

ORDINANCE NO. 1605

AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION IMPROVEMENT BONDS.

The City of Milwaukie, Oregon (the "City") ordains as follows:

Section 1. Issue. The City shall issue its General Obligation Improvement Bonds, Series 1986, in the amount of One Hundred Eighty Two Thousand Four Hundred and Twenty Three Dollars (\$182,423) to be dated October 1, 1986, to be in denominations of Five Thousand Dollars (\$5,000) or integral multiples thereof, except bond Number 1 which will be the amount of \$2,423, to be in fully registered form, to bear interest payable on April 1 and October 1 of each year until maturity or prior redemption commencing April, 1987, and to mature serially on the first day of October of each year as follows:

<u>DATE</u>	<u>AMOUNT</u>	<u>DATE</u>	<u>AMOUNT</u>
October 1, 1987	17,423	October 1, 1994	10,000
October 1, 1988	15,000	October 1, 1995	10,000
October 1, 1989	15,000	October 1, 1996	10,000
October 1, 1990	15,000	October 1, 1997	10,000
October 1, 1991	15,000	October 1, 1998	10,000
October 1, 1992	15,000	October 1, 1999	10,000
October 1, 1993	10,000	October 1, 2000	10,000
		October 1, 2001	10,000

Section 2. Redemption. The City reserves the right to redeem all or any portion of the bonds maturing after October 1, 1996, in inverse order of maturity and by lot within a maturity on October 1, 1996, and on any interest payment date thereafter, at par plus accrued interest to the redemption date.

Section 3. Extraordinary Call for Unexpended Proceeds. The bonds are subject to extraordinary redemption on October 1, 1989, solely from, and to the extent of, any proceeds of the bonds which remain unexpended on that date, but only if required to preserve the tax exempt status of the bonds.

Notice of any call or redemption shall be published not less than thirty days prior to such call in one issue of a business and financial newspaper published in the City of Portland and by mailing such notice to the City's paying agent and registrar, and otherwise given as required by law; however, any failure to give notice shall not invalidate the redemption of the bonds. All bonds called for redemption shall cease to bear interest from the date designated in the notice.

Section 4. Security. The City has assessed benefited properties for the costs of local improvements, and has received applications to pay assessments in installments in an amount at least equal to the principal amount of the bonds. All installment assessment payments shall be placed in the Bancroft Bond

Redemption Fund and applied to the payment of principal and interest on the bonds. 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, and the City shall levy annually, as provided by law, a direct ad valorem tax upon all of the taxable property within the City in an amount sufficient, with other available funds, to pay interest on and the principal of the bonds as they become due and payable. The City covenants with the owners of its bonds to levy such a tax annually during each year that any of the bonds, or bonds issued to refund them are outstanding.

Section 5. Form of Registered Bond. The bonds shall be in substantially the following form:

R-_____

\$_____

UNITED STATES OF AMERICA
CITY OF MILWAUKIE
COUNTY OF CLACKAMAS
GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 1986

DATED	INTEREST	% PER ANNUM	MATURITY DATE	CUSIP
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The City of Milwaukie, in the County of Clackamas, State of Oregon (the "City"), for value received acknowledges itself indebted and hereby promises to pay to _____, or registered assigns, the principal sum of Five Thousand Dollars (\$5,000) 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 1st day of April and on the 1st day of October in each year until maturity or prior redemption commencing April 1, 1987. Interest upon this bond is payable through the City's paying agent and registrar (the "Registrar") by check or draft; checks or drafts will be mailed to the name and address of the registered owner as they appear on the bond register as of the fifteenth day of the month prior to the date on which the interest comes due. Bond principal is payable upon presentation and surrender of this bond to the Registrar.

ADDITIONAL PROVISIONS OF THIS BOND APPEAR ON THE REVERSE SIDE; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED HEREIN.

