

ORDINANCE BILL NO. 2 FOR 1988

ORDINANCE NO. 972

AN ORDINANCE OF THE CITY OF SWEET HOME, OREGON AUTHORIZING THE ISSUANCE AND SALE OF \$565,000 GENERAL OBLIGATION IMPROVEMENT REFUNDING BONDS; DESIGNATING A PAYING AGENT AND REGISTRAR; AUTHORIZING PUBLICATION OF A NOTICE OF BOND SALE; AUTHORIZING APPOINTMENT OF AN ESCROW AGENT; CALLING FOR REDEMPTION OF ITS GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 1982; AND DECLARING AN EMERGENCY.

On August 12, 1982, the Council of the City of Sweet Home, Oregon (the "City") enacted Ordinance No. 878 authorizing the issuance of the City's General Obligation Improvement Bonds, Series 1982 (the "Prior Bonds") in the aggregate principal amount of \$1,050,000 in order to finance certain improvements to local improvement districts located within the City. The Prior Bonds outstanding and callable as of October 1, 1988, after the application of any sinking or other funds appertaining thereto, are as follows:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
10/1/89	\$120,000	9.75%
10/1/90	135,000	10.00%
10/1/91	150,000	10.00%
10/1/92	<u>160,000</u>	10.00%
	\$565,000	

Oregon Revised Statutes Section 287.252 to 287.264, inclusive, (the "Act") authorizes, in certain circumstances, the issuance by any incorporated city, without an election, of refunding bonds for the purpose of paying, redeeming or retiring any or all of its outstanding lawfully issued bonds, including bonds issued pursuant to applications to pay assessments in installments.

The Council of the City has determined that the issuance of its general obligation improvement refunding bonds to redeem the callable portion of the Prior Bonds on October 1, 1988 meets the

requirements of the Act, and that it is in the best interests of the City to effect such redemption;

THE CITY OF SWEET HOME DOES ORDAIN AS FOLLOWS:

Section 1. Issuance of Refunding Bonds. The Council of the City authorizes the issuance and sale of \$565,000 of its general obligation improvement refunding bonds to redeem the callable portion of the Prior Bonds on October 1, 1988. The Bonds shall be negotiable general obligation bonds of the City and shall bear interest at a rate not to exceed seven percent (7%) per annum, payable semi-annually. The Bonds shall be payable in any coin or currency which at the time of payment is legal tender for the payment of public and private debts within the United States of America.

Section 2. Title and Execution of Refunding Bonds. The Bonds shall be entitled "City of Sweet Home, Oregon General Obligation Improvement Refunding Bonds, Series 1988" (the "Refunding Bonds") and shall bear the facsimile signature of the Mayor of the City and the facsimile signature of the City Recorder. In addition, the Council requests and authorizes the Registrar to execute the Certificate of Authentication as of the date of delivery of the Refunding Bonds.

Section 3. Terms of Refunding Bonds. The Refunding Bonds shall be issued in fully registered form, shall be in denominations of Five Thousand Dollars (\$5,000) each, or integral multiples thereof, shall be dated June 1, 1988, shall be numbered sequentially beginning with R-1, and shall mature serially on the first day of October, as follows:

<u>Year</u>	<u>Amount</u>
1989	\$120,000
1990	135,000
1991	150,000
1992	<u>160,000</u>
	\$565,000

Section 4. Pledge of Tax Levy. The Refunding Bonds are general obligations of the City and are secured in part by the payments received by the City from the owners of the benefited property who have filed applications to pay the amount of the assessments in installments. The full faith and credit of the City is pledged to the successive owners of each of the Refunding Bonds for the punctual payment of the principal of and interest on the Refunding Bonds when due. The City shall levy annually, as provided by law, a direct ad valorem tax upon all the taxable property within the City in sufficient amount,

without limitation, to pay the principal of and interest on the Refunding Bonds promptly as they become due and payable. The City hereby covenants with the owners of the Refunding Bonds to levy such a tax in such amount as will be sufficient to pay in full the principal of and interest on the Refunding Bonds at the respective due dates thereof after first taking into consideration other sources and revenues available for the payment thereof.

Section 5. Payment of Refunding Bonds. The principal of the Refunding Bonds shall be payable upon delivery of the Refunding Bonds at maturity at the principal corporate trust office of the Paying Agent in Portland, Oregon. Payment of each installment of interest due on April 1 and October 1 of each year shall be made by check or draft of the Paying Agent mailed to the registered owner thereof whose name and address appears on the registration books of the City maintained by the Paying Agent as of the close of business on the 15th day of the month next preceding the interest payment date.

Section 6. Form of Refunding Bonds. The Refunding Bonds shall be issued substantially in the form set forth in Exhibit A attached hereto and incorporated herein by this reference.

Section 7. Appointment of Paying Agent. The Council appoints and designates United States National Bank of Oregon of Portland, Oregon, as the Paying Agent and Registrar of the Refunding Bonds. The City Manager or Finance Director is authorized to negotiate and execute on behalf of the City a Paying Agent and Registrar Agreement. The Agreement shall provide for compliance with Oregon Administrative Rule 170-61-010.

