

July 17, 2007

To the persons on the attached Transcript Distribution List

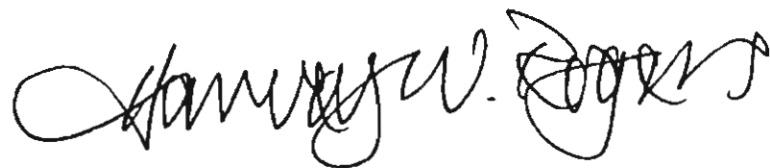
Subject: \$4,000,000 City of Lincoln City, Oregon, General Obligation Water Bond,
Series 2007; Our File No. 26974-00019

Ladies and Gentlemen:

We have enclosed a copy of the transcript for this financing for your records. We have enjoyed working with you on this issue and look forward to working with each of you again. Please call if you have any questions.

Cordially,

KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP

A handwritten signature in black ink, appearing to read "Harvey W. Rogers". The signature is fluid and cursive, with the first name being the most prominent.

Harvey W. Rogers

HWR/acg
Enclosure

TRANSCRIPT DISTRIBUTION LIST

\$4,000,000

**City of Lincoln City, Oregon
General Obligation Bond
Series 2007**

Issuer

Ron Tierney, Financial Planner (1 CD)
City of Lincoln City
P. O. Box 50
Lincoln City, OR 97367
Telephone: 541-996-2151
Telecopier: 541-996-1284
Email: ront@lincolncity.org

Bond Counsel

Harvey Rogers, Esq. (1 CD)
Mac McCullough, Esq.
Jennifer Cordova, Esq.
Kirkpatrick & Lockhart Preston Gates Ellis LLP
1400 KOIN Center
222 SW Columbia Street
Portland, OR 97201
Telephone: 503-228-3200
Telecopier: 503-248-9085
Email: harvey.rogers@klgates.com
edward.mccullough@klgates.com
jennifer.cordova@klgates.com

Purchaser

Ronald D. Howell, Vice President (1 CD)
U.S. Bank National Association
Government Banking, PD-OR-T14G
111 S.W. Fifth Street,
111 SW 5th Avenue, Suite 550
Portland, OR 97204
Telephone: (503) 275-5001
Telecopier: (503) 275-7565
Email: ronald.howell@usbank.com

Financial Advisor

Rebecca Chao, President (1 CD)
B. Jonas Biery, Vice President
Regional Financial Advisors Inc.
733 SW Vista Avenue
Portland, OR 97205
Telephone: 503-227-2009
Telecopier: 503-227-2510
Email: rebchao@earthlink.net
jbiery@earthlink.net

LEGAL CLOSING MEMORANDUM AND INDEX

\$4,000,000
City of Lincoln City, Oregon
General Obligation Bond
Series 2007

Closing will be held at the offices of Kirkpatrick & Lockhart Preston Gates Ellis LLP at 10:00 a.m. on June 28, 2007. There will be no preclosing.

Listed below are the closing documents for this issue. Beside each document is the name of the party responsible for providing each document to Harvey Rogers at Kirkpatrick & Lockhart Preston Gates Ellis LLP by 12:00 noon on June 27, 2007. All documents should be originals or true copies of originals. Documents should be fully executed originals or the party providing the documents should ensure that persons authorized to sign their documents attend the closing.

The following abbreviations are used to indicate parties responsible for providing documents:

CLC:	City of Lincoln City, Oregon, Issuer
USNB:	U.S. Bank National Association, Bank
RFA:	Regional Financial Advisors, Inc., Financial Advisor
K&L:	Kirkpatrick & Lockhart Preston Gates Ellis LLP, Bond Counsel

BASIC DOCUMENTS

1. K&L Transcript Certification.
2. RFA Request for Proposals.
3. K&L Copies of proposals submitted in response to Request for Proposals.
4. K&L Bond Purchase Agreement.
5. K&L Bond Declaration.
6. K&L Specimen bond.

ISSUER'S DOCUMENTS

Election Phase

7. K&L Minutes of August 28, 2000 City Council meeting at which Resolution No. 00-19 was adopted to reimburse from bond proceeds, and at which Resolution No. 00-20 was adopted calling election to submit general obligation bonds to voters.
8. K&L Resolution No. 00-19.
9. K&L Resolution No. 00-20.
10. K&L Affidavit of Publication on August 30, 2006 of Notice of Receipt of Ballot Title, *The News Guard*.

11. K&L Notice of City Measure Election indicating date received by County Clerk's office stamped with County Clerk's internal date stamp.
12. K&L Copy of ballot for Measure 21-69.
13. K&L Affidavit of County's Clerk certifying details of mailing ballots.
14. K&L Abstract of votes from County Clerk's office.
15. K&L Minutes of December 11, 2000 City Council meeting at which Resolution No. 00-26 was adopted canvassing votes and declaring official election results.
16. K&L Resolution No. 00-26.

Bond Sale Phase

17. K&L Minutes of minutes of March 12, 2007 City Council meeting at which Resolution No. 2007-13 was adopted authorizing bonds.
18. K&L Resolution No. 2007-13.
19. K&L Affidavit of Publication on March 14, 2007 of Notice of Adoption of Resolution Specifying Uses of Bond Proceeds, *The News Guard*.
20. K&L General Certificate.
21. K&L Tax Certificate.
22. K&L Internal Revenue Service Form 8038-G and evidence of filing.
23. K&L Receipt for Bond Proceeds.
24. K&L Certificate Regarding No Reoffering.
25. K&L Receipt for Bond.

OPINIONS AND MISCELLANEOUS:

26. K&L Opinion of Bond Counsel.
27. K&L Closing Payment Memorandum.
28. K&L Final numbers.

TRANSCRIPT CERTIFICATION

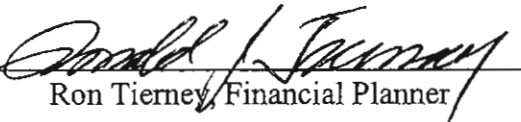
\$4,000,000

**City of Lincoln City, Oregon
General Obligation Water Bond
Series 2007**

On behalf of the City of Lincoln City, Oregon (the "City"), I hereby certify that the attached documents are true copies or duplicate originals of the documents which were assembled at the closing of the captioned bond on June 28, 2007 at the offices of Kirkpatrick & Lockhart Preston Gates Ellis LLP, Bond Counsel, in Portland, Oregon.

Dated as of the 28th day of June, 2007.

City of Lincoln City, Oregon

By: 
Ron Tierney, Financial Planner



Regional Financial Advisors, Inc.

Rebecca Marshall Chao, President
B. Jonas Biery, Vice-President
Raelene Garrison, Project Coordinator
733 SW Vista Ave, Portland, OR 97205-1202
(503) 227-2009 FAX (503) 227-2510

DATE DISTRIBUTED: March 14, 2007

**City of Lincoln City
Lincoln County, Oregon**

REQUEST FOR PROPOSAL

**for the direct placement of
\$4,000,000 General Obligation Water Bonds, Series 2007
(Tax-Exempt, Bank Qualified)**

Regional Financial Advisors, Inc. ("RFA") is issuing this RFP on behalf of the City of Lincoln City, Oregon (the "City").

Please contact RFA to indicate that you received this RFP and that the proposal due date is acceptable.

GENERAL DESCRIPTION

The City anticipates issuing \$4,000,000 General Obligation Water Bonds, Series 2007 (the "Bonds") for the purpose of purchasing an assignment of water rights, constructing a diversion, pump station, and pipeline to carry that and other water to the City's treatment plant and to pay for costs of issuance. The Bonds were approved by the voters in November 2000. The Bonds will be valid general obligations of the City. *The City intends to make all debt service payments from annually budgeted revenues of the water system.*

The City is soliciting proposals from commercial banks for a direct placement of the Bonds.

The City will provide a copy of its audit for the fiscal year ending June 30, 2006 and any other relevant information upon request. Please direct any requests for information or any questions regarding the financing or this RFP to Jonas Biery at RFA (jbiery@earthlink.net, 503-227-2009).

BOND COUNSEL

Harvey Rogers of Kirkpatrick & Lockhart Preston Gates Ellis LLP will serve as Bond Counsel for the City.

TERMS AND CONDITIONS

- The Bonds will be tax-exempt and bank qualified ("BQ").
- The City desires to pay the \$4 million over a 12-year period.
- Debt service payments should be calculated on a level debt basis and should not exceed \$450,000 per year.
- The City intends to pay all costs of issuance and bank fees from Bond proceeds.

LITIGATION

There is no litigation threatened or ongoing which would affect the City's ability to repay the Bonds.

CLOSING

The City would like to close on or around May 22, 2007.

BASIS OF AWARD

The selection will be based upon the following criteria, not in any priority order:

- Total financing cost.
- Flexibility and acceptability to the City of the terms and conditions.

PROPOSAL CONTENT

Proposals should include BRIEFLY the following information. Proposals in the form of term sheets are preferred, but please be sure to answer the following questions:

1. Indicate the indicative interest rate which would be charged, based upon a 30/360 day basis. The City understands that these are not final interest rates, but the proposer should indicate what factors or indices would be used to make any changes. Assume principal is payable annually commencing December 1, 2007 and interest is payable semi-annually commencing June 1, 2007, all on a level debt basis.
2. Indicate if you will offer a rate lock, at what point you would "lock" the rate(s) and what you would charge for this ability.
3. Indicate the maximum due for any fees and charges of your bank, including origination fees, bank legal fees, etc. Evaluation of the proposals will utilize the maximums provided here.

4. Discuss the prepayment options. If there is no prepayment option, please so indicate. The City prefers to have a prepayment option.

If there is a prepayment penalty *other than a percentage of the principal being prepaid*, please describe how that penalty is calculated. And, if the City were to call or refund the Bonds at a future date, also indicate whether the bank would be willing at that time to provide a firm dollar amount quote for that prepayment penalty to the City.
5. The City may wish to pursue quarterly payments. Please indicate your ability to accommodate quarterly principal and interest payments and any changes to the rates/fees/conditions (e.g., the 30/360 basis) as a result of quarterly payments. If there would be no changes, please so indicate.
6. What are your reporting requirements during the term of the Bonds?
7. Describe any substantive terms and conditions not covered above.
8. Indicate if the City's or the Bank's legal counsel will need to prepare the Bond Purchase Agreement. (Bond Counsel is willing to prepare the Agreement, subject to review by Bank legal counsel.)
9. Describe the credit approval process and document requirements from the City. Indicate if you will be able to close on or around May 22, 2007.
10. Provide any other comments that may affect the selection of the bank or affect the costs of the Bonds.

PROPOSAL SUBMITTAL

The proposals shall be received not later than

4 p.m. Prevailing Pacific Time on Friday, March 30, 2007

at the offices of RFA. Proposals may be submitted by email or fax (email is preferred). The City may reject all proposals, and reserves the right to waive any irregularities.

One copy of the proposal shall be submitted to:

Jonas Biery
Regional Financial Advisors, Inc.
733 SW Vista Avenue, Portland, OR, 97205-1202
phone: 503-227-2009
fax: 503-227-2510
email: jbiery@earthlink.net

One copy of the proposal shall be submitted to:

Ron Tierney
City of Lincoln City
P.O. Box 50, 801 SW Highway 101, Lincoln City, OR 97367
phone: 541-996-1212
fax: 541-996-1284
email: ront@lincolncity.org



March 30, 2007

Mr. Ron Tierney, Finance Director
City of Lincoln City Oregon
PO Box 50, 733 SW Highway 101
Lincoln City, Oregon 97367
(By E-mail : ront@lincolncity.org)

Jonas Biery, Vice President
Regional Financial Advisors, Inc.
733 SW Vista Avenue
Portland, OR 97205-1202
jbiery@earthlink.net

Dear Ron,

U.S. Bank N.A. is pleased to offer a term sheet proposal for the City of Lincoln City's General Obligation Water Bonds for supporting the project financing for the purpose of purchasing an assignment of water rights, constructing a diversion, pump station and pipeline to carry that and other water to the City's treatment plant and to pay for the cost of issuance of the Bonds. While terms under the Term Sheet are indicative rates and terms only, they should provide an overview of what final terms would look like. Rates are subject to change as market movements occur and affect the Bank's Cost of Funds. Actual funding will be based upon a comparable spread over US Bank's Cost of Funds at the time of closing or when rates are locked under the additional option open to the City.

The Bank reserves the right to extend these terms, or modify them, upon mutual agreement of the Bank and the District. Terms will expire on April 13, 2007. If you have any questions please contact me at (503) 275-5001 or in my absence, my associate, Herb Neufeld at (206) 344-7856. We look forward to this opportunity to assist the City with its financing needs.

Sincerely,

Ron Howell, Vice President
U.S. Bank -Government Banking
111 S.W. Fifth Ave., Suite 550
Portland, OR 97204
(503)275-5001

City of Lincoln City, Oregon
General Obligation Water Bond
\$4,000,000.00
Preliminary Term Sheet
March 30, 2007

****This is not a commitment to lend. This is an expression of interest on a preliminary basis only. Any commitment is subject to formal credit approval, acceptable due diligence, and acceptable documentation, all of which are at the sole discretion of U.S. Bank.**

- **Borrower:** City of Lincoln City, Oregon (the "City")
- **Facility:** U. S. Bank National Association, (the "Bank") will fund a general obligation bond financing in amount up to **\$4,000,000.00** issued by the City (the "Bonds").
- **Purpose:** Proceeds of the Bonds will be used by the City to supporting the project financing for the purpose of purchasing an assignment of water rights, constructing a diversion, pump station and pipeline to carry that and other water to the City's treatment plant and to pay for the cost of issuance of the Bonds (the "Projects").
- **Terms:**

Option 1) The Bonds will be for a 12-year term with principal payments starting December 1, 2007 and annually thereafter until maturity. The City will pay semi-annual interest payments tentatively starting June 1, 2007 until maturity. Payments will be on a substantially level annual basis.

Option 2) The Bonds will be for a 12-year term with quarterly principal and interest payments beginning September 1, 2007 until maturity. Payments will be on a substantially level annual basis.
- **Rates:**

Option 1) Indicative pricing will be a fixed rate of 3.93% Bank Qualified, tax-exempt. Accrual basis is 30/360.

Option 2) Indicative pricing will be a fixed rate of 3.90% Bank Qualified, tax-exempt. Accrual basis is 30/360.

Rate Lock option: The interest rate quoted will fluctuate with market conditions and may not be locked until final bank credit approval. If the City wishes to lock the rate the City must provide in advance a Rate Lock fee of 1 basis point of the rate being locked .
- **Fee:** An origination fee of ten basis points (**\$4,000**) is due at closing.
- **Prepayment:** The obligation, under either Option 1 or Option 2, may be prepaid at an amount not to exceed 20% of the original balance per year prior to the stated maturity. Full prepayment in any one year is not permitted.

- **Security:** The Bonds will be a General Obligation of the City and not subject to annual appropriation.
- **Conditions:** **All rates and terms discussed herein are subject to the Bank's formal credit approval process.** Receipt of copies of the City's most current three years audited financial reports are necessary to proceed to credit approval process.
- **Covenants:** Standard covenants regarding maintenance of business operations, adequate insurance coverage, agreement to take all actions necessary to preserve tax exempt status of the obligation, and to collect fees, taxes and other revenues in an amount sufficient to meet all City obligations, including debt service on this obligation. Financial Statements will need to be provided to the Bank annually within 180 days of Fiscal Year End.
- **Documentation:** Documentation for the transaction will be provided by nationally recognized bond counsel of the City's choice at the cost of the City. Documentation will include an appropriate authorizing resolution or ordinance, 8038 filing, and attorney opinion that the obligation is a legal, valid, binding, enforceable and properly authorized obligation of the City. The City will designate the obligation as a "qualified tax-exempt obligation" under section 265(b) of the Internal Revenue Code of 1986, as amended, for investment by financial institutions.
- **Costs:** All costs for the account of the City, including closing costs, transcripts, filing fees, Bank legal fees and other usual and customary expenses are the responsibility of the City.

****The above terms are a summary and not meant to be all-inclusive of what a final commitment and actual loan documents may look like.**

Under Oregon law, most agreements, promises and commitments made by the Purchaser after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the Purchaser to be enforceable.



Bank of America, N.A.
Government Banking
OR1-129-17-15
121 SW Morrison Street
Suite 1700
Portland, OR 97204-3117

Douglas Bowsby
Senior Vice President
Tel 503.275.1869
Fax 503.275.1274
Douglas.b.bowsby@
Bankofamerica.com

March 30, 2007

Ron Tierney
Finance Director
City of Lincoln City
PO Box 50
801 SW Hwy 101
Lincoln City, Oregon 97367

Jonas Biery
Regional Financial Advisors, Inc.
733 SW Vista Avenue
Portland, OR 97205-2009

Re: \$4,000,000 General Obligation Water Bonds, Series 2007

Dear Ron and Jonas:

Attached is a proposal for Bank of America to provide financing for the City of Lincoln City. This letter is not a commitment to lend or otherwise to advance funds. Such commitment can only be given pursuant to satisfactory completion of due diligence and necessary credit approval by Bank of America.

