

RESOLUTION NO. 592

A RESOLUTION OF THE CITY OF WILSONVILLE, OREGON AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION LIMITED TAX REFUNDING WARRANTS IN AN AMOUNT NOT TO EXCEED \$950,000 FOR THE REFUNDING OF INTERIM FINANCING OF LOCAL IMPROVEMENT DISTRICT NO. 6.

The City of Wilsonville, Oregon, finds as follows:

The City previously created Local Improvement District LID No. 6 (Wilsonville Road/Boeckman Creek Bridge Crossing); and

The City has outstanding General Obligation Limited Tax Improvement Warrants in the amount of \$874,224.83, dated January 29, 1986, and maturing December 10, 1986 (the "Warrants"); and

It is now appearing that insufficient funds are available to redeem all of the Warrants and the City proposed to issue additional warrants pursuant to ORS 287.504(2).

NOW, THEREFORE, THE CITY OF WILSONVILLE, OREGON RESOLVES AS FOLLOWS:

1. Warrants Authorized. The City Council authorizes the issuance of General Obligation Limited Tax Refunding Warrants (the "Refunding Warrants") in a principal amount not to exceed \$950,000 pursuant to ORS 287.502, as amended, for the purpose of refunding the Warrants and funding the costs of issuing these Refunding Warrants. The Refunding Warrants shall be dated with

the date specified by the City Administrator, shall mature one year less one day from the date of the Warrants, unless called for redemption prior to maturity pursuant to the purchase agreement, and shall bear interest payable on maturity or earlier redemption at a rate which shall not exceed a net effective rate of seven percent (7%). The Warrants shall be in denominations as specified by the City Administrator in consultation with the purchaser of such Refunding Warrants.

2. Security. The Refunding Warrants are payable from the proceeds of bonds to be sold upon completion of the project and as otherwise provided in Section 3 hereof. The full faith and credit of the City of Wilsonville are also pledged to the punctual payment of principal and interest on the Refunding Warrants.

3. Sinking Fund. The Finance Director is directed to establish appropriate funds to which shall be deposited all proceeds from the collection of unbonded assessments, the sale of improvement bonds pursuant to ORS 223.205 et seq. and the foreclosure of improvement liens for unbonded assessments realized from the improvements with respect to such Refunding Warrants. The fund shall be applied to the call and payment of such Refunding Warrants and such funds shall not be transferred, borrowed, diverted or used for any other purpose and for failure

to hold, account for and apply such funds as provided in this section, the Finance Director of the City of Wilsonville, Oregon, shall be personally liable and shall also be liable on the official bond to the holder of such Refunding Warrants.

4. Purchase Contract. The City Administrator and the Mayor are hereby authorized to negotiate the terms and execute, on behalf of the City, a purchase agreement for the Refunding Warrants binding upon the City upon execution by the Administrator and Mayor. The Administrator shall report the terms of the purchase contract to the City Council.

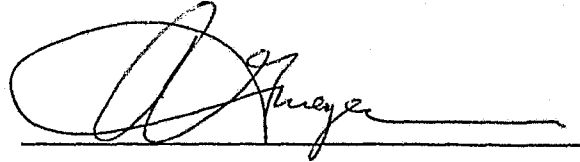
5. Temporary Refunding Warrants. The Refunding Warrants herein authorized may be issued as one or more temporary Refunding Warrants, which may be typewritten and exchanged for definitive Refunding Warrants when available.

6. Form and Denomination. The Refunding Warrants shall be executed on behalf of the City with the manual signatures of the City Recorder and the Mayor and shall be payable at the office of the Finance Director of the City of Wilsonville, Oregon. The Refunding Warrants shall be issued in customary form and in convenient denominations.

7. Authority of Administrator. The City Administrator and the Mayor are hereby authorized to enter into any agreements and to execute any documents and deliver the Refunding Warrants

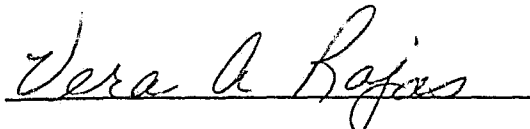
in accordance with this Resolution.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 1st day of December, 1986, and filed with the Wilsonville City Recorder this same date.

A handwritten signature in cursive script, appearing to read "A. G. Meyer", written over a horizontal line.

A. G. MEYER, Mayor

ATTEST:

A handwritten signature in cursive script, appearing to read "Vera A. Rojas", written over a horizontal line.

VERA A. ROJAS, City Recorder

ENACTED by the Council on the 1st day of December, 1986,
by the following votes: YEAS: 4 NAYS: 0.

