

RESOLUTION NO. 3912

A RESOLUTION OF THE CITY OF ALBANY, OREGON AUTHORIZING THE ISSUANCE, NEGOTIATED SALE AND DELIVERY OF GENERAL OBLIGATION WATER REFUNDING BONDS, SERIES 1998, IN AN AMOUNT NOT EXCEEDING \$8,100,000; DESIGNATION OF AN AUTHORIZED OFFICER AND DELEGATION OF RESPONSIBILITIES; AND RELATED MATTERS.

THE CITY COUNCIL OF THE CITY OF ALBANY, IN LINN AND BENTON COUNTIES, OREGON (the "City"), finds:

SECTION A. FINDINGS

1. Pursuant to Ordinance No. 4654, enacted by the City Council of the City on October 10, 1984, the City issued its General Obligation Water Bonds, Series 1984 in the amount of \$9,800,000 to finance certain capital construction and capital improvements for the City's Water System (the "Series 1984 Bonds"); and
2. Pursuant to Ordinance No. 4675 enacted by the City Council of the City on March 27, 1985, the City issued its Advance Refunding General Obligation Water Bonds, Series 1985, in the amount of \$9,370,000 (the "Series 1985 Bonds") to advance refund the City's Series 1984 Bonds; and
3. Pursuant to Ordinance No. 4735 enacted by the City Council of the City on November 5, 1986, as amended by Ordinance No. 4740 enacted by the City Council of the City on December 10, 1986, the City authorized the issuance of Advance Refunding General Obligation Water Bonds, Series 1987, in the amount of \$9,245,000 (the "Series 1987 Bonds") to advance refund the City's Series 1985 Bonds. The Series 1987 Bonds were insured by Municipal Bond Investors Assurance Corporation ("MBIA"); and
4. The City is authorized pursuant to the Oregon Constitution and Oregon Revised Statutes Sections 287.252, 288.520(4) and 288.592 (the "Act") to issue refunding bonds for the refunding of all or any portion of its outstanding bonds; and
5. Refunding all or a portion of the City's Series 1987 Bonds (referred to herein as the "Refundable Bonds") will provide significant debt service savings to the City; and
6. The City adopts this resolution to provide the terms under which the general obligation water refunding bonds may be issued.

SECTION B. ISSUE

The City hereby authorizes the issuance of General Obligation Water Refunding Bonds (the "Refunding Bonds") in a principal amount sufficient to pay the cost of currently refunding all or a portion of the Refundable Bonds and the costs incident to the authorization, sale, issuance and delivery of the Refunding Bonds. The Refunding Bonds shall be issued upon such financial terms

and covenants as may be approved by the City Manager, Finance Director or their designee (the "Authorized Officer"). The terms of the Refunding Bonds shall be established as provided in Section L hereof.

SECTION C. SECURITY

The Refunding 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 section 11 or 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 D. FORM AND EXECUTION OF REFUNDING BONDS

The Refunding Bonds shall be substantially in the form attached hereto as Exhibit A. The Refunding Bonds may be printed or typewritten, and may be issued as one or more temporary Bonds, which shall be exchangeable for definitive Refunding Bonds when definitive Bonds are available.

The Refunding Bonds shall be executed by facsimile signature of the Mayor and attested to by the facsimile signature of the City Recorder. Additionally, the Refunding Bonds shall be authenticated by the manual signature of the authorized officer of the Registrar, as defined below.

SECTION E. BOOK-ENTRY SYSTEM

The Refunding Bonds shall be initially issued as a book-entry only security issue with no Refunding Bonds being made available to the Owners pursuant to the terms of a Blanket Issuer Letter of Representations (the "Letter of Representations") executed and delivered by the City to The Depository Trust Company ("DTC"), New York, New York, as the securities depository of the Refunding Bonds.

Ownership of the Refunding Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on DTC's book-entry only system. The Refunding Bonds shall be initially issued in the form of separate single fully registered typewritten Bonds for each maturity of the Refunding Bonds (the "Global Bonds") in substantially the form approved by the Authorized Officer.

