

RESOLUTION NO. 4071

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ALBANY, OREGON AUTHORIZING THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF NOT TO EXCEED \$9,850,000 GENERAL OBLIGATION BONDS, SERIES 1999; AUTHORIZING A SPECIAL AD VALOREM TAX LEVY; DESIGNATING AN AUTHORIZED REPRESENTATIVE; DELEGATING THE APPROVAL AND AUTHORIZATION OF DISTRIBUTION OF THE PRELIMINARY AND FINAL OFFICIAL STATEMENTS; CLASSIFYING TAXES; AND RELATED MATTERS.

THE CITY COUNCIL OF THE CITY OF ALBANY, OREGON HEREBY RESOLVES:

SECTION 1: FINDINGS

The City Council of the City of Albany, Oregon (the "City") finds:

1. The City is authorized pursuant to the Constitution and Statutes of the State of Oregon, specifically Oregon Revised Statutes Sections 287.014 through 287.020; and 287.028 (collectively, the "Act"), to issue general obligation bonds to finance capital construction and improvements; and
2. On August 19, 1998, the City adopted Ordinance No. 5384 authorizing submission to the voters of the City at a measure election on November 3, 1998, the question of contracting a general obligation bonded indebtedness in an amount not to exceed \$9,850,000 to finance the costs of capital construction and capital improvements, including, but not limited to, reconstruction of Santiam Road - East of Main Street to Cleveland Street; 34th Avenue - Marion Street to Waverly Drive; Elm Street - Queen Avenue to 5th Avenue; Salem Avenue - Waverly Drive to Albany/Millersburg city limits and to pay all Bond issuance costs related thereto (collectively, the "Project"); and
3. The election was duly and legally held on November 3, 1998 and the elections officers of Linn County, Oregon and Benton County, Oregon have certified that the issuance of the general obligation bonds was approved by a majority of the qualified voters of the City voting at the election; and
4. The City adopts this resolution to provide the terms under which the general obligation bonds will be sold and issued; to authorize the issuance of the general obligation bonds; and to classify the ad valorem taxes levied to pay debt service on the general obligation bonds as not being subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SECTION 2: BONDS AUTHORIZED

For the above purposes, the City shall issue its General Obligation Bonds, Series 1999 (the "Bonds"), in one or more series, in an aggregate principal amount not to exceed \$9,850,000.

The Bonds shall mature over a period not exceeding twenty (20) years from their date of issue. The Bonds shall be issued in fully registered form in the principal denominations of \$5,000 or any integral multiple thereof. The Bonds shall be subject to a book-entry only system of ownership and transfer as provided for in Section 9 hereof. The remaining terms of the Bonds shall be established as provided in Section 13 hereof.

SECTION 3: DESIGNATION OF AUTHORIZED REPRESENTATIVES

The City designates the Mayor, City Manager, Finance Director or their designee (the "Authorized Representative"), to act on behalf of the City and to determine the remaining terms of the Bonds as specified in Section 13.

SECTION 4: SECURITY: TAX LEVY

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 covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the City in an amount without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

SECTION 5: FORM OF BONDS

The Bonds shall be issued in substantially the form attached hereto as Exhibit A. The Bonds may be printed or typewritten, and may be issued as one or more temporary Bonds which shall be exchangeable for definitive Bonds when definitive Bonds are available. As book-entry only bonds, the Bonds shall be prepared by Bond Counsel; otherwise, the Bonds shall be printed by a financial printer to be selected by the Authorized Representative.

SECTION 6: EXECUTION OF BONDS

The Bonds shall be executed on behalf of the City with the manual or facsimile signature of the Mayor of the City and attested to by the manual or facsimile signature of the City Recorder of the City. Additionally, the Bonds shall be authenticated by the manual signature of an authorized officer of the Bond Registrar.

SECTION 7: APPOINTMENT OF REGISTRAR

The City hereby appoints First Security Bank, National Association, in Lake Oswego, Oregon as Bond Registrar and Paying Agent for the Bonds (the "Registrar"). A successor Registrar may be appointed for the Bonds by resolution of the City. The Registrar shall provide notice to Bondowners of any change in the Registrar not later than the next Bond payment date following the change in Registrar.

SECTION 8: AUTHENTICATION, REGISTRATION, PAYMENT, EXCHANGE AND TRANSFER

- (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 Registrar. The date of authentication shall be the date the Bondowner's name is listed on the Bond register.
- (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 exchange or 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 or cause to be delivered the amount due under each Bond to the registered owner at the address appearing on the Bond register on the fifteenth day of the month preceding the 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) In the event the book-entry system of ownership is discontinued, Bonds may be exchanged for equal principal component amounts of Bonds of the same maturity which are in different authorized denominations, and Bonds may be transferred to other owners if the Bondowners submit the following to the Registrar:
 - (a) written instructions for exchange or 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 exchanged or transferred.
- (6) The Registrar 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.
- (7) The Registrar shall not be required to exchange or transfer any Bonds which have been designated for redemption if such Bonds are submitted to the Registrar during the 15-day period preceding the designated redemption date.
- (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) In the event any Bond is mutilated, lost, stolen or destroyed, the Registrar may issue a new Bond of like maturity, interest rate and denomination if the asserted owner of such Bond provides to the Registrar and the City an affidavit, certificate or other reliable proof that the Registrar or the City reasonably finds protects the City from conflicting claims for payment under the Bond. Pursuant to Oregon Revised Statutes Section 288.435, the

Registrar may waive the requirements of ORS 288.420 and the City may waive the requirements of ORS 288.430 with respect to the Bond.

