

RESOLUTION NO. 2812

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEND, OREGON, AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE FINANCING AGREEMENTS, ESCROW AGREEMENTS AND RELATED SALE DOCUMENTS; AUTHORIZING THE EXECUTION AND DELIVERY OF FULL FAITH AND CREDIT OBLIGATIONS, IN ONE OR MORE SERIES, TO FINANCE IMPROVEMENTS TO THE CITY'S WATER AND SEWER SYSTEM IN AN AMOUNT NOT TO EXCEED \$7,530,000; AUTHORIZING FULL FAITH AND CREDIT REFUNDING OBLIGATIONS, IN ONE OR MORE SERIES, TO CURRENTLY OR ADVANCE REFUND ONE OR MORE SERIES OF OUTSTANDING FULL FAITH AND CREDIT OBLIGATIONS OF THE CITY AND ONE OR MORE SERIES OF OUTSTANDING REVENUE BONDS OF THE CITY IN AN AMOUNT SUFFICIENT TO ACHIEVE DEBT SERVICE SAVINGS; PAYING RELATED COSTS OF ISSUANCE; AUTHORIZING SUBMISSION OF AN ADVANCE REFUNDING PLAN TO THE OREGON STATE TREASURER; DECLARING INTENT TO REIMBURSE PRIOR EXPENDITURES WITH PROCEEDS OF THE OBLIGATIONS; DESIGNATING AUTHORIZED REPRESENTATIVES AND DELEGATING AUTHORITY; APPOINTING SPECIAL COUNSEL; AND RELATED MATTERS.

THE CITY COUNCIL OF THE CITY OF BEND, OREGON (THE "CITY") DOES RESOLVE AS FOLLOWS:

Section 1. Findings. The City Council (the "Council") of the City finds:

(a) The City is authorized pursuant to Oregon Revised Statutes ("ORS") Section 271.390, the laws of the State of Oregon and its City Charter, to enter into financing agreements, lease-purchase agreements or other contracts of purchase for any real or personal property that the City determines is needed and to provide for the issuance of certificates of participation in the payment obligations of the City under such financing agreements, lease-purchase agreements or other contracts of purchase; and

(b) The American Recovery and Reinvestment Act of 2009 ("ARRA") authorizes state and local governments to issue recovery zone economic development bonds ("Recovery Zone Economic Development Bonds"); and

(c) Recovery Zone Economic Development Bonds may be issued pursuant to the Internal Revenue Code of 1986 (the "Code"), to finance certain "qualified economic development purposes" for use within designated "recovery zones," as described; and

(d) Pursuant to Resolution No. 2765 adopted by the Council on December 2, 2009, the Council has designated the entire geographic area of the City as a recovery zone for purposes of §1400U-1(b) of the Code. Portions of the New Money Project, described below, are located outside the boundaries of the City but within the designated recovery zone area of Deschutes County, Oregon; and

(e) The City has received from Deschutes County, Oregon a suballocation of Recovery Zone Economic Development Bond volume cap in the amount of \$10,795,000 of which \$7,530,000 remains unused; and

(f) It is in the best interests of the City to authorize the execution and delivery of one or more financing agreements (collectively, the "Financing Agreement") between the City and The Bank of New York Mellon Trust Company, N.A. ("Escrow Agent") and one or more escrow agreements (collectively, the "Escrow Agreement") between the City and the Escrow Agent, and such other financing agreements or documents related thereto (together with the Financing Agreements and Escrow Agreements, collectively, the "Financing Documents"), that provide the terms for the execution, delivery and sale of certificates of participation in the Financing Agreements in the form of full faith and credit obligations, in one or more series, to be executed by the Escrow Agent (the "Obligations"); and

(g) The City intends to use the proceeds received under the Financing Agreements to finance all or a portion of the following projects (collectively, the "Project");

(1) Capital improvements to the City's water system and sewer system (the "New Money Project");

(2) Currently refund or advance refund certain previously issued Full Faith and Credit Obligations of the City (the "Prior Obligations"), if, under current market conditions, such refundings would provide debt service savings to the City;

(3) Currently refund or advance refund certain previously issued sewer or water revenue bonds of the City (the "Prior Bonds" and, collectively with the Prior Obligations, the "Refunded Obligations"); and

(4) Costs of issuance of Obligations and the Refunded Obligations, collectively, the "2010 Obligations").