Each Global Bond shall be registered in the name of CEDE & CO. as nominee (the "Nominee") of 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 Bonds shall be lodged with the Depository until early redemption or maturity of the Bond issue. The Registrar shall remit payment for the maturing principal and interest on the Refunding Bonds to the 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 Refunding Bonds are in book-entry-only form, the Refunding Bonds will be available in denominations of \$5,000 or any integral multiple thereof.

1. In the event:
 - a. the Depository determines not to continue to act as securities depository for the Refunding Bonds, or
 - b. 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 Refunding Bonds shall no longer be a book-entry-only issue but shall be registered in the registration books maintained by the Registrar in the name of the Owner as appearing on the Bond register and thereafter in the name or names of the Owners of the Refunding Bonds transferring or exchanging Refunding Bonds.
2. With respect to Refunding Bonds registered in the registration books maintained by the Registrar in the name of the Nominee of the Depository, the City and the 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:
 - a. the accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the Refunding Bonds;
 - b. the delivery to any participant or correspondent or any other person, other than a Owner as shown in the registration books maintained by the Registrar, of any notice with respect to the Refunding Bonds, including any notice of prepayment;
 - c. the selection by the Depository of the beneficial interest in Refunding Bonds to be redeemed prior to maturity; or
 - d. the payment to any participant, correspondent, or any other person other than the Owner of the Refunding Bonds as shown in the registration books maintained by the Registrar, of any amount with respect to principal of or interest on the Refunding Bonds.
3. Notwithstanding the book-entry only system, the City may treat and consider the Beneficial Owner in whose name each Bond is registered in the registration books maintained by the Registrar as the Owner and absolute Owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, or for the purpose of giving notices of redemption and other matters with respect to such Bond, or for the purpose of registering transfers with respect to such Bond, or for all other purposes whatsoever. The City shall pay or cause to be paid all principal and interest on the Refunding Bonds only to or upon the order of the Registered Owner, as shown in the registration books maintained by the 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.

4. 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 Resolution 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 Registrar. The Depository shall tender the Refunding Bonds it holds to the Registrar for reregistration.

SECTION F. APPOINTMENT OF REGISTRAR

The City designates Norwest Bank Minnesota, National Association, or their successors, as Bond Registrar and Paying Agent for the Bonds (the "Registrar"). A successor Registrar may be appointed for the Bonds by the Authorized Officer. 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 G. AUTHENTICATION, REGISTRATION, 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 Registrar shall authenticate all Bonds to be delivered at closing, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Resolution.
2. All Bonds shall be in registered form. The Authorized Officer shall appoint a Registrar for the Refunding Bonds. A successor Registrar may be appointed for any Series or all of the Bonds by resolution of the City. The Registrar shall provide notice to Owners of any change in the Registrar not later than the Bond payment date following the change in Registrar.
3. The ownership of all Bonds shall be entered in the Bond register maintained by the Registrar, and the City and 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 each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Owner, as that name and address appear on the Bond register as of the Record Date. If payment is so mailed or delivered, neither the City nor the Registrar shall have any further liability to any party for such payment.
5. In the event the Bonds cease to be book-entry only bonds, the Bonds may be exchanged for an equal principal amount of Bonds of the same maturity which are in different authorized denominations, and Bonds may be transferred to other Owners if the Owner submits the following to the Registrar:

- a. written instructions for exchange or transfer satisfactory to the Registrar, signed by the Owner 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 the 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 it during the fifteen-day period preceding the designated redemption date.
 8. For purposes of this Section G, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in Section G.5.
 9. The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. 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 H. REDEMPTION. The Bonds will be subject to redemption to the extent determined by the Authorized Officer pursuant to Section L hereof.