- (10) The City may alter these provisions regarding registration, exchange and transfer by mailing notification of the altered provisions to all Bondowners and the Registrar. 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 9: BOOK-ENTRY ONLY SYSTEM

During any time that the Bonds are held in a book-entry only system (the "Book-Entry System"), the registered owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The City has entered into a Blanket Issuer Letter of Representations (the "Letter") wherein the City represents that it will comply with the requirements stated in DTC's Operational Arrangements as they may be amended from time to time.

Under the Book-Entry System, the Bonds shall be initially issued in the form of a single fully registered certificate, one for each maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered by the Registrar on the registration books in the name of Cede & Co., as nominee of DTC. The City and the Registrar may treat DTC (or its nominee) as the sole and exclusive registered owner of the Bonds registered in its name for the purposes of payment of the principal of, redemption price of, and premium, if any, or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving notice as required under this Resolution, registering the transfer of Bonds, obtaining any consent or other action to be taken by the owners and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. The Registrar shall not have any responsibility or obligation to any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Registrar as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Participant; the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Bonds; any notice or direction which is permitted or required to be given to or received from owners under this Resolution; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as owner; nor shall any DTC Participant or any such person be deemed to be a third party beneficiary of any owners' rights under this Resolution. The Registrar shall pay from moneys available hereunder all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. So long as the Bonds are held in the Book-Entry System, no person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the Registrar to make payments of principal of and premium, if any, and interest pursuant to this Resolution. Upon delivery by DTC to the Registrar of DTC's written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to transfers of Bonds, the term "Cede & Co.," in this Resolution shall refer to such new nominee of DTC.

At any time it determines that it is in the best interests of the owners, the City may notify the Registrar, and the Registrar will subsequently notify DTC, whereupon DTC will notify the DTC

Participants, of the availability through DTC of Bond certificates. In such event, the Registrar shall issue, transfer and exchange, at the City's expense, Bond certificates as requested in writing by DTC in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Registrar and discharging its responsibilities with respect thereto under applicable law. If DTC resigns as securities depository for the Bonds, Bond certificates shall be delivered pursuant to this section. Under such circumstances (if there is no successor securities depository), the Registrar shall be obligated to deliver Bond certificates as described in this Resolution, provided that the expense in connection therewith shall be paid by the City. In the event Bond certificates are issued, the provisions of this Resolution shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of, premium, if any, and interest on such Bonds. Whenever DTC requests the Registrar to do so, the Registrar will cooperate with DTC in taking appropriate action after written notice (a) to make available one or more separate certificates evidencing the Bonds to any DTC Participant having Bonds credited to its DTC account, or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

SECTION 10: REDEMPTION

The Bonds may be subject to optional redemption and mandatory redemption prior to maturity as determined by the Authorized Representative pursuant to Section 13 hereof.

SECTION 11: NOTICE OF REDEMPTION

Official notice of redemption shall be given by the City's Registrar on behalf of the City by mailing a copy of an official redemption notice by first-class 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 by publishing the notice as required by law; provided that so long as a book-entry only system is maintained in effect, notice of redemption shall be given at the time, to the entity and in the manner required in DTC's Operational Arrangements, and the Registrar shall not be required to give any other notice of redemption otherwise required herein.

All official notices of redemption shall be dated and shall state, without limitation: (1) the redemption date; (2) the redemption price; (3) if less than all outstanding Bonds are to be redeemed, the identification of the Bonds to be redeemed; (4) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption; (5) that interest thereon shall cease to accrue from and after said date; (6) 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 Bond Registrar; and (7) the assigned CUSIP numbers of all Bonds to be redeemed.

On or 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.

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 canceled and destroyed by the Registrar and shall not be reissued.

SECTION 12: TAX-EXEMPT STATUS AND COVENANT AS TO ARBITRAGE

The City covenants to use the proceeds of the Bonds, and the facilities financed with the Bonds, and to otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that interest paid on the Bonds will not be includable in gross income of the Bondowners for federal income tax purposes. The City specifically covenants:

- (1) to comply with the "arbitrage" provisions of Section 148 of the Code, and to pay any rebates to the United States on the gross proceeds of the Bonds; and
- (2) to operate the facilities financed with the proceeds of the Bonds so that the Bonds are not "private activity bonds" under Section 141 of the Code; and
- (3) comply with all reporting requirements.