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 and the Charter of the City; that the issue of which this bond is a part, and all other obligations of such City, are within every debt limitation and other limits prescribed by such Constitution, Statutes and Charter; and that the City Council has covenanted to levy annually a direct ad valorem tax upon all taxable property within the City in an amount sufficient, with other available funds, to pay the interest on and the principal of the bonds of such issue as they become due and payable.

IN WITNESS WHEREOF, the City Council of the City of Milwaukie, Clackamas County, Oregon, has caused this bond to be signed by facsimile signature of its Mayor and attested by facsimile signature of its Finance Director, and has cause its seal to be affixed hereto or printed hereon as of the date indicated above.



Mayor, City of Milwaukie, Oregon

(SEAL)

ATTEST:



Finance Director, City of Milwaukie, Oregon

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

DATED

CERTIFICATE OF AUTHENTICATION

This is one of the City's General
Obligation Improvement Bonds, Series 1986,
issued pursuant to the Bond Ordinance
described herein.

U.S. National Bank

By _____
Authorized Officer

This bond is one of the General Obligation Improvement Bonds, Series 1986, of the City, and is issued by the City to finance local improvements pursuant to an ordinance of the City (the "Bond Ordinance") and Oregon Revised Statutes Sections 223.205 to 223.295, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City.

The City reserves the right to redeem all or any portion of the bonds maturing after October 1, 1996, in inverse order of maturity and by lot within a maturity on October 1, 1996, and on any interest payment date thereafter, at par plus accrued interest to the redemption date.

The bonds are subject to extraordinary redemption on October 1, 1989, solely from, and to the extent of, any proceeds of the bonds which remain unexpended on that date, but only if required to preserve the tax exempt status of the bonds.

Notice of any call or redemption shall be published not less than thirty days prior to such call in one issue of a business and financial newspaper published in the City of Portland and by mailing such notice to the City's paying agent and registrar, and otherwise given as required by law; however, any failure to give notice shall not invalidate the redemption of the bonds. All bonds called for redemption shall cease to bear interest from the date designated in the notice.

The bonds are issuable in the form of registered bonds without coupons in the denominations of \$5,000 or any integral multiple thereof except bond Number 1 which shall be in the amount of \$2,423. Bonds may be exchanged for bonds of the same aggregate principal amount, but different authorized denominations.

Any transfer of this bond must be registered, as provided in the Bond Ordinance, upon the bond register kept for that purpose at the office of the Registrar. 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 Bond Ordinance.

The bondowner may exchange or transfer any bond only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Registrar and duly executed by the registered owner or his duly authorized attorney, at the office of the Registrar in the manner and subject to the conditions set forth in the Bond Ordinance.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

Please insert social security or other
identifying number of assignee

the within 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 the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed

(Bank, Trust Company or Firm)

Authorized Officer

The following abbreviations, when used in the inscription of the face of the within 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 (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.

Section 6. Authentication, Registration and Transfer.

- (1) No bond shall be entitled to any right or benefit under this ordinance unless it shall have been authenticated by an authorized officer of the City's paying agent and registrar (The "Registrar"). 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 Bond Ordinance.
- (2) All bonds shall be in registered form. The City hereby appoints U.S. National Bank to serve as Registrar. A successor Registrar may be appointed for the bonds by ordinance or resolution of the City. The Registrar shall provide notice to bondowners 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 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 each bond interest payment to the name and address of the bondowner as they appear on the bond register as of the fifteenth day of the month preceding a bond 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) Bonds may be exchanged for an equal principal amount of bonds of the same maturity which are in different denominations, and bonds may be transferred to other owners if the bondowner submits 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 note the date of authentication on each bond. The date of authentication shall be the date on which the bondowner's name is listed on the bond register.
- (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) The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all bondowners. 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 7. Compliance with Federal Law. The City covenants for the benefit of the owners of the bonds to comply with all applicable provisions of federal law which are necessary in order for the interest paid on the bonds to be exempt from federal income taxation. The City also covenants to comply with the applicable provisions of the House/Senate Conference Agreement released August 16, 1986 (the "Agreement"), unless the City obtains an opinion of nationally recognized bond counsel after final action by Congress that such compliance is not required. The City makes the following specific covenants:

- (1) The City shall spend more than five percent of the net proceeds of the Bonds for acquisition or construction of the Project within 30 days after the Bonds are delivered to their purchaser in exchange for payment.
- (2) The City shall spend all net proceeds of the Bonds within three years.
- (3) Beginning 30 days after the date of closing, at no time during any Bond Year shall the "gross proceeds" be invested in nonpurpose obligations with a yield higher than the yield on the Bonds in amounts which exceed 150% of the debt service on the Bonds for the Bond Year. Any amount so invested at a higher yield shall be promptly and appropriately reduced as the amount of outstanding Bonds is reduced. For purposes of this section, "gross proceeds" includes, but is not limited to, Bond Proceeds, earnings thereon and taxes levied to pay the Bonds.
- (4) The excess of the aggregate amount earned on all investments of proceeds over the amount which would have been earned if the investments had been invested at a rate equal to the yield on the bonds shall be placed in a special account, and held and rebated to the United States at least once every five years.
- (5) No portion of the facilities financed with the bonds shall be used by any person except the City or a member of the general public.
- (6) The City shall comply with all federal reporting requirements.

Section 8. Designation of Bonds as Qualified Tax-Exempt Obligations.

- (1) The City represents and warrants that "it is a political subdivision in existence on October 23, 1985" within the meaning of Section 802(e)(3)(C)(ii) of H.R. 3838; and the Agreement.
- (2) The City reasonably anticipates that the amount of "qualified tax-exempt obligations" as described in Section 802(e)(3)(B) of H.R. 3838 which will be issued by the City during the 1986 calendar year will not exceed \$10,000,000.
- (3) The City hereby designates the Bonds as a "qualified project bond" pursuant to Section 802(e)(3)(B)(iv) of H.R. 3838 and the Agreement, however, such designation shall not be effective unless the successful bidder on the Bonds is a financial institution authorized to do business in the State of Oregon (as defined in Section 803 of H.R. 3838) or to the extent such a financial institution has interest in the successful bid and such bidder specifically elects to receive the benefit of such designation in the bid.
- (4) The City covenants and agrees that it will not designate during the 1986 calendar year more than \$10,000,000 of the obligations it issues during such year for purposes of Section 802(e)(3)(B) of H.R. 3838 and the Agreement. The amount of the Bonds when aggregated with all other issues of the City having a common purpose and issued in the 1986 calendar year will not exceed \$10,000,000.

Section 9. Sale of Bonds. The Finance Director shall cause to be published in the Courier Enterprise, Oregon City, Oregon, and in the Daily Journal of Commerce Portland Business Today, Portland, Oregon, notices of sale of the bonds in the form substantially as shown on Exhibit A attached hereto and by this reference incorporated herein, or summaries, as provided by law. The bonds shall be sold upon the terms provided in the attached Exhibit A. The bonds shall be sold on the date and at the time and place stated in Exhibit A, unless the Mayor or Finance Director establishes a different date, time, or place.

READ the first time this 2nd day of September, 1986 and moved to second reading by unanimous vote of the City Council.

READ the second time and adopted by the unanimous vote of the Council, with a quorum in attendance, this 2nd day of September, 1986.

APPROVED by the Mayor this 2nd day of September, 1986.



Mayor

Executed this 3rd day of September, 1986.

ATTEST



Finance Director

OFFICIAL NOTICE OF BOND SALE

\$182,423
CITY OF MILWAUKIE
COUNTY OF CLACKAMAS
STATE OF OREGON

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 1986

NOTICE IS HEREBY GIVEN that sealed bids will be received on behalf of the City of Milwaukie, Clackamas County, Oregon (the "City") until 4:00 o'clock p.m. (Pacific Time) on September 18, 1986, at the offices of Lindsay, Hart, Neil & Weigler, Lawyers, Suite 1800, 222 S.W. Columbia Street, Portland, Oregon 97201-6618, at which time they will be publicly opened and announced.