SECTION I. NOTICE OF REDEMPTION

1. **(Depository)**. So long as the book-entry only system remains in effect with respect to the Refunding Bonds, the City shall notify the Registrar of any early redemption not less than 40 days prior to the date fixed for redemption. The Registrar shall notify the Depository of any early redemption not less than 30 but no more than 60 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the Letter of Representations submitted to DTC in connection with the issuance of Bonds.
2. **(No Depository)**. During any period in which the book-entry only system is not in effect with respect to the Refunding Bonds, unless waived by any Owner of the Refunding Bonds to be redeemed, official notice of any redemption of Refunding Bonds shall be given by the Registrar 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 Refunding Bond or Bonds to be redeemed at the address shown on the Refunding Bond register or at such other address as is furnished in writing by such Owner to the Registrar. The City shall notify the Registrar 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:
 - a. the redemption date,

- b. the redemption price,
 - c. if less than all Outstanding Refunding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Refunding Bonds to be redeemed,
 - d. that on the redemption date the redemption price will become due and payable upon each such Refunding Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
 - e. the place where such Refunding Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Registrar, and
 - f. the assigned CUSIP numbers.
3. Deposit of Funds. The City shall deposit with the Registrar, on or before the redemption date, an amount of money sufficient to pay the redemption price of all the Refunding Bonds or portions of Refunding Bonds which are to be redeemed on that date.
 4. Effect of Redemption. Official notice of redemption having been given as aforesaid, the Refunding Bonds or portions of Refunding Bonds 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 Refunding Bonds or portions of Refunding Bonds shall cease to bear interest. Upon surrender of such Refunding Bonds for redemption in accordance with said notice, such Refunding 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. Upon surrender for any partial redemption of any Refunding Bond, there shall be prepared for the registered owner a new Refunding Bond or Bonds of the same maturity in the amount of the unpaid principal. All Refunding Bonds which have been redeemed shall be canceled and destroyed by the Registrar and shall not be reissued. Notwithstanding that any Refunding Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any such Refunding Bonds. From and after such notice having been given and such deposit having been made, the Refunding Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the City shall be under no further liability in respect thereof.

SECTION J. TAX-EXEMPT STATUS

The City covenants to use the proceeds of the Refunding Bonds, and the facilities financed with the Refundable Bonds, and to otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), so that the interest on the Refunding Bonds will not be includable in gross income of the Owners 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 Refunding Bonds;

2. to yield restrict and pay any rebates due to the United States on any unexpended proceeds of the Refundable Bonds; and
3. to operate the facilities financed with the proceeds of the Refundable Bonds, and any facilities that are financed with the unexpended proceeds of the Refundable Bonds so that the Refunding Bonds are not "private activity bonds" under Section 141 of the Code.

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

SECTION K. 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 1998.

SECTION L. ESTABLISHMENT OF RESPONSIBILITIES AND TERMS OF REFUNDING BONDS

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

1. select all or any portion of the maturities of the Refundable Bonds to be refunded and cause notice of call and redemption/defeasance to be given as required;
2. establish the dated date, the principal amounts, interest rates, payment dates, redemption terms, and other terms for the Refunding Bonds;
3. negotiate the terms under which the Refunding Bonds shall be sold, enter into a Bond Purchase Agreement for sale of the Refunding Bonds, and execute and deliver that Bond Purchase Agreement;
4. comply with any requirements of MBIA as to notification of redemption of the Refundable Bonds;
5. appoint an "expert advisor" for purpose of evaluating the terms of the negotiated sale, prior to the sale of the Refunding Bonds;
6. execute an escrow deposit agreement, if determined by the Authorized Officer to be applicable, and appoint a certified public accounting firm to act as verification agent to produce a report demonstrating the ability of the escrow account to meet all future debt service and related costs relative to the Refundable Bonds;
7. take such actions as are necessary to qualify the Refunding Bonds for the book-entry only system of The Depository Trust Company if required;

8. approve of and authorize the distribution of preliminary and final official statements for the Refunding Bonds;
9. obtain ratings on the Refunding Bonds if necessary;
10. determine the need for municipal bond insurance for the Refunding Bonds, and if purchased, direct expenditure of Refunding Bond proceeds to pay any bond insurance premium and to execute and deliver any insurance agreement determined by the Authorized Officer to be in the best interest of the City; and
11. execute and deliver a certificate specifying the action taken by the Authorized Officer pursuant to this Section L, and to execute and deliver any other certificates, documents or agreements that are reasonably required to issue, sell and deliver the Refunding Bonds in accordance with this Resolution.