The Authorized Representative may enter into covenants on behalf of the City to protect the tax-exempt status of the Bonds.

SECTION 13: DELEGATION FOR ESTABLISHMENT OF TERMS AND SALE OF THE BONDS

The Authorized Representative is hereby authorized pursuant to ORS 288.520(4) to:

- (1) establish the date for a public competitive sale of the Bonds, establish the principal and interest payment dates, principal amounts, optional and mandatory redemption provisions, interest rates, and denominations and all other terms for the Bonds;
- (2) approve the final form of and cause an Official Notice of Bond Sale (the "Notice"), substantially in the form attached hereto as Exhibit B, to be published, award the successful bid or reject the bids for the Bonds as required pursuant to ORS 287.026, and as directed in Section 14 hereof; or if market conditions require, to enter into a negotiated sale of the Bonds thereof and to execute and deliver any bond purchase agreement in connection therewith;
- (3) approve and authorize the preparation and distribution of preliminary and final official statements for the Bonds;
- (4) apply for municipal bond insurance for the Bonds, if in the best interest of the Authorized Representative, and if purchased, direct expenditure of Bond proceeds to pay any bond insurance premium and to execute and deliver any insurance agreement determined by the Authorized Representative to be in the best interest of the City;

- (5) obtain one or more ratings on the Bonds if determined by the Authorized Representative to be in the best interest of the City, and expend Bond proceeds to pay the costs of obtaining such rating;
- (6) take such actions as are necessary to qualify the Bonds for the Book-Entry System of DTC;
- (7) approve, execute and deliver a Continuing Disclosure Certificate pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12);
- (8) authorize the publication of Notice of Adoption of Resolution Classifying Taxes pursuant to Section 15 hereof;
- (9) approve, execute and deliver the Bond closing documents and certificates;
- (10) enter into covenants regarding the use of the proceeds of the Bonds and the projects financed with the proceeds of the Bonds, to maintain the tax-exempt status of the Bonds; and
- (11) execute and deliver a certificate specifying the action taken pursuant to this Section 13, and any other certificates, documents or agreements that the Authorized Representative determines are desirable to issue, sell and deliver the Bonds in accordance with this Resolution.

SECTION 14: PROCEDURES FOR COMPETITIVE SALE OF THE BONDS

For a competitive bid sale, the Authorized Representative shall cause a Notice, or a summary thereof, to be published in the *Democrat-Herald*, Albany, Oregon and the *Daily Journal of Commerce*, in Portland, Oregon, prior to the sale date stated in the Notice, as provided by ORS 287.022 and 287.024. Bids to purchase the Bonds will be received and reviewed on the date specified by the Authorized Representative in the Notice or upon such later date determined by the Authorized Representative if the sale is postponed based on market or other conditions. The Authorized Representative is authorized, on behalf of the City, to accept or reject the bids for the Bonds as required pursuant to ORS 287.026. The Authorized Representative may postpone the sale of Bonds to a later date or cancel the sale based upon market conditions. All bids may be submitted on the bid form furnished by the City and included in the Preliminary Official Statement without alteration or qualification.

SECTION 15: RESOLUTION CLASSIFYING TAXES

The City hereby classifies the taxes levied to pay principal and interest on the Bonds as not subject to the limits of section 11 and 11b, Article XI of the Oregon Constitution. This Resolution shall constitute a resolution authorizing issuance of bonded indebtedness (the Bonds) which includes a classification of bonded indebtedness (the Bonds) as not subject to the limits of section 11 and 11b, Article XI of the Oregon Constitution for purposes of ORS 305.583(6) and ORS 310.415(1)(d). The Authorized Representative is hereby authorized to cause to be published an advertisement in a newspaper of general circulation in the City of Albany, Oregon of the City's adoption of this Resolution and classification of taxes levied to pay principal and interest on the Bonds as not being subject to the limits of section 11 and 11b, Article XI of the Oregon Constitution in substantially the form of the notice as

shown on Exhibit C attached hereto, within 15 days after passage of this Resolution and which meets the requirements of ORS 305.583(8).

SECTION 16: BONDS DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"

The City designates the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. The City and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during calendar year 1999.

SECTION 17: CONTINUING DISCLOSURE:

The City shall undertake in a Continuing Disclosure Certificate for the benefit of registered Bondowners to provide to each Nationally Recognized Municipal Securities Information Repository ("NRMSIRs"), and if and when one is established, the State Information Depository ("SID"), on an annual basis on or before 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 1999, the information required pursuant to paragraph (b)(5)(i)(A)(B) and (D) of the Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12 (the "Rule")). In addition, the City will undertake for the benefit of the registered Bondowners to provide in a timely manner to the NRMSIRs or to the Municipal Securities Rulemaking Board ("MSRB") notices of certain material events required to be delivered pursuant to paragraph (b)(5)(i)(C) of the Rule.