The terms of this letter are confidential and, except for disclosure on a confidential basis to the accountants, attorneys and other professional advisors retained by the City in connection with the products and services therein or as may be required by law (including any public meeting or public disclosure law), may not be disclosed by the City or any of such advisers in whole or in part to any other person or entity without our prior written consent.

The terms proposed herein lapse at 5:00 p.m. on Friday, May 25, 2007, unless extended by mutual agreement. Please call either me at 503-275-1869, or Sharon Capizzo at 503-275-1002, to discuss any questions or comments you may have regarding the proposal.

We look forward to working with you on this transaction.

Very truly yours,

BANK OF AMERICA, N.A.

Douglas Bowsby
Senior Vice President

Sharon Capizzo
Senior Vice President

**SUMMARY OF TERMS AND CONDITIONS
CITY OF LINCOLN CITY
March 30, 2007**

(For Discussion Purposes Only)

- BORROWER:** City of Lincoln City, Oregon (the "Borrower").
- LENDER:** Bank of America, N.A. ("Bank of America").
- CREDIT FACILITY:** \$4,000,000 General Obligation Water Bonds, Series 2007 (the "Credit Facility").
- PURPOSE:** The proceeds of the Credit Facility shall be used to finance purchase of an assignment of water rights, constructing a diversion, pump station and pipeline to carry that and other water to Borrower's treatment plant, and to pay for costs of issuance.
- INTEREST RATE:** Fixed rate at 4.15%. This is an indicative rate as of today's date. The final rate will be locked one week prior to closing (or upon mutual agreement by Borrower and Bank of America) based on market rates for tax-exempt municipal loans prevailing at that time. The Credit Facility is to be certified as a bank qualified tax-exempt obligation.
- The interest rate may be locked earlier than one week prior to closing based on mutual agreement by Borrower and Bank of America, and subject to market costs incurred by Bank of America to provide such a rate lock. As of March 30, 2007, a rate lock one-month prior to closing for a 12-year fully amortizing bond would not increase the interest rate.
- All calculations of interest and fees shall be made on the basis of a 30-day month and a 360-day year.
- ORIGINATION FEE:** Borrower agrees to pay an origination fee equal to 0.10% of the total aggregate principal amount of the Credit Facility (\$4,000), payable at closing. This fee shall be deemed fully earned upon closing.
- REPAYMENT/MATURITY:** Interest on the Credit Facility shall be paid semi-annually on June 1 and December 1 of each year, commencing December 1, 2007.
- Principal on the Credit Facility shall be repaid annually on December 1 of each year, commencing December 1, 2007, based on full amortization and approximately level annual debt service. The Credit Facility shall mature, and all unpaid principal and interest shall be due, on December 1, 2018.
- Bank of America is prepared to negotiate repayment based on level quarterly payments of principal and interest. Such alternative repayment structure would not impact pricing.
- SECURITY:** The full faith and credit of Borrower (not subject to appropriation) shall be pledged to pay the Credit Facility when due.

PREPAYMENTS: Not permitted prior to December 1, 2009. From December 1, 2009 and thereafter, the Credit Facility can be prepaid on any interest payment date with fee as follows:

- 105% from December 1, 2009 to November 30, 2009;
- 104% from December 1, 2010 to November 30, 2010;
- 103% from December 1, 2011 to November 30, 2011;
- 102% from December 1, 2012 to November 30, 2012; and
- 101% from December 1, 2013 to November 30, 2013.

From December 1, 2014 and thereafter, the Credit Facility can be prepaid on any interest payment date without fee.

REPRESENTATIONS AND WARRANTIES: Usual and customary for transactions of this type.

OPINION: Borrower to provide a legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank and its legal counsel, that (i) the resolution and all documents related to the Credit Facility have been properly adopted, authorized and executed; (ii) the resolution and all documents related to the Credit Facility constitute a legally binding obligation of the Borrower, payable from the Security and enforceable according to their terms (subject to standard exceptions); (iii) interest payable on the Credit Facility is excludable from net income for purposes of federal and state income taxes; and (iv) Borrower has designated the Credit Facility as a "qualified tax-exempt obligation".

COVENANTS: Usual and customary for transactions of this type.

REPORTING REQUIREMENTS: Financial Information from Borrower. Borrower to provide financial information and statements in form and content acceptable to Bank of America indicated below:

- Within 210 days of the Borrower's fiscal year end, the audited annual financial statements of Borrower.
- Within 45 days of adoption, the annual budget of Borrower.
- Such additional information as Bank of America may reasonably request.

EVENTS OF DEFAULT: Usual and customary in transactions of this type.

If an event of default occurs due to (i) nonpayment of principal, interest, fees or other amounts when due, or (ii) failure to maintain the tax exempt status of the Credit Facility, then Bank of America may increase the interest rate by two and one-half percent (2.5%).

DISCLOSURE AND CREDIT APPROVAL: No public disclosure document required. Customary Bank of America underwriting requirements will apply.

For final credit approval, and as a condition of closing, Bank of America requires the following information:

1. Borrower's audited annual financial statements for fiscal years 6-30-04, 6-30-05 and 6-30-06.
2. Borrower's adopted annual budget for fiscal years 6-30-06 and 6-30-07.

Bank of America expects to complete due diligence and final credit approval within 10 business days after receipt of all requested information.

**GOVERNING
LAW/ARBITRATION:**

State of Oregon. Any dispute arising out of or related to this letter or the final loan documentation shall be determined by binding arbitration in accordance with the Federal Arbitration Act. All arbitration proceedings shall be conducted through the American Arbitration Association.

EXPENSES:

Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Credit Facility, including Bank of America's attorneys' fees (subject to a cap of \$600).

**FOR DISCUSSION
PURPOSES
ONLY:**

This Summary of Terms and Conditions does not constitute a commitment to lend by Bank of America or any of its affiliates and is presented for discussion purposes only. The actual terms and conditions upon which Bank of America may extend credit to Borrower is subject to satisfactory completion of due diligence, necessary credit approval and such other terms and conditions as determined by Bank of America, in its sole discretion.

Under Oregon law, most agreements, promises, and commitments made by Bank concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Bank to be enforceable.



KeyBank
Public Sector Group
1211 S.W. Fifth Ave., Suite 400
Portland, Oregon 97204

(503) 790-7543
(503) 790-7574 Fax

Mark M. Farrell
Vice President

March 23, 2007

By e-mail: ront@lincolncity.org

Mr. Ron Tierney
City of Lincoln City
P.O. Box 50
801 S.W. Highway 101
Lincoln City, Oregon 97367

Dear Ron:

On behalf of KeyBank National Association ("KeyBank"), I am pleased to respond to the request issued by Regional Financial Advisors on March 14, 2007 for General Obligation Water Bonds to finance the City of Lincoln City's purchase of an assignment of water rights and construction of a diversion, pump station, and pipeline to carry water to the City's treatment plant, and to pay costs of issuance. I believe that the credit facility outlined below would offer the City a flexible structure and reasonable cost. **Please note that this proposal is not a commitment to lend, and any such commitment, if offered, may contain terms and conditions in addition to or different from those outlined here.**

Borrower: City of Lincoln City, Lincoln County, Oregon (the "City").

Type of Facility: General Obligation Bond (the "Bond").

Instrument: Bond Purchase Agreement. KeyBank will hold the obligation on its own books and does not require registration.

Amount: \$4,000,000.

Interest Rate: Fixed at 4.19%.* The Bond is to be certified as a bank-qualified, tax-exempt obligation. Interest is to be computed on a 30/360 day basis.

* **The fixed interest rate quoted is an indicative rate as of March 23, 2007.** KeyBank will index the fixed interest rate on the Bond by using the applicable KeyCorp Cost of Funds Fixed Rate as reported on the KeyCorp Daily Rate Sheet. The rate will be adjusted no more than 5

banking days prior to closing to reflect changes in the index from March 23, 2007 and the number of days until closing.

Repayment: Principal annually on December 1, beginning December 1, 2007, based on approximately level annual debt service. Interest semiannually on June 1 and December 1, beginning June 1, 2007. A sample repayment schedule based on approximately level annual debt service and the indicative fixed rate is included as Exhibit A.

At the City's request, KeyBank can also structure repayment in 48 equal quarterly installments, including principal and interest. Such installment payments would be based on an interest rate 0.02% below that quoted above.

Prepayment: The Bond may be prepaid in whole or in partial increments of at least \$100,000 on June 1, 2008 and on any banking day thereafter, provided that the City shall reimburse KeyBank on demand for any reasonable, resulting loss or expense incurred by KeyBank, including without limitation any reasonable loss or expense incurred in obtaining, liquidating, or reemploying deposits from third parties. A statement of the amount of that reasonable loss or expense, prepared in good faith and in reasonable detail by KeyBank, shall be conclusive and binding for all purposes absent manifest error in computation. Calculation of all such amounts payable to KeyBank shall be made as though KeyBank shall have actually funded the Bond through deposits or other funds acquired from third parties for such purpose; provided, however, that KeyBank may fund the Bond through any available resources and the foregoing assumption shall be utilized only for purposes of calculation of amounts payable in the event of prepayment of the Bond. During the life of the Bond, KeyBank can furnish the City with a sample calculation for budgeting purposes upon reasonable notice.

Final Maturity: December 1, 2018.

Discount: 0.05% (\$2,000).

Origination Fee: None.

Commitment Fee: None.

Annual Fee: None.

Reserve Account: Not required.

Legal Fees: Except as noted, all legal counsel fees shall be for the account of the City. KeyBank is prepared to accept documentation and opinion of the law firm of K&L Gates LLP, but reserves the right for KeyBank's counsel to review and approve documents. KeyBank will furnish the form of Bond Purchase Agreement. The City's responsibility for fees

for the review and approval of documents by KeyBank's counsel will be subject to a cap of \$2,000.

Security:

The Bond shall be a general obligation of the City. The City shall pledge its full faith and credit to pay the Bond, and the City shall covenant for the benefit of KeyBank that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article IX of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering water system revenues that the City Council makes available to pay the Bond and expected discounts and delinquencies in the payment of those ad valorem taxes, to pay the Bond promptly as it matures.

Disclosure:

No public disclosure document required. Customary KeyBank underwriting requirements will apply.

***Paying Agent /
Registrar:***

Not required.

***Reporting
Requirements:***

The City will furnish its annual audited financial statements within 180 days of fiscal year end and such other information as KeyBank may from time to time reasonably request.

Conditions precedent to include:

- Three years' audited financial statements and current fiscal year's adopted budget to be provided to KeyBank.
- The City will agree to notify KeyBank promptly of any material adverse development which might reduce or delay the City's receipt of resources pledged to the repayment of the Bond.

* * * * *

KeyCorp

Experience:

With assets of \$92 billion, KeyCorp is one of the largest financial services organizations in the country. A highly specialized team of professionals dedicated to the public sector provides committed credit facilities to local governments in Oregon and nationwide.

Mark M. Farrell will be the City's primary contact for structuring the Bond. Mr. Farrell joined KeyCorp in 1997 to launch the Public Sector Group's activity in Oregon. His banking experience began in 1986 and includes diverse positions in public and corporate finance, in both the Oregon and New York markets. Included in *Who's Who in the West* and in *Who's Who in Finance and Industry*, Mr. Farrell holds an M.B.A. from Columbia University and a Ph.D. from the University of North Carolina at Chapel Hill. His securities licenses have included Series 7 and 63.

Mr. Farrell is a member of the Oregon Municipal Finance Officers Association and the Oregon Association of County Treasurers and Finance Officers, and serves on each organization's Education Committee. He is also a member of the Oregon Association of School Business Officials and the Special Districts Association of Oregon. Mr. Farrell has addressed many public sector conferences, and has also been a successful fundraiser for United Way and for the Oregon Independent College Foundation.

General

References:

City of Gresham
Terry McCall, Finance Director
1333 N.W. Eastman Parkway
Gresham, Oregon 97030
(503) 618-2372
\$8,400,000 Taxable Revolving Line of Credit, Series 2005

City of Portland
Eric Johansen, Debt Manager
1221 S.W. Fourth Avenue, Room 120
Portland, Oregon 97204
(503) 823-6851
\$11,050,000 Tax-Exempt Non-Revolving Line of Credit, Series 2005 (Streetcar Gibbs Extension Project)
\$13,500,000 Tax-Exempt Non-Revolving Line of Credit, Series 2002 (Portland Office of Transportation Projects)
\$4,300,000 Tax-Exempt Non-Revolving Line of Credit, Series 1998 (4th and Yamhill Parking Garage)
\$3,200,000 Tax-Exempt Non-Revolving Line of Credit, Series 1997 (Street Maintenance Facilities)
\$12,125,000 Tax-Exempt Revolving Line of Credit, Series 1997 (Local Improvement District Interim Financing Program)
\$7,875,000 Tax-Exempt Non-Revolving Line of Credit, Series 1997 (Capital Projects)

State of Oregon Department of Veterans' Affairs
Bruce Shriver, Chief Financial Officer
700 Summer Street, N.E.
Salem, Oregon 97301
(503) 373-2268

\$45,000,000 Full Faith and Credit Revolving Line of Credit, Series 2006

\$30,000,000 Full Faith and Credit Revolving Line of Credit, Series 2005

\$30,000,000 Full Faith and Credit Taxable Revolving Line of Credit, Series 2004

\$30,000,000 Full Faith and Credit Taxable Revolving Line of Credit, Series 2001

* * * * *

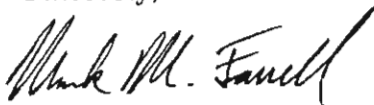
This letter is not a commitment to lend or otherwise to advance funds. Such commitment can be given only pursuant to KeyBank's complete due diligence and receipt of documentation satisfactory in form and content to KeyBank.

The terms proposed herein lapse at 5:00 p.m. on Friday, April 6, 2007, unless extended by mutual agreement. This proposal is based on the assumption of Bond closing on May 22, 2007, but subject to adjustment to meet the City's schedule; for example, assuming KeyBank's receipt of all supporting documents by April 6, 2007, arranging Bond closing by late April should be feasible.

I appreciate your considering KeyBank for the City's financial needs. Please do not hesitate to contact me, should you have any questions concerning this proposal.

Under Oregon law, most agreements, promises and commitments made by KeyBank after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by KeyBank to be enforceable.

Sincerely,



cc (by e-mail): Jonas Biery
Regional Financial Advisors, Inc.
jbiery@earthlink.net

Attachment: IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING ACCOUNTS AT KEY

Exhibit A

City of Lincoln City, Oregon
 General Obligation Water Bond, Series 2007

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Interest	Total P+
6/1/2007	-	-	4,190.00	4,190.00
12/1/2007	260,000.00	4.19%	83,800.00	343,800.00
6/1/2008	-	-	78,353.00	78,353.00
12/1/2008	270,000.00	4.19%	78,353.00	348,353.00
6/1/2009	-	-	72,696.50	72,696.50
12/1/2009	285,000.00	4.19%	72,696.50	357,696.50
6/1/2010	-	-	66,725.75	66,725.75
12/1/2010	295,000.00	4.19%	66,725.75	361,725.75
6/1/2011	-	-	60,545.50	60,545.50
12/1/2011	310,000.00	4.19%	60,545.50	370,545.50
6/1/2012	-	-	54,051.00	54,051.00
12/1/2012	325,000.00	4.19%	54,051.00	379,051.00
6/1/2013	-	-	47,242.25	47,242.25
12/1/2013	340,000.00	4.19%	47,242.25	387,242.25
6/1/2014	-	-	40,119.25	40,119.25
12/1/2014	350,000.00	4.19%	40,119.25	390,119.25
6/1/2015	-	-	32,786.75	32,786.75
12/1/2015	365,000.00	4.19%	32,786.75	397,786.75
6/1/2016	-	-	25,140.00	25,140.00
12/1/2016	385,000.00	4.19%	25,140.00	410,140.00
6/1/2017	-	-	17,074.25	17,074.25
12/1/2017	400,000.00	4.19%	17,074.25	417,074.25
6/1/2018	-	-	8,694.25	8,694.25
12/1/2018	415,000.00	4.19%	8,694.25	423,694.25
Total	4,000,000.00	-	1,094,847.00	5,094,847.00

YIELD STATISTICS

Bond Year Dollars.....	\$26,130.00
Average Life.....	6.533 Years
Average Coupon.....	4.19%
Net Interest Cost (NIC).....	4.20%
True Interest Cost (TIC).....	4.20%
Bond Yield for Arbitrage Purposes.....	4.20%
All Inclusive Cost (AIC).....	4.20%
IRS FORM 8038	
Net Interest Cost.....	4.20%
Weighted Average Maturity.....	6.533 Years

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING ACCOUNTS AT KEY

To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each customer who opens an account. Therefore, all new and existing customers are subject to the identity verification requirements.