SECTION M. 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, 1998, 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 N. DEFEASANCE

The City may defease the Refunding Bonds by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the Refunding 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 Refunding Bonds until their maturity date or any earlier redemption date. Refunding 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 O. REFUNDING ESCROW

As determined by the Authorized Officer, the net proceeds of the Refunding Bonds may be placed in an irrevocable refunding escrow with an escrow agent designated by the Authorized Officer. The Authorized Officer is authorized to execute an escrow deposit agreement and subscribe for and purchase non-callable direct and general obligations of the United States of America to be placed in the escrow, on behalf of the City, which, together with interest earnings thereon, will be sufficient to pay all installments of principal, interest and redemption premiums, if any, on the Refundable Bonds.

SECTION P. REDEMPTION OF THE REFUNDABLE BONDS

The City hereby irrevocably calls for redemption the City's outstanding Refundable Bonds which are to be refunded with the proceeds of the Refunding Bonds on the earliest dates they are subject to redemption.

SECTION Q. DESIGNATIONS

The firm of Ater Wynne Hewitt Dodson & Skerritt, LLP, is designated as bond counsel for the Refunding Bonds and Regional Financial Advisors, Inc. is hereby designated as financial advisor for the Refunding Bonds.

SECTION R. RESOLUTION TO CONSTITUTE CONTRACT

In consideration of the purchase and acceptance of any or all of the Refunding Bonds by those who shall own the Refunding Bonds from time to time (the "Owners"), the provisions of this Resolution shall be part of the contract of the City with the Owners and shall be deemed to be and shall constitute a contract between the City and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Refunding Bonds, including without limitation the City's covenants and pledges contained in Section C 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 Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Refunding Bonds over any other thereof, except as expressly provided in or pursuant to this Resolution.

ADOPTED by the City Council of the City of Albany, Oregon this 25th day of February, 1998.

CITY OF ALBANY, OREGON

By:


Mayor

ATTEST:

By:


City Recorder

EXHIBIT A

Refunding Bond Form

No. R-__

\$ _____

**UNITED STATES OF AMERICA
STATE OF OREGON**

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

**GENERAL OBLIGATION WATER REFUNDING BOND
SERIES 1998**

DATED DATE	INTEREST RATE PER ANNUM	MATURITY DATE	CUSIP NUMBER
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April 1, 1998	_____ %	_____ 1, _____	_____ - _____
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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 May and the first day of November in each year until maturity commencing November 1, 1998, 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 Norwest Bank Minnesota, National Association, in Minneapolis, Minnesota (the "Registrar"), will make principal and interest payments to the registered owner. Principal and interest payments shall 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." Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

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

This Bond is one of a series of General Obligation Water Refunding Bonds, Series 1998, in the aggregate principal amount of \$ _____ (the "Bonds"), issued by the City for the purpose of providing funds to refund its outstanding Advance Refunding General Obligation Water Bonds, Series 1987 (the "Refunded Bonds"), and to pay all bond issuance costs related thereto, pursuant to the City's authorizing Resolution No. _____ adopted on February 25, 1998 (the "Resolution"), in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon, specifically ORS Sections 287.252, 288.520(4) and 288.592.

[The Bonds 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:

<u>Redemption Date</u>	<u>Principal Amount</u>
_____ 1, 20__	\$ _____
_____ 1, 20__ (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, postage prepaid, 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; 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 the DTC Operational Arrangements.]

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, but different 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 such 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 sufficient, with other available funds, to pay the interest on and the principal of the Bonds of such issue as such obligations become due and payable.

IN WITNESS WHEREOF, the City Council of the City of Albany, Oregon, has caused this Bond to be signed by facsimile signature of its Mayor and attested by the facsimile signature of its City Recorder, as of the date indicated above.

CITY OF ALBANY,
LINN AND BENTON COUNTIES, OREGON

Mayor

Attest:

City Recorder

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

AUTHENTICATION DATE: _____, 1998.

CERTIFICATE OF AUTHENTICATION

This is one of the City's \$ _____ General Obligation Water Refunding Bonds, Series 1998, issued pursuant to the Resolution described herein.

NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, as Registrar

By _____
Authorized Officer

[STATEMENT OF INSURANCE; IF REQUIRED]

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
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
(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.