Fete Wall

MICHAEL E. KOHLHOFF

ATTORNEY AT LAW

FORUM WEST BUILDING, SUITE 1
P. O. Box 706-9475 S W, WILSONVILLE ROAD
WILSONVILLE, OREGON 97070
TELEPHONE (503) 682-3955

RECEIVED
NOV 14 1986
CITY OF WILSONVILLE

November 10, 1986

Mr. Daniel Anderson
Vice President
Oregon Bank Public Finance
Post Office Box 2715
Portland, OR 97208

RE: Local Improvement District #6,
Litigation Status

Dear Mr. Anderson:

You have requested a current status report of the litigation involving LID No. 6. It is my understanding that the City is seeking the Oregon Bank's financing in regard to its warrants relating to this improvement.

As you may be aware, the City instituted, in 1981, a major bridge and roadway widening project, which was the improvement involved in LID No. 6. It caused the formation of an assessment district involving four major property owners. One of the property owners, the West Linn School District, objected to the formation and its inclusion in the assessment district. It filed a writ of review with the Circuit Court of Clackamas County alleging nine grounds or error in the process. The Circuit Court ruled in the City's favor on eight of these issues and ruled for the West Linn School District on one issue, finding that the record was without substantial evidence in support of the City's decision to include the plaintiff school district in LID No. 6, while excluding other nearby properties. The City of Wilsonville filed a notice of appeal to the Court of Appeals and all written briefs have been submitted to the court. We are awaiting notification of a hearing date for argument.

It is our opinion that there is a reasonable likelihood that the trial court will be reversed on appeal. It should be noted that plaintiff School District admitted in its written brief that it was specially benefited. However, in the event that the trial court is upheld, the City's financing exposure would be limited to the School District assessment of

November 10, 1986

Page 2

approximately \$148,000.00, as the court's decision left the other assessments intact. Moreover, a statutory reassessment procedure could then shift the payment of the \$148,000.00 to the remaining property owners who have not fully paid their assessment.

The City is currently considering a December 10, 1986 payoff date of its current warrants and desires to refinance same during the pendency of the appeal, which likely could be another year based on our recent experience with the Court of Appeals process.

As you are aware, we have been in contact with, and have kept fully advised, bond counsel, Richard Roberts. It is my understanding that you have contacted Mr. Roberts, and he is in general agreement with our analysis.

Thus, it appears the City, in the long run, will probably pay for the refinanced warrants through Bancroft Bonding. Since a major arterial is involved, and provided appropriate budgeting procedure is followed, the City's System Development Fee Fund is also a potential source for repayment.

Very truly yours,

Michael E. Kohlhoff

MEK:ljb

cc: Pete Wall

cc: Richard Roberts



November 13, 1986

Mr. Pete Wall, City Administrator
Mr. Ray Shorten, Finance Director
City of Wilsonville
P.O. Box 220
Wilsonville, Oregon 97070

RE: Refinancing of General Obligation Refunding Warrants

Dear Mr. Wall and Mr. Shorten:

Thank you for allowing Oregon Bank to propose a lower rate strategy for refinancing the above referenced issue. I understand the outstanding issue will mature on December 10th of this year. Oregon Bank suggests the City utilize the following strategy:

Issue two series of general obligation refunding warrants to roll over the above issue. For sake of clarity, I will refer to the two new warrants as "Series A" and "Series B".

Series A warrants would be secured by all assessments receivable underlying the soon to mature warrants save and except those receivables associated with pending litigation. Series A warrants would be additionally secured by a limited tax general obligation pledge and the City's right to sell bonds pending completion of certain improvement projects.

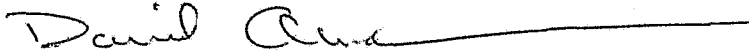
Series B warrants would be secured by only those assessments receivable underlying the soon to mature warrants which are associated with pending litigation. Series B warrants would be additionally secured by a limited tax general obligation pledge, the City's right to sell bonds pending completion of certain improvement projects and by a pledge of the City's Development Fee or other similar fund.

If the City elects to follow the above strategy and if the City will provide the Bank with the approving opinion of bond counsel qualified only as to certain security offered for the Series B warrants, Oregon Bank anticipates being able to purchase the warrants at an interest rate of approximately 5.00%. I believe this will represent an approximate 50% reduction in the interest expense associated with this financing.

I will be in touch with you next week regarding implementation of this strategy. A timely start to this process is required if we are to close the refinancing by December 10th.

As always, Oregon Bank is pleased to assist you in meeting your financing needs. I can be reached at 796-2655 if you have any questions regarding the proposed strategy.

Sincerely,



Daniel Anderson
Vice President - Public Finance

cc: Paul Warr-King, Lake Oswego branch
Michael Kohlhoff, Counsel to the City
Dick Roberts, Lindsay, Hart et. al.

DA:ws