

RESOLUTION NO. 787

A RESOLUTION OF THE CITY OF PRINEVILLE, CROOK COUNTY, OREGON, AUTHORIZING THE ISSUANCE AND SALE OF LIMITED TAX AND ASSESSMENT BOND ANTICIPATION NOTES, IN AN AMOUNT NOT TO EXCEED \$500,000 TO PROVIDE INTERIM FINANCING OF LOCAL IMPROVEMENTS.

THE CITY OF PRINEVILLE, CROOK COUNTY, OREGON (THE "CITY")
FINDS AS FOLLOWS:

A. There is a need for a flexible method of obtaining financing upon short notice to provide interim financing for local improvements (the "Project") and that it is in the best interest of the City to obtain such financing pursuant to ORS 223 235 (the "Act")

B. The City does not have sufficient funds available to provide interim financing for the construction of the Project

C. It is in the best interest of the City to issue notes in an aggregate principal amount of not to exceed \$500,000 for the purpose of defraying the cost or part of the costs and expenses incurred by the City.

D. The City Manager or Assistant City Manager or their designee (the "Manager") should be authorized to negotiate the sale of the notes to achieve the best terms available to the City.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Prineville, a municipal corporation of the State of Oregon, as follows:

Section 1. Notes Authorized. The City Council authorizes the issuance of Limited Tax and Assessment Bond Anticipation Notes, Series 1995 (the "Notes"), in an aggregate principal amount of not to exceed FIVE HUNDRED THOUSAND DOLLARS (\$500,000) pursuant to the Act, for the purpose of interim funding of a portion of the costs of acquisition, construction and improving the local improvements and the costs of issuing the Notes. The Notes shall be dated, contain provisions for early redemption, contain provisions for sale at a discount, all as specified by the Manager, shall mature not later than November 1, 1996, and shall bear interest payable at maturity at a rate which shall not exceed a net effective rate of seven percent (7%) per annum. The Notes shall be in denominations as specified in consultation with the purchaser of the Notes.

Section 2. Security. The City shall levy a direct ad valorem tax, within the limitations imposed by Sections 11 and 11b, Article XI of the Oregon Constitution, in amounts sufficient, with funds available in the Debt Service Fund, to pay principal and interest on the Notes.

Section 3. Debt Service Fund. The Manager is directed to establish a short term debt service fund (the "Debt Service Fund"), to which shall be deposited all proceeds from the collection of unbonded assessments, the proceeds of permanent financing, the foreclosure of improvement liens for unbonded assessments realized from the Project with respect to which such Notes are issued, and unexpended Note proceeds. The deposits in the Fund shall be applied to the call and payment of such Notes and such funds shall not be transferred, borrowed, diverted or used for any other purpose.

Section 4. Note Purchase Agreement. The Manager is hereby authorized to negotiate the terms of a note purchase agreement. The terms of the note purchase agreement shall be binding upon execution by the Manager. The Manager shall report the terms of the note purchase agreement to the City Council.

Section 5. Form of Notes. The Notes shall be in a form as negotiated by the Manager.

Section 6. Execution. The Notes shall be executed on behalf of the City with the manual or facsimile signature of the Manager.

Section 7. Note Book-Entry-Only System.

A. The Notes shall be initially issued as a book-entry-only security issue with no Notes being made available to the Noteowners. Ownership of the Notes shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on The Depository Trust Company book-entry-only system. The Notes shall be initially issued in the form of a separate single fully registered typewritten Note for each maturity of the Notes (the "Global Notes"). Each Global Note shall be registered in the name of Cede & Co. as nominee (the "Nominee") of The Depository Trust Company ("DTC") (DTC and any other qualified securities depository designated by the City as a successor to DTC, collectively the "Depository") as the "Registered Owner," and such Global Notes shall be lodged with the Depository until early redemption or maturity of the Note issue. The Paying Agent shall remit payment for the maturing principal and interest on the Notes to the Registered Owner for distribution by the Nominee for the benefit of the owners (the "Beneficial Owner" or "Record Owner") by recorded entry on the books of the Depository participants and correspondents. While the Notes are in book-entry-only form, the Notes will be available in denominations of \$5,000 or any integral multiple thereof.

B. In the event:

(1) the Depository determines not to continue to act as securities depository for the Notes, or

(2) the City determines that the Depository shall no longer so act,

then the City will discontinue the book-entry-only system with the Depository. If the City fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry-only system, the Notes shall no longer be a

book-entry-only issue but shall be registered in the registration books maintained by the Note Registrar in the name of the Owner as appearing on the Note Register and thereafter in the name or names of the Noteowners of the Notes transferring or exchanging Notes

C. With respect to Notes registered in the registration books maintained by the Note Registrar in the name of the Nominee of the Depository, the City and the Note Registrar shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Registered Owner on behalf of which such participants or correspondents act as agent for the Owner with respect to:

- (1) the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the Notes;
- (2) the delivery to any participant or correspondent or any other person, other than an Owner as shown in the registration books maintained by the Note Registrar, of any notice with respect to the Notes, including any notice of prepayment;
- (3) the selection by the Depository of the beneficial interest in Notes to be redeemed prior to maturity, or
- (4) the payment to any participant, correspondent, or any other person other than the Owner of the Notes as shown in the registration books maintained by the Note Registrar, of any amount with respect to principal or interest on the Notes.