SECTION 18: 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 an independent certified public accountant, is sufficient without reinvestment to pay all principal and interest on the defeased Bonds until their maturity date or any earlier redemption date. Bonds which have been defeased pursuant to this Section shall be deemed paid and no longer outstanding, and shall cease to be entitled to any lien, benefit or security under this Resolution except the right to receive payment from such special escrow account.

SECTION 19: ESTABLISHMENT OF FUNDS AND ACCOUNTS

The following funds and accounts shall be created into which the proceeds of the Bonds shall be deposited, which funds and accounts shall be continually maintained, except as otherwise provided, so long as the Bonds remain unpaid.

- (1) **Debt Service Account.** The City shall maintain the Debt Service Account in the City's Debt Service Fund for the payment of principal, premium, if any, and interest on the Bonds as they become due. All accrued interest, if any, and all taxes levied and other moneys available for the payment of the Bonds shall be deposited to the Debt Service Account.
- (2) **Capital Projects Fund.** The City shall maintain a subaccount in the Capital Projects Fund for the purpose of accounting for and paying all costs of the Project and the costs related to the preparation, authorization, issuance and sale of the Bonds. Any interest earnings on moneys invested from the subaccount of the Capital Projects Fund shall be retained

in the subaccount of the Capital Projects Fund. The City's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into the subaccount of the Capital Projects Fund to assure the completion of the Project.

Upon completion of the Project and upon payment in full of all costs related thereto, any balance remaining in the subaccount of the Capital Projects Fund shall be deposited to the Debt Service Account for payment of debt service.

SECTION 20: APPOINTMENT OF BOND COUNSEL AND FINANCIAL ADVISOR

The law office of Ater Wynne LLP, is appointed as bond counsel to the City and Regional Financial Advisors, Inc., is appointed as financial advisor to the City with respect to the Bonds.

SECTION 21: RESOLUTION TO CONSTITUTE CONTRACT

In consideration of the purchase and acceptance of any or all of the Bonds by those who shall own the same from time to time (the "Bondowners"), the provisions of this Resolution shall be part of the contract of the City with the Bondowners and shall be deemed to be and shall constitute a contract between the City and the Bondowners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Bonds, including without limitation the City's covenants and pledges contained in Section 4 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Bondowners, all of which shall be of equal rank without preference, priority or distinction of any of such Bonds over any other thereof, except as expressly provided in or pursuant to this Resolution.

DONE and DATED this 27 day of January, 1999.

CITY OF ALBANY, OREGON

By: Charles M. Loran
Mayor

ATTEST:

By: [Signature]
City Recorder



EXHIBIT A

No. R-

\$ _____

**UNITED STATES OF AMERICA
STATE OF OREGON**

**CITY OF ALBANY,
LINN AND BENTON COUNTIES, OREGON**

**GENERAL OBLIGATION BOND
SERIES 1999**

DATED DATE	INTEREST RATE PER ANNUM	MATURITY DATE	CUSIP NUMBER
March 1, 1999	_____%	_____	_____

REGISTERED OWNER: -- CEDE & CO. --

PRINCIPAL AMOUNT:

DOLLARS

THE CITY OF ALBANY, LINN AND BENTON COUNTIES, 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 March and the first day of September in each year until maturity or prior call and redemption, commencing March 1, 2000, to the registered owner at the address appearing on the Bond Register as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date. The City's paying agent and registrar, which is currently the principal corporate trust office of _____, in _____ (the "Registrar"), will cause principal and interest payments to be received by Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), or its registered assigns in same-day funds on each payment date. Such payments shall be made payable to the order of "Cede & Co."

ADDITIONAL PROVISIONS OF THIS BOND APPEAR ON SUBSEQUENT PAGES AND THE REVERSE SIDES HEREOF; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED HEREON.

This Bond is one of a series of General Obligation Bonds, Series 1999, in the aggregate principal amount of \$9,850,000 (the "Bonds"), issued by the City to finance the costs of capital construction and capital improvements, including, but not limited to, reconstruction of Santiam Road - East of Main Street to Cleveland Street; 34th Avenue - Marion Street to Waverly Drive; Elm Street - Queen Avenue to 5th Avenue; Salem Avenue - Waverly Drive to Albany/Millersburg city limits and to pay all Bond issuance costs related thereto (collectively, the "Project"), pursuant to the City's authorizing Resolution No. ____ adopted by the City Council of the City on January ____, 1999 (the "Resolution"),

in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The Bonds maturing March 1, 2000 through March 1, 2009, inclusive, are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2010 are subject to redemption at the option of the City at any time on or after March 1, 2009, by lot within a maturity, at a price of par plus accrued interest to the date of redemption.

