

CITY OF AURORA, OREGON

RESOLUTION NO. 347

A RESOLUTION AUTHORIZING THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF NOT TO EXCEED \$2,423,700 GENERAL OBLIGATION BONDS; 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; EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT; AND RELATED MATTERS.

THE CITY COUNCIL OF THE CITY OF AURORA, MARION COUNTY, OREGON HEREBY RESOLVES:

SECTION 1: FINDINGS

The City Council (the "Council") of the City of Aurora, in Marion County, 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 328.205, 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 March 11, 1997, the City adopted Resolution No. 310 authorizing submission to the voters of the City at a measure election on May 20, 1997, the question of contracting a general obligation bonded indebtedness in an amount not to exceed \$4,000,000 to finance the costs of capital construction and capital improvements for a community wastewater collection and treatment system, including, but not limited to, providing funds to design and obtain permits for a sewer system, acquire land, make site improvements, construct a wastewater treatment plant, collections system, pump stations and related facilities and equipment and to pay bond issuance costs related thereto (collectively, the "Project"); and
3. The election was duly and legally held on May 20, 1997 and the elections officer of Marion County, Oregon has 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. On December 12, 1997, the City issued its \$600,000 General Obligation Sewer Bond Anticipation Note, Series 1997 (the "Note") to finance a portion of the Project and the Note matures on June 30, 1999; and
5. On July 1, 1998 the City issued its \$1,576,300 General Obligation Sewer Bond to the State of Oregon Economic Development Department which leaves \$2,423,700 in authorized but unissued bonds; and
6. The City adopts this resolution to provide the terms under which the general obligation bonds will be sold and issued and to authorize the issuance of the general obligation bonds.

SECTION 2: BONDS AUTHORIZED

For the above purposes, the City shall issue its General Obligation Bonds (the "Bonds"), in an aggregate principal amount not to exceed \$2,423,700.

The Bonds shall mature over a period not exceeding forty (40) 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 14 hereof.

SECTION 3: DESIGNATION OF AUTHORIZED REPRESENTATIVES

The Council designates the Mayor, the City Recorder, or their designee (the "Authorized Representative"), to act on behalf of the City and determine the remaining terms of the Bonds as specified in Section 14.

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 Council and attested to by the manual or facsimile signature of the City Recorder. 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 authorizes the Authorized Representative to appoint a 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 or shall enter 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

Optional and Mandatory Redemption. The Bonds may be subject to optional redemption and mandatory redemption prior to maturity as determined by the Authorized Representative pursuant to Section 14 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: DESIGNATION AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"

The City designates the Bonds for purposes of paragraph (3) of Section 265(b) of the Code as "qualified tax-exempt obligations" and covenants that the Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations, the interest on which is excludable under Section 103(a) of the Code from gross income for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Bonds, have been or shall be issued by the City, including all subordinate entities of the City, if any, during the calendar year of 1999.

SECTION 14: 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 or conduct the sale through a negotiated process, 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, 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 15 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) obtain municipal bond insurance on the Bonds if determined by the Authorized Representative to be in the best interest of the City, and execute and deliver any agreement necessary to obtain such insurance and expend Bond proceeds to pay any bond insurance premium;
- (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 limited undertaking 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 17 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 14, 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 15: 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 *Canby Herald*, Canby, Oregon and the *Daily Journal of Commerce*, 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 16: EXCEPTION FOR SMALL GOVERNMENTAL UNITS

The City finds and determines that the Bonds comply with the statutory requirements of Section 148(f)(4)(C) of the Code in that the City is a governmental unit having general taxing powers, the Bonds are not being issued for private activity purposes, more than 95% of the net proceeds of the Bonds will be used for local governmental activities of the City, and the aggregate face amount of all tax-exempt obligations which will be issued by the City during the calendar year 1999 is not reasonably expected to exceed \$5,000,000.

SECTION 17: CONTINUING DISCLOSURE:

The City shall undertake in a Continuing Disclosure Certificate for the benefit of registered and beneficial Bondowners to provide upon request to any person, or at least annually to the appropriate state information depository, if any, designated by the State of Oregon and recognized by the SEC (the "SID"), financial information or operating data regarding the City as presented in the final official statement (the "Official Statement"), which financial information and operating data shall include, at a minimum, that financial information and operating data which is customarily prepared on an annual basis by the City and is publicly available. 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) Construction Fund. The City shall maintain the Construction 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 Construction Fund shall be retained in the Construction Fund. The City's share of any liquidated damages or other moneys paid by defaulting contractors or their sureties will be deposited into the Construction 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 Construction Fund shall be deposited to the Debt Service Account for payment of debt service.