D Notwithstanding the book-entry-only system, the City may treat and consider the Beneficial Owner in whose name each Note is registered in the registration books maintained by the Note Registrar as the Owner and absolute owner of such Note for the purpose of payment of principal and interest with respect to such Note, or for the purpose of giving notices of redemption and other matters with respect to such Note, or for the purpose of registering transfers with respect to such Note, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal and interest on the Notes only to or upon the order of the Registered Owner, as shown in the registration books maintained by the Note Registrar, 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

E Upon delivery by the Depository to the City and to the Owner of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Ordinance shall refer to such new nominee of the Depository, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Note Registrar. The Depository shall tender the Notes it holds to the Note Registrar for reregistration

Section 8. Authentication, Registration and Transfer.

A Registration and transfer of the Notes while they are in book entry form shall be in accordance with the Letter of Representations which the Depository requires. The other provisions of this Section apply only if the Notes cease to be book-entry-only.

(1) No Note 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 Registrar shall authenticate all Notes to be delivered at closing of this series of Note, and shall additionally authenticate all Notes properly surrendered for exchange or transfer pursuant to this Resolution.

(2) All Notes shall be in registered form. The Manager or designee will appoint a bank in the City of Prineville, Oregon to serve as Registrar for the Notes. A successor Registrar may be appointed for the Notes by the Manager or designee. The Registrar shall provide notice to the Noteowners of any change in the Registrar not later than the Note payment date following the change in Registrar.

(3) The ownership of all Notes shall be entered in the Note register maintained by the Registrar, and the City and the Registrar may treat the person listed as owner in the Note register as the owner of the Note for all purposes.

(4) The Registrar shall mail the interest payment on the Maturity Date (or the next business day if the interest payment date is not a business day) to the name and address of the Noteowner as they appear on the Note register as of the 15th 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) Notes may be exchanged for an equal principal amount of Notes of the same maturity which are in different denominations, and Notes may be transferred to other owners if the Noteowner submits the following to the Registrar.

(a) written instructions for exchange or transfer satisfactory to the Registrar, signed by the Noteowner or their attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar, and

(b) the Notes to be exchanged or transferred.

(6) The Registrar shall not be required to exchange or transfer any Notes submitted to it during any period beginning with a Record Date and ending on the next following payment date, however, such Notes shall be exchanged or transferred promptly following that payment date.

(7) The Registrar shall note the date of authentication on each Note. The date of authentication shall be the date on which the Noteowner's name is listed on the Note register.

(8) For purposes of this section, Notes shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in Section 7 A (5)

(9) The Manager or designee may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Noteowners. 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

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

Section 9. Optional Redemption.

The City reserves the right to redeem all or any portion of the Notes on November 1, 1995, by lot and on the first business day of each month thereafter, at par plus accrued interest to the date fixed for redemption upon 30 days prior written notice

Section 10. Rebate Exemption. The City has general taxing powers. No portion of the Note proceeds will be used to finance property which is used in the trade or business of nongovernments, or is loaned to nongovernments. The Notes are not a "private activity bond" within the meaning of Section 141 of the Code. At least ninety-five percent of the net proceeds of the Notes will be used for financing the Project. The City (and all subordinate entities thereof, if any) does not reasonably expect to issue tax-exempt obligations in calendar year 1995 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 Notes.

Section 11. Bank Qualified. The City (and all subordinate entities, if any) reasonably anticipates that it will not issue more than \$10,000,000 of tax-exempt obligations during calendar year 1995. The City does designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

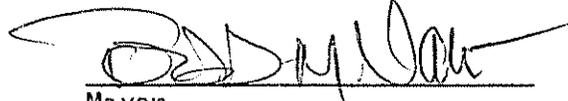
Section 12. Tax-Exempt Status. The City covenants not to take any action or omit any action if the taking or omission would cause interest paid on the Notes to be includable in gross income of the Noteowners for federal income tax purposes (except for certain taxes on corporations). The City may not permit more than ten percent (10%) of the Project to be used for any private business use. The Manager may enter into covenants on behalf of the City to protect the tax-exempt status of the Notes.

Section 13. Reimbursement Authority. The proceeds of the Notes may be applied, pursuant to Section 1.150-2 of the federal Income Tax Regulations, to reimburse the City for expenditures for the facilities and issuance costs described in this resolution, that are made prior to the date of delivery of the Notes.

Section 14. Authority of Manager. The Manager is hereby authorized to enter into any agreements and to execute any documents or certificates which may be required to issue, sell and deliver the Notes in accordance with this Resolution.

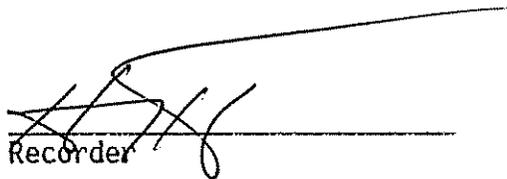
The foregoing Resolution adopted this 11th day of April, 1995.

City of Prineville
Crook County, Oregon



Mayor

Attest:



Recorder