[The Bonds maturing ____ 1, ____, shall be subject to mandatory redemption in part, by lot, at the principal amount thereof, without premium, plus accrued interest to the date fixed for redemption, in the amounts and on the dates set forth below:

Redemption Date

Principal Amount

* final maturity]

Official notice of any such redemption shall be given by the Registrar on behalf of the City by mailing a copy of an official redemption notice by first-class 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; provided that so long as the book-entry-only system is maintained in effect, notice of redemption shall be given at the time, to the entity and in the manner required in DTC's Operational Arrangements, and the Registrar shall not be required to give any other notice of redemption otherwise required in the Resolution.

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 DTC and its Participants.

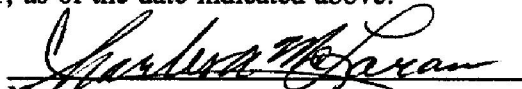
Should the book-entry-only security system be discontinued, the Bonds shall be issued in the form of fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. Such Bonds may be exchanged for Bonds of the same aggregate principal amount, or any authorized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

Any transfer of this Bond must be registered, as provided in the Resolution, upon the Bond Register kept for that purpose at the principal corporate trust office of the Registrar. 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 as its absolute owner for all purposes, as provided in the Resolution.

The Bondowner may exchange or transfer this 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 principal corporate trust office of the Registrar in the manner and subject to the conditions set forth 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; that the issue of which this Bond is a part, and all other obligations of the City, are within every debt limitation and other limit prescribed by such Constitution and Statutes; and that the City 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 without limitation, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, as to rate or amount after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, 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 Albany, Oregon has caused this Bond to be signed by the manual/facsimile signature of its Mayor and attested by the manual/facsimile signature of its City Recorder, as of the date indicated above.



Mayor

ATTEST:

City Recorder

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

DATED: _____, 1999.

CERTIFICATE OF AUTHENTICATION

This is one of the City's General Obligation Bonds, Series 1999, issued pursuant to the Resolution described herein.

_____, as Registrar

By _____
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: The signatures to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

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
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
(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.

EXHIBIT B

FORM OF OFFICIAL NOTICE OF BOND SALE

\$9,850,000

**CITY OF ALBANY,
LINN AND BENTON COUNTIES, OREGON
GENERAL OBLIGATION BONDS
SERIES 1999**

NOTICE IS HEREBY GIVEN that sealed bids or faxed bids will be received on behalf of the City of Albany, Linn and Benton Counties, Oregon (the "City") for the purchase of the above-captioned Series 1999 Bonds (the "Bonds") until 10:00 a.m. (Prevailing Pacific Time) on Tuesday, March 9, 1999, at the offices of Ater Wynne LLP, 222 S.W. Columbia Street, Suite 1800, Portland, Oregon 97201, at which time they will be publicly reviewed and announced.

The bids shall be considered and acted upon by the Authorized Representative of the City after the review of the bids as required pursuant to ORS 287.026.

The City reserves the right to postpone the Bond sale to a later date or cancel the sale based upon market or other conditions. Notice of such change or cancellation, and any rescheduled sale date, will be given at least 24 hours in advance by Thomson Municipal News and Reuters. Any rescheduled sale date may be postponed or rescheduled in the same manner.

ISSUE: The Bonds shall be issued in the aggregate principal amount of Nine Million Eight Hundred Fifty Thousand Dollars (\$9,850,000), shall be in registered form, in principal denominations of \$5,000 or integral multiples thereof as specified by the successful bidder, and all shall be dated March 1, 1999. Interest is payable on the first days of March and September of each year until maturity or prior call and redemption, commencing March 1, 2000.

MATURITIES: The Bonds shall mature serially or come due through mandatory sinking fund payments on March 1 of the following years in the following principal amounts:

(March 1) Year	Principal Amount	(March 1) Year	Principal Amount
2000	\$	2010	\$
2001		2011	
2002		2012	
2003		2013	
2004		2014	
2005		2015	
2006		2016	
2007		2017	
2008		2018	
2009		2019	

BASIS OF AWARD AND BIDDING CONSTRAINTS: Unless all bids are rejected, or in the event two or more tie bids are received and the Bonds are awarded to the tying bidder selected by lot, the Bonds will be awarded to the bidder whose bid proposal will result in the lowest true interest cost to the City. True interest cost will be determined by doubling the semiannual interest rate, compounded semiannually, necessary to discount the debt service payments to March 1, 1999, the dated date of the Bonds, and to the price bid for the Bonds, excluding accrued interest to the date of delivery. Bidders are requested to state the total interest cost and the true interest cost to the City under the terms of the bid, which will be considered informative only. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to the date of delivery.

The maximum effective rate of interest shall not exceed a true interest cost of six percent (6.0%) per annum for the Bonds. Bidders must specify the rate or rates of interest which the Bonds shall bear. Bidders shall comply with the following bidding constraints for the Bonds: (1) each interest rate specified must be a multiple of one one-thousandth of one percent (0.001%); (2) all Bonds maturing on the same date must bear the same rate of interest; (3) no Bond shall bear more than one rate of interest; (4) each Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (5) no rate of interest may exceed seven percent (6.0%) per annum; and (6) the interest rate designated for any maturity shall not be less than the interest rate designated for any earlier maturity.