When a customer opens an account with any entity within the KeyCorp family of companies, we will ask for the customer's name, address and identification number, and, in the case of an individual, his or her date of birth. For business accounts, we may also obtain this information for individuals associated with the business. We may also request to see a driver's license or other identifying documents. In all cases, Key is committed to protecting the privacy and identity of each of its customers.

Public Finance

299 South Main, 5th Floor
 Salt Lake City, Utah 84111
 (801) 246-1733

March 30, 2007

Ron Tierney
 City of Lincoln City
 P.O. Box 50, 801 Highway 101
 Lincoln City, OR 97367

Jonas Biery
 Regional Financial Advisors, Inc.
 733 SW Vista Avenue
 Portland, OR 97205

RE: Lincoln City, OR \$4,000,000 General Obligation Bonds, Series 2007

PROPOSAL

The Public Finance Division of Wells Fargo Brokerage Services., LLC is pleased to submit the following tax-exempt financing proposal for your consideration:

Issuer	Lincoln City, Oregon
Purchaser	Wells Fargo Brokerage Services, LLC
Project	Purchase assignment of water rights, construction of water related infrastructure
Amount Financed	\$4,000,000
Anticipated Funding Date	May 22, 2007
Financing Type	General Obligation Bonds
Term	12-year period ending 12/1/2018
Payments	Annual Principal due each December 1, beginning 12/1/07 and Semi-Annual Interest due each December 1 and June 1, beginning 12/1/07 (A quarterly payment schedule would be ok – no changes to fees or rates)
Interest Rates	4.15% for a term bond maturing 12/1/2012 4.37% for a term bond maturing 12/1/2018
Quote Duration	The proposed interest rates listed above are firm quotes if this proposal is accepted by Issuer by April 10, 2007, subject to Purchaser's credit committee approval. Interest rates would lock in as soon as credit

	approval is received. The rates would remain firm until the scheduled May 22, 2007 closing date. Thereafter, rates are subject to change. Until credit approval is received, this does not represent a commitment to lend.
Prepayment	Callable in full on any date at the Call Price as listed on the attached Proposed Debt Service Schedule.
Mandatory Principal Payments	Proposed two term bonds would require annual mandatory principal payments, as described in the attached Proposed Debt Service Schedule.
Closing Fees	\$1,000
Bank-Qualified	Yes
Bond Counsel	Kirkpatrick & Lockhart Preston Gates Ellis LLP
Credit Information	Two years audited financials, last three years tax assessment values. Credit approval process should take less than one week.
Reporting	Annual Audited Financial Statements within 6 months of fiscal year-end.
Bond Purchase Agreement	As prepared by Bond Counsel
Assignment	Purchaser will assign an interest to the bonds only to accredited investors. Bonds would remain in the registered name of the Purchaser. The Issuer would send debt service payments to the Purchaser. Please note that no Official Statement will be prepared.
Paying Agent	I assume that Lincoln City will act as its own paying agent – Purchaser will send a reminder notice of payment due.

Sincerely,

Tye Burgess
Vice President
Wells Fargo Brokerage Services, LLC
Public Finance (801) 246-1733

- *Wells Fargo Public Finance (WFPF) bankers are registered representatives of Wells Fargo Brokerage Services, LLC or Wells Fargo Institutional Securities, LLC, brokerage affiliates of Wells Fargo & Company and members of the NASD and SIPC. Non-deposit investment products offered by brokerage and bank affiliates are not FDIC insured, are subject to investment risk, including loss of principal, and are not guaranteed by a bank.*

LINCOLN CITY, OREGON
GENERAL OBLIGATION BONDS, SERIES 2007

\$1,740,000 Term Bond due December 1, 2012 @4.15% fixed rate with annual principal mandatory payments
 \$2,260,000 Term Bond due December 1, 2018 @4.37% fixed rate with annual principal mandatory payments

Proposed Debt Service Schedule

Pmt	Payment Due Date	Principal Payment Due	Interest Payment Due	Total Payment Due	Fiscal Year Debt Service	Call Price
	May 22, 2007					
1	Dec 1, 2007	\$255,000.00	\$89,760.30	\$344,760.30		101.0%
2	Jun 1, 2008		\$80,194.75	\$80,194.75	\$424,955.05	101.0%
3	Dec 1, 2008	\$270,000.00	\$80,194.75	\$350,194.75		100.9%
4	Jun 1, 2009		\$74,592.25	\$74,592.25	\$424,787.00	100.9%
5	Dec 1, 2009	\$285,000.00	\$74,592.25	\$359,592.25		100.8%
6	Jun 1, 2010		\$68,678.50	\$68,678.50	\$428,270.75	100.8%
7	Dec 1, 2010	\$295,000.00	\$68,678.50	\$363,678.50		100.7%
8	Jun 1, 2011		\$62,557.25	\$62,557.25	\$426,235.75	100.7%
9	Dec 1, 2011	\$310,000.00	\$62,557.25	\$372,557.25		100.6%
10	Jun 1, 2012		\$56,124.75	\$56,124.75	\$428,682.00	100.6%
11	Dec 1, 2012	\$325,000.00	\$56,124.75	\$381,124.75		100.5%
12	Jun 1, 2013		\$49,381.00	\$49,381.00	\$430,505.75	100.5%
13	Dec 1, 2013	\$335,000.00	\$49,381.00	\$384,381.00		100.4%
14	Jun 1, 2014		\$42,061.25	\$42,061.25	\$426,442.25	100.4%
15	Dec 1, 2014	\$350,000.00	\$42,061.25	\$392,061.25		100.4%
16	Jun 1, 2015		\$34,413.75	\$34,413.75	\$426,475.00	100.3%
17	Dec 1, 2015	\$370,000.00	\$34,413.75	\$404,413.75		100.3%
18	Jun 1, 2016		\$26,329.25	\$26,329.25	\$430,743.00	100.0%
19	Dec 1, 2016	\$385,000.00	\$26,329.25	\$411,329.25		100.0%
20	Jun 1, 2017		\$17,917.00	\$17,917.00	\$429,246.25	100.0%
21	Dec 1, 2017	\$400,000.00	\$17,917.00	\$417,917.00		100.0%
22	Jun 1, 2018		\$9,177.00	\$9,177.00	\$427,094.00	100.0%
23	Dec 1, 2018	\$420,000.00	\$9,177.00	\$429,177.00	\$429,177.00	
Total:		\$4,000,000.00	\$1,132,613.80	\$5,132,613.80	\$5,132,613.80	

BOND PURCHASE AGREEMENT

U.S. Bank National Association ("Bank") enters into this Bond Purchase Agreement with City of Lincoln City, Lincoln County, Oregon ("The City") upon the terms and conditions described below.

1. Definitions

For purposes of this Bond Purchase Agreement, the capitalized terms shall have the respective meanings as set forth in the City's Resolution No. 2007-13, adopted March 12, 2007 ("Resolution") and the City's Bond Declaration dated June 28, 2007 (the "Bond Declaration").

2. Recitals

The Bank has expressed interest in purchasing the General Obligation Water Bond, Series 2007 (the "2007 Bond"). The City has adopted the Resolution, which is acceptable to the Bank. The Resolution authorizes execution and delivery of this Bond Purchase Agreement and the 2007 Bond.

3. Purchase Agreement

- 3.1 The Bank hereby agrees to purchase the 2007 Bond in the principal amount of \$4,000,000 at par, plus accrued interest if any, subject to the terms and conditions contained in this Bond Purchase Agreement.
- 3.2 The 2007 Bond, shall be issued as a fully amortizing, term debt issuance with interest, calculated on a 30/360-day basis, payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2007 at a fixed Rate of 3.95% on a Bank Qualified Tax Exempt basis. Principal payments will be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2007. Each quarterly principal and interest payment will be \$108,299.40.

4. Allowed Prepayment

- 4.1 Allowed Prepayments without Prepayment Fee. Notwithstanding any other prepayment limitations in this Bond Purchase Agreement, during the 12 month period beginning June 28, 2007 and during each 12-month period thereafter beginning the same date of the same month, the City may prepay an amount totaling in the aggregate up to 20% of the face principal amount of this Note without paying a prepayment fee. The City may not prepay any amount in excess of the stated percentage in any said 12-month period. Prepayments within the stated percentage are not subject to the Bank \$100,000 prepayment restriction.
- 4.2 Prepayment in excess of the 20% annual limitation is not permitted.

5. Security for Bond Purchase Agreement

The City shall provide Security for the 2007 Bond as set forth in the City's Resolution No. 2007-13, Section 3 and the City's Bond Declaration, Section 3 dated June 28, 2007.

6. Closing

The Bank shall purchase the 2007 Bond on June 28, 2007 upon execution by the City of this Bond Purchase Agreement, the 2007 Bond, and upon satisfaction of the conditions specified in Section 12 below.

7. Tax Covenants

The City shall provide and maintain the tax exemption provisions for the 2007 Bond as set forth in Section 2(F) and Section 4 of the City's Resolution No.2007-13 and Section 4 of the City's Bond Declaration.

8. Default

If an Event of Default occurs, as defined in Section 7(1) of the City's Bond Declaration, the Bank may exercise any remedy available at law or in equity. However, this Bond Purchase Agreement and the Bond Payments shall not be subject to acceleration. No remedy shall be exclusive.

9. Fees, Costs and Expenses

- 9.1 **Origination Fee.** The City agrees to pay the Bank an origination fee of \$4,000 at the closing of the Bond Purchase Agreement.
- 9.2 **Bank's Costs of Enforcement.** If the Bank incurs any expenses in connection with enforcing this Bond Purchase Agreement, the 2007 Bond, the Resolution, or if the Bank takes collection action under this Bond Purchase Agreement, the 2007 Bond, the Resolution, the City shall pay to the Bank, on demand, the Bank's reasonable costs and reasonable attorneys' fees and expenses, whether in arbitration, at trial, on appeal or otherwise, including any allocated costs of in-house counsel.
- 9.3 **Other Fees and Costs.** The City shall pay the fees and costs of Bond Counsel, and any other expenses and costs which the City incurs in connection with this Bond Purchase Agreement. The Bank shall pay all of the out-of-pocket expenses of the Bank and Bank's counsel, including travel and other expenses.

10. Representations, Warranties and Agreements of the Agency

By executing this Bond Purchase Agreement in the space provided below, and delivering the 2007 Bond to the Bank, the City represents and warrants to, and agrees with the Bank on the date of delivery of the 2007 Bond to the Bank that:

- 10.1 The City is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Bond Purchase Agreement and perform its duties under the Resolution and this Bond Purchase Agreement, and that the Resolution, this Bond Purchase Agreement, and the 2007 Bond will, when executed by an City Official, constitute legal, valid and binding obligations of the City which are enforceable in accordance with their terms.
- 10.2 The acceptance of this Bond Purchase Agreement, the adoption of the Resolution, and the execution and delivery of the 2007 Bond will not conflict in any material respect with, or constitute a material breach of or default under, any law, charter provision, court decree, administrative regulation, resolution, ordinance or other agreement to which the City is a party or by which it is bound.
- 10.3 There is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the acceptance of this Bond Purchase Agreement, the adoption of the Resolution, or the execution and delivery of the 2007 Bond, or the collection and application of the funds as contemplated by the Resolution and this Bond Purchase Agreement, which, in the reasonable judgement of the City, would have a material and adverse effect on the ability of the City to pay the amounts due on the 2007 Bond, the Resolution and in this Bond Purchase Agreement.
- 10.4 To the extent permitted by law, the City agrees to indemnify and hold harmless the Bank and all of its agents and employees against any and all losses, claims, damages, liabilities and expenses arising out of any written statement or representation made by the City to the Bank, its agents or employees, which relates to this Bond Purchase Agreement, the 2007 Bond, the City, the general obligation projects to be completed as identified in the City's Resolution, and which was untrue or incorrect in any material respect when made or delivered.

11. Financial Statements; Notice of Adverse Developments; Budgets

- 11.1 Within 210 days after the end of each of its Fiscal Years, the City shall provide the Bank with a copy of each of the City's final, annual audited financial statements while any amounts remain outstanding under the 2007 Bond.
- 11.2 The City shall notify the Bank promptly of any development which is likely to have a material, adverse effect on the financial condition of the City.
- 11.3 The City shall provide the Bank with each final, proposed budget which is prepared, and each budget which is adopted, within 45 days after proposal or adoption, while any amounts remain outstanding under the 2007 Bond.
- 11.4 The City shall give prompt notice to the Bank of (i) any litigation or proceeding in which it is a party if an adverse decision would require it to pay more than \$100,000.00, or deliver assets the value of which exceeds \$100,000.00, in excess of the amounts that the claim is

considered by the City to be covered by insurance; and (ii) the existence of any substantial dispute with any governmental authority or law enforcement authority.

12. Conditions to the Obligations of the Bank

12.1 The Bank may refuse to purchase the 2007 Bond under this Bond Purchase Agreement, unless, on or prior to the date of closing, the Bank shall have received:

12.1.1 a certified copy of the duly authorized Resolution No. 2007-13, dated March 12, 2007 adopted by the City of Lincoln City, Lincoln County, Oregon, a signed original of this Bond Purchase Agreement, a certified copy of the duly authorized City's Bond Declaration dated June 28, 2007 and the 2007 Bond.

12.1.2 an opinion of bond counsel to the effect that:

12.1.2.1 the Resolution, the Bond Purchase Agreement, and the 2007 Bond are valid and legally binding obligations of the City, enforceable against the City in accordance with their terms,

12.1.2.2 the interest payable on the 2007 Bond is excludable from gross income under the Code, and

12.1.2.3 the 2007 Bond is not a "private activity bond" within the meaning of Section 141 of the Code;

12.1.2.4 the 2007 Bond has been designated as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code.

12.1.3 the certificate of the City Official of the City to the effect that:

12.1.3.1 there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the adoption of the Resolution and the Bond Declaration or the execution and delivery of this Bond Purchase Agreement, the 2007 Bond, or the collection and application of funds as contemplated by this Bond Purchase Agreement, the 2007 Bond, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under the Bond, and

12.1.3.2 the adoption of the Resolution and the Bond Declaration and the execution and delivery of this Bond Purchase Agreement, the 2007 Bond do not and will not conflict in any material respect with or constitute on the part of the City a breach of or default under any law, charter provision, court decree, administrative regulation, resolution, ordinance or other agreement or instrument to which the City is a party or by which it is bound;

12.1.4 a copy of the City's audited financial statements for the past three years; and

12.1.5 such additional legal opinions, certificates, proceedings, instruments or other documents as the Bank, its counsel or the City's Bond Counsel may reasonably request to evidence compliance by the City with the legal requirements for execution and delivery of this Bond Purchase Agreement, the 2007 Bond and the due performance or satisfaction by the City of all agreements then to be performed and all conditions then to be satisfied by the City.

13. Waiver of Jury Trial to the extent permitted by law,

This Section concerns the resolution of any controversies or claims between the City and the Bank, including but not limited to those that arise from:

- (1) This Bond Purchase Agreement;
- (2) The Resolution, the 2007 Bond, or any document, agreement or procedure related to or delivered in connection with this Bond Purchase Agreement;
- (3) Any violation of this Bond Purchase Agreement; or
- (4) Any claims for damages resulting from any business conducted between the City and the Bank relating to this Bond Purchase Agreement, including claims for injury to persons, property or business interest (torts).

The City and the Bank each waive their respective rights to a trial by jury of any claim or cause of action based upon or arising out of or related to this agreement, any other document delivered in connection herewith, or the transactions contemplated hereby or in any action, proceeding or other litigation of any type brought by any of the parties against any other party or any related person, participant or assignee whether with respect to contract claims, tort claims, or otherwise. To the full extent permitted by law, the City and the Bank each further agree that any such claim or cause of action shall be tried in a court without jury and waive trial by jury in any action respecting this agreement or any of the related documents without limiting the foregoing, to the extent permitted by law, the parties further agree that their respective right to a trial by jury is waived by operation of this section as to any action, counterclaim or other proceeding which seeks, in whole or in part, to challenge the validity or enforceability of this agreement or any other document delivered in connection herewith or any provision hereof or thereof. This waiver shall apply to any subsequent amendments, renewals, supplements or modifications to this agreement and any other documents delivered in connection therewith.

14. Notices

Any notices required to be given pursuant to this Bond Purchase Agreement shall be given to the following addresses:

City: City of Lincoln City, Lincoln County, Oregon
PO Box 50 (733 SW Highway 101)
Lincoln City, Oregon 97367
Attn.: Finance Director

Bank: U.S. Bank National Association
111 S.W. Fifth Avenue, Suite 550
Portland, Oregon 97204
Attn.: Government Banking - Credit (PD-OR-T5GB)

15. Assignment; Survival; Bond Purchase Agreement Constitutes Contract

- 15.1 This Bond Purchase Agreement may not be assigned by the City or the Bank. All representations, warranties and agreements contained in this Bond Purchase Agreement shall survive the execution, delivery and payment of the 2007 Bond. This Bond Purchase Agreement and the 2007 Bond shall constitute a contract between the City and the Bank. The Bank's extension of credit hereunder is expressly made in reliance on such contract.
- 15.2 Bank may not transfer all or any portion of the 2007 Bond to any other owner unless:
- (i) Bank prepares, or causes to be prepared at its own cost and expense, such financial and other disclosure materials as would have been prepared and delivered if the initial sale of the 2007 Bonds had been accomplished pursuant to a public sale of such obligations; and
 - (ii) Bank obtains the City's prior written consent to such materials prior to any distribution or other use of such materials, which consent may be withheld in City's sole discretion;
- provided, however, that Bank may transfer or assign the 2007 Bonds to a successor entity arising from a merger, consolidation or other reorganization.

