

RESOLUTION NO. 828

RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF LIMITED TAX IMPROVEMENT BONDS, SERIES 1998, IN AN AMOUNT NOT TO EXCEED \$560,000, FOR THE PURPOSE OF FINANCING LOCAL IMPROVEMENTS AND PAYING NOTES.

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

A. The City is authorized pursuant to the Constitution and laws of the State of Oregon to issue limited tax bonds to finance local improvements (the "Project") pursuant to ORS 223.235 and ORS 288.155.

B. It is desirable to issue limited tax bonds to finance the Project in the City, to refund its outstanding notes, and to pay costs of issuance of issuing the limited tax bonds.

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. Authorization.

1.1. The City shall issue its Limited Tax Improvement Bonds, Series 1998 (the "Bonds") to finance local improvements in the City, to refund its outstanding Bond Anticipation Notes, Series 1995 and 1995 Series A, and to pay costs of issuance of issuing the Bonds. The Bonds shall be issued in a principal amount of not more than \$560,000, and shall be sold at a true interest cost of not more than 7 percent per annum. The City Manager or the City Manager's designee (the "City Manager ") may, on behalf of the City:

1.1.1. participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the Bonds;

1.1.2. establish the final principal amount, maturity schedule, interest rates, redemption terms, payment terms and dates, and other terms of the Bonds, and the terms under which the Bonds are offered for sale;

1.1.3. consult with the City's Financial Advisor, Moore Breithaupt and negotiate the terms of a bond sale on terms beneficial to the City;

1.1.4. negotiate, issue, sell and execute a Bond Purchase Agreement and deliver the Bonds to U.S. Bank National Association without further action by the City Council;

1.1.5. apply and purchase municipal bond insurance or other forms of credit enhancement for the Bonds, and execute and deliver related documents; and

1.1.6. take any other action, sign such agreement, required in connection with the sale of the Bonds which the City Manager finds will be advantageous to the City.

Section 2. Security.

The City has assessed benefited properties for the costs of local improvements, and has received applications to pay assessments in installments. The Bonds shall be issued in an amount not greater than the unpaid balance of all such applications plus an amount necessary to pay financing costs. Each assessment is exempt from the limitation provided in Section 11b(1), Article XI of the Oregon Constitution, because each assessment either: constitutes an assessment for a "local improvement" within the meaning of Section 11b(2)(d), Article XI of the Oregon Constitution; or, was levied prior to July 1, 1991. All installment assessment payments, delinquent payments and foreclosure proceeds shall be placed in the Series 1998 Account of the Bancroft Bond Redemption Fund or such similar fund and applied to the payment of principal and interest on the Bonds. In addition, 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. Pursuant to ORS 223.235(4), the City shall levy annually, a direct ad valorem tax upon all of the taxable property within the City in an amount sufficient, with other available funds, to pay all principal of and interest on the Bonds which is due and payable in that year, provided that the amount of such tax shall not exceed the amount permitted under Article XI of the Oregon Constitution. 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 3. Bond Book-Entry Only Form.

3.1. The Bonds shall be initially issued in book-entry only form, with no physical Bonds being made available to Bondowners. The Manager shall execute and deliver a letter of representations to The Depository Trust Company, New York, New York ("DTC") for the Bonds, in form and substance satisfactory to DTC. So long as the Bonds are in book-entry only form:

3.1.1. Ownership of the Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on the DTC system. Each maturity of the Bonds shall be initially issued in the form of a global Bond for each maturity. Each global Bond shall be registered in the name of Cede & Co. as nominee of DTC as the owner of the Bond, and such global Bonds shall be lodged with DTC until early redemption or maturity of the Bond issue.

3.1.2. The paying agent appointed by the City (the "Paying Agent") shall remit payment for the maturing principal and interest on the Bonds to DTC as owner of

the Bonds for distribution by the nominee to the beneficial owners by recorded entry on the books of DTC participants and correspondents. While the Bonds are in book-entry only form, the Bonds will be available in denominations of \$5,000 or any integral multiple thereof.

3.2. In the event:

3.2.1. DTC determines not to continue to act as securities depository for the Bonds, or

3.2.2. the City determines that DTC shall no longer so act;

then the City will discontinue maintaining the Bonds in the book-entry only form with DTC.