(h) The City anticipates incurring expenditures (the "Expenditures") in connection with the Project and wishes to declare its official intent to reimburse itself with the proceeds of the 2010 Obligations for Expenditures incurred in connection with the Project in conformity with the requirements of United States Treasury Regulations Section 1.150-2; and

(i) The City is authorized pursuant to the Oregon Constitution and ORS Sections 287A.360 through 287A.380, or any successor statute, to issue refunding obligations to currently or advance refund all or any portion of the Refunded Obligations to achieve debt service savings; and

(j) The City's financial advisor, Western Financial Group, LLC (the "Financial Advisor"), has advised the City that under the current market conditions, a current or advance refunding of certain Refunded Obligations would provide debt service savings to the City; and

(k) The City desires to take advantage of current interest rate savings to refund all or any portion of the Refunded Obligations and to authorize the sale, issuance and delivery of full faith and credit and refunding obligations in an aggregate principal amount not to exceed the amount necessary to accomplish that purpose; and

(l) All or any portion of the 2010 Obligations to finance the New Money Project may be issued as Build America Bonds ("2010 BABs Obligations") or Recovery Zone Economic Development Bonds ("2010 RZEDB Obligations") (the 2010 Obligations other than the 2010 BABs Obligations and the 2010 RZEDB Obligations, the "2010 Tax-Exempt Obligations") authorized by the American Recovery and Reinvestment Act of 2009 and this Resolution; and

(m) The City adopts this Resolution (i) to provide the terms under which the City may sell the 2010 Obligations through a negotiated sale or through a public competitive sale process and enter into the Financing Documents; (ii) to provide the terms under which the Refunding Obligations may be issued, subject to the market conditions and the necessary debt service savings to the City; (iii) to provide the terms of execution, delivery and sale of the 2010 Obligations, in one or more series, evidencing and representing the payment obligations of the City under the Financing Agreement; and (iv) to authorize certain officials and employees of the City to take action on the City's behalf and to execute and deliver the Financing Documents.

Section 2. Submission of an Advance Refunding Plan to Oregon State Treasurer. Pursuant to ORS Section 287A.370, the City's Financial Advisor is hereby authorized, on behalf of the City, to submit an advance refunding plan, if necessary, for all or any portion of the Refunded Obligations to the Oregon State Treasurer for review and approval regarding the portion of Refunded Obligations to be advance refunded, if, under current market conditions, such refundings would provide debt service savings to the City.

Section 3. Authorization of the 2010 Obligations and Related Agreements.

(a) 2010 Obligations. The City hereby authorizes the execution and delivery of the Financing Agreement, the Escrow Agreement and any related Financing Documents and the execution and delivery of the 2010 Obligations, in one or more series of tax-exempt obligations and/or taxable obligations (such taxable obligations to be either in the form of 2010 BABs Obligations or 2010 RZEDB Obligations), by the Escrow Agent, in an aggregate principal amount not to exceed Seven Million Five Hundred Thirty Thousand Dollars (\$7,530,000). The proceeds of the 2010 Obligations received by the City pursuant to the terms of the Financing Agreement and the Escrow Agreement shall be used to pay all or a portion of the costs of the Project. The true interest cost of the 2010 Obligations shall not exceed five percent (5%) per annum for tax-exempt obligations and six percent (6%) per annum for taxable obligations.