16. Applicable Law

This Bond Purchase Agreement shall be governed and interpreted in accordance with the laws of the State of Oregon.

17. Severability and Waivers

If any part of this Bond Purchase Agreement is not enforceable, the rest of the Bond Purchase Agreement may be enforced. The Bank retains all rights, even if the Bank makes a loan after default. If the Bank waives a default, it may enforce a later default. Any consent or waiver under this Bond Purchase Agreement must be in writing.

18. Counterparts

This Bond Purchase Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

Under Oregon law, most agreements, promises and commitments made by the Bank after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by us to be enforceable.

DATED this 28th day of June, 2007.

U.S. BANK NATIONAL ASSOCIATION

By: 
Authorized Officer

CITY OF LINCOLN CITY, LINCOLN COUNTY, OREGON

By: 
City Official *Financial Planner*

BOND DECLARATION

City of Lincoln City, Oregon

General Obligation Water Bond Series 2007

Executed on behalf of the City of Lincoln City, Oregon

As of this 28th day of June, 2007

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<i>Section 4.</i>	<i>Tax Covenants.</i>	<i>2</i>
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Appendix A Bond Form - Book-Entry-Only

BOND DECLARATION

THIS BOND DECLARATION is executed as of June 28, 2007, on behalf of the City of Lincoln City, Oregon by its Financial Planner, acting as the "City Official" pursuant to City Resolution No. 2007-13 which was adopted by the City Council on March 12, 2007. That resolution authorizes the City Official to sell and issue the City's General Obligation Water Bond, Series 2007 and enter into related documents.

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

"2007 Bond" means the City's General Obligation Water Bond, Series 2007, that is described in Section 2 of this Bond Declaration.

"Bond Declaration" means this Bond Declaration, including any amendments made in accordance with Section 5 of this Bond Declaration.

"Business Day" means any day except a Saturday, a Sunday, a legal holiday, a day on which the Paying Agent or offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

"City Official" means the City Manager, the Financial Planner, the Finance Director, or the person designated by the City Manager to act on behalf of the City pursuant to this Bond Declaration.

"City" means the City of Lincoln City, Oregon.

"Code" means the Internal Revenue Code of 1986, as amended.

"Event of Default" refers to an Event of Default listed in Section 7(1) of this Bond Declaration.

"Government Obligations" means direct noncallable obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

"Outstanding" refers to any portion of the 2007 Bond except amounts that have been paid, canceled, or defeased pursuant to Section 8 of this Declaration.

"Owner" means U.S. Bank National Association, the initial purchaser of the 2007 Bond, and its successors and assigns.

"Qualified Consultant" means an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the analysis of defeasance escrows, who is selected by the City.

“Resolution” means City Resolution No. 2007-13 which was adopted by the City Council on March 12, 2007, and which authorizes the execution of the 2007 Bond and related documents.

Section 2. 2007 Bond Authorized.

- (1) Pursuant to an approving vote of the people of the City held on November 7, 2000, and the Resolution the City hereby authorizes the issuance, sale and delivery of its General Obligation Water Bond, Series 2007, in accordance with this Bond Declaration and in a principal amount of \$4,000,000. The 2007 Bond shall be dated June 28, 2007, shall be payable quarterly on the first days of March, June, September and December of each year, commencing September 1, 2007 and ending on December 1, 2018, in equal installments of principal and interest in the amount of \$108,299.40.
- (2) Bond proceeds shall be used to pay costs of capital construction and improvements consisting of the purchase Drift Creek water rights and finance related facilities as provided in the ballot approved by the City’s voters on November 7, 2000, that authorized the 2007 Bond.

Section 3. Security for 2007 Bond.

- (1) The 2007 Bond shall be general obligations of the City. The City hereby pledges its full faith and credit to pay the 2007 Bond, and the City covenants for the benefit of the Owner that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article IX of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering water system revenues that the City Council makes available to pay the 2007 Bond and expected discounts and delinquencies in the payment of those ad valorem taxes , to pay the 2007 Bond when due.
- (2) This Bond Declaration shall constitute a contract with the Owner of the 2007 Bond.

Section 4. Tax Covenants.

- (1) The City covenants with the owners of the 2007 Bond to use the proceeds of the 2007 Bond and to otherwise comply with the provisions of the Code so that interest paid on the 2007 Bond will not be includable in gross income of the Owners. The City specifically covenants:
 - (A) to comply with the "arbitrage" provisions of Section 148 of the Code, and pay any amounts due to the United States on the gross proceeds of the 2007 Bond;
 - (B) to operate the facilities which were financed with the proceeds of the 2007 Bond so that the 2007 Bond is not a "private activity bond" under Section 141 of the Code.
- (2) The City hereby designates the Bond as a “qualified tax-exempt obligation” pursuant to Section 265(b) of the Code. The City’s urban renewal agency issued \$5,000,000 of tax exempt obligations during calendar year 2007. The City has only issued the Bond during

calendar year 2007. Neither the City, its urban renewal agency or any other subordinate entities of the City expect to issue any additional tax-exempt obligations during calendar year 2007.

Section 5. Redemption of 2007 Bond.

- (1) The City reserves the right to redeem up to \$800,000 in principal amount of the 2007 Bond each fiscal year, without premium or penalty, by giving notice to the Owner at least two Business Days before the date of redemption, and by paying the Owner the principal amount to be redeemed plus accrued interest on the redemption date.

Section 6. Amendment of Declaration.

The City may amend this Declaration only with the prior written consent of the Owner.

Section 7. Default and Remedies.

- (1) The occurrence of one or more of the following shall constitute a Event of Default under this Declaration:
 - (A) Failure by the City to pay 2007 Bond principal or interest when due (whether at maturity, or upon redemption after a Bond has been properly called for redemption);
 - (B) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owner of the 2007 Bond, for a period of 60 days after written notice to the City by the Owner of the 2007 Bond specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 7(1)(B); or,
 - (C) The City is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.
- (2) The Owner of the 2007 Bond may waive any Event of Default and its consequences.
- (3) Upon the occurrence and continuance of any Event of Default hereunder the Owner of the 2007 Bond may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owner of the 2007 Bond, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Declaration or in aid of the exercise of any power granted in this Declaration or for the enforcement of any other legal or equitable right vested in the

Owner of the 2007 Bond by this Declaration or by law. However, the 2007 Bond shall not be subject to acceleration.

- (4) No remedy in this Declaration conferred upon or reserved to Owner of the 2007 Bond is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owner of the 2007 Bond to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Declaration or by law.

Section 8. Defeasance.

The City shall be obligated to pay the amount of the 2007 Bond that is defeased pursuant to this Section solely from the money and Government Obligations deposited with the escrow agent or trustee, and the City shall have no further obligation to pay the defeased portion of the 2007 Bond from any source except the amounts deposited in the escrow. Any principal amount of the 2007 Bond will be deemed defeased if the City:

- (1) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient, without reinvestment, for the payment of the principal amount of the 2007 Bond to be defeased plus accrued interest on that principal amount through the date that principal amount will be paid; and
- (2) files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the principal amount of the 2007 Bond to be defeased plus accrued interest on that principal amount through the date that principal amount will be paid; and
- (3) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest component of the 2007 Bond to be includable in gross income under the Code;

Section 9. Form.

The 2007 Bond shall be issued in substantially the form attached to this Declaration as Appendix A, with any changes that are approved by a City Official. The Bond shall be executed on behalf of the City with the manual signature of a City Official.

Section 10. Rules of Construction.

In determining the meaning of provisions of this Bond Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

- (1) References to section numbers shall be construed as references to sections of this Bond Declaration.
- (2) References to one gender shall include all genders.
- (3) References to the singular shall include the plural, and references to the plural shall include the singular.

[The remainder of this page is left blank intentionally.]

Dated as of this 28th day of June, 2007.

City of Lincoln City, Oregon

By: 
Ron Tierney, Financial Planner

Appendix A

Form of Bond

No. 1

\$4,000,000

United States of America
State of Oregon
County of Lincoln
City of Lincoln City
General Obligation Water Bond
Series 2007

The City of Lincoln City, Oregon, (the "City"), for value received acknowledges itself indebted and hereby promises to pay to the order of U.S. Bank N.A., its successors and assigns (the "Owner"), the principal amount of FOUR MILLION DOLLARS (\$4,000,000), plus interest at the rate of Three and Ninety-five Hundredths Percent (3.95%), in forty-six (46) quarterly installments of \$108,299.40, commencing on September 1, 2007 and ending on December 1, 2018. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The City reserves the right to redeem up to \$800,000 in principal amount of the 2007 Bond each fiscal year, without premium or penalty, by giving notice to the Owner at least two Business Days before the date of redemption, and by paying the Owner the principal amount to be redeemed plus accrued interest on the redemption date.

This 2007 Bond is issued to finance costs of capital construction and improvements consisting of the purchase Drift Creek water rights and finance related facilities as provided in the ballot approved by the City's voters on November 7, 2000, that authorized the 2007 Bond. This bond is issued under and pursuant to an authorizing vote of the citizens of Lincoln City, Oregon, that was held on November 7, 2000, the City's Resolution No. 2007-13 adopted on March 12, 2007, and a Bond Declaration dated June 28, 2007, in full and strict accordance and compliance with all of the provisions of the Oregon Constitution, Statutes of the State of Oregon and Charter of the City.

This 2007 Bond is a general obligation of the City. The City has pledged its full faith and credit for the punctual payment of the principal of and interest on this 2007 Bond. The City has pledged its full faith and credit to pay this 2007 Bond, and the City covenants for the benefit of the Owner that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article IX of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering water system revenues that the City Council makes available to pay this 2007 Bond and expected discounts and delinquencies in the payment of those ad valorem taxes, to pay the 2007 Bond when due. This bond is not a debt or indebtedness of Lincoln County, the State of Oregon, or any political subdivision thereof other than the City.

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 that this 2007 Bond and all other obligations of such City, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the City Council has caused this 2007 Bond to be signed by facsimile signature of its Mayor and attested by the manual signature of its City Official as of the 28th day of June, 2007.

City of Lincoln City, Oregon

Lori Hollingsworth, Mayor

[insert facsimile signature]

Kathy Steere, City Recorder

[insert facsimile signature]

ATTEST:

Ron Tierney, Financial Planner

UNITED STATES OF AMERICA
STATE OF OREGON
COUNTY OF LINCOLN
CITY OF LINCOLN CITY
GENERAL OBLIGATION WATER BOND
SERIES 2007

The City of Lincoln City, Oregon, (the "City"), for value received acknowledges itself indebted and hereby promises to pay to the order of U.S. Bank National Association, its successors and assigns (the "Owner"), the principal amount of FOUR MILLION DOLLARS (\$4,000,000), plus interest at the rate of Three and Ninety-five Hundredths Percent (3.95%), in forty-six (46) quarterly installments of \$108,299.40, commencing on September 1, 2007 and ending on December 1, 2018. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

The City reserves the right to redeem up to \$800,000 in principal amount of the 2007 Bond each fiscal year, without premium or penalty, by giving notice to the Owner at least two Business Days before the date of redemption, and by paying the Owner the principal amount to be redeemed plus accrued interest on the redemption date.

This 2007 Bond is issued to finance costs of capital construction and improvements consisting of the purchase Drift Creek water rights and finance related facilities as provided in the ballot approved by the City's voters on November 7, 2000, that authorized the 2007 Bond. This bond is issued under and pursuant to an authorizing vote of the citizens of Lincoln City, Oregon, that was held on November 7, 2000, the City's Resolution No. 2007-13 adopted on March 12, 2007 (the "Resolution"), and a Bond Declaration dated June 28, 2007, in full and strict accordance and compliance with all of the provisions of the Oregon Constitution, Statutes of the State of Oregon and Charter of the City.

This 2007 Bond is a general obligation of the City. The City has pledged its full faith and credit for the punctual payment of the principal of and interest on this 2007 Bond. The City has pledged its full faith and credit to pay this 2007 Bond, and the City covenants for the benefit of the Owner that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article IX of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering water system revenues that the City Council makes available to pay this 2007 Bond and expected discounts and delinquencies in the payment of those ad valorem taxes, to pay the 2007 Bond when due. This bond is not a debt or indebtedness of Lincoln County, the State of Oregon, or any political subdivision thereof other than the City.

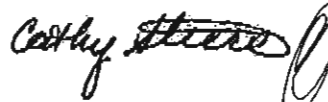
IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; and that this 2007 Bond and all other obligations of such City, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the City Council has caused this 2007 Bond to be signed by facsimile signatures of its Mayor and City Recorder, and attested by the manual signature of its Financial Planner, an authorized City Official under the Resolution, as of the 28th day of June, 2007.

City of Lincoln City, Oregon



Lori Hollingsworth, Mayor



Cathy Steere, City Recorder

ATTEST:



Ron Tierney, Financial Planner

Specimen

Lincoln City City Council
Council Chambers, City Hall

August 28, 2000
Page 1

1 I CALL TO ORDER

2
3 Mayor Holden called the City Council meeting of August 28, 2000, to order at 7:00 p.m.

4
5 II. ROLL CALL

6
7 Council members present were: Marcia Burdette, Robert Derr, Lori Hollingsworth, Dave
8 Humphrey, Peggy Preisz, Wes Ryan, and Mayor Holden.

9
10 Staff members present were: City Manager David Hawker, City Attorney Chris Thomas,
11 Planning & Community Development Director Richard Townsend; City Planner Martha Spencer;
12 Finance Director Ron Tierney; Police Chief Doris Conley; Public Works Director Jay Heck, and
13 City Recorder Oneita McCalman.

14
15 III. INVOCATION - Pastor Dave Albanese, Assembly of God

16
17 Invocation as given by Pastor Albanese.

18
19 IV. PLEDGE OF ALLEGIANCE

20
21 Mayor Holden led the Pledge of Allegiance.

22
23 V. MINUTES: None

24
25 VI. COMMENTS FROM CITIZENS PRESENT - AGENDA/NON-AGENDA ITEMS

26
27 Merilyn Webb, 1637 NE Oar Ave. requested that a "limited sight" sign be installed on NE Oar
28 Ave. near the NE 14th Street intersection.

29
30 VII. SPECIAL ORDER OF BUSINESS

- 31
32 A. Appointment to Transient Room Tax Committee - 1 vacancy (No applicants)
33 B. Lease Extension & Assignment - Lincoln City Career Tech High School

34
35 Ms. Hollingsworth moved and Mr. Ryan seconded to approve a 90-day lease extension and
36 assignment to Lincoln City Career Tech High School.

37
38 A roll call vote was taken and is as follows: Ms. Burdette-yes; Mr. Derr-yes; Ms.
39 Hollingsworth-yes; Mr. Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes; and Mayor Holden-
40 yes. Motion passed unanimously.

- 41
42 C. Bid Award: SE 32nd Street Realignment
}

Lincoln City City Council
Council Chambers, City Hall

August 28, 2000
Page 2

1 Public Works Director Jay Heck gave a report on the City's and Oregon Department of
2 Transportation's (ODOT) meetings regarding issues of this project. He stated that the City and
3 ODOT has now reached a Memorandum of Understanding, which he then read into the record
4 (copy of which is attached hereto).

5
6 Ms. Burdette moved and Mr. Derr seconded, on behalf of the Contract Review Board, to
7 award the bid for street realignment of SE 32nd Street to Dan Kauffman Excavating for the
8 sum of \$149,147.80, with construction to commence in the spring of 2001.

9
10 Further council discussion followed.

11
12 Councilor Burdette withdrew her motion and Mr. Derr withdrew his second.

13
14 D. Bid Award: SE 19th Street Reservoir Painting Project

15
16 Ms. Hollingsworth moved and Mr. Ryan seconded, on behalf of the Contract Review
17 Board, to award the bid for painting the SE 19th Street Reservoir to the low bidder, S&K
18 Painting, Inc. for the sum of \$140,000, and approve a contract with Cascade Corrosion
19 Consulting Services, Inc. for inspection services on the project for the sum of \$18,500.

20
21 A roll call vote was taken and is as follows: Ms. Hollingsworth-yes; Mr. Humphrey-yes; Ms.
22 Preisz-yes; Mr. Ryan-yes; Ms. Burdette-yes; Mr. Derr-yes; and Mayor Holden-yes. Motion
23 passed unanimously.

24
25 E. Bid Award: Manhole sealing project.

26
27 Ms. Burdette moved and Ms. Hollingsworth seconded, on behalf of the Contract Review
28 Board, to award the bid for the manhole sealing maintenance program to Molecular Inc.
29 for epoxy coating of the manholes for the sum of \$18,000.

