improvements has been completed, or all construction costs have been paid in full, any balance remaining in the Construction Account shall be used immediately to pay or apply on the payment of any Notes that may thereafter fall due, or, if all Notes have been paid, then the balance shall be applied to the payment of bonds in the manner prescribed by the ordinance or resolution authorizing the bonds.

Section 5., Form of Notes: The Notes may be in conventional or book-entry only form, substantially as shown in Exhibit A., and may be printed or typewritten, as the City Official may determine.

Section 6., Execution: The Notes shall be executed on behalf of the City with the manual or facsimile signature of the mayor or another City Official

Section 7., Bank Purchase. The city council hereby designates the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (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 calendar year 1995.

Section 8., Tax-Exempt Status: The City covenants not to take any action or omit any action if the taking or omission would cause interest paid on the Notes to be includable in gross income of the Noteholders for federal income tax purposes. The City Official may enter into covenants on behalf of the City to protect the tax-exempt status of the Notes.

Upon a motion duly made and seconded the foregoing resolution was adopted and the mayor thereupon declared and resolution to be adopted this 15th day of May 1995.

Date: 5-16-95 By: Willmer Van Vleet
WILLMER VAN VLEET, Mayor

Date: 5/16/95 Attest: Thomas L. Barthel
THOMAS L. BARTHEL, City Administrator

Exhibit A- Form of Note

No. R-1

\$ _____

United States of America
State of Oregon
County of Marion
City of Stayton
Sewer Revenue Bond Anticipation Note
Series 1995

Dated Date: _____, 1995
Interest Rate Per Annum: _____ %
Maturity Date: _____, 199__
CUSIP Number: _____
Registered Owner: ----CEDE & CO.----
Principal Amount: ---- _____ DOLLARS----

The City of Stayton, in Marion County, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, but solely from the sources specified 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. Payment of principal and 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 _____, in Portland, Oregon (the "Registrar"). For so long as the Notes are subject to a book-entry-only system, principal and interest shall be payable to Cede & Co., as nominee of The Depository Trust Company, or its registered assigns. Such payment shall be made payable to the order of "Cede & Co."

This Note is issued pursuant to ORS 288.165, and Resolution No. ___ of the City adopted May 15, 1995 (the "Resolution"), which authorize the City to borrow funds to issue obligations to provide interim financing for capital improvements.

This note is one of a duly authorized series of notes of the City aggregating \$ _____ in principal amount designated as Sewer Revenue Bond Anticipation Notes, Series 1995 (the "Notes"). The Notes are payable solely from the proceeds of sewer revenue bonds which the City is currently authorized to issue, and from the Net Revenues of the Sewer System, as provided in the Resolution. The office of Rural Economic and Community Development of the United States Department of Agriculture has agreed to purchase the City's sewer revenue bonds in a principal amount of more than \$5,000,000.

This Note is a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

The Notes are initially issued as a book-entry-only security issue with no certificates provided to Note owners. Records of Note ownership will be maintained by the Registrar.

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

The Notes are subject to optional redemption prior to maturity at a price of par plus accrued interest to the date of redemption, on _____ and on the first day of _____ thereafter.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Letter of Representations to The Depository Trust Company. Interest on any Note or Notes so called for redemption shall cease on the redemption date designated in the notice. The Registrar will notify The Depository Trust Company promptly of any Notes called 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 first-class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the date fixed for redemption to the registered owner of each Note to be redeemed at the address shown on the note register; however, any failure to give notice shall not invalidate the redemption of the Notes.

Any transfer of this Note must be registered upon the note register kept for that purpose by the Registrar. This Note 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 duly authorized attorney. Upon registration, a new registered Note or Notes, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee. The City and the Registrar may treat the person in whose name this Note is registered on the note register as its absolute owner for all purposes.

Unless this Note is presented by an authorized representative of The Depository Trust Company to the City or the Registrar for registration of transfer, exchange or payment, and any Note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the Registered Owner hereof, Cede & Co., has an interest herein.

The City hereby certifies that all action necessary to authorize the issuance of this Note has been duly taken, and that this Note does not exceed any limitation on indebtedness contained in the laws of the State of Oregon or the Charter of the City.

IN WITNESS WHEREOF, the City of Stayton, in Marion County, Oregon has caused this Note 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 Stayton, Oregon

Mayor

Recorder

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

CERTIFICATE OF AUTHENTICATION

This is one of City's \$ _____ aggregate principal amount of Sewer Revenue Bond Anticipation Notes, Series 1995, issued pursuant to the Resolution described herein.

Dated: _____, 1995.

_____, 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 Note and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Note 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 Note 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 Note, 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.