



CITY OF MILWAUKIE

"Dogwood City of the West"

Resolution No. 63-2014

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AUTHORIZING THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF GENERAL OBLIGATION BONDS IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,000,000, IN ONE OR MORE SERIES, TO REFINANCE LIGHT RAIL CONSTRUCTION DEBT; CLASSIFYING THE AD VALOREM TAX LEVY AS TAXES TO PAY PRINCIPAL AND INTEREST ON GENERAL OBLIGATION INDEBTEDNESS EVIDENCED BY THE BONDS AND PROVIDING FOR NOTICE OF ADOPTION OF THIS RESOLUTION; DESIGNATING AN AUTHORIZED REPRESENTATIVE; DELEGATING RESPONSIBILITIES; AND RELATED MATTERS.

WHEREAS, on December 16, 2008, the City of Milwaukie, Oregon (the "City") entered into an Intergovernmental Funding Agreement with the Tri-County Metropolitan Transportation District of Oregon ("Tri-Met") which required the City to contribute \$5,000,000 (the "City's Contribution") towards the Portland-Milwaukie Light Rail Project (the "Project"); and

WHEREAS, the City's Contribution was used to pay for capital construction and capital improvements with respect to the Project; and

WHEREAS, on June 7, 2012, the City entered into a Settlement Agreement with Tri-Met (the "Settlement Agreement") which, among other things, allowed the City to finance a portion of the City's Contribution over a period of time; and

WHEREAS, on February 18, 2014, the City Council of the City (the "City Council") adopted Resolution No. 12-2014 authorizing submission to the voters of the City at a measure election on May 20, 2014, the question of contracting a general obligation bonded indebtedness in an aggregate principal amount not to exceed \$4,000,000 (the "Bonds") to refinance the City's obligations under the Settlement Agreement and to pay bond issuance costs; and

WHEREAS, the election was duly and legally held on May 20, 2014 and the election officers of Clackamas County, Oregon, and Multnomah County, Oregon, have certified to the City that a majority of the electors of the City who voted in the measure election voted in the affirmative on the question submitted to the ballot by the City Council regarding the Bonds and approved the issuance of the Bonds by the City; and

WHEREAS, pursuant to the ballot title and the provisions of Oregon law, including ORS Chapter 287A, the City is authorized to issue general obligation bonds to refinance the City's obligations under the Settlement Agreement and to pay bond issuance costs; and

WHEREAS, the City adopts this Resolution (i) to provide the terms under which the Bonds will be sold, executed and delivered; (ii) to designate an authorized representative of the

City and delegate responsibilities; and (iii) to classify the ad valorem taxes levied to pay debt service on the Bonds as not being subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution;

NOW, THEREFORE, BE IT RESOLVED by the City of Milwaukie, Oregon:

Section 1. General Obligation Bonds Authorized. The City authorizes the issuance, sale, execution and delivery of the Bonds, in one or more series, in an aggregate principal amount not to exceed \$4,000,000 to refinance the City's obligations under the Settlement Agreement and to pay bond issuance costs.

Any series of Bonds issued shall mature over a period of twenty (20) years or less from the date such series is issued and shall initially be subject to a book-entry only system of ownership and transfer as provided for in a Bond Declaration ("Bond Declaration") to be executed and delivered on the date the Bonds are delivered (the "Delivery Date"), which shall establish the terms of the Bonds consistent with this Resolution.

Section 2. Designation of Authorized Representative. The City Council designates each of the City Manager and Finance Director or their designee (collectively, the "Authorized Representative"), to act on behalf of the City and determine the terms of the Bonds as provided for in this Resolution.

Section 3. Security. The Bonds are general obligations of the City. The full faith and credit and taxing powers of the City are pledged to the successive owners of each of the Bonds ("Owners" or "Bondowners") 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 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 4. Form of Bonds. The Bonds shall be prepared in book-entry only form by Bond Counsel in substantially the form approved by the Authorized Representative and shall be attached to the Bond Declaration.

Section 5. 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 an Authorized Representative of the City.

Section 6. 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, held in a book-entry only system through The Depository Trust Company, New York, New York ("DTC"). 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 representing that it will comply with the requirements stated in DTC's Operational Arrangements as they may be amended from time to time. All other provisions with respect to DTC shall be set forth in the Bond Declaration.

Section 7. Redemption and Notice of Redemption of Bonds. The Bonds may be subject to optional redemption and mandatory redemption prior to maturity as determined by the Authorized Representative pursuant to this Resolution and as set forth in the Bond Declaration, including provisions with respect to the form, content and delivery of notices of redemption.

Section 8. Tax-Exempt Status of Bonds. The City covenants to use the proceeds of the Bonds, and the facilities financed or refinanced 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:

- (a) 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;
- (b) 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
- (c) 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 9. Delegation for Establishment of Terms and Sale of the Bonds. The Authorized Representative is hereby authorized, on behalf of the City and without further action of the City Council, to:

- (a) negotiate, execute and deliver a Bond Declaration that among other things, sets forth the final terms, covenants, representations and agreements determined by the Authorized Representative to be necessary and appropriate in connection with the issuance, sale, execution and delivery of the Bonds and consistent with the intents and purposes set out in this Resolution;
- (b) establish the dated date, principal and interest payment dates, principal amounts, optional and mandatory redemption provisions, if any, interest rates, and denominations, defeasance provisions, and all other terms for the Bonds;
- (c) appoint a paying agent and Bond Registrar for the Bonds;
- (d) establish funds and accounts under the Bond Declaration 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;
- (e) approve the form of the Bonds and take such actions as are necessary to qualify the Bonds for the Book-Entry System of DTC;
- (f) determine the need for municipal bond insurance for the Bonds, and if purchased, direct expenditure of Bond proceeds to pay any bond insurance premium and execute and deliver any required insurance commitments, insurance agreements and any other documents, agreements or certificates in connection therewith and

establish and provide for terms and conditions related to bond insurance in the Bond Declaration, if necessary;