30
31 A roll call vote was taken and is as follows: Mr. Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-
32 yes; Ms. Burdette-yes; Mr. Derr-yes; Ms. Hollingsworth-yes; and Mayor Holden-yes.
33 Motion passed unanimously.

34
35 F. Request of Friends of Wildwoods and Trails to declare the "Grandfather Tree", a Sitka
36 Spruce Tree located just north of Regatta Park as an Oregon Heritage Tree

37
38 Ms. Meryl Webb, Board Member of Friends of Wildwoods and Trails, presented a request for
39 the City to declare a Sitka Spruce tree situated just north Regatta Park, locally known as the
40 "Grandfather Tree" as the Lincoln City's "Heritage Tree".

41

Lincoln City City Council
Council Chambers, City Hall

August 28, 2000
Page 3

1 It was the consensus of Council to have staff prepare a resolution declaring the specific Sitka
2 Spruce Tree as Lincoln City's "Heritage Tree" for council's approval at their next regular
3 meeting.

4
5 VIII. DEPARTMENT/COMMITTEE REPORT - None at this time.

6
7 IX. CITY MANAGER'S REPORT

8 A. Visitor & Convention Bureau Budget adjustment discussion

9
10 Mr. Hawker explained a need for additional revenue appropriation of \$40,000 for Lincoln City's
11 Visitor & Convention Bureau's glass float program. A Supplemental Budget Resolution will be
12 presented for Council's approval at its next regular meeting.

13
14 B. City Manager Updates: Mr. Hawker announced that for any person desiring to receive a
15 copy of Council's agendas and minutes can send an e-mail request to oneita@lincolncity.org.

16
17 X. PUBLIC HEARING

18
19 A Public Hearing Regarding Statewide Planning Goals 5 and 17.

20
21 Mayor Holden opened the Public Hearing at 8:00 p.m.

22
23 Ms. Martha Spencer gave the staff report. Mr. Townsend gave a brief explanation of how he
24 developed the Safe Harbor ordinance included in Council's packet.

25
26 PERSONS REQUESTING TO SPEAK:

27
28 Howard Hedrick, Portland, Oregon, owner of two acres on the northeast side of the "D" River,
29 presented written testimony to be included in the record (copy attached).

30
31 Lynn Hermo, 744 NE Lake Dr., a member and Director of Devils Lake Improvement District,
32 stated that the District believe that the significant resource designation are goal compliant if not
33 ideal, it is acceptable. However, protection of the wetlands is not goal compliant.

34
35 Lenny Nelson, 1845 SW Hwy 101, spoke regarding the ocean bluffs and encouraged Council to
36 re-enter them as an aesthetic resource with a 15 foot setback.

37
38 Henry Wolf, 3875 NW Jetty Ave., spoke regarding the effects that Goals 5 and 17 may have on
39 oceanfront residents and supported the Planning Commissions final report and findings.

40
41 Gary Ellingson, Nelscott area resident, asked if the hearing would be closed this evening, and if a
42 person would have another opportunity to speak if the hearing was left open.

Lincoln City City Council
Council Chambers, City Hall

August 28, 2000
Page 4

1 John Skipper, Planning Commissioner member, spoke in support and encouraged Council to
2 adopt the proposed ordinance.

3
4 Mayor Holden then read into the record from Robert Schmeer (copy attached).

5
6 Ms. Hollingsworth referred to a memo to her from Martha Spencer in response to Ms.
7 Hollingsworth inquiry regarding protection of the bluff and riparian zones. (Copy attached)

8
9 **Mr. Ryan moved and Ms. Hollingsworth seconded to continue the public hearing to
10 September 25, 2000.**

11
12 Council discussion followed and Mr. Ryan withdrew his motion and Ms. Hollingsworth withdrew
13 her second.

14
15 **Mr. Ryan then moved and Ms. Hollingsworth seconded to continue the public hearing to
16 the next regular meeting on September 11, 2000. Motion passed 6 yes, 1 no with Mr. Ryan
17 voting no.**

18
19 Mayor Holden recessed the meeting at 9:10 and reconvened at 9:25 p.m.

20
21 **XI. RESOLUTIONS**

22
23 **B. A Resolution Submitting to the Voters at the November 7, 2000 General Election a Ballot
24 Measure Authorizing the City of Lincoln City to Issue Up to \$4 Million in General Obligation
25 Bonds to Purchase Drift Creek Water Rights and Build a Diversion, Pump Station, and Pipeline to
26 Carry That and Other Water From Drift Creek to the City's Treatment Plant, DR #00-20**

27
28 Mr. Thomas presented an explanation, as well as a substitute resolution that spells out in the
29 Ballot Title of K-G-L as Kernville-Gleneden Beach-Lincoln Beach and the other was changing the
30 location of the statement, "A 'Yes' vote on the measure is a vote to increase taxes" which if
31 Ballot Measure 93 passes, the statement will need to be put at the beginning of the Ballot Title.

32
33 It was the consensus of Council to challenge County Elections on the placement of the "increase
34 taxes" statement.

35
36 **Mr. Ryan moved and Ms. Hollingsworth seconded to accept the substitute resolution for
37 replacement of the submitted resolution contained in Council's packet. Motion passed
38 unanimously.**

39
40 **Ms. Burdette moved and Mr. Ryan seconded to approve DR #00-20.**

Lincoln City City Council
Council Chambers, City Hall

August 28, 2000
Page 5

1 **A roll call vote was taken and is as follows: Ms. Burdette-yes; Mr. Derr-yes; Ms.**
2 **Hollingsworth-yes; Mr. Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes; and Mayor Holden-**
3 **yes. Motion passed unanimously.**

4
5 **A. A Resolution of Intent of the City of Lincoln City to Reimburse the City From Bond**
6 **Proceeds for Initial Expenses Incurred for the Purchase of Drift Creek Water Rights and**
7 **Related Water System Improvements, DR #00-19**

8
9 **Ms. Burdette moved and Mr. Ryan seconded to approve DR #00-19.**

10
11 **A roll call vote was taken and is as follows: Mr. Derr-yes; Ms. Hollingsworth-yes; Mr.**
12 **Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes; Ms. Burdette-yes; Mayor Holden-yes.**

13
14 **A roll call vote was taken and is as follows: Mr. Derr-yes; Ms. Hollingsworth-yes; Mr.**
15 **Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes; Ms. Burdette-yes; and Mayor Holden-yes.**
16 **Motion passed unanimously.**

17
18 **C. A Resolution Submitting to the Voters the Question of Amending the Lincoln City**
19 **Charter to the State That of the One Seventh of the Transient Room Tax Net Funds**
20 **Dedicated to Payment of Lincoln Square Bond Debt Service, Any Surplus Over Debt**
21 **Service May Be Used for Lincoln Square Improvements, Renovation, Rehabilitation, and**
2 **Major Maintenance, DR #00-21**

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23
24 **Council discussion followed regarding the wording of the ballot title.**

25
26 **Ms. Burdette moved and Ms. Hollingsworth seconded to substitute the new presented**
27 **Exhibit B with the word "upkeep" contained therein changed to "renovation" and in the**
28 **summary section change the order of the paragraphs . Motion passed unanimously.**

29
30 **Ms. Burdette moved and Ms. Hollingsworth seconded to approve DR #00-21 as amended.**

31
32 **A roll call vote was taken and is as follows: Mr. Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-**
33 **yes; Ms. Burdette-yes; Mr. Derr-yes; Ms. Hollingsworth-yes; and Mayor Holden-yes.**
34 **Motion passed unanimously.**

35
36 **XII. ADDITIONAL COMMENTS FROM CITIZENS PRESENT - None**

37
38 **XIII. ANNOUNCEMENTS OR COMMENTS BY CITY COUNCIL**

39
40 **Ms. Hollingsworth spoke regarding the event "Lincoln City Celebrates Lincoln City" and made a**
41 **motion as follows:**

42

Lincoln City City Council
Council Chambers, City Hall

August 28, 2000
Page 6

1 Ms. Hollingsworth moved to transfer the funds delegated for the purpose of "Lincoln City
2 Celebrates Lincoln City" to assist in the advertising the "Lincoln City Wildlife and
3 Migratory Bird Festival". Mr. Humphrey seconded the motion.
4

5 A roll call vote was taken and is as follows: Ms. Preisz-no; Mr. Ryan-no; Ms. Burdette-no;
6 Mr. Derr-no; Ms. Hollingsworth-yes; Mr. Humphrey-yes; and Mayor Holden-no. Motion
7 failed 5-no, 2 yes.
8

9 Ms. Burdette asked Mr. Thomas regarding the City Manager evaluation issue that was scheduled
10 for Executive Session tonight but cancelled.
11

12 Mr. Thomas explained that in 1994 a City Manager Evaluation procedure was adopted and he
13 would be submitting copies to Council for their reconsideration at their next meeting.
14

15 XIV. ADJOURNMENT
16

17 There being no further business to come before the Council, Mayor Holden adjourned the meeting
18 at 10:04 p.m.
19

20 
21 _____
22 MICHAEL E. HOLDEN, MAYOR

DR 00-19

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RESOLUTION NO. 00 - 19

A RESOLUTION OF INTENT OF THE CITY OF LINCOLN CITY TO REIMBURSE THE CITY FROM BOND PROCEEDS FOR INITIAL EXPENSES INCURRED FOR THE PURCHASE OF DRIFT CREEK WATER RIGHTS AND RELATED WATER SYSTEM IMPROVEMENTS

WHEREAS, on January 30, 1992 the Internal Revenue Service published new regulations in the Federal Register concerning Reimbursement Bonds; and

WHEREAS, the regulations are effective for tax exempt bonds issued after March 2, 1992; and

WHEREAS, the City of Lincoln City intends to issue tax exempt bonds to cover a portion or all of the cost of purchasing Drift Creek Water Rights and building related water system improvements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lincoln City as follows:

Section 1. The City of Lincoln City, "Issuer", reasonably expects to reimburse the expenditures made as described herein with the proceeds of debt to be incurred by the City of Lincoln City, as issuer of bonds.

Section 2. This declaration of official intention is made pursuant to Section 1.103-18 of the Income Tax Regulations promulgated by the United States Department of the Treasury.

Section 3. The expenditures with respect to which the Issuer reasonably expects to be reimbursed from the proceeds of Reimbursement Bonds are for purchasing water rights, design costs, consulting services and other initial expenses for the

Page

1 - RESOLUTION NO. 00 - 19

1 purchase of Drift Creek Water Rights and related water system
2 improvements.

3 PASSED AND APPROVED by the City Council of the City of
4 Lincoln City this 28th day of August, 2000.

5
6 
7 MICHAEL E. HOLDEN, MAYOR

8 ATTEST:

9 
10 ONEITA MCCALMAN, CITY RECORDER

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1 1

RESOLUTION NO. 00 - 20

A RESOLUTION SUBMITTING TO THE VOTERS AT THE NOVEMBER 7, 2000 GENERAL ELECTION A BALLOT MEASURE AUTHORIZING THE CITY OF LINCOLN CITY TO ISSUE UP TO \$4 MILLION IN GENERAL OBLIGATION BONDS TO PURCHASE DRIFT CREEK WATER RIGHTS AND BUILD A DIVERSION, PUMP STATION, AND PIPELINE TO CARRY THAT AND OTHER WATER FROM DRIFT CREEK TO THE CITY'S TREATMENT PLANT

WHEREAS, based on water use trends, the City expects to begin experiencing increasingly severe water supply shortages in 5 to 8 years, unless the City acquires a new water source; and

WHEREAS, the City and other cities in the region are seeking a regional water source to meet their long term water needs; and

WHEREAS, a regional water source will not be available for 15 to 20 years, so that it is necessary for the City in the meantime to obtain an additional water source in order to have sufficient water to meet Lincoln City citizens' water needs between now and the time a long term regional water source is available; and

WHEREAS, the Kernville-Gleneden Beach-Lincoln Beach Water District has rights to a substantial amount of Drift Creek water and is engaged in negotiations with the City for the City's purchase from the District of rights to 1.5 cubic feet per second of Drift Creek water; and

WHEREAS, the City has rights to 1.0 cubic feet per second of Gordy Creek water that are potentially transferrable downstream to Drift Creek; and

WHEREAS, with the construction of a diversion, pump station, and pipeline it will be possible for the City to transport water from Drift Creek to the City's water treatment plant; and

WHEREAS, the combined 2.5 cubic feet per second of Drift Creek water proposed to be acquired from the Water District and to be transferred downstream from Gordy Creek will provide the City's water system with approximately 1.615 million gallons of water per day, which is an increase of 35 percent in the City's present summer supply and may be sufficient to

Page 1 - Resolution No. 00 - 20

2 2

meet Lincoln City citizens' water needs until a long term regional water source is available; and

WHEREAS, the present estimated cost of the proposed project, including the costs of acquisition of the Drift Creek water rights, land acquisition, engineering work, construction, legal work, permitting, bond issuance, and related administrative work, is approximately \$3.7 million; and

WHEREAS, the proposed project is the City's most realistic and best option for meeting its citizens' water needs between now and when a new long term water source will be available; and

WHEREAS, it is proposed that the City issue general obligation bonds in the amount of up to \$4 million, to mature in up to 20 years, to pay the costs of acquisition of the Drift Creek water rights, transfer of the Gordy Creek water rights downstream to Drift Creek, land acquisition, engineering work, construction, legal work, permitting, bond issuance, and related administrative work needed to carry out the project; and

WHEREAS, the City's 1992 and 1993 refunding bonds will be paid off in August 2002, thus freeing up \$450,000 annually in water system revenues at that time, which amount is expected to be sufficient to pay debt service on in excess of \$4 million in general obligation bonds; and

WHEREAS, the City, through a combination of the structure of a general obligation bond sale and the use of water capital fund reserves and water operating fund contingency funds, expects to be able to cover bond debt service on up to \$4 million in general obligation bonds until the 1992 and 1993 refunding bonds are paid off in August 2002; and

WHEREAS, the City therefore expects that it will be able to pay debt service on up to \$4 million in general obligation bonds out of existing water revenues and will only need property tax backing for the bonds if water revenues turn out to be insufficient, which appears to be unlikely; and

Page 2 - Resolution No. 00 - 20

3 3

WHEREAS, the City expects that general obligation bonds will yield the lowest interest rate of any financing instrument the City could use to provide funds for the project and therefore are the preferred means to finance the project;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LINCOLN CITY, AS FOLLOWS:

Section 1. An election is hereby called to submit to the qualified voters of the City the question of whether the City shall issue up to \$4 million of general obligation bonds, to mature in up to 20 years, with the bond proceeds to pay for water rights, land acquisition, engineering, construction, permit, legal, bond issuance, and administrative expenses related to the City's purchase of Drift Creek water rights from the Kernville-Gleneden Beach-Lincoln Beach Water District, the transfer of City water rights from Gordy Creek downstream to Drift Creek, and construction of a diversion, pump station, and pipeline to carry the water from Drift Creek to the City's water treatment plant.

Section 2. The election called by this resolution shall be held on November 7, 2000.

Section 3. The Ballot Title attached hereto as Exhibit A is adopted by the Council and shall be filed with the City Recorder in accord with ORS 250.285(1). In the event the Ballot Title attached hereto as Exhibit A is determined to be legally improper due to placement of the statement "A 'Yes' vote on this measure is a vote to increase taxes," then the Ballot Title attached hereto as Exhibit A (Alt.) is adopted by the Council and also shall be filed with the City Recorder.

Section 4. The explanatory statement to be published in the Lincoln County Voters Pamphlet, as required by ORS 251.345, shall be the Explanatory Statement attached hereto as Exhibit B.

Section 5. The City Manager is hereby authorized and directed to cause this Resolution and the Ballot Title, subject to any revisions made in accord with ORS 250.296, and the

Page 3 - Resolution No. 00 - 20

4 . 4

Explanatory Statement to be submitted to the Lincoln County Elections Officer in a timely manner as required by law, for inclusion on the November 7, 2000 general election ballot and in the Lincoln County Voters Pamphlet; and to perform all other acts which may be required or convenient to submit the measure to the voters.

Section 6. This Resolution shall take effect immediately on adoption.

PASSED AND ADOPTED by the City Council of the City of Lincoln City this 28th day of August, 2000.


MIKE HOLDEN, MAYOR

ATTEST:


ONEITA MCCALMAN, CITY RECORDER

EXHIBIT A

BALLOT TITLE

A "Yes" vote on this measure is a vote to increase taxes.