(b) Refunded Obligations. Upon approval by the Oregon State Treasurer of an advance refunding plan as required for all or any portion of the Refunded Obligations that are to be advance refunded, the City hereby authorizes the execution and delivery of the Refunding Obligations, in one or more series, in an aggregate principal amount not exceeding the amount necessary to effect the refunding consistent with the advance refunding plan and to pay costs of issuance relating to the Refunding Obligations. The

Refunding Obligations are authorized to be issued in an amount not to exceed the amount determined by the Authorized Representatives to achieve debt service savings.

(c) General Terms. The 2010 Obligations and the Refunding Obligations may be issued in separate Series of obligations or in one combined Series of obligations. If the Authorized Representative, (as defined in Section 4 hereof) elects not to issue the Refunding Obligations, the 2010 Obligations may still be issued.

The 2010 Obligations shall be subject to a book-entry only system of ownership and transfer as provided in Section 8 hereof.

The remaining terms of the 2010 Obligations and the Financing Documents relating to the sale, execution and delivery of the 2010 Obligations shall be established as provided in Section 11 hereof.

The City hereby authorizes the 2010 Obligations to be sold by negotiated sale or by a public competitive sale and delegates to the Authorized Representative (as defined in Section 4 hereof) the authority to establish the terms for the sale consistent with this authorization and as set forth in Sections 11 and 12 hereof.

Section 4. Authorized Representative. The City authorizes and directs each of the City Manager, the Finance Director, or their designee (each, an "Authorized Representative") to act on behalf of the City and execute and deliver the Financing Agreement, the Escrow Agreement and additional Financing Documents related to the sale, execution and delivery of the 2010 Obligations and to determine the remaining terms of the 2010 Obligations to be established as set forth in Section 11 hereof.

Section 5. Security. The financing payments (the "Financing Payments") under the Financing Agreement shall be secured by and payable from the City's general non-restricted revenues and other funds that are lawfully available for that purpose, including, the proceeds of the Financing Agreement and revenues from an ad valorem tax authorized to be levied under the City's permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The City pledges its full faith and credit and taxing powers to the repayment of the Financing Payments as contemplated by ORS 287A.315, or any successor statute. The registered owners of the 2010 Obligations will not have a lien or security interest on the Project financed with the proceeds of the Financing Agreement.

Section 6. Form of 2010 Obligations. The 2010 Obligations shall be prepared in book-entry only form by Special Counsel in substantially the form approved by the Authorized Representative and the Escrow Agent. The 2010 Obligations may be printed or typewritten.

Section 7. Authentication, Registration, Payment, Exchange and Transfer.

(a) None of the 2010 Obligations shall be entitled to any right or benefit under this Resolution unless an authorized officer of The Bank of New York Mellon Trust Company, N.A. (the "Registrar") shall have authenticated it. The date of authentication shall be the date the Registered Owner's name is listed on the register for the 2010 Obligations (the "Register").

(b) All 2010 Obligations shall be in registered form. The Registrar shall authenticate all 2010 Obligations to be delivered on the closing date of the transaction and shall additionally authenticate all 2010 Obligations properly surrendered for exchange or transfer pursuant to this Resolution.

(c) The ownership of all 2010 Obligations shall be entered in the Register maintained by the Registrar, and the City and the Registrar may treat the person listed as owner in the Register as the owner of the 2010 Obligations for all purposes.

(d) The Registrar shall mail or cause to be delivered the amount due under each 2010 Obligation to the registered owner at the address appearing on the Register on the fifteenth (15th) 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.

(e) The 2010 Obligations may be exchanged for 2010 Obligations representing the same aggregate principal component payment amounts with the same principal payment date in different authorized denominations, and the 2010 Obligations may be transferred to other owners if the Registered Owners submit the following to the Registrar:

(1) written instructions for exchange or transfer satisfactory to the Registrar, signed by the Registered Owner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and

(2) the 2010 Obligations to be exchanged or transferred.