Section 8. Transfer of Refunding Bonds. The Refunding Bonds are transferable, or subject to exchange, for fully registered Refunding Bonds in the denomination of \$5,000 or integral multiples thereof by the registered owner thereof in person, or by the owner's attorney duly authorized in writing, at the office of the Registrar. The Paying Agent shall maintain a record of the names and addresses of the registered owners of the Refunding Bonds. The records of registered bond ownership are not public records within the meaning of Oregon Revised Statutes 192.410(4).

All bonds issued upon transfer of or in exchange for Refunding Bonds shall evidence the same debt and shall be entitled to the same benefits as the Refunding Bonds surrendered for such exchange or transfer. All fees, expenses and charges of the Paying Agent and Registrar shall be payable by the City. The Registrar shall not be required to transfer or exchange any

Refunding Bond after the close of business on the 15th day of the month next preceding any interest payment date.

Section 9. Printing of Refunding Bonds. The City Manager or Finance Director is authorized to contract for the printing of the Refunding Bonds. The City Manager or Finance Director may provide for the printing of, in addition to the original issue of Refunding Bonds, additional bonds to be printed in blank form as to registration and to be designated by appropriate number for the Registrar for delivery to the registered owner upon transfer or exchange of Refunding Bonds. The additional bonds shall be dated as of June 1, 1988, shall be signed by the facsimile signature of the present Mayor of the City and by the facsimile signature of the present City Recorder and the Registrar shall manually sign the Certificate of Authentication as of the date of transfer of the Refunding Bonds.

Section 10. Covenant as to Arbitrage. The proceeds of the Refunding Bonds shall be used and invested in such manner that the Refunding Bonds shall not become "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, (the "Code") and the regulations issued thereunder. The City covenants that, within its lawful powers, it will not do, and will refrain from doing, anything in the issuance of the Refunding Bonds and in the investment and expenditure of the proceeds thereof, which would result in the interest on the Refunding Bonds becoming taxable for federal income tax purposes.

Section 11. Designation as Qualified Tax-Exempt Obligation. The City hereby designates the Refunding Bonds for purposes of paragraph (3) of Section 265(b) of the Code as "qualified tax-exempt obligations" and covenants that the Refunding Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations, the interest on which is excludable under Section 103(a) of the Code from gross income for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Refunding Bonds, have been or shall be issued by the City, including all subordinate entities of the City, if any, during the calendar year 1988.

Section 12. Sale of Refunding Bonds. The City Manager or Finance Director is authorized to establish a date of sale and to advertise the Refunding Bonds for public competitive sale at a price not less than 98% of par value plus accrued interest to date of delivery. The Notice of Bond Sale shall be published as provided by law. The Notice of Bond Sale shall specify that the City reserves the right to reject any and all bids, and in all

other respects the Notice shall comply with the provisions of Chapter 287 Oregon Revised Statutes, as amended. All rates bid must be in integral multiples of one-eighth or one-twentieth of one percent. All bonds of the same maturity must bear a single rate from the date of issue to maturity.

Section 13. Appointment of Financial Advisor. The City does appoint and designate Moore Breithaupt & Associates as financial advisor to the City for the issuance and sale of the Refunding Bonds.

Section 14. Preliminary and Final Official Statement. The City shall prepare, with the assistance of its financial advisor, a preliminary official statement for the Refunding Bonds, which shall be available for distribution to prospective bidders not later than the date on which the Notice of Bond Sale is first published. When advised by staff that the final official statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the official statement not misleading in the light of the circumstances under which they are made, the City Manager or Finance Director is authorized to certify the accuracy of the official statement on behalf of the City.

Section 15. Appointment of Bond Counsel. Messrs. Rankin Vavrosky Doherty MacColl & Mersereau of Portland, Oregon are appointed Bond Counsel for the issuance of the Refunding Bonds.

Section 16. Execution of Documents. The City Manager or Finance Director is authorized to execute the Certificate as to Arbitrage and any and all additional documents which may reasonably be required to issue, sell and deliver the Refunding Bonds.

Section 17. Escrow Agent. The City Manager or Finance Director is authorized to appoint an escrow agent to administer the Refunding Bond proceeds prior to October 1, 1988 and to execute an escrow agreement for and on behalf of the City which shall provide for the deposit and investment of the Refunding Bond proceeds to the date of redemption of the Prior Bonds.

Section 18. Call and Redemption of Prior Bonds. The Prior Bonds are subject to call and redemption on October 1, 1988. Subject to the completion of the sale and delivery of the Refunding Bonds, the City irrevocably calls for redemption the Prior Bonds then outstanding on October 1, 1988, together with accrued interest to the date of redemption. The Escrow Agent shall give notice of such redemption as required by law not less than thirty (30) days nor more than sixty (60) days prior to the redemption date of October 1, 1988. Interest on any bond or

bonds so called for redemption shall cease on such redemption date.