DISCOUNT: The price bid must not be less than ninety-nine percent (99.0%) of par value of the Bonds, including any original issue discount.

OPTIONAL DESIGNATIONS OF TERM BONDS AND MANDATORY SINKING FUND REDEMPTION: Bidders have the option of specifying in their bid proposal that all of the principal amount of the Bonds scheduled in any two or more consecutive years, in lieu of maturing in each such year, may be combined to comprise one or more maturities of the Bonds (the "Term Bonds") scheduled to mature in the latest year of each such combination. The Term Bonds so specified by the bidder shall be subject to mandatory sinking fund redemption at par in the principal amounts in each year during the combined period of such Term Bonds which would otherwise have been scheduled to mature in such years.

REGISTRATION AND BOOK-ENTRY SYSTEM: The Bonds will be issued in registered form. No Bond may be exchanged for bearer bonds.

The Bonds will be issued in book-entry form only and all bidders for the Bonds must be Participants of The Depository Trust Company, New York, New York, ("DTC") or affiliated with Participants of DTC ("DTC Participants"). The City will provide at its expense certificates for deposit with DTC (one certificate per maturity). DTC will be responsible for maintaining a book-entry system for recording the interests of DTC Participants for the transfer of the interests among DTC Participants. DTC Participants will be responsible for maintaining records regarding the beneficial ownership interests of the Bonds on behalf of the individual purchasers ("Beneficial Owners"). Individual purchases may be made in the principal amount of \$5,000, or any multiple thereof through book entries made on the books and records of DTC and DTC Participants.

OPTIONAL REDEMPTION: The Bonds maturing March 1 in years 2000 through 2009, inclusive, are not subject to redemption prior to maturity. The Bonds maturing on or after March 1, 2010 are subject to redemption at the option of the City on any date on or after March 1, 2009, with

maturities to be selected by the City and by lot within a maturity, at a price of par plus accrued interest to the date of redemption.

PAYMENT: Unless the book-entry system is discontinued, Bond principal and interest payments will be made by the City through the Registrar for the Bonds, which is currently _____, by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to DTC Participants will be the responsibility of DTC; transfer of principal and interest payments to Beneficial Owners by DTC Participants will be the responsibility of such DTC Participants.

AUTHORIZATION AND PURPOSE: The Bonds were authorized by the voters of the City voting at the election held November 3, 1998, and will be issued pursuant to a Resolution adopted by the City Council of the City on January __, 1999. The Bonds will be issued for the purpose of financing the costs of capital construction and capital improvements, including, but not limited to, reconstruction of Santiam Road - East of Main Street to Cleveland Street; 34th Avenue - Marion Street to Waverly Drive; Elm Street - Queen Avenue to 5th Avenue; Salem Avenue - Waverly Drive to Albany City Limits and to pay all Bond issuance costs related thereto.

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 covenants with the Bondowners to levy annually a direct ad valorem tax upon all of the taxable property within the City in an amount without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay interest accruing and the principal maturing on the Bonds promptly when and as they become due.

LEGAL OPINION: The approving opinion of Ater Wynne LLP, of Portland, Oregon ("Bond Counsel") 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, assuming compliance by the City with the covenants relating to the tax-exempt status of the Bonds, interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws (except for certain taxes on corporations). 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, 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 regard to the Bonds.

"QUALIFIED TAX-EXEMPT OBLIGATIONS": The City has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

INITIAL REOFFERING PRICES AND YIELDS: The successful bidder for the Bonds shall telecopy its initial reoffering prices and yields to the City (541-917-7511), the Financial Advisor

(503-227-2510) and Bond Counsel (503-226-0079) within 24 hours after the bids are opened, and provide a certificate regarding such prices and yields satisfactory in form to the City and Bond Counsel at the time of closing.

INSURANCE: The City shall obtain a municipal bond insurance policy, at the sole expense of the City, from a municipal bond insurer to be selected by the City.

FORM OF BID: Bids may be submitted on the bid form furnished by the City without alteration or qualification, which is the City's preference. Each bid must be unconditional. Each bid, together with bidder's check as herein specified, shall be submitted in a sealed envelope addressed to the City and designated "Proposal for City of Albany, Oregon General Obligation Bonds, Series 1999" or be faxed to the office of Bond Counsel (503-226-0079), attention Ann Sherman, to be received no later than 10:00 a.m. on Tuesday, March 9, 1999.

GOOD FAITH DEPOSIT: Each bid must be accompanied by a good faith deposit in the amount of ONE HUNDRED NINETY-SEVEN THOUSAND DOLLARS (\$197,000). The good faith deposit shall be in the form of a certified or cashier's check drawn on a bank doing business in the State of Oregon payable to the order of the City or a financial surety bond. The good faith deposit will be held by the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid. The good faith deposit will be forfeited to the City as liquidated damages in the event 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 will accrue to the bidder on the good faith deposit.