The bids shall be considered and acted upon by the City within four hours.

ISSUE: ONE HUNDRED AND EIGHTY TWO THOUSAND FOUR HUNDRED AND TWENTY THREE DOLLARS (\$182,423) consisting of registered bonds in denominations of FIVE THOUSAND DOLLARS (\$5,000) or integral multiples thereof, except bond Number 1 which will be in the amount of \$2,423, all dated October 1, 1986.

INTEREST RATE: Maximum not to exceed a net effective rate of ten percent (10%) per annum. Interest is payable semiannually on April 1 and October 1 of each year until maturity or prior redemption commencing April 1, 1987. Bidders must specify the interest rate or rates which the bonds hereby offered for sale shall bear. The bids shall comply with the following conditions: (1) Each interest rate specified in any bid must be a multiple of 1/8th or 1/20th of one percent (1%); (2) No bond shall bear more than one rate of interest; (3) Each bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; (4) All bonds maturing at any one time shall bear the same rate of interest; (5) No rate of interest may exceed fourteen percent (14%).

MATURITIES: The bonds shall mature serially on the 1st day of October of each year as follows:

<u>Date</u>	<u>Amount</u>	<u>Date</u>	<u>Amount</u>
October 1, 1987	17,423	October 1, 1994	10,000
October 1, 1988	15,000	October 1, 1995	10,000
October 1, 1989	15,000	October 1, 1996	10,000
October 1, 1990	15,000	October 1, 1997	10,000
October 1, 1991	15,000	October 1, 1998	10,000
October 1, 1992	15,000	October 1, 1999	10,000
October 1, 1993	10,000	October 1, 2000	10,000
		October 1, 2001	10,000

REGISTRATION: The bonds will be issued in fully registered form, and may be exchanged at the expense of issuer for similar bonds of different authorized denominations. Bonds may not be converted to bearer form.

REDEMPTION. The City reserves the right to redeem all or any portion of the bonds maturing after October 1, 1996, in inverse order of maturity and by lot within a maturity on October 1, 1996, and on any interest payment date thereafter, at par plus accrued interest to the redemption date.

EXTRAORDINARY CALL FOR UNEXPENDED PROCEEDS: The bonds are subject to extraordinary redemption on October 1, 1989, solely from, and to the extent of, any proceeds of the bonds which remain unexpended on that date.

Notice of any call or redemption shall be published not less than thirty days prior to such call in one issued of a business and financial newspaper published in the City of Portland and by mailing such notice to the City's paying agent and registrar, and otherwise given as required by law; however, any failure to give notice shall not invalidate the redemption of the bonds. All bonds called for redemption shall cease to bear interest from the date designated in the notice.

PAYMENT: Principal and interest are payable, either at maturity or upon earlier redemption, (if applicable) by check or draft through the office of the registrar and paying agent of the City, which is currently the office of U.S. National Bank, in Portland, Oregon.

PURPOSE: The bonds are being issued to finance local improvements.

SECURITY: The City has assessed benefited properties for the costs of local improvements and has received applications to pay assessments in installments. All assessment installments will be placed in the Bancroft Bond Redemption Fund and applied to the payment of principal and interest on the bonds. The bonds are also general obligations of the City. The City has covenanted to levy an ad valorem tax annually which, with other available funds, will be sufficient to pay bond principal and interest as they come due.

LEGAL OPINION: The approving opinion of Lindsay, Hart, Neil & Weigler, Lawyers, of Portland, Oregon, will be provided at no cost to the purchaser, and will be printed on the bonds at the expense of the City.

TAX EXEMPT STATUS: Interest on the bonds, in the opinion of bond counsel, is exempt from taxation by the United States under present federal income tax laws and from personal income taxation by the State of Oregon under present state law.

