

RESOLUTION NO. 187

A RESOLUTION AUTHORIZING ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS, SERIES 1990

THE AURORA CITY COUNCIL HEREBY RESOLVES:

SECTION 1: FINDINGS

The City Council of the City of Aurora finds:

1. The City has outstanding \$80,000 in principal amount of general obligation bonds. These bonds were purchased by the Farmers Home Administration of the United States ("FmHA") under terms which permit the FmHA to require the City to refund those bonds. FmHA has required the City to refund its outstanding bonds.
2. Oregon Revised Statutes Section 288.592 permits the City to issue general obligation bonds to refund the outstanding bonds which were purchased by the FmHA.

SECTION 2: ISSUE

The City shall issue its General Obligation Refunding Bonds, Series 1990 (the "Bonds"). The Bonds shall be in the principal amount of Eighty Thousand Dollars (\$80,000), shall be dated February 1, 1990, shall be in denominations of Five Thousand Dollars (\$5,000) each, shall bear interest payable on January 1 and July 1 of each year until maturity or prior redemption, commencing July 1, 1990, and shall mature on January 1 of each of the years 1991 through 2006 in the principal amount of \$5,000.

SECTION 3: REDEMPTION

The City reserves the right to redeem all or any portion of the Bonds maturing after January 1, 2000, in inverse order of maturity and by lot within a maturity, on January 1, 2000, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

SECTION 4: NOTICE OF REDEMPTION

Unless waived by the registered owner of the Bond or 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, and as otherwise required by law.

1. 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 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.
2. 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.
3. 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. All Bonds which have been redeemed shall be cancelled and destroyed by the Registrar and shall not be reissued.

## SECTION 5: SECURITY

The Bonds are general obligations of the City. 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. 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 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 form attached hereto as Exhibit B.

## SECTION 7: AUTHENTICATION, REGISTRATION AND TRANSFER

1. No Bond shall be entitled to any right or benefit under this Resolution (the "Resolution") unless it shall have been authenticated by an authorized officer of the City's paying agent and registrar (the "Registrar"). The City shall appoint the Registrar for the Bonds. A successor Registrar may be appointed for the Bonds by resolution or ordinance 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.
2. All Bonds shall be in registered form. The Registrar shall authenticate all Bonds to be delivered at closing of this Bond issue, and shall additionally authenticate all Bonds properly surrendered for transfer pursuant to this Resolution.
3. 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.
4. The Registrar shall mail each interest payment 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 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.

5. Bonds may be transferred to other owners if the Bondowner submits the following to the Registrar:
  - a. written instructions for 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
  - b. the Bonds to be transferred.
6. The Registrar shall not be required to 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 transferred promptly following that payment date.
7. 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.
8. 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 5. of this section.
9. 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 tax purposes, 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:

1. 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.
2. The City shall operate the facilities financed with the refunded bonds so that the Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.
3. The City shall pay and redeem the Bonds which are being refunded no later than 90 days after delivery and payment for the Bonds.

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: OTHER FEDERAL TAX MATTERS

1. The City and its subordinate entities do not reasonably expect to issue more than \$5,000,000 in aggregate face amount of tax exempt obligations during calendar year 1990. The City has general taxing powers, and at least 95% of the net proceeds of the Bonds will be used for the governmental purposes of the City. Accordingly, the proceeds of the Bonds are exempt from the arbitrage "rebate" requirements of Section 148(f) of the Code.
2. 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.

#### SECTION 10: SALE OF BONDS

The City Recorder shall establish the proposed maturity schedule for the Bonds, and shall cause to be published in the Canby Herald, newspaper of general circulation in the City of Aurora, and in the Daily Journal of Commerce, Portland, Oregon, notices of sale for the Bonds in the form substantially as shown on the attached Exhibit A, or summaries, as provided by law. The Bonds shall be sold on the date, at the time and place, and upon the terms provided in the attached Exhibit A, with such modifications as may be approved by the City Recorder.

ADOPTED by the Aurora City Counsel at a regular meeting held  
on the 9th day of January, 1990.

Susan E. Engels  
Mayor

ATTEST:

Janice M. Black  
City Recorder

EXHIBIT A

OFFICIAL NOTICE OF BOND SALE

\$80,000  
CITY OF AURORA  
STATE OF OREGON  
GENERAL OBLIGATION REFUNDING BONDS  
SERIES 1990

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of the City of Aurora, Oregon (the "City"), for the purchase of the City's General Obligation Refunding Bonds, Series 1990 (the "Bonds"), until 10:00 o'clock a.m. (Pacific Time) on Wednesday, February 7, 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 EIGHTY THOUSAND DOLLARS (\$80,000) consisting of registered, typewritten Bonds in denominations of Five Thousand Dollars (\$5,000), or integral multiples thereof, all dated February 1, 1990.