(f) The Registrar shall not be required to exchange or transfer any 2010 Obligations submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such 2010 Obligations shall be exchanged or transferred promptly following that payment date.

(g) The Registrar shall not be required to exchange or transfer any 2010 Obligations that have been designated for prepayment if such 2010 Obligations are submitted to the Registrar during the fifteen (15)-day period preceding the designated prepayment date.

(h) For purposes of this section, 2010 Obligations shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described in subsection (e) of this Section 7.

(i) In the event any 2010 Obligation is mutilated, lost, stolen or destroyed, the Registrar may issue a new 2010 Obligation of like principal payment date, interest component and denomination if the asserted owner of such 2010 Obligation 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 2010 Obligations.

(j) The City may alter these provisions regarding registration, exchange and transfer by mailing notification of the altered provisions to all Registered Owners and the Registrar. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than forty-five (45) days after notice is mailed.

Section 8. Book-Entry System. During any time that the 2010 Obligations are held in a book-entry only system (the "Book-Entry System"), the registered owner of all of the 2010 Obligations shall be The Depository Trust Company, New York, New York ("DTC"), and the 2010 Obligations shall be registered in the name of Cede & Co., as nominee for DTC. The City has entered 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 2010 Obligations shall be initially executed and delivered in the form of a single fully registered obligation certificate, one for each maturity of the 2010 Obligations.

Section 9. Optional and Mandatory Prepayment. Amounts payable by the City under the Financing Agreement and amounts payable under the 2010 Obligations may be subject to optional prepayment and mandatory prepayment prior to stated principal component payment dates as determined by the Authorized Representative pursuant to Section 11 hereof.

Section 10. Tax-Exempt Favored Status and Covenant as to Arbitrage; Reimbursement.

(a) The City covenants to use the proceeds of the Financing Agreement and the Project financed with the proceeds of the Financing Agreement, and to otherwise comply with the provisions of the Internal Revenue Code of 1986 (the "Code") so that interest components paid pursuant to any of the 2010 Tax-Exempt Obligations designated as tax-exempt pursuant to Section 11 hereof will not be includable in gross income of the Registered Owners of such 2010 Obligations for federal income tax purposes. The City specifically covenants with respect to the 2010 Tax-Exempt Obligations:

(1) To comply with "arbitrage" provisions of Section 148 of the Code, and to pay any required rebates and penalties; and

(2) To operate the Project or to cause the Project to be operated so that any of the interest components paid pursuant to any of the 2010 Obligations designated as tax-exempt are not "private activity bonds" under Section 141 of the Code; and

(3) To comply with all reporting requirements.

The Authorized Representative may enter into covenants on behalf of the City to protect the tax-exempt status of any interest component of the 2010 Tax-Exempt

Obligations.

(b) The City covenants to use the proceeds of the Financing Agreement and the Project financed with the proceeds of the Financing Agreement, and to otherwise comply with the provisions of the Code so that interest components paid pursuant to any of the 2010 BABs Obligations and the 2010 RZEDB Obligations will be treated as Build America Bonds and Recovery Zone Economic Development Bonds within the meaning of Sections 54AA, 6431 and 1400U-2 of the Code. The City specifically covenants with respect to the 2010 BABs Obligations and the 2010 RZEDB Obligations:

(1) To comply with "arbitrage" provisions of Section 148 of the Code, and to pay any required rebates and penalties; and

(2) To operate the New Money Project or to cause the New Money Project to be operated so that any of the interest components paid pursuant to any of the 2010 BABs Obligations and 2010 RZEDB Obligations are not "private activity bonds" under Section 141 of the Code; and

(3) To comply with all reporting requirements.

The Authorized Representative may enter into covenants on behalf of the City to protect the status of any interest component of the 2010 BABs Obligations and the 2010 RZEDB Obligations as BABs and RZEDBs, respectively.

(c) The City hereby declares its official intent to use proceeds of the 2010 Obligations to reimburse Expenditures. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not obligate the City to make any expenditure, incur any indebtedness, or proceed with the Project.