The City has covenanted to expend not less than five percent (5%) of the bond proceeds within 30 days of closing and to otherwise comply with the provisions of House/Senate Conference Agreement (the "Agreement") released on August 16, 1986.

Bond Counsel will further opine that, assuming compliance by the City with the applicable requirements of the Agreement, interest on the bonds will be exempt from federal income taxation under the Agreement, except for certain minimum taxes, if it is enacted into law as it was so released. Bond Counsel will express no opinion as to the federal tax exemption with respect to the bonds in the event that the Agreement is enacted in modified form or in the event that other legislation affecting the bonds is enacted.

BANK PURCHASE: The City has designated the Bonds as a "qualified project bond" pursuant to 802(e)(3)(B)(iv) of H.R. 3838 and the Agreement; however, such designation shall not be effective unless a financial institution authorized to do business in the State of Oregon (as defined in Section 802 of H.R. 3838) is the successful bidder on the Bonds or to the extent such financial institution has an interest in the successful bid and such bidder specifically elects to receive the benefit of such designation in the bid. The City has covenanted and agreed that it will not designate, during the 1986 calendar year, more than \$10,000,000 of the obligations it issues during such year for purposes of Section 802(e)(3)(B) of H.R. 3838 and the Agreement.

BEST BID: The bonds will be awarded to the responsible bidder whose proposal will result in the lowest net cost to the City. The successful bid will be determined by computing the total amount of interest which the City would be required to pay from the date of each bond to its respective maturity date at the rate or rates specified in the bid assuming no bonds are called prior to maturity, less premium offered, if any. Each bidder is requested to supply the total interest cost and net effective interest rate that the City will pay upon the issue if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the bonds to the date of delivery. The cost of printing the bonds will be borne by the City.

DELIVERY: Delivery of the bonds will be made without cost to the successful bidder at such bank in the City of Portland, Oregon, as the successful bidder shall name. Payment for the bonds must be made in Federal funds. Delivery will be made within thirty days.

FORM OF BID: All bids must be for not less than all the bonds hereby offered for sale, and for not less than one hundred percent (100%) of the par value thereof and accrued interest to the date of delivery. Each bid together with bidder's check as herein specified must be enclosed in a sealed envelope addressed to the City and designated "Proposal for Bonds."

BID CHECK: All bids must be unconditional and accompanied by a certified or cashier's check on a bank doing business in the State of Oregon for THREE THOUSAND SIX HUNDRED FIFTY DOLLARS (\$3,650) payable to the order of the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid. Checks will be forfeited to the City as liquidated damages in case the bidder to whom the bonds are awarded withdraws its bid or fails to complete its purchase in accordance with the terms thereof. No interest shall be allowed on the deposit but the check of the successful bidder will be retained as part payment of the bonds or for liquidated damages as described above. Checks of the unsuccessful bidders will be returned by the City promptly.

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

OFFICIAL STATEMENT: The City has prepared an official statement relating to the bonds, a copy of which will be furnished upon request to City of Milwaukie, Finance Department, 10722 S.E. Main, Milwaukie, Oregon 97222.

CUSIP: CUSIP numbers will be imprinted upon all bonds of this issue at the City's expense. Failure to print, or improperly imprinted numbers will not constitute basis for the purchaser to refuse to accept delivery.

NO LITIGATION: At the time of payment for the delivery of said bonds, the City will furnish the successful bidder a certificate that there is no litigation pending affecting the validity of the bonds.

FURTHER INFORMATION: Additional information regarding the City and this sale may be obtained from Margaret A. Post (503)648-1142 or the City of Milwaukie, 10722 S.E. Main, Milwaukie, Oregon 97222 (659-5171)

 Finance Director,
City of Milwaukie, Oregon

BOND ISSUE SUMMARY
CITY OF MILWAUKIE
\$182,423

GENERAL OBLIGATION IMPROVEMENT (BANCROFT) BONDS SERIES 1986

SALE DATE: September 18, 1986, 4:00 p.m., Prevailing Pacific Time

DATE OF ISSUE: October 1, 1986

RATING: The City has not applied for a rating on this issue.