CAPTION: Bonds to Purchase Water Rights; Build Diversion, Pump Station, Pipeline

QUESTION: To purchase Drift Creek water rights, build related facilities, shall City issue up to \$4 million in general obligation bonds? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY: The City expects water shortages in 5 to 8 years. The City is seeking a new long term water source, but it will not be available for 15 to 20 years. To meet needs meantime, the City proposes to increase summer supply 35% by purchasing Drift Creek water rights from Kernville-Gleneden Beach-Lincoln Beach Water District and constructing a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City's treatment plant. Bonds will mature in up to 20 years. Estimated total bond cost is \$4 million principal and \$3 million interest. Estimated average annual debt service is \$350,000. Bond proceeds will pay for water rights, land acquisition, engineering, construction, permit, legal, bond issuance, and administrative expenses. The City intends to pay all bond debt service with existing water revenues. The bonds will be backed by increased property taxes if water revenues are insufficient. There will be no property tax increase if water revenues are sufficient.

EXHIBIT B

VOTERS PAMPHLET EXPLANATORY STATEMENT

A "Yes" vote on this measure is a vote to increase taxes.

PROPOSAL TO ISSUE BONDS FOR NEW WATER SUPPLY

Lincoln City proposes to issue up to \$4 million of general obligation bonds to acquire an additional water source. This will allow the City to avoid an expected water shortage in 5 to 8 years.

LINCOLN CITY NEEDS A NEW WATER SOURCE

Lincoln City expects water shortages in 5 to 8 years, unless it acquires a new water source. Lincoln City is seeking a new water source to meet its long term needs. However, a long term water source will not be available for 15 to 20 years. The City, in the meantime, must obtain an additional water source to meet its citizens' needs between now and when a long term source is available.

PROPOSED PROJECT

The Kernville-Gleneden Beach-Lincoln Beach Water District owns a substantial amount of Drift Creek water. The City is negotiating to purchase the District's rights to 1.5 cubic feet per second of this water. In addition, the City owns 1.0 cfs of Gordy Creek water that potentially can be taken downstream at Drift Creek. The combined 2.5 cfs of Drift Creek water and Gordy Creek water taken from Drift Creek will provide approximately 1.615 million gallons of water per day. This will increase the City's summer supply by 35%. This additional water may meet Lincoln City's water needs until a long term water source is available.

To use this water, the City will need to construct a diversion, pump station, and pipeline to transport the water from Drift Creek to the City's treatment plant. The project thus includes purchase of Drift Creek water rights, transfer to Drift Creek of the Gordy Creek water rights, and construction of facilities to transport the water to the City's treatment plant.

PAGE 1 - EXPLANATORY STATEMENT

BOND AMOUNT AND METHOD OF PAYMENT

The project's estimated cost is \$3.7 million. The City proposes to issue up to \$4.0 million of general obligation bonds, to mature in up to 20 years, to pay the cost of the project. The cost will include the costs of acquisition of Drift Creek water rights, transfer of Gordy Creek water rights downstream to Drift Creek, land acquisition, engineering work, construction, legal work, permitting, bond issuance, and administration.

The City's 1992 and 1993 refunding bonds presently are outstanding. The City's water fund pays \$450,000 annually towards debt service on those bonds. The bonds will be paid off in August 2002. Thus in August 2002, \$450,000 per year in water revenues will be freed up. Beginning then, this amount should be enough to pay debt service on the proposed bonds. In addition, until August 2002, the City expects to be able to cover all debt service on the proposed bonds without any tax or water rate increase.

In summary, if the voters approve the proposed bonds, the City expects to pay all debt service on the bonds out of existing water revenues, and expects there will be no tax increase.

PAGE 2 - EXPLANATORY STATEMENT

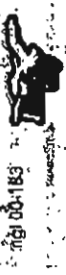
EXHIBIT A (ALT.)

BALLOT TITLE

CAPTION: Bonds to Purchase Water Rights; Build Diversion, Pump Station, Pipeline

QUESTION: To purchase Drift Creek water rights, build related facilities, shall City issue up to \$4 million in general obligation bonds? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY: A "Yes" vote on this measure is a vote to increase taxes. The City expects water shortages in 5 to 8 years. The City is seeking a new long term water source, but it will not be available for 15 to 20 years. To meet needs meantime, the City proposes to increase summer supply 35% by purchasing Drift Creek water rights from Kernville-Gleneden Beach-Lincoln Beach Water District and constructing a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City's treatment plant. Bonds will mature in up to 20 years. Estimated total bond cost is \$4 million principal and \$3 million interest. Estimated average annual debt service is \$350,000. Bond proceeds will pay for water rights, land acquisition, engineering, construction, permit, legal, bond issuance, and administrative expenses. The City intends to pay all bond debt service with existing water revenues. The bonds will be backed by increased property taxes if water revenues are insufficient. There will be no property tax increase if water revenues are sufficient.



NOTICE OF RECEIPT OF BALLOT TITLE

Notice is hereby given that this Election, called by the City of Lincoln, Oregon, on August 28, 2000, received from the City Council all the necessary proceeds for the ballot title.

The text of the ballot title is as follows: **ARTICLE XI, SECTION 1. A water supply system is hereby established for the City of Lincoln, Oregon, to be known as the Lincoln Water Supply System. The City shall acquire, construct, own, operate, maintain and improve the system. The City shall also acquire, construct, own, operate, maintain and improve the system. The City shall also acquire, construct, own, operate, maintain and improve the system.**

QUESTION: To purchase Drill Creek water rights, build water treatment plant, and issue bonds to \$4 million in general obligation bonds? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limit of section 5 and 11b, Article XI of the Oregon Constitution.

The City of Lincoln, Oregon, expects to purchase water rights to increase summer supply 35% by purchasing rights to Drill Creek water from KGL Water District and constructing a diversion, pump station, and pipeline to carry that and other water from Drill Creek to the City's treatment plant. Bonds will mature in up to 20 years. Estimated total bond cost, principal and interest, is \$4.87 million. Estimated average annual debt service is \$450,000. Bonds proceeds will pay for water rights, engineering, construction, permit, legal, bond issuance, and administrative expenses. The City intends to pay all bond debt service with existing water revenues. The bonds will be backed by increased property taxes if water revenues are insufficient. There will be no property tax increase if water revenues are sufficient.

In addition, notice hereby is given that the Elections Officer of the City of Lincoln, Oregon, on August 28, 2000, received from the City Council all the necessary proceeds for the proposed City bond measure, at the event described in the statement. A copy of this measure is available for increase taxes in advance of the election, by

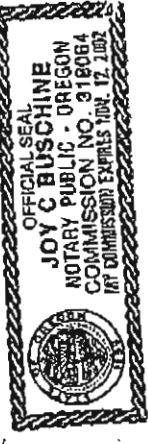
AFFIDAVIT OF PUBLICATION

STATE OF OREGON {
County of Lincoln } ss.

I, Shirley M. Hill, being first duly sworn, depose and say that I am the legal clerk of The News Guard, a newspaper of general circulation, as defined by ORS 193.010 and 193.020; printed and published at Lincoln City in the aforesaid county and state; that the #00-183 Lincoln City - Notice Of Receipt Of Ballot Title - PO#82989-1, a printed copy of which is hereto annexed, was published in the entire issue of said newspaper for 1 successive and consecutive weeks in the following issues: 8/30/00

Shirley M Hill
Subscribed and sworn to before me this 31st day of August, 2000.

Joy C. Buschine



NOTICE OF CITY MEASURE ELECTION**CITY OF LINCOLN CITY**

Notice is hereby given that on Tuesday, November 7, 2000

A measure election will be held in Lincoln County, Oregon.

The following shall be the ballot title of the measure to be submitted to the city's voters on this date:

A "Yes" vote on this measure is a vote to increase taxes.

CAPTION (10 Words)

Bonds to Purchase Water Rights; Build Diversion, Pump Station, Pipeline

QUESTION (20 Words)

To purchase Drift Creek water rights, build related facilities, shall City issue up to \$4 million in general obligation bonds? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY (175 Words)

The City expects water shortages in 5 to 8 years. The City is seeking a new long term water source, but it will not be available for 15 to 20 years. To meet needs meantime, the City proposes to increase summer supply 35% by purchasing Drift Creek water rights from Kernville-Gleneden Beach-Lincoln Beach Water District and constructing a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City's treatment plant. Bonds will mature in up to 20 years. Estimated total bond cost is \$4 million principal and \$3 million interest. Estimated average annual debt service is \$350,000. Bond proceeds will pay for water rights, land acquisition, engineering, construction, permit, legal, bond issuance, and administrative expenses. The City intends to pay all bond debt service with existing water revenues. The bonds will be backed by increased property taxes if water revenues are insufficient. There will be no property tax increase if water revenues are sufficient.

In the event the above ballot title is determined to be legally insufficient, then the following shall be

PAGE 1 - NOTICE OF CITY MEASURE ELECTION

Measure No. 21-69

the ballot title of the measure to be submitted to the City's voters on this date:

CAPTION (10 Words)

Bonds to Purchase Water Rights; Build Diversion, Pump Station, Pipeline

QUESTION (20 Words)

To purchase Drift Creek water rights, build related facilities, shall City issue up to \$4 million in general obligation bonds? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY (175 Words)

A "Yes" vote on this measure is a vote to increase taxes. The City expects water shortages in 5 to 8 years. The City is seeking a new long term water source, but it will not be available for 15 to 20 years. To meet needs meantime, the City proposes to increase summer supply 35% by purchasing Drift Creek water rights from Kernville-Gleneden Beach-Lincoln Beach Water District and constructing a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City's treatment plant. Bonds will mature in up to 20 years. Estimated total bond cost is \$4 million principal and \$3 million interest. Estimated average annual debt service is \$350,000. Bond proceeds will pay for water rights, land acquisition, engineering, construction, permit, legal, bond issuance, and administrative expenses. The City intends to pay all bond debt service with existing water revenues. The bonds will be backed by increased property taxes if water revenues are insufficient. There will be no property tax increase if water revenues are sufficient.

The following authorized city official hereby certifies the above ballot title is true and complete.

Oneita McCalman

August 28, 2000

Signature of authorized city official (not required to be notarized)

Date signed

ONEITA McCALMAN

CITY ELECTIONS OFFICER

Printed name of authorized city official

Title

FILED

SEP 05 2000

AT 4:45 O'CLOCK P.M.
DANA W. JEROME, COUNTY CLERK

PAGE 2 - NOTICE OF CITY MEASURE ELECTION

N TAX TO SION

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asure is a axes would rojects for ar the next n years to- 1 collected year. This alent to the he now re- funded by ial medical rdiologists de and re- t and wait- partment; nt and re- it and up- e process- gy depart- t; replace- relocation nstruction nstruc-

necessary. After the bonds are paid off, the Charter requires use of the one seventh of room taxes for other City capital construction needs. This Charter amendment allows the City, until it has paid off the bonds, to use any surplus of one seventh of room taxes over bond debt service, for renovation, rehabilitation, improvement, and physical maintenance of Lincoln Square. This will create a slight risk of a need at some time to levy property taxes to cover a deficit. Since room taxes always have been sufficient to pay bond debt service, it is highly unlikely a tax levy will be needed.

YES

NO

21-69 BONDS TO PURCHASE WATER RIGHTS; BUILD DIVERSION, PUMP STATION, PIPELINE

QUESTION: To purchase Drift Creek water rights, build related facilities, shall City issue up to \$4 million in general obligation bonds? If the bonds are approved, they will be payable from taxes on property or property ownership that are not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

SUMMARY: A "Yes" vote on this measure is a vote to increase taxes. The City expects water shortages in 5 to 8 years. The City is seeking a new long term water source, but it will not be available for 15 to 20 years. To meet needs meantime, the City proposes to increase summer supply 35% by purchasing Drift Creek water rights from Kernville-Gleneden Beach-Lincoln Beach Water District and constructing a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City's treatment plant. Bonds will mature in up to 20 years. Estimated total bond cost is \$4 million principal and \$3 million interest. Estimated average annual debt service is \$350,000. Bond proceeds will pay for water rights, land acquisition, engineering, construction, permit, legal, bond issuance, and administrative expenses. The City intends to pay all bond debt service with existing water revenues. The bonds will be backed by increased property taxes if water revenues are insufficient. There will be no property tax increase if water revenues are sufficient.

YES

NO

vote to increase taxes. Approval of this measure would form Salmon River Park Special Road District, a special road district in the Otis area of Lincoln County.

Approval of this measure would also approve a permanent rate limit for the district of \$1.20 per \$1,000 assessed property value as the maximum rate of operating taxes for the district, beginning in fiscal tax year 2001-2002.

The boundary of the proposed district generally consists of properties that use NE Trout Lane or N Steelhead Drive for access, and specifically includes all property within the Salmon River Park subdivision, Lincoln County, Oregon, except for the following parcels: Lots 2 through 14, Block 4, Salmon River Park subdivision; and the parcel dedicated as a PARK on the Salmon River Park subdivision.

YES

NO

November 7, 2000



Dana W. Jenkins
LINCOLN COUNTY CLERK
225 W. Olive Street-Room 201
Newport, Oregon 97365

County of Lincoln
"Customer Service is #1"
www.co.lincoln.or.us/clerk/
(541) 265-4131

AFFIDAVIT

This affidavit verifies the mailing of a ballot to each elector in Lincoln County for the November 7, 2000 General Election.

A total of 25,072 ballots were delivered to the U.S. Post Office in Newport, Oregon on October 20, 2000.

Witness my hand and seal this 20th day of October, 2000.

Dana W. Jenkins
LINCOLN COUNTY CLERK

(SEAL)



Lincoln City City Council
Council Chambers, City Hall

December 11, 2000
Page 1

I. CALL TO ORDER

Mayor Holden called the regular City Council meeting of December 11, 2000, to order at 7:05 p.m.

II. ROLL CALL

Council members present were: Marcia Burdette, Lori Hollingsworth, Dave Humphrey, Peggy Preisz, Wes Ryan and Mayor Holden. Mr. Robert Derr was absent.

Staff members present were: City Manager David Hawker, City Attorney Chris Thomas, Finance Director Ron Tierney, Police Chief Conley, Parks & Recreation Director Ron Ploger, and City Recorder Oneita McCalman.

III. INVOCATION - Father Mell Stead

Father Stead gave the invocation.

IV. PLEDGE OF ALLEGIANCE

Mayor Holden led the Pledge of Allegiance.

V. MINUTES: None

VI. COMMENTS FROM CITIZENS PRESENT - AGENDA/NON-AGENDA ITEMS - None

VII. SPECIAL ORDER OF BUSINESS

A. Certificate of Appreciation - Ron Ploger, 10 years of employment

Mayor Holden presented a Certificate of Appreciation to Parks & Recreation Director Ron Ploger for his ten years of employment with the City.

B. Certificate of Appreciation to the City of Lincoln City, Census 2000 Success

Mayor Holden read a Certificate of Appreciation from the United States Census Bureau for the City's efforts in making the Census 2000 a success.

C. Appointments to Planning Commission - 2 Vacancies

There being two vacancies and three applicants, a ballot vote was taken. The results are as follows:

Burdette	Ellingson	Mass	
Hollingsworth	Ellingson	Mass	
Humphrey	Ellingson	Mass	
Preisz	Ellingson		Hatch
Ryan	Ellingson		Hatch
Holden	Ellingson		Hatch

Lincoln City City Council
Council Chambers, City Hall

December 11, 2000
Page 2

1 Gary Ellingson was reappointed to the Planning Commission and due to a tie vote on the second
2 vacancy, the matter was postponed to the next Council meeting.

3
4 D. Appointment to the Building Board of Appeals

5
6 Ms. Hollingsworth moved and Ms. Burdette seconded to reappoint Mark Neighorn to the
7 Building Board of Appeals. Motion passed unanimously.

8
9 E. Bid Award: Park Improvement Projects - NW 26th St. and Dorchester Park

10
11 Ms. Burdette moved and Ms. Hollingsworth seconded, on behalf of the Contract Review Board,
12 to award the park improvement projects design bid to the low bidder, PacWest Engineering
13 in the amount of \$19,910, for the design of NW 26th St. Beach Access Design and the
14 Dorchester Park Improvements design.

15
16 A roll call vote was taken and is as follows: Ms. Hollingsworth-yes; Mr. Humphrey-yes; Ms.
17 Preisz-yes; Mr. Ryan-yes; Ms. Burdette-yes; and Mayor Holden-yes. Motion passed
18 unanimously.

19
20 F. Agreement for Trade of Real Property and Settlement Agreement

21
22 Mr. Thomas gave a report on the dispute between the City of Lincoln City and Carole Stevens about
23 ownership of and the right to use Map 7-11-14CB/Tax Lot 903 and the resolution thereof.

24
25 Ms. Burdette moved and Ms. Hollingsworth seconded to approve the Agreement for Trade of
26 Real Property and Settlement Agreement between the City of Lincoln City and Carole Stevens.

27
28 A roll call vote was taken and is as follows: Ms. Hollingsworth-yes; Mr. Humphrey-yes; Ms.
29 Preisz-yes; Mr. Ryan-yes; Ms. Burdette-yes; and Mayor Holden-yes. Motion passed
30 unanimously.

31
32 G. Contract Renewal - City Attorney

33
34 Mr. Ryan moved and Ms. Hollingsworth seconded to renew the Contract with the City Attorney
35 Chris Thomas.