If the good faith deposit is in the form of a check, the check of the successful bidder will be cashed immediately and payment for the balance of the purchase price of the Bonds shall be made at the closing. Checks of unsuccessful bidders will be returned by the City promptly after award of the successful bid. Each bidder is requested to include its name on its check to ensure accurate identification.

If the good faith deposit is in the form of a financial surety bond, such financial surety bond or evidence thereof must be submitted to the Financial Advisor prior to the opening of the bids and must identify the bidder. If the successful bidder submitted a financial surety bond, then not later than 3:30 p.m. (Pacific Time) on the next business day following the award, the successful bidder must submit its good faith deposit to the City in the form of a cashier's check or by electronic wire transfer to the City's bank (the bank name and account number will be provided to the successful bidder by the City) in immediately available funds in the amount of \$197,000, and payment for the balance of the purchase price of the Bonds shall be made at the closing. If the City has not received such \$197,000 by that time, the City may draw upon the financial surety bond to satisfy the good faith deposit requirement.

RIGHT OF REJECTION: The City reserves the right to reject any or all bids and to waive insubstantial irregularities.

CLOSING AND DELIVERY: Closing will occur in Portland, Oregon. Delivery of the Bonds will be made without cost to the successful bidder or bidders to DTC in New York, New York, on or about March 25, 1999. Payment for the Bonds must be made in funds immediately available to the City.

OFFICIAL STATEMENT: The City has prepared an official statement relating to the Bonds, a copy of which will be furnished upon request to Ms. Kieu-Oanh Nguyen, Regional Financial Advisors, Inc., 733 S.W. Vista Avenue, Portland, Oregon 97205, Telephone: 503-227-2009 ("Financial Advisor"); or Gary Holliday, Finance Director, City of Albany, Oregon, 333 Broadalbin, S.W., Albany, Oregon 97321-0144, Telephone: 541-917-7521.

CONTINUING DISCLOSURE: The City will execute a Continuing Disclosure Certificate, constituting an undertaking to provide ongoing disclosure for the benefit of the Bondowners on or before the date of delivery of the Bonds as required by Securities and Exchange Commission Rule 15c2-12 (the "Rule"), in substantially the form shown in Appendix ___ to the preliminary official statement.

COMPLIANCE WITH SEC RULES: The City agrees to provide the successful bidder with a sufficient number of copies of the final official statement for the Bonds as necessary for the bidder to comply with applicable rules of the Securities and Exchange Commission at the expense of the City, and such additional copies as the successful bidder may request in its bid form at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the final official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. The successful bidder must provide the reoffering yields or prices for printing on the cover of the final official statement to the Financial Advisor within 24 hours after the bids are opened. Time is of the essence in the successful bidder's performance of this obligation. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the City, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

CUSIP: The deposit of the Bonds with The Depository Trust Company under a book-entry system requires the assignment of CUSIP identification numbers prior to delivery. The City shall cause CUSIP identification numbers to be printed on the Bonds at the expense of the City, but neither the failure to print such number on any Bond, nor any error with respect thereto, will constitute cause for a failure or refusal by the successful bidder to acknowledge delivery of and pay for the Bonds.

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.

FURTHER INFORMATION: Additional information regarding this sale may be obtained from Ms. Kieu-Oanh Nguyen, Regional Financial Advisors, Inc., 733 S.W. Vista Avenue, Portland, Oregon 97205, Telephone: 503-227-2009 ("Financial Advisor"); or Gary Holliday, Finance Director, City of Albany, Oregon, 333 Broadalbin, S.W., Albany, Oregon 97321-0144, Telephone: 541-917-7521.

CITY OF ALBANY,
LINN AND BENTON COUNTIES, OREGON
GARY HOLLIDAY, FINANCE DIRECTOR

Published: February 25, 1999.

SUMMARY OF NOTICE OF BOND SALE

**\$9,850,000
CITY OF ALBANY,
LINN AND BENTON COUNTIES, OREGON
GENERAL OBLIGATION BONDS
SERIES 1999**

NOTICE IS HEREBY GIVEN that sealed bids and faxed bids will be received on behalf of the City of Albany, Linn and Benton Counties, Oregon (the "City") for the purchase of the captioned bonds (the "Bonds") until 10:00 a.m. (Prevailing Pacific Time) on Tuesday, March 9, 1999, at the offices of Ater Wynne LLP, 222 S.W. Columbia Street, Suite 1800, Portland, Oregon 97201, at which time they will be publicly reviewed and announced. The bids shall be considered and acted upon by the City after the reviewing of the bids as required pursuant to ORS 287.026.

Bids may be submitted on the bid form furnished by the City without alteration or qualification, which is the City's preference. Each bid must be unconditional. Each bid, together with bidder's check as herein specified, shall be submitted in a sealed envelope addressed to the City and designated "Proposal for City of Albany, Oregon General Obligation Bonds, Series 1999" or be faxed to the office of Bond Counsel (503-226-0079), attention Ann Sherman, to be received no later than 10:00 a.m. on Tuesday, March 9, 1999.