**INTEREST RATE:** The maximum interest rate shall not exceed a true interest cost of nine percent (9%) per annum. Interest is payable semiannually on January 1 and July 1 of each year until maturity or prior redemption, commencing July 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 eighth (1/8) or one-twentieth (1/20) of one percent (1%); (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; and (4) all Bonds maturing at any one time shall bear the same rate of interest.

**MATURITIES:** The Bonds shall mature on January 1 of each of the years 1991 through 2006 in the principal amount of \$5,000.

**REGISTRATION:** The Bonds will be issued in fully registered form, and 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 January 1, 2000, in inverse order of maturity and by lot within a maturity, on January 1, 2000, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

**REDEMPTION NOTICE:** Notice of any call for redemption, unless waived by the registered owners of the Bond or 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 the authorizing Bond resolution 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 West One Bank, in Portland, Oregon.

**PURPOSE:** The Bonds are being issued to refund general obligation bonds which were sold to the Farmers Home Administration of the United States.

**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, in 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. 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.



**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 February 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.

**CERTIFICATE OF REOFFERING PRICE:** The successful bidder shall provide to bond counsel not less than three business days prior to closing a certificate stating that the successful bidder: (1) has made a bona fide public offering of the Bonds at the prices specified in the certificate, and has sold a substantial amount of Bonds at those prices; or (2) has purchased the Bonds for its own portfolio without intention to resell the Bonds; or (3) has made a bona fide private placement of the Bonds and the terms of such private placement.

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

**FINAL OFFICIAL STATEMENT:** The City expects to provide the successful bidder with a reasonable number of official statements within two weeks after the sale.

**FORM OF BID:** All bids must be for not less than all the Bonds hereby offered for sale, and for not less than one-hundred percent (100%) 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 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 ONE THOUSAND SIX HUNDRED DOLLARS (\$1,600) 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.

**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.

**OFFICIAL STATEMENT AND ADDITIONAL INFORMATION:** The City has prepared an official statement relating to the Bonds, a copy of which will be furnished upon request to its financial advisor, Seattle Northwest Securities Corporation, 1300 S.W. Fifth Avenue, Suite 3030, Portland, Oregon, 97201; telephone (503)275-8300. Interested parties requiring additional information should contact the City's financial advisor, or Ms. Jan Vlcek, City Recorder of the City of Aurora, P.O. Box 100, Aurora, Oregon 97002; telephone(503)678-1283.

By Order of the City of Aurora

EXHIBIT B

No. R-187

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF OREGON  
CITY OF AURORA  
GENERAL OBLIGATION REFUNDING BOND  
SERIES 1990

DATED INTEREST % PER ANNUM MATURITY DATE

February 1, 1990

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

THE CITY OF AURORA, 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 February and the first day of July in each year until maturity or prior redemption, commencing July 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 West One Bank, Oregon, in Portland, Oregon (the "Registrar"). A 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 appearing on the Bond Register as of the fifteenth day of the month preceding 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 boundaries of 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 Aurora, Oregon, has caused this Bond to be signed by facsimile signature of its Mayor and attested by facsimile signature of its City Recorder, and has caused its seal to be printed hereon as of the date indicated above.

\_\_\_\_\_  
Mayor

(SEAL)

\_\_\_\_\_  
City Recorder

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 Refunding Bonds, Series 1990,  
issued pursuant to the Resolution described herein.

\_\_\_\_\_ BANK, 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  
Refunding Bonds, Series 1990, in the aggregate principal amount  
of \$80,000 (the "Bonds"), issued by the City to refund  
outstanding general obligation bonds of the City pursuant to the

City's authorizing Resolution (the "Resolution"), 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 January 1, 2000, in inverse order of maturity and by lot within a maturity, on January 1, 2000, and on any interest payment date thereafter, at par plus accrued interest to the date fixed for redemption.

Notice of any call for redemption, unless waived by the registered owners of the Bond or 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 Resolution 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.

Any transfer of this Bond must be registered, as provided in the Resolution of the City authorizing the issuance of the Bonds, 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 Resolution.

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

#### 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 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.