36
37 A roll call vote was taken and is as follows: Mr. Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes;
38 Ms. Burdette-yes; Ms. Hollingsworth-yes; and Mayor Holden-yes. Motion passed unanimously.

39
40 H. Appointment of Transportation Master Plan Update/Review Ad Hoc Committee

41
42 Mayor Holden opened this item for discussion on the makeup of the committee members.

43
44 Ms. Burdette requested that the name of the committee be "Transportation Master Plan Citizens
45 Advisory Committee", and suggested that one representative be selected from each of the following:
46 Bay Area Merchants Association, Oceanlake Merchants, Traffic Safety Committee, and at least
7 4 at-large members.

Lincoln City City Council
Council Chambers, City Hall

December 11, 2000
Page 3

1 Mayor also suggested that a representative from one of the utility companies be included.

2
3 It was the consensus of Council that the committee consist of the 2 merchant associations, a
4 member from the Traffic Safety Committee, a representative from the power company, and 5 at-
5 large members. Staff is to advertise with appointments to be made on the second council meeting
6 of January 2001.

7
8 I. Cancellation of December 25, 2000, City Council Meeting

9
10 Ms. Burdette moved and Ms. Preisz seconded to cancel the City Council meeting scheduled
11 for December 25, 2000. Motion passed unanimously.

12
13 IX. CITY MANAGER'S REPORT

14
15 A. Lincoln Square Renovation Plan

16
17 Mr. Hawker presented a preliminary list of projects for Lincoln Square renovations for council's
18 consideration in setting priorities.

19
20 B. Request for Installation of Water Service Outside the Urban Growth Boundary

21
22 Mr. Hawker stated that due to NW Natural while doing underground utility work, interrupted water
23 well supply to Mr. Myron Johnson's residence, they were requesting that the City consent to
24 providing water to Mr. Johnson at no cost to the City or Mr. Johnson for the connection. Mr.
25 Johnson would pay for monthly water usage.

26
27 Ms. Burdette moved and Ms. Preisz seconded to authorize NW Natural to pay for and provide
28 Mr. Johnson with City water services at no cost of installation to the City or Mr. Johnson.
29 Motion passed unanimously.

30
31 C. Rose Property Easement

32
33 Mr. Thomas explained that the City had received a request from the Rose Family for a 50-ft. access
34 easement for approximately 400 ft. at the backside of the four lots bordering Coast Ave. Said
35 easement would reduce the cost to the City by \$8,204.45.

36
37 Ms. Burdette moved and Ms. Preisz seconded to approve the changes to the Earnest Money
38 and Purchase Agreement for the Rose Property.

39
40 A roll call vote was taken and is as follows: Ms. Burdette-yes; Ms. Hollingsworth-yes; Mr.
41 Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes; and Mayor Holden-yes. Motion passed
42 unanimously.

43
44 D. City Manager Updates:

45
46 Mr. Hawker mentioned that he had heard from ODOT that they would very much like to help out and
47 that Mr. Johnson had pledged his continued cooperation.

Lincoln City City Council
Council Chambers, City Hall

December 11, 2000
Page 4

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X. ORDINANCE

B. An Ordinance Amending the Effective Date of Ordinance No. 2000-13; and Declaring an Emergency, DO #00-15

Ms. Burdette moved and Ms. Hollingsworth seconded to read by title only. Motion passed unanimously.

Mr. Thomas read DO #00-15 by title only.

Ms. Burdette moved and Mr. Ryan seconded to adopt DO #00-15.

A roll call vote was taken and is as follows: Ms. Hollingsworth-yes; Mr. Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes; Mr. Burdette-yes; and Mayor Holden-yes. Motion passed unanimously.

A. An Ordinance Ratifying Amendments to the Intergovernmental Agreement, Which Created Oregon Cascades West Council of Governments, DO #00-14

Ms. Burdette moved and Ms. Hollingsworth seconded to read by title only.

Mr. Thomas read by title only DO #00-14.

Ms. Burdette moved and Mr. Ryan seconded to adopt DO #00-14.

XI. RESOLUTIONS

A. Resolution Declaring Official Results of Canvass of Votes - General Election 2000, DR #00-25

Ms. Burdette moved and Mr. Ryan seconded to approve DR #00-25. Motion passed unanimously.

B. A Resolution Accepting and Disbursing Oregon Department of Transportation Local Streets Network Grant, DR #00-26

Ms. Burdette moved and Ms. Preisz seconded to approve DR #00-26.

A roll call vote was taken and is as follows: Ms. Burdette-yes; Ms. Hollingsworth-yes; Mr. Humphrey-yes; Ms. Preisz-yes; Mr. Ryan-yes; and Mayor Holden-yes. Motion passed unanimously.

C. A Resolution Establishing Administrative Fee Schedule for Planning Department and Rescinding Resolution 98-37, DR #00-27

This Resolution was postpone to the next City Council meeting..

Lincoln City City Council
Council Chambers, City Hall

December 11, 2000
Page 5

1 XII. ADDITIONAL COMMENTS FROM CITIZENS PRESENT - None

2

3 XIII. ANNOUNCEMENTS OR COMMENTS BY CITY COUNCIL

4

5 Ms. Burdette spoke regarding the status of SW 12th Street and the parking removal issue between
6 SW Harbor and Hwy 101.

7

8 Mr. Ryan stated that his term as Council representative to the Cascades West Area Commission
9 on Transportation expires at the end of the year.

10

11 Mayor Holden, with the consent of Council, reappointed Mr. Ryan as Council's representative to
12 CWACT.

13

14 XIV. ADJOURNMENT

15


16 There being no further business, Mayor Holden adjourned the meeting at 9:00 p.m.

17

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20



MICHAEL E. HOLDEN, MAYOR

DR#00-25

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RESOLUTION NO.00 - 26

A RESOLUTION DECLARING THE OFFICIAL RESULTS OF THE CANVASS OF VOTES OF THE GENERAL ELECTION HELD IN THE CITY OF LINCOLN CITY, OREGON ON NOVEMBER 7, 2000

WHEREAS, on the 7th day of November 2000, the City of Lincoln City, Oregon held its General election and the voters voted for one councilor each from Ward I, Ward II, and Ward III to serve from January 1, 2001 through December 31, 2004; and

WHEREAS, at said General election, the following candidates for city office received the majority votes cast for all candidates for that office:

- Roger Sprague Ward I
- Lori Hollingsworth Ward II
- Dave Humphrey Ward III

WHEREAS, at said election a City measure was on the ballot to approve or reject a proposal to issue up to \$4 million in General Obligation Bonds to purchase water rights on Drift Creek, and pay for land acquisition, engineering, construction, permitting, legal, bond issuance, and administrative expenses; and

WHEREAS, at said election a City measure was on the ballot to approve or reject a proposal to amend the City Charter to allow the city, until it has paid off the general obligation bonds for purchase of the Lincoln Square building and constructing the Driftwood Public Library and Civic Center, to use any surplus of the dedicated one seventh of room taxes over bond debt service for renovation, rehabilitation, improvement, and physical maintenance of Lincoln Square; and

1 WHEREAS, the City Council canvassed the official vote as set
2 forth in the State of Oregon abstract of votes prepared and
3 certified by the Office of the County Clerk, Lincoln County.

4 NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY
5 OF LINCOLN CITY, AS FOLLOWS:

6 Section 1. The State of Oregon Abstract of votes is attached
7 hereto marked Exhibit "A" and is by this reference incorporated
8 herein as though fully set forth in this Resolution. The Abstract
9 of Votes contains the total number of votes cast for the persons
10 elected to office and the total number of votes for each measure.

11 Section 2. The City Council hereby declares the official
12 results of the election to be as set forth in Exhibit "A", the
13 Abstract of Votes incorporated herein, and the following persons
14 are elected to the offices set forth below:

- 15 Roger Sprague Ward I
- 16 Lori Hollingsworth Ward II
- 17 Dave Humphrey Ward III

18 Section 3. The City Council hereby declares that the City
19 measure proposing the issuance of up to \$4 million in general
20 obligation bonds to purchase water rights on Drift Creek, and pay
21 for land acquisition, engineering, construction, permitting, legal,
22 bond issuance, and administrative expenses was approved by the
23 voters.

24 Section 4. The City Council hereby declares that the City
25 measure proposing to amend the City Charter to allow the City,
26 until it has paid off the general obligation bonds for purchase of


1 the Lincoln Square building and constructing the Driftwood Public
 2 Library and Civic Center, to use any surplus of the dedicated one
 3 seventh of room taxes over bond debt service, for renovation,
 4 rehabilitation, improvement, and physical maintenance of Lincoln
 5 Square was approved.

6 Section 5. The results of the general election held on
 7 November 7, 2000, as set forth in this Resolution, and attached
 8 Abstract of Votes are declared the official record for the journal
 9 of the proceedings of the City Council and the City Recorder is
 10 directed to officially include a copy of this resolution as a part
 11 of the minutes of the December 11, 2000, meeting of the City
 12 Council of the City of Lincoln City.

13 PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF LINCOLN
 14 CITY this 11th day of December, 2000.

15
 16 
 17 _____
 MICHAEL E. HOLDEN, MAYOR

18 ATTEST:

19
 20 
 21 _____
 ONEITA MCCALMAN, CITY RECORDER

22
 23
 24
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 26

**CITY COUNCIL
MINUTES OF MEETING
March 12, 2007, 7:00 p.m.**

A. CALL TO ORDER

Mayor Hollingsworth called the meeting to order at 7:10 pm.

B. ROLL CALL

Present: Mayor Lori Hollingsworth; Councilman Ed Kuntz; Councilman Jim Kusz; Councilman Rick Brissette, Councilman Randy Butts, and Councilman Gary Ellingson.

Excused was Councilman Doug Holbrook

Staff Present: David Hawker, City Manager; Joan Kelsey, City Attorney; Steven Bechard, Police Chief; Lila Bradley, Public Works Director; Ron Ploger, Parks and Recreation Director; Mark Nicholson, Finance Director; and Cathy Steere, City Recorder.

C. PLEDGE OF ALLEGIANCE

Mayor Hollingsworth led the Pledge of the Allegiance.

D. COMMENTS FROM CITIZENS PRESENT ON AGENDA/NON-AGENDA ITEMS - None

E. CONSENT AGENDA

1. Minutes of City Council Meeting on February 26, 2007
2. Final Order: Planning Commission Appeal – Ionel Peia
3. Request For Approval: Purchase of two patrol vehicles
4. Resolution No. 2007-11: A Resolution Authorizing The Entry Into The Safety Deposit Box, And Rescinding Resolution No. 2005-02.
5. Resolution No. 2007-12: A Resolution Amending Resolution No. 2005-01 Of The City Of Lincoln City, Oregon; And Redesignating Signatures For Checks, Drafts, And Warrants Of the City.

Mayor Hollingsworth read the list of Consent Agenda items. Mr. Kuntz asked that agenda item number 2, Final Order: Planning Commission appeal – Ionel Peia, be removed for separate consideration.

Mr. Brissette moved, and Mr. Kusz seconded, a motion to approve the Consent Agenda, with agenda item number 2 to be removed and voted on separately. All those present voted in favor by saying "aye". Motion carried.

Mr. Kuntz commented that on more than one occasion he has stated that he feels that there have been a number of errors in the process that was done by both parties. Mr. Kuntz moved to remand this item back to the Planning Commission for further review, and possible remediation or for a type of a variance. Mr. Kuntz viewed pictures of other homes in the area, and they also encroach on the right-of-way, or close to it, and feels the matter needs to be reviewed. The motion died for a lack of a second.

Mr. Brissette moved, and Mr. Butts seconded to accept the Final Order of Planning Commission Appeal denying the decision for Ionel J. Peia, APP 06-06. An "aye" vote was taken, and then a roll call vote was taken as follows: Brissette – yes; Butts – yes; Ellingson – no; Kuntz – yes; Kusz – no; Hollingsworth – yes. Motion failed by a vote of 3-yes and 3-no.

Ms. Kelsey commented that the 120-day period is closing out on this appeal, and the notice of final order contains information for the applicant's option to appeal Council's decision.

Mr. Kusz moved, and Mr. Brissette seconded, a motion to accept the Final Order of Planning Commission Appeal denying the decision for Ionel J. Peia, APP 06-06. A roll call vote was taken as follows: Brissette – yes; Butts – yes; Ellingson – yes; Kuntz – no; Kusz – yes; and Mayor Hollingsworth – yes. Motion carried by a vote of 5-yes, and 1-no.

F. SPECIAL ORDER OF BUSINESS

6. Proclamation: National Girl Scout Week

A local chapter of Girl Scouts attended and several took turns reading the proclamation.

SPECIAL MESSAGE – Mr. Hawker advised the public that he just received a call from Pacific Power & Light, and the outage is a problem with the underground power in Oceanlake, and it is expected that the Oceanlake area will be without power for another 4 to 6 hours.

7. Presentation/Discussion: North Lincoln Sanitary Service - 2006 Recycling Program
Tina French, North Lincoln Sanitary, 1726 SW Hwy 101, gave a report on the 2006 Recycling program. WWRP (Wood Waste Recovery Program) increased significantly by 13% over last year.

Ms. French reviewed the 2006 Recycle Rate Summary handout.

8. Proposed Rate Increase: North Lincoln Sanitary Service

Ms. French gave a presentation on a new curbside recycling program with increased rate of one dollar. The recycle tote would double in size to 95 gallons. The regular garbage tote remains the same. A smaller tote may be available. Route changes may be necessary.

Council discussion followed on curbside recycling, plastic bottle recycling, and glass recycling.

Mr. Brissette asked if NLSS would be moving the office, and Ms. French responded that the cost of parking the trucks in town is costly, so consideration is being given to moving the office, however the recycle center would remain at that location.

Mr. Kuntz commented concerns that space is limited for carts this size, and as they have to be obscure from view, it will be difficult to be handling the larger cart. Ms. French advised that the footprint of the new cart is similar to the smaller recycle box.

Council and City Manager expressed concerns about the larger and bulkier size, and that citizens may not have space to store such a large cart.

Ms. French also advised that in order to accommodate recycling the same day as garbage for each customer in the county, route change dates will occur.

Council gave direction to come back with a rate resolution, and an opportunity for public comment.

G. CITY MANAGER'S REPORT

9. Public Works Project Update

Ms. Bradley gave a review of the project update included in the agenda. Pictures were circulated for Council review. The update included Wastewater Plant, 48th and Jetty Pump Station, Hwy 101 sidewalk from NW 30th to NW 35th, NW Jetty Avenue Extension and 16th Reconstruction Project (Urban Renewal), SE 48th Phase II Culvert Section Road Improvement, Port Drive Water Line Replacement Pre-Design, DeLake Heights Water pump Station Evaluation, DeLake Heights Water and Sewer Extensions, Water System Improvement Projects (RFP in progress), Geotechnical Investigations For Eight Sites, Logan Road Traffic Study, 2007 Aerial Mapping Project, lists of Developer Projects, and miscellaneous other projects.

Council commented on the heavy Public Works workload.

10. Set date for workshop on Council Goals

Monday, March 26, 2007 at 4:00 pm. Mr. Kusz will meet in advance of the meeting to discuss goals.

11. City Manager Updates

Mr. Hawker advised that the VRD joint workshop with the Planning Commission will be on March 21, 2007, from 7 to 9 p.m.. The meeting will be open to the public, but public comment should be directed either at a Council meeting, or a Planning Commission meeting.

Mr. Hawker commented that for the next month staff will be involved in budget preparation. In addition, Mark Nicholson's last day will be Friday, so the City will be without a Finance Director during that period of time.

Mr. Hawker announced that he's pleased to provide a better service in the City which is the new receptionist position that became operational as of Friday, and provided Council with the number of calls and citizens the new position has helped in the last 2 days. Mr. Hawker believes this will make a huge difference in the number one complaint that he hears from citizens that they can't get a person in City Hall. Mr. Hawker asked for comments on suggestions for improvement.

H. REPORTS FROM STANDING COMMITTEES - None

I. PUBLIC HEARINGS/MEETINGS - None

J. ORDINANCES FOR ADOPTION - None

K. RESOLUTIONS FOR APPROVAL

12. **Resolution No. 2007-10 (Includes presentation):** A Resolution Of The City Of Lincoln City Authorizing Application For A Grant From Oregon State Parks And Recreation Department

Mr. Ploger provided information on the project, which is about an \$800,000 project. In 2003 the City began looking at the site on the south side of Taft High School. The grant is to put a permanent all-weather surface on Voorhees Field. With the new surface, the field will get more use, as it will be playable all year. The all-surface track that currently exists will remain the same. The turf is synthetic, but more natural than the older Astro Turf. There have been donations for surveying, engineering, project coordination, and fundraisers are being coordinated.

Mr. Brissette moved, and Mr. Kusz seconded a motion to accept Resolution No. 2007-10, A Resolution Of The City of Lincoln City Authorizing Application For A Grant From Oregon State Parks And Recreation Department. All those present voted in favor by saying "aye". Motion carried unanimously.