The City reserves the right to postpone the Bond sale to a later date or cancel the sale based upon market or other conditions. Notice of such change or cancellation, and any rescheduled sale date, will be given at least 24 hours in advance by Thomson Municipal News and Reuters. Any rescheduled sale date may be postponed or rescheduled in the same manner.

The Bonds shall be issued as fully registered certificates in book-entry form only. The Bonds shall be dated March 1, 1999, shall be in the denominations, bear interest payable at such times, mature in the years and in the amounts, and shall bear such other details as set forth in the Official Notice of Bond Sale herein referred to (the "Notice"). The Bonds will be subject to optional redemption. Bidders have the option to designate part or all of the Bonds as term Bonds in the manner set forth in the Notice. The Bonds will be awarded to the bidder complying with the terms of the Notice and offering to purchase the Bonds at the lowest true interest cost, calculated from the dated date of the Bonds.

In the opinion of Ater Wynne LLP, Bond Counsel, assuming compliance by the City with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is excluded from gross income for federal income taxation purposes. The Bonds are not private activity bonds. The City has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

All bids for the Bonds shall be submitted in a sealed envelope or faxed to Bond Counsel (503-226-0079), attention: Ann Sherman, accompanied by a good faith deposit in the amount of \$197,000. The good faith deposit shall be in the form of a financial surety bond or a certified or cashier's check drawn on a bank doing business in the State of Oregon payable to the order of the City. The good faith deposit will be held by the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid. The good faith deposit will be forfeited to the City as

liquidated damages in the event 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 will accrue to the bidder on the good faith deposit.

If the good faith deposit is in the form of a check, the check of the successful bidder will be cashed immediately and payment for the balance of the purchase price of the Bonds shall be made at the closing. Checks of unsuccessful bidders will be returned by the City promptly after award of the successful bid. Each bidder is requested to include its name on its check to ensure accurate identification.

If the good faith deposit is in the form of a financial surety bond, such financial surety bond must be from an insurance company licensed to issue such bond in the State of Oregon, and such bond must be submitted to the Financial Advisor prior to the opening of the bids and must identify the bidder. If the successful bidder submitted a financial surety bond, then not later than 3:30 p.m. (Pacific Time) on the next business day following the sale, the successful bidder must submit its good faith deposit to the City in the form of a cashier's check or by electronic wire transfer to the City's bank (the bank name and account number will be provided to the successful bidder by the City) in immediately available funds in the amount of \$197,000, and payment for the balance of the purchase price of the Bonds shall be made at the closing. If the City has not received such \$197,000 by that time, the City may draw upon the financial surety bond to satisfy the good faith deposit requirement.

A complete copy of the Notice is printed in the Preliminary Official Statement for the Bonds, which is available from Regional Financial Advisors, Inc., 733 S.W. Vista Avenue, Portland, Oregon 97205, Telephone: 503-227-2009 ("Financial Advisor"); or Gary Holliday, Finance Director, City of Albany, Oregon, 333 Broadalbin, S.W., Albany, Oregon 97321-0144, Telephone: 541-917-7521. Reference should be made to the Notice for complete information relating to the Bonds.

CITY OF ALBANY,
LINN AND BENTON COUNTIES, OREGON
GARY HOLLIDAY, FINANCE DIRECTOR

Published: February 25, 1999.

EXHIBIT C

**NOTICE OF ADOPTION
OF RESOLUTION CLASSIFYING TAXES**

The City of Albany, Linn and Benton Counties, Oregon (the "City") hereby gives notice that on January __, 1999 the City Council of the City adopted its Resolution No. _____ (the "Resolution") which, among other things, classifies the ad valorem taxes to be levied upon all of the taxable property within the City for the purpose of paying principal and interest on the City's \$9,850,000 aggregate principal amount of its General Obligation Bonds, Series 1999, approved by the legal voters of the City at the election held November 3, 1998, as not being subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution. A complete copy of the Resolution may be obtained by contacting Gary Holliday, Finance Director, City of Albany, Oregon, 333 Broadalbin, S.W., Albany, Oregon 97321-0144, Telephone: 541-917-7521. A judicial review of the City's classification of such taxes may be sought within 60 days of the date of the Resolution pursuant to ORS 305.583(6).

This notice is published pursuant to ORS 305.583(8) and ORS 310.145.

**CITY OF ALBANY, LINN AND BENTON COUNTIES, OREGON
GARY HOLLIDAY, FINANCE DIRECTOR**

Published: January __, 1998.

[This notice is to be published in the general news section (not in the classified advertisements) of the *Democrat-Herald*, Albany, Oregon, within 15 days of the adoption of the Resolution. The notice shall measure at least three inches square and be printed in a type size at least equal to 8-point type.]