(g) 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;

(h) authorize the publication of a Notice of Adoption of Resolution Classifying Taxes pursuant to Section 10;

(i) enter into covenants regarding the use of the proceeds of the Bonds and the Project refinanced with the proceeds of the Bonds, to maintain the tax-exempt status of the Bonds;

(j) approve of and authorize the distribution of preliminary and final official statements for the Bonds;

(k) approve, execute and deliver a Continuing Disclosure Certificate pursuant to SEC Rule 15c2-12, as amended;

(l) establish the level of original issue premium/discount with respect to the issuance of the Bonds;

(m) approve, execute and deliver the Bond closing documents and certificates; and

(n) approve the final form of and cause a notice of bond sale for a competitive sale, substantially in the form approved by the Authorized Representative to be published electronically or otherwise, and award the successful bid or reject the bids for the Bonds, consistent with the provisions of this Resolution; or if determined by the Authorized Representative to be in the best interest of the City, negotiate the terms of the Bonds with an underwriter selected by the Authorized Representative and enter into a bond purchase agreement for the sale of the Bonds.

(o) execute and deliver a certificate specifying the action taken by the Authorized Representative pursuant to this Section 9, and any other certificates, documents or agreements that the Authorized Representative determines are desirable to issue, sell, deliver and administer the Bonds in accordance with this Resolution.

(p) negotiate, execute and deliver documentation that may be necessary or desirable in connection with refinancing the Settlement Agreement including, without limitation, documentation to extend the principal payment due dates to allow full refinancing of the Settlement Agreement simultaneous with the issuance of the Bonds.

Section 10. 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 sections 11 and 11b, Article XI of the Oregon Constitution. This Resolution constitutes a resolution authorizing issuance of bonded indebtedness in the form of the Bonds that includes a classification of

bonded indebtedness, in the form of the Bonds, as not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution for purposes of ORS 305.583 and ORS 310.145. The Authorized Representative is hereby authorized to cause to be published a notice in a newspaper of general circulation in the City 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 sections 11 and 11b, Article XI of the Oregon Constitution in substantially the form of the notice as shown on Exhibit A attached hereto, within 15 days after passage of this Resolution and which meets the requirements of ORS 305.583.

Section 11. Adoption of Post-Issuance Compliance Procedures. The City hereby authorizes an Authorized Representative to prepare and incorporate into the practices of the City's Finance Department post-issuance compliance procedures to comply with applicable tax and securities law requirements for the Bonds and future debt obligations of the City issued on a tax-exempt basis, and to ensure that interest on the Bonds remains excludable from gross income under Section 103 of the Code.

Section 12. Appointment Of Bond Counsel and Financial Advisor. The City appoints Orrick, Herrington & Sutcliffe LLP as bond counsel to the City relating to the Bonds and appoints Piper Jaffray & Co. as financial advisor to the City relating to the Bonds.

Section 13. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Bonds by 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 agreements 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 3, and the other covenants and agreements set forth in this Resolution 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 Bonds over any other thereof, except as expressly provided in or pursuant to this Resolution.

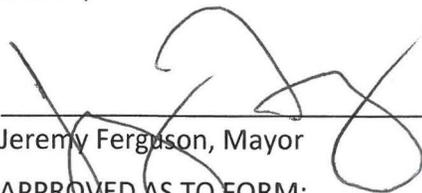
Section 14. Effective Date of Resolution. This Resolution shall take effect immediately upon adoption by the City Council.

Introduced and adopted by the City Council on June 17, 2014.

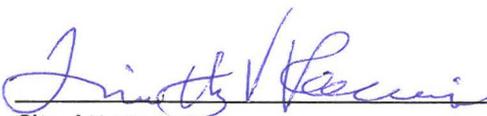
ATTEST:



Pat DuVal, City Recorder



Jeremy Ferguson, Mayor
APPROVED AS TO FORM:
Jordan Ramis PC



City Attorney

EXHIBIT A

**NOTICE OF ADOPTION
OF RESOLUTION CLASSIFYING TAXES AND
SPECIFYING THE AUTHORIZED USES OF BOND PROCEEDS**

The City of Milwaukie, Oregon (the "City") hereby gives notice that on June 17, 2014 the City Council of the City adopted its Resolution No. 63-2014 (the "Resolution.") The Resolution 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 \$4,000,000 aggregate principal amount of its general obligation bonded indebtedness to be issued in one or more series, approved by the legal voters of the City at the election held May 20, 2014, as not being subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution. Complete copies of the Resolution may be obtained by contacting Ms. Casey Camors, Finance Director, City of Milwaukie, Oregon, 10722 SE Main Street, Milwaukie, OR 97222, Telephone: 503-786-7522. Judicial review of the City's classification of such taxes and specification of authorized uses may be sought within 60 days of the date of the Resolution pursuant to ORS 305.583.

This Notice is published pursuant to ORS 305.583 and ORS 310.145.

CITY OF MILWAUKIE, OREGON

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