13. **Resolution No. 2007-13 (Includes presentation):** A Resolution Of The City Of Lincoln City, Lincoln County, Oregon, Authorizing The Sale Of The City's General Obligation Water Bonds.

Mr. Hawker provided information on this Resolution that is to authorize the sale of up to \$4,000,000 in bonds for the Drift Creek Project. This precedes the actual bond sale by at least 60 days due to publishing a notice. This bond was voted on by the people in November of 2000. It is a general obligation bond.

Mr. Kusz moved, and Mr. Kuntz seconded a motion to approve Resolution No. 2007-13, A Resolution Of The City Of Lincoln City, Lincoln County, Oregon, Authorizing The Sale Of The City's General Obligation Water Bonds. A roll call vote was taken as follows: Brissette – yes; Butts – yes; Ellingson – yes; Kuntz – yes; Kusz – yes; and Mayor Hollingsworth – yes. Motion carried by a vote of 6-yes, 0-no.

L. ADDITIONAL COMMENTS FROM CITIZENS PRESENT ON NON-AGENDA ITEMS - None

M. ANNOUNCEMENTS OR COMMENTS BY CITY COUNCIL

Mr. Brissette thanked Mr. Nicholson for his service to the City, and for he and his wife's service to the community. Mr. Brissette stated that Mr. Nicholson not only did an excellent job here, but he and his wife volunteered on many notable community projects. He wished him well in the future.

Ms. Hollingsworth also thanked Mr. Nicholson for his service to Lincoln City, and announced the Mayor's coffee hour next Monday, March 19, 2007, at the Coast Inn Bed and Breakfast, 4507 SW Coast Street, Lincoln City.

N. ADJOURNMENT

Mayor Hollingsworth adjourned the meeting at 8:33 p.m.

A handwritten signature in black ink that reads "Lori Hollingsworth". The signature is written in a cursive style and is positioned above a horizontal line.

LORI HOLLINGSWORTH, MAYOR

RESOLUTION 2007-13

A RESOLUTION OF THE CITY OF LINCOLN CITY, LINCOLN COUNTY, OREGON AUTHORIZING THE SALE OF THE CITY'S GENERAL OBLIGATION WATER BONDS.

WHEREAS, the voters of the City of Lincoln City (the "City") authorized the City to issue \$4,000,000 of general obligation bonds at the general election held on November 7, 2000, to purchase Drift Creek water rights, and construct a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City's treatment plant. The purchase of an assignment of those water rights, land acquisition, engineering, construction, permit, legal, bond issuance and administrative expenses, as described in the ballot title are herein referred to as the "Project."; and,

WHEREAS, it is now desirable to issue all or a portion of the bonds that were authorized at that election.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lincoln City, Oregon, as follows:

Section 1. Bonds authorized. The City Council of the City hereby authorizes the issuance, sale and delivery of one or more series of the general obligation water bonds (the "Bonds") to finance the Project and to pay costs of issuing the Bonds. The principal amount of the Bonds shall not exceed \$4,000,000.

Section 2. Delegation.

The City Manager, the Financial Planner, the Finance Director, or the person designated by the City Manager (a "City Official") are each hereby authorized, on behalf of the City and without further action by the Council, to:

- (A) Select one or more underwriters or lenders and negotiate the sale of the Bonds with those underwriters or lenders or publish a notice of sale, receive bids and award the sale of the Bonds to the bidder complying with the notice and offering the most favorable terms to the City.
- (B) Participate in the preparation of, authorize the distribution of, and deem final any disclosure documents that are required for the Bonds.
- (C) Enter into additional covenants and provisions which the City Official determines are desirable to sell each series of the Bonds on favorable terms.
- (D) Apply for ratings for the Bonds, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for the Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.

- (E) Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates of each series of the Bonds.
- (F) Designate each series of the Bonds as a “qualified tax-exempt obligation” under Section 265(b) of the Code.
- (G) Issue, sell and deliver each series of the Bonds.
- (H) Execute and deliver any agreements or certificates and take any other action in connection with each series of Bonds which the City Official finds is desirable to permit the sale and issuance of that series of Bonds in accordance with this Resolution.

Section 3. Security for Bonds. The Bonds shall be general obligations of the City. The City hereby pledges its full faith and credit to pay the Bonds, and the City covenants for the benefit of the Bondowners that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article IX of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering water system revenues that the City Council makes available to pay the Bonds and expected discounts and delinquencies in the payment of those ad valorem taxes , to pay the Bonds promptly as they mature.

Section 4. Tax-Exempt Status. The City covenants to use the proceeds of 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. The City Official may enter into additional covenants on behalf of the City to protect the tax-exempt status of the Bonds.

Section 5. Form and Execution. Each Bond shall be in substantially the form attached hereto as Exhibit A, with such changes as may be approved by the City Official. The Bonds shall be executed on behalf of the City with the facsimile or manual signatures of Mayor and City Recorder.

Section 6. Notice Specifying Use of Bond Proceeds. The City hereby adopts this Resolution specifying the authorized uses of bond proceeds for capital construction and improvement projects. The City voters approved the issuance of up to \$4,000,000 in bonds at the November 7, 2000 election to purchase Drift Creek water rights from the Kernville-Gleneden Beach-Lincoln Beach Water District and to construct a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City’s treatment plant. The City intends to use the bond proceeds to purchase an assignment of Drift Creek water rights from Kernville-Gleneden Beach-Lincoln Beach Water District, to construct a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City’s treatment plant, and to pay for related projects. The City Official is hereby authorized to cause to be published a notice in a newspaper of general circulation in Lincoln County, Oregon of the City’s adoption of this Resolution and specification of authorized uses of bond proceeds in substantially the form of the notice as shown on Exhibit B attached hereto, within 15 days after passage of this Resolution and which meets the requirements of ORS 305.583(9)-(10). If the notice is published, pursuant to ORS 305.583(12), any challenge to the

use of bond proceeds must be filed within 60 days after the date of this Resolution. If the notice is not published, pursuant to ORS 305.583(12), any challenge to the use of bond proceeds must be filed within 180 days after the questioned use of bond proceeds.

Section 7. Effective Date. This resolution shall take effect on its date of adoption.

Dated this 12th day of March 2007.

CITY OF LINCOLN CITY,
LINCOLN COUNTY, OREGON



LORI HOLLINGSWORTH, Mayor

ATTEST:



CATHY ST. PIERRE, City Recorder

EXHIBIT A --Form of 2007 Bond

No. 1

\$ _____

United States of America
State of Oregon
County of Lincoln
City of Lincoln City
General Obligation Water Bond
Series 2007

The City of Lincoln City, Oregon, (the "City"), for value received acknowledges itself indebted and hereby promises to pay to the order of _____ (the "Purchaser"), the principal amount of not more than _____ DOLLARS (\$ _____) in the following installments on the following dates, together with interest on those installments at the following rates:

[insert debt service schedule]

Interest shall be computed on the basis of a 360-day year of twelve 30-day months. Interest is payable quarterly on the ___ days of ___, ___, ___ and ___ of each year until maturity or prior redemption, commencing _____.

[insert redemption provisions]

This bond is issued to finance the purchase of water rights, land acquisition, engineering, construction, permit, legal, bond issuance and administrative expenses. This bond is issued under and pursuant to an authorizing vote in November, 2000 and the City's Resolution No. 2007-__ adopted on _____, 2007 in full and strict accordance and compliance with all of the provisions of the Oregon Constitution, Statutes of the State of Oregon and Charter of the City.

This bond is a general obligation of the City. The City has pledged its full faith and credit for the punctual payment of the principal of and interest on this bond. The City has covenanted with the Purchaser of this bond to levy a direct ad valorem tax upon all of the taxable property within the City which is sufficient, after considering water system revenues that the City Council makes available to pay the bond and expected discounts and delinquencies in the payment of those ad valorem taxes, to pay principal and interest on this bond when due. The City has covenanted to levy this tax each year until this bond is paid. This tax is in addition to all other taxes of the City, and is not limited to rate, amount or otherwise, by Section 11 or 11b of Article 11 of the Oregon Constitution. This bond is not a debt or indebtedness of Lincoln County, the State of Oregon, or any political subdivision thereof other than the City.

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 that this bond and all other obligations of such City, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the City Council has caused this bond to be signed by facsimile signature of its Mayor and attested by facsimile signature of its Recorder or City Official as of the ___ day of _____ 2007.

City of Lincoln City, Oregon

Lori Hollingsworth, Mayor

Ron Tierney, Finance Planner

EXHIBIT B

NOTICE OF ADOPTION OF RESOLUTION SPECIFYING USES OF BOND PROCEEDS

The City of Lincoln City, Lincoln County, Oregon (the "City") hereby gives notice that on March 12, 2007 the City Council of the City adopted its Resolution No. 2007-13 (the "Resolution") which specified, pursuant to ORS 305.583(9)(b) that the proceeds of the City's general obligation bonds that were approved by the voters of the City on November 7, 2000 are authorized to be used to finance capital construction and improvement projects. The City specified the authorized uses of bond proceeds for the following projects (1) purchasing an assignment of Drift Creek water rights from Kernville-Gleneden Beach-Lincoln Beach Water District; (2) constructing a diversion, pump station, and pipeline to carry that and other Drift Creek water to the City's treatment plant; (3) related projects; and (4) paying bond issuance costs related thereto.

A complete copy of the Resolution may be obtained by contacting Cathy Steere, City Recorder, City of Lincoln City, 801 SW Hwy 101, telephone 541-996-1203. A judicial review of the City's use of bond proceeds 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(9)(b).

CITY OF LINCOLN CITY
LINCOLN COUNTY, OREGON

Published: March 14, 2007

[This notice is to be published in the general news section (not in the classified advertisements) of a newspaper of general circulation within Lincoln County (the county in which the City is located), within 15 days of the adoption of the Resolution. The notice shall measure at least three inches square and be printed in a type size at least equal to 8-point type.]

AFFIDAVIT OF PUBLICATION

STATE OF OREGON) SS.
County of Lincoln)

I, Sheila Miller, being first duly sworn, depose and say that I am the legal clerk of The News Guard, a newspaper of general circulation, as defined by ORS 193.010 and 193.020; printed and published at Lincoln City in the aforesaid county and state; that the **#07-045, City of Lincoln City, Notice of Adoption resolution**, a printed copy of which is hereto annexed, was published in the entire issue of said newspaper for **1** successive and consecutive weeks in the following issues: **03/14/07**

Sheila Miller

Subscribed and sworn to before me this **16th** day of **March, 2007**.

Shirley M. Hill



ngl 07-045

NOTICE OF ADOPTION OF RESOLUTION SPECIFYING USES OF BOND PROCEEDS

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CITY OF LINCOLN CITY
LINCOLN COUNTY, OREGON

Published: March 14, 2007.

GENERAL CERTIFICATE

\$4,000,000

**City of Lincoln City, Oregon
General Obligation Water Bond
Series 2007**

On behalf of the City of Lincoln City, Oregon (the "City"), I hereby certify as follows regarding the captioned bond (the "Bond"):

1. I, Ron Tierney, am the City's Financial Planner, and have been authorized by Resolution 2007-13 adopted by the City on March 12, 2007 (the "Resolution") to execute all documents on behalf of the City pertaining to the Bond.

2. The Bond is being issued, sold and delivered pursuant to Oregon Revised Statutes ("ORS") Chapters 287 and 288, the authority granted by the City's voters at an election held on November 7, 2000, the Resolution, and a bond declaration dated June 28, 2007 (the "Declaration").

3. Pursuant to the Resolution, I have:

- i) Awarded the sale of the Bond to U.S. Bank National Association, the bank offering the most favorable terms to the City.
- ii) Established the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates of the Bond.
- iii) Designated the Bond as a "qualified tax-exempt obligation" under Section 265(b) of the Code.
- iv) Executed the Bond Declaration and the other city documents that were delivered at the closing of the Bond.
- v) Issued, sold and delivered the Bond.

4. The Bond has been signed with the facsimile signatures of the Mayor and the City Recorder, pursuant to the Resolution. They were, on this 28th day of June, 2007, the date of actual delivery of the Bond to the Bank, the duly chosen, qualified and acting officers indicated therein and authorized to execute the same.

5. The City Council meets in regular session at least once each month. A quorum was present throughout each of the City Council meetings at which action was taken on matters concerning the Bond, and Resolution 2007-13 was properly adopted by the City Council. The City Council has adopted policies to implement the provisions of ORS 192.640 regarding public meeting notice, and has complied with those policies for all City Council meetings at which action was taken on matters concerning the Bond. Resolution 2007-13 remains in full force and effect.

6. The proceeds from the sale of the Bond shall be used solely for capital construction and improvements within the meaning of Sections 11 and 11b of Article XI of the Oregon Constitution and Oregon Revised Statutes Section 310.140. On March 14, 2007, the City published a notice in The News Guard, specifying pursuant to ORS 305.583 that the proceeds of the Bond would be used to pay for water rights and other costs. More than 60 days have passed since publication of that notice and no person has contacted the city pursuant to that notice, or sought judicial review of the use of the proceeds within the sixty day period following publication of the notice.

7. The projects to be financed with the proceeds of the Bond are in compliance with the comprehensive plan of the City and the statewide goals of the Land Conservation and Development Commission of the State of Oregon.

8. The City makes the following certifications pursuant to the Bond Purchase Agreement (capitalized terms used but not defined herein shall have the meanings given to such terms in the Bond Purchase Agreement):

- i) There is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the adoption of the Resolution or the execution and delivery of this Bond Purchase Agreement, the Bond, or the collection and application of funds as contemplated by this Bond Purchase Agreement, the Bond, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under the Bond,
- ii) The adoption of the Resolution, the execution and delivery of this Bond Purchase Agreement, and the Bond do not and will not conflict in any material respect with or constitute on the part of the City a breach of or default under any law, charter provision, court decree, administrative regulation, resolution, ordinance or other agreement or instrument to which the City is a party or by which it is bound;

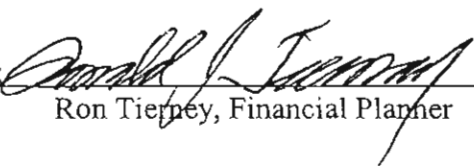
9. In issuing the Bond, the Issuer has complied with any applicable limitation on bonded indebtedness;

10. The proceeds from the sale of the Bond shall be used solely as set forth in the Resolutions;

11. The Issuer has complied with applicable provisions of any applicable budget law with respect to the issuance of the Bond.

Dated as of the 28th day of June, 2007.

City of Lincoln City, Oregon

By: 
Ron Tierney, Financial Planner

TAX CERTIFICATE

**CITY OF LINCOLN CITY
LINCOLN COUNTY, OREGON**

**\$4,000,000
GENERAL OBLIGATION WATER BOND
SERIES 2007**

THIS TAX CERTIFICATE is executed by the City of Lincoln City, Lincoln County, Oregon (the "Issuer") as of June 28, 2007, to establish the facts and circumstances that are necessary to determine that its \$4,000,000 General Obligation Water Bond, Series 2007 (the "Bond") is not an "arbitrage bond" within the meaning of Section 148 of the Code and is not a "private activity bond" under Section 141 of the Code.

Section 1 of this Tax Certificate lists the principal facts and expectations that the Issuer is certifying to be accurate, and that allow the conclusion that interest on the Bond is excludable from gross income under the Code.

Section 2 of this Tax Certificate lists the basic arbitrage restrictions that apply to the Bond.

Other sections of this Tax Certificate contain representations and statements of law that support the conclusion that interest on the Bond is excludable from gross income under Section 103(a) of the Code.

Capitalized terms that are used, but are not defined, in the body of this Tax Certificate are defined in Section 12 of this Tax Certificate.

SECTION 1. Basic Facts and Expectations

1.1 General Representations about the Issuer and the Bond:

- (A) I am the Financial Planner of the Issuer, and I am charged with the responsibility for certifying the Issuer's expectations regarding the amount and use of the Proceeds of the Bond.
- (B) The Bond is being issued pursuant to Resolution No. 2007-13 adopted by the Board of the Issuer on March 12, 2007.
- (C) The Issuer is issuing the Bond on the date of this Tax Certificate.
- (D) The Bond is being issued to provide funds to (1) pay costs of capital construction and improvements consisting of the purchase of an assignment of Drift Creek water rights, constructing a diversion, pump station and pipeline and related facilities (collectively, the "Capital Project"); and (2) to pay the costs of issuance of the Bond.
- (E) In preparing this Tax Certificate, the Issuer has relied upon certain information provided by U.S. Bank N.A., as purchaser of the Bond (the "Purchaser") in its Certificate Regarding No Reoffering, dated and executed June 28, 2007, regarding the issue price of the Bond.

- (F) The Issuer has established a Debt Service Account that is to be used primarily to achieve a proper matching of revenues with principal and interest requirements on the Bond within each Bond Year.
- (G) The Issuer has not created, and does not expect to create, any funds or accounts except the Debt Service Account to hold money to pay the Bond.
- (H) The Issuer will not employ any device in connection with the issuance of the Bond to obtain a material financial advantage (based upon arbitrage) apart from savings attributable