3.3. Notwithstanding the provisions regarding exchange and transfer of Bonds set forth in this ordinance, while the Bonds are in book-entry only form they may not be transferred or exchanged on the registration books maintained by the Paying Agent except:

3.3.1. to any successor depository designated by the City as provided below;

3.3.2. to any successor nominee designated by a depository; or

3.3.3. if the City elects to discontinue maintaining the Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement physical Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 5, below, regarding registration, transfer and exchange of Bonds shall apply.

3.4. Upon the resignation of any institution acting as depository hereunder, or if the City determines that continuation of any institution in the role of depository is not in the best interests of the beneficial owners, the City shall attempt to identify another institution qualified to act as depository hereunder or shall discontinue maintaining the Bonds in book-entry only form by resolution or ordinance. If the City is unable to identify such successor depository prior to the effective date of the resignation, the City shall discontinue maintaining the Bonds in book-entry only form as provided above.

3.5. With respect to Bonds registered in the registration books maintained by the Paying Agent in the name of the nominee of DTC, the City and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:

3.5.1. the accuracy of the records of DTC, the nominee or any participant or correspondent with respect to any beneficial owner's interest in the Bonds;

3.5.2. the delivery to any participant or correspondent or any other person of any notice with respect to the Bonds, including any notice of prepayment;

3.5.3. the selection by DTC of the beneficial interest in Bonds to be redeemed prior to maturity; or

3.5.4. the payment to any participant, correspondent, or any other person other than the registered owner of the Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal or interest on the Bonds.

3.6. So long as the Bonds are in book-entry only form, the Paying Agent will give any notice of redemption or any other notices required to be given to registered owners of Bonds only to DTC or its nominee registered as the registered owner thereof. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

3.7. The City shall pay or cause to be paid all principal and interest on the Bonds only to or upon the order of the owner, as shown in the registration books maintained by the Paying Agent, 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.

3.8. Upon delivery by DTC to the City and to the owner of written notice to the effect that DTC 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 DTC, and upon receipt of such notice, the City shall promptly deliver a copy thereof to the Paying Agent. DTC shall tender the Bonds it holds to the Paying Agent for reregistration.

3.9. The provisions of this Section 3. may be modified without the consent of the beneficial owners to conform this Section to the standard practices of DTC for Bonds issued in book-entry only form.

Section 4. Optional Redemption.

The City reserves the right to redeem all or any portion of the Bonds as authorized in the Bond Purchase Agreement.

Section 5. Notice of Redemption of Bonds.

5.1. Notice of Redemption (DTC). So long as the Bonds are in book-entry only form, the Paying Agent shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as

required by a letter of representations submitted to DTC in connection with the issuance of the Bonds.

5.2. Notice of Redemption (No DTC). During any period in which the Bonds are not in book-entry only form, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the 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 owner to the Paying Agent. The City shall notify the Paying Agent of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

5.2.1. the redemption date;

5.2.2. the redemption price;

5.2.3. 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;

5.2.4. 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

5.2.5. the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

Section 6. Authentication, Registration and Transfer.

6.1. No Bond shall be entitled to any right or benefit under this resolution unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all Bonds to be delivered at closing of the Bonds, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this resolution.

6.2. The ownership of all Bonds shall be entered in the bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the bond register as the owner of the Bond for all purposes.

6.3. While the Bonds are in book-entry only form, the Paying Agent shall transfer Bond principal and interest payments in the manner required by DTC.

6.4. If the Bonds cease to be in book-entry only form, the Paying Agent shall mail each interest payment on the interest payment date (or the next business day if the payment

date is not a business day) to the name and address of the Bondowners as they appear 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 Paying Agent shall have any further liability to any party for such payment.

6.5. 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 Paying Agent:

6.5.1. written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Bondowner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent and

6.5.2. the Bonds to be exchanged or transferred.

6.6. The Paying Agent 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.

6.7. The Paying Agent 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.

6.8. For purposes of this section, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 5.5.

6.9. 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 7. Form of Registered Bond.

The City may issue the Bonds as one or more typewritten, temporary Bonds which shall be exchangeable for definitive Bonds when definitive Bonds are required. The Bond shall be in substantially the form attached hereto as Exhibit A.