PURPOSE: To provide funds for costs of one improvment project that has been assessed against the benefited properties by an assessment ordinance.

DENOMINATIONS: \$5,000, except Bond no. 1 which is \$2,423.

MATURITIES: Principal is payable October 1. Interest is payable April 1 and October 1, commencing April 1, 1987.

<u>Maturity Date</u>	<u>Principal Amount</u>
1987	\$17,423
1988	15,000
1989	15,000
1990	15,000
1991	15,000
1992	15,000
1993	10,000
1994	10,000
1995	10,000
1996	10,000
1997	10,000
1998	10,000
1999	10,000
2000	10,000
2001	10,000

AVERAGE LIFE: 7.3 years.

REDEMPTION: Bonds maturing after October 1, 1996 are redeemable at the option of the City in whole or in part in inverse numerical order on any interest payment date on or after October 1, 1996. the City may redeem the bonds at par plus accrued interest to the redemption date.

EXTRAORDINARY CALL: The bonds are subject to extraordinary redemption on October 1, 1989 solely from and to the extent of, any proceeds of the bonds which remain unexpended on that date, but only if required to preserve the tax exempt status on bonds.

Notice of intent to redeem the bonds and the redemption date will be published in a newspaper generally circulated within the boundaries of the City as well as in a newspaper specializing in financial matters in the City of Portland.

REGISTRAR/PAYING AGENT: The bonds will be registered and payable upon presentation at the principal corporate offices of the U.S. National Bank, Portland, Oregon, as paying agent. Interest on the bonds is payable by check of the paying agent mailed to the registered owner.

RECORD DATE: The 15th day of the month preceding a bond payment date.

AUTHORIZATION: These Bancroft Bonds are issued under the authority of the Bancroft Bonding Act, ORS 223.205 through 223.295 and pursuant to City Ordinance.

SECURITY: These bonds are general obligations of the City. The primary source of payment for these bonds is the assessments upon the benefited properties that are being paid according to installment contracts filed with the City. Until fully paid, each assessment constitutes a lien on the property.

The City has the power and is obligated to cause ad valorem taxes, without limitation as to rate or amount, to be levied annually upon all taxable property within the boundaries of the City in an amount sufficient to pay the principal and interest upon the bonds.

BID AMOUNT: Bids must not be for less than 100% of the par value.

BIDDING LIMITATIONS: Each interest rate must be in multiples of 1/8 or 1/20 of one percent. The total Net Effective Interest Rate must not exceed 10% per annum. Also, no single interest rate may exceed 14%.

TAX LIMITATIONS: Increases in property tax levies for operating purposes which exceed the "six-percent limitation" created by the State's constitution must be voter approved. The state constitution excludes levies for payment of debt service from this limitation.

The 1979 Legislature passed a personal and property tax limitation measure that was approved by the voters in May 1980 and became effective for the 1980-81 tax year and thereafter. This measure does not impair the City's ability to levy taxes, if need be, to pay debt service on this bond issue.

Four tax limitation ballot measures have qualified for the November 1986 ballot. Further discussion of these measures may be found in the "Synopsis of Property Tax Administration."

DEBT LIMITATION: ORS 223.295 establishes a debt limit for Bancroft Bonds of 3.00 percent of the true cash value of the City.

TAX EXEMPT STATUS: In the opinion of Bond Counsel under existing laws, regulations, rulings and judicial decisions, the interest on the Bonds is exempt from present federal income taxation and from present State of Oregon personal income taxes.

LEGAL OPINION: The unqualified legal opinion of Lindsay Hart Neil & Weigler, Lawyers of Portland, Oregon, will be furnished free of charge to the original purchaser of the bonds. A copy of the legal opinion will be printed on the bond.

PENDING LITIGATION: There is no litigation pending or threatened against the City that would in any way relate to the bond issue.