Section 19. Emergency Clause. It is hereby adjudged and declared that existing conditions are such that this ordinance is necessary for the immediate preservation of the public peace, health and safety. Therefore, an emergency is hereby declared to exist, and this ordinance shall take effect and be in full force and effect from and after its passage and approval by the Mayor.

PASSED by the Council and approved by the Mayor this 26th day of April, 1988.



Mayor

ATTEST:



City Manager - Ex Officio City Recorder

UNITED STATES OF AMERICA
STATE OF OREGON
CITY OF SWEET HOME, OREGON
GENERAL OBLIGATION IMPROVEMENT REFUNDING BOND
SERIES 1988

Refer to reverse side
for additional provisions

Number R-

Dated: June 1, 1988

Rate of Interest:

% Per Annum

Maturity Date:

CUSIP

Registered Owner

Principal Amount

DOLLARS

The City of Sweet Home, Oregon (the "Issuer") for value received, acknowledges itself indebted and hereby promises to pay to the registered owner, or registered assigns, on the maturity date, the principal amount and to pay interest thereon from the date of this Bond, or from the most recent interest payment date to which interest has been paid, at the rate of interest per annum set forth above on the first day of April and the first day of October of each year commencing October 1, 1988 until the principal amount is paid either at maturity or upon redemption.

Principal of this Bond is payable in lawful money of the United States of America upon presentation at the principal corporate trust office of United States National Bank of Oregon in Portland, Oregon, as Paying Agent and Registrar. Payment of each installment of interest shall be made to the registered owner hereof whose name appears on the registration books of the Issuer maintained by the Paying Agent as of the close of business on the fifteenth (15th) day of the month next preceding the interest payment date and shall be paid by the check or draft of the Paying Agent mailed on the interest payment date to the registered owner at the address as it appears on the registration books. The Registrar shall not be required (1) to transfer or exchange any Bond after the close of business on the fifteenth (15th) day of the month next preceding any interest payment date, or (2) to transfer or exchange any Bond called or being called for redemption.

REFERENCE IS HEREBY MADE TO THE ADDITIONAL PROVISIONS OF THIS BOND SET FORTH ON THE REVERSE SIDE HEREOF, AND SUCH ADDITIONAL PROVISIONS SHALL HAVE THE SAME EFFECT AS IF FULLY SET FORTH HERE.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in the form and manner required by the Constitution and statutes of the State of Oregon and by the Charter of the Issuer, and that this Bond, together with all other indebtedness of the Issuer, does not exceed any limitation prescribed by law.

The full faith and credit of the Issuer is hereby pledged for the payment of the principal of, premium, if any, and interest on this Bond as the same respectively become due and payable. The Bonds are valid and legally binding general obligations of the Issuer and are authorized and issued by virtue of the laws of the State of Oregon, the Charter of the Issuer and Ordinance No. 972 enacted by the Council of the Issuer on April 26, 1988.

This Bond shall not be valid or become obligatory until the Certificate of Authentication hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, the Council of the Issuer has caused this Bond to be executed by the facsimile signature of its Mayor and attested by the facsimile signature of its City Recorder and a facsimile of the corporate seal to be imprinted hereon, all as of the first day of June, 1988.

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

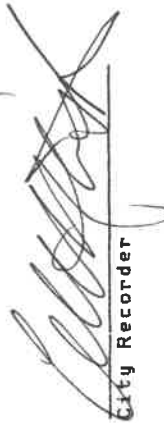
This Bond is one of the Bonds described in the within-mentioned Ordinance and is one of the General Obligation Improvement Refunding Bonds, Series 1988, of the City of Sweet Home, Oregon.

UNITED STATES NATIONAL BANK OF OREGON,
as Registrar

By _____
Authorized Officer

Attest:


Mayor


City Recorder

ADDITIONAL PROVISIONS

This Bond is one of an authorized series of General Obligation Improvement Refunding Bonds, Series 1988, (the "Bonds") aggregating \$565,000 in principal amount, issued to redeem the callable portion of the Issuer's General Obligation Improvement Bonds, Series 1982, (the "Prior Bonds") on October 1, 1988 at par value and to pay costs of issuance of the Bonds. This Bond is authorized and issued by virtue of the laws of the State of Oregon, the Charter of the Issuer and Ordinance No. 972 enacted by the Council of the Issuer on April 26, 1988.

The Bonds are issued in fully registered form and in the denomination of \$5,000 each or any integral multiple thereof. This Bond is transferable by the registered owner hereof in person or by the owner's attorney duly authorized in writing at the principal corporate trust office of the Registrar in Portland, Oregon, but only in the manner and subject to the limitations provided in the authorizing ordinance, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds of authorized denominations of the same maturity and for the same aggregate principal amount will be issued to the transferee.

The Issuer and the Registrar may deem and treat the registered owner hereof as the absolute owner hereof for the purpose of receiving payment of the principal hereof, premium, if any, and interest due hereon and for all other purposes and neither the Issuer nor the Registrar shall be affected by any notice to the contrary.