Section 8. Maintenance of Tax-Exempt Status.

8.1. 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. The City makes the following specific covenants with respect to the Code:

8.1.1. 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 or penalties to the United States which are required by Section 148(f) of the Code.

8.1.2. 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.

8.2. 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. Defeasance.


The City may defease the Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Bonds to be defeased, cash or direct obligations of the United States in an amount which, in the opinion of a certified public accountant satisfactory to the escrow agent, without reinvestment, is at least equal to the principal amount of the Bonds to be defeased, plus interest which will accrue thereon until maturity or any earlier date for which the issuer has given irrevocable instructions for redemption. Such Bonds shall be paid hereunder, and shall cease to be entitled to any lien, benefit or security under this Bond Resolution except the right to receive payment from such special escrow account; such Bonds shall not for any purpose of this Bond Resolution be deemed outstanding.

Section 10. Bank Designation.

The City has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. The City (and all subordinate entities thereof, if any) reasonably expects not to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.


The foregoing Resolution adopted this 13th day of January, 1998.

City of Prineville



Mayor Paul Capell

Attest:



City Manager Henry Hartley

EXHIBIT A
FORM OF BOND

No R-«BondNumber»

\$«PrincipalAmtNumber»

United States of America
State of Oregon
County of Crook
City of Prineville
Limited Tax Improvement Bond
Series 1998

Dated Date:

Interest Rate Per Annum: «CouponRate»%

Maturity Date: «MaturityYear»

CUSIP Number: «CUSIPNumbr»

Registered Owner: -----CEDE & CO-----

Principal Amount: -----«PrincipalAmtSpelled» DOLLARS-----

The City of Prineville, in Crook County, 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 Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above. Interest is payable semiannually on the first day of _____ and on the first day of _____ in each year until maturity or prior redemption, commencing _____. Payment of each installment of principal or 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 First Security Bank, National Association, in Portland, Oregon (the "Registrar") as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, principal and interest payments shall be payable to Cede & Co., as nominee of The Depository Trust Company, or its registered assigns, on each payment date. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized issue of Bonds by the City entitled Limited Tax Improvement Bonds, Series 1998, in the aggregate principal amount of \$560,000 (the "Bonds"), and is issued by the City to finance local improvements pursuant to Resolution No _____ of the City adopted _____ (the "Resolution") and Oregon Revised Statutes Sections 223.205 to 223.295, and 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 Bonds are initially issued as a book-entry-only security issue with no certificates provided to the Bondowners. Records of Bond ownership will be maintained by the Registrar and by The Depository Trust Company and its participants.

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

The Bonds shall mature and be subject to redemption as described in the Purchase Contract for the Bonds which is dated _____ and in the final Official Statement for the Bonds which is dated _____.

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, as referenced in the Resolution. Interest on any Bond or Bonds 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 Bonds 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 Bond to be redeemed at the address shown on the Bond register; however, any failure to give notice shall not invalidate the redemption of the Bonds.

Any exchange or transfer of this Bond must be registered, as provided in the Resolution, upon the bond register kept for that purpose by the Registrar. The exchange or transfer of this Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Registrar and which is executed by the registered owner or duly authorized attorney. Upon registration, a new registered Bond or Bonds, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Resolution. The City and the Registrar may treat the person in whose name this Bond is registered on the bond register as its absolute owner for all purposes, as provided in the Resolution.

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 limits prescribed by such Constitution, Statutes and Charter; and that the City Council has covenanted to levy annually a direct ad valorem tax upon all taxable property within the City in an amount sufficient, with other available funds, to pay the interest on and the principal of the Bonds of such issue as they become due and payable; provided that the amount of such tax shall not exceed the amount permitted under Section 11b(1), Article XI of the Oregon Constitution.

IN WITNESS WHEREOF, the Council of the City of Prineville, Oregon, has caused this Bond 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 Prineville, Oregon

Paul Capell, Mayor

Attest:

Henry Hartley, Recorder

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

CERTIFICATE OF AUTHENTICATION

This is one of the \$560,000 aggregate principal amount of City of Prineville, Oregon Limited Tax Improvement Bonds, Series 1998, issued pursuant to the Resolution described herein.

Date of Authentication: _____.

First Security Bank, National Association, 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 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.

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 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.