DEFAULT: The City has never defaulted on any debt obligation.

REMEDIES IN THE EVENT OF DEFAULT: In the opinion of Bond Counsel, if the City were to default, the City could be compelled by a court of competent jurisdiction, in a appropriate proceeding, to levy annually a tax, without limit as to the rate or amount sufficient to pay principal and interest on the bonds and to order payment of the bonds from funds lawfully available therefore. In exercising its discretion as to whether to enter such an order, the court may take into account all relevant factors including the current operating needs of the City and the availability and adequacy of other remedies.

Enforcement of a claim for payment of principal or of interest on bonds may also be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State Legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied.

CUSIP NUMBERS: CUSIP identification numbers will be printed on the bonds at the expense of the City.

LEGALITY OF INVESTMENT: The bonds are legal investments for all Oregon trust funds, commercial and savings banks, trust companies and funds of insurance companies.

FINANCIAL ADVISOR: Margaret A. Post has acted as financial consultant to the City in connection with preparation of this statement and the issuance of these bonds.

APPROVAL OF COUNSEL: Legal matters incident to the authorization, issuance and sale by City of these bonds are subject to the unqualified approving opinion of Bond Counsel. Bond Counsel has not independently verified the accuracy or completeness of the representations in this Official Statement except that information contained in the preceding sections relating to the Bonds entitled "Authorization," "Security," "Debt Limitation," and "Tax Exempt Status."

EXPERTS: The most recent audit report is for the fiscal year ended June 30, 1985, which was rendered by Deloitte, Haskins & Sells, independent certified public accountants. Deloitte, Haskins & Sells was not requested to review this Official Statement and has not completed any additional auditing or review procedures subsequent to the issuance of their report on the 1985 fiscal year. Copies of the complete 1985 audit are available upon request. A partial copy of the 1985 audit is found in Appendix A of this Official Statement.

INFORMATION SOURCES: The information contained in this Official Statement has been obtained from the City, County and State of Oregon public records or from the sources indicated in the statement. This Official Statement describes the affairs of the City up to the date of this statement; it does not purport to describe the affairs of the City after that date.

DELIVERY: Delivery of the bonds will be made within thirty (30) days of the sale at the expense of the City in such bank in the City of Portland, Oregon as the successful bidder shall name.

ADDITIONAL INFORMATION: Margaret A. Post, 3671 S.E. Alder, Hillsboro, Oregon 97123, (503) 648-1142 or City of Milwaukie, Finance Department, 10722 S.E. Main, Milwaukie, Oregon 97222, (503) 659-5171.

To: Hugh Brown, City Manager
From: Margaret A. Post
Subject: Sale of Bancroft Bonds for Koll Omark Industrial Park
Date: August 25, 1986

Attached for Council action is an ordinance authorizing and setting the terms of the sale for general obligation (Bancroft) bonds for the Koll Omark Industrial Park project. The bond issue is in the amount of \$182,423, which represents the applications the city received from benefited property owners to pay for the improvement in installments. The ordinance is in compliance with the most recent federal action on tax reform, applicable state laws, and city charter and ordinances. The ordinance has been reviewed and approved by Bond Counsel, Dick Roberts.

The bonds are in registered form with the ordinance stating U.S. National Bank as the paying agent. Bids on the bond will be received and opened publicly at the office of Bond Counsel on September 18, 1986 at 4:00 p.m. The City Council will have to take action on the bids within four hours from the time of bid opening.

General terms of the sale include: that all bids must be for par value (\$182,423) or par value plus a premium. The net effective interest rate may not exceed 10%. Delivery of the bonds to be made by October 18, 1986.

It is recommended that the Council adopt the ordinance and authorize the City Manager to sign a contract with U.S. National Bank to act as the City's paying agent for this bond issue.

Attachment

cc: Jerri L. Widner, Finance Director
Steve Hall, Public Works Director
Greg Eades, City Attorney