Section 11. Delegation for Establishment of Terms and Sale of the 2010 Obligations. Each Authorized Representative is hereby authorized and directed, on behalf of the City without further approval of the City Council to:

(a) Select all or any portion of the maturities of the Refunded Obligations to be refunded, irrevocably call for prepayment or redemption of those maturities of the Refunded Obligations selected for refunding with the proceeds of the 2010 Obligations on the earliest date those maturities are subject to prepayment or redemption and cause notice of defeasance and notice of prepayment or redemption to be given as required by the terms of the Refunded Obligations, provided that the net present value savings on the Refunded Obligations that are subject to advance refunding, determined in accordance with the advance refunding plan, are at least equal to minimum required by applicable law;

(b) Establish the principal and interest component payment dates, principal component amounts, optional and mandatory prepayment provisions, if any, interest component amounts, premium and/or discount, if any, denominations and all other terms for the Financing Agreement and the 2010 Obligations;

(c) Establish the method of sale of the 2010 Obligations as authorized in Section 3 hereof, and if the 2010 Obligations are sold on a negotiated basis, negotiate, execute and deliver a bond purchase contract in the form approved by the Authorized Representative and such other agreements, certificates or sale documents as are necessary in connection therewith, or if the 2010 Obligations are sold by public competitive sale, approve the final form of and cause an Official Notice of Obligation Sale (the "Notice") for a competitive sale, substantially in the form approved by the Authorized Representative to be published electronically; and award the successful bid or reject the bids for the 2010 Obligations, consistent with the provisions of this Resolution;

(d) Make any covenants necessary or desirable to obtain good financing terms on the 2010 Obligations with respect to the pledge of the City's full faith and credit to secure the 2010 Obligations;

(e) Negotiate the terms of, and execute and deliver the Financing Agreement and the Escrow Agreement;

(f) Appoint an escrow deposit agent (the "Escrow Deposit Agent") for the Refunded Obligations, if necessary;

(g) Approve, execute and deliver one or more escrow deposit agreements (collectively, the "EDA") providing for the prepayment, redemption and defeasance of all or a portion of the Refunded Obligations, and such other agreements as may be required to fund one or more escrow deposit accounts (collectively, the "EDA Account") with non-callable direct and general obligations of the United States of America or float agreements, debt service deposit agreements, forward investment agreements, guaranteed investment contracts or other investment agreements to the extent they meet the requirements of ORS 294.052;

(h) Appoint a certified public accounting firm or other qualified firm to act as verification agent to produce a report demonstrating the sufficiency of the funds deposited to the EDA Account to meet all future debt service payments and any related costs of all or any portion of the Refunded Obligations, if required;

(i) Approve and authorize the preparation and distribution of preliminary and final official statements relating to the 2010 Obligations;

(j) Obtain ratings on the 2010 Obligations if determined by the Authorized Representative to be in the best interest of the City and expend 2010 Obligation proceeds to pay for such ratings;

(k) Approve the form of the 2010 Obligations and take such actions as are necessary to qualify the 2010 Obligations for the book-entry system of DTC;

(l) Determine the need for and negotiate the terms of a financial guaranty insurance policy on the 2010 Obligations if determined by the Authorized Representative to be in the best interest of the City, and if purchased, direct expenditure of 2010 Obligation proceeds to pay any insurance premium and to execute and deliver any agreements, commitments, 2010 Obligation certificates or documents determined by the

Authorized Representative to be in the best interest of the City and pursuant to Section 13 hereof;

(m) Approve, execute and deliver a Continuing Disclosure Certificate pursuant to the Securities and Exchange Commission Rule 15c2-12, as amended (17 C.F.R. § 240.15c2-12 (the "Rule");

(n) Approve, execute and deliver closing documents and certificates relating to the sale of the 2010 Obligations and the execution and delivery of the Financing Agreement, the Escrow Agreement and the 2010 Obligations;