SECTION 20: APPOINTMENT OF BOND COUNSEL

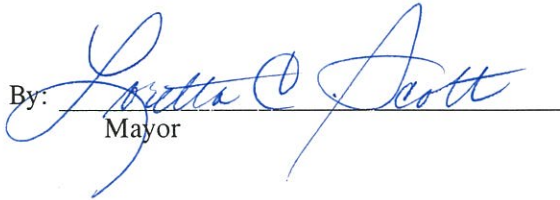
The law office of Ater Wynne LLP, is appointed as bond counsel to the City.

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.

ADOPTED by the City Council this 11th day of May, 1999.

**CITY OF AURORA,
MARION COUNTY, OREGON**

By: 
Mayor

ATTEST:

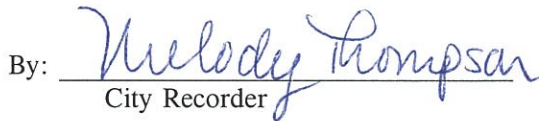
By: 
City Recorder

EXHIBIT A

No. R-

\$ _____

UNITED STATES OF AMERICA
STATE OF OREGON
COUNTY OF MARION

CITY OF AURORA

GENERAL OBLIGATION BOND

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

REGISTERED OWNER: -- CEDE & CO. --

PRINCIPAL AMOUNT: _____ DOLLARS

THE CITY OF AURORA in the County of Marion, State of 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 _____ and the first day of _____ in each year until maturity or prior call and redemption, commencing _____, 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 Portland, Oregon (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, in the aggregate principal amount of \$ _____ (the "Bonds"), issued by the City to finance the costs of capital construction and capital improvements for a community wastewater collection and treatment system, including, but not limited to, providing funds to design and obtain permits for a sewer system, acquire land, make site improvements, construct a wastewater treatment plant, collections system, pump stations and related facilities and equipment and to pay bond issuance costs related thereto (collectively, the "Project"), pursuant to the City's authorizing Resolution adopted by the City Council of the City on May 11, 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 in years ____ through ____, inclusive, are not subject to redemption prior to maturity. The Bonds maturing on or after _____ 1, 20__ are subject to redemption at the option

of the City at any time on or after _____ 1, 20___, 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
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* 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 Aurora in Marion County, 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

City Recorder

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

DATED: _____, 199__.

CERTIFICATE OF AUTHENTICATION

This is one of the City's General Obligation Bonds, 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
- 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.

EXHIBIT A

LEGAL DESCRIPTION

THE HAROLD M. MILLER TRUST AND THE ELLEN O. MILLER TRUST
REQUIRED FOR ACCESS TO AND CONSTRUCTION AND OPERATION OF
THE AURORA WASTEWATER TREATMENT PLANT

April 9, 1999

A tract of land, consisting of two parcels, lying within Section 13 and 14, T.4 S., R.1 W., W.M., Marion County, State of Oregon, being more particularly described as follows:

PARCEL 1

Beginning at the quarter section corner on the East line of Section 14 in Township 4 South, Range 1 West of the Willamette Meridian in Marion County, Oregon; thence North 89°42' West 9.04 chains to a stone; thence North 55°1' East 11.18 chains to a stone; thence North 48° East 22.47 chains to an iron pipe; thence South 50°44' East 1.14 chains to a stone in the West line of the S.P.R.R. right-of-way; thence along said right-of-way South 33°48' West 1.55 chains; thence South 34°44' West 17.30 chains; thence South 33°38' West 2.00 chains; thence South 32°41' West 2.00 chains; thence South 31°15' West 2.20 chains to a stone; thence South 29°25' West 57 links to an iron bar; thence leaving said R.R. right-of-way and running North 81°51' West 3.46 chains to the point of beginning.

ALSO: Any and all rights grantor may have to easement of right-of-way over S.P. Railway adjacent to Northeast border of above described property.

PARCEL 2

All of Tract 14, HURSTS' GARDEN TRACTS, Marion County, Oregon.