(o) Enter into covenants regarding the use of the proceeds of the 2010 Obligations received by the City pursuant to the Financing Agreement and the use of the Project to maintain, if applicable, the qualification of all or any portion of the 2010 Obligations as BABs or RZEDBs under the Code; and

(p) Execute and deliver a certificate specifying the actions taken pursuant to this Section 11, and any other certificates, documents or agreements that an Authorized Representative determines are desirable to execute and deliver the Financing Agreement, Escrow Agreement, and to sell and deliver the 2010 Obligations in accordance with this Resolution.

Section 12. Procedures for Sale of the 2010 Obligations. Pursuant to Sections 3 and 11 hereof, the Authorized Representative shall establish the method of sale of the 2010 Obligations. If the 2010 Obligations are sold pursuant to a public competitive sale, the Authorized Representative shall cause the Notice to be published electronically prior to the sale date stated in the Notice. For a competitive sale, bids to purchase the 2010 Obligations shall 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 2010 Obligations. The Authorized Representative may postpone the sale of the 2010 Obligations to a later date, cancel the sale based upon market conditions or, alternatively, enter into a negotiated sale of the 2010 Obligations pursuant to terms determined and approved by the Authorized Representative and as authorized by this Resolution.

Section 13. Provisions Relating to Insurance. In the event that an insurance policy is obtained in connection with the 2010 Obligations, the applicable terms and conditions of the insurance policy shall be set forth herein or in the Escrow Agreement.

"Insurer" means the provider of a financial guaranty insurance policy. "Insurance Policy" means a financial guaranty insurance policy insuring the payment of principal components and interest components payable under all or select 2010 Obligations. The provisions of this Section 13 shall apply to the Insurer in the event and to the extent provided in an Authorized Representative's closing certificate with respect to the 2010 Obligations insured by such Insurer, so long as (i) its Insurance Policy is in effect, (ii) the Insurer has not asserted that its Insurance Policy is not in effect, (iii) the Insurer is not in default thereunder, (iv) the Insurer is not insolvent, and (v) the Insurer has not waived any

such rights; provided, that, notwithstanding the foregoing, such rights shall continue with respect to amounts previously paid and due and owing the Insurer.

If and to the extent necessary and desirable, the Escrow Agreement may provide as following with respect to the Insurance Policy:

(a) Any amendment to this Resolution requiring the consent of those who shall own the 2010 Obligations, or any portion thereof, from time to time (the "Owners"), which 2010 Obligations are secured by an Insurance Policy (the "Insured Obligations"), shall also require the prior written consent of the Insurer with respect to such Insured Obligations.

(b) Any amendment to this Resolution not requiring the consent of Owners of the Insured Obligations shall require the prior written consent of the Insurer with respect to such Insured Obligations if its rights shall be materially and adversely affected by such amendment.

(c) Pursuant to the provisions of the Financing Agreement regarding defaults and remedies, if an Event of Default (as defined in the Financing Agreement) shall have occurred and be continuing, the Insurer with respect to the Insured Obligations shall be deemed to be the Owner of such Insured Obligations in connection with any consent or direction, appointment, request or waiver to be provided thereunder.

(d) The Insurer with respect to the Insured Obligations shall have the right to institute any suit, action or proceeding at law or in equity under the same terms as an Owner of such Insured Obligations in accordance with this Resolution and the Escrow Agreement.

(e) The Insurer shall, to the extent it makes any payment of principal components or interest components pursuant to the Insured Obligations it insures, become subrogated to the rights of the recipients of such payments in accordance with the terms of its Insurance Policy.

(f) Principal components and/or interest components paid by an Insurer under its Insurance Policy shall not be deemed paid for purposes of this Resolution, the Financing Agreement and the Escrow Agreement, and the Insured Obligations with respect to which such payments were made shall remain outstanding and continue to be due and owing until paid by the City in accordance with this Resolution, the Financing Agreement and the Escrow Agreement.

(g) In the event of any defeasance of the Insured Obligations, the City shall provide the applicable Insurer with copies of all documents as required to be delivered to the Registrar under this Resolution, the Financing Agreement and the Escrow Agreement.

(h) The City shall not discharge this Resolution unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

Section 14. Notices to the Insurer; Payment Procedures.

(a) The City shall send or cause to be sent to the Insurer copies of notices required to be sent to owners or the Escrow Agent pursuant to this Resolution or the Escrow Agreement.

(b) The City shall observe and perform any payment procedures under the Insurance Policy required by the Insurer as a condition to the issuance and delivery of such Insurer's Insurance Policy.

Section 15. Defeasance. The City may defease its 2010 Obligations under the Financing Agreement by setting aside, with a duly appointed escrow agent, in a special escrow account irrevocably pledged to the payment of the principal and interest components of the Financing Agreement to be defeased, cash or direct obligations of the United States of America, including obligations of any federal agencies to the extent they are unconditionally guaranteed by the United States of America, in an amount which, in the opinion of a nationally recognized expert in the field of mathematical calculations relating to tax-exempt obligations, is sufficient without reinvestment to pay all principal components and interest components of the defeased Financing Agreement until the principal payment date or any earlier prepayment date. The 2010 Obligations of the City under the Financing Agreement that 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, the Financing Agreement or the Escrow Agreement except the right to receive payment from such special escrow account.

Section 16. Prepayment and/or Redemption of the Refunded Obligations.

(a) Prepayment and/or redemption, as applicable, of all or any portion of the Refunded Obligations, on an advance refunding basis, is contingent upon the City's receiving actual cumulative debt service savings of not less than the amount required by Oregon law; and

(b) Contingent solely on the issuance of the 2010 Obligations and the deposit of the net proceeds with the Escrow Deposit Agent, the Authorized Representative is hereby authorized to irrevocably call for prepayment and/or redemption the City's outstanding Refunding Obligations that are to be refunded with the proceeds of the 2010 Obligations on the earliest date they are subject to prepayment.

Section 17. Appointment of Special Counsel and Financial Advisor. The City hereby appoints Orrick, Herrington & Sutcliffe LLP of Portland, Oregon, as special counsel to the City with respect to the 2010 Obligations and Western Financial Group, LLC, as Financial Advisor to the City with respect to the 2010 Obligations.

Section 18. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the 2010 Obligations 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 pursuant to ORS 287A.315 and ORS 287A.325, or any successor statute. The covenants, pledges, representations and warranties contained in this Resolution, or in the closing documents executed in connection with the 2010 Obligations, including without limitation the City's covenants and pledges contained in Section 5 hereof, and the other covenants and

agreements herein set forth to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such 2010 Obligations over any other thereof, except as expressly provided in or pursuant to this Resolution.

Section 19. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption by the City Council.

ADOPTED by the Council this 20th day of October 2010.

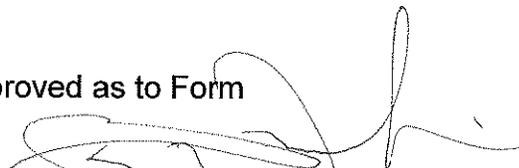
Yes: 6

No: 0

Authenticated by the Mayor the 20th day of October 2010.

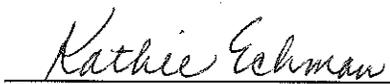
Approved as to Form

By:


Mary Winters, Legal Counsel

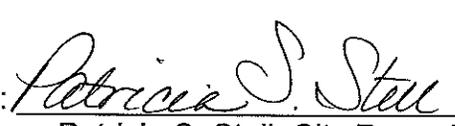
CITY OF BEND, OREGON

By:


Kathie Eckman, Mayor

ATTEST:

By:


Patricia S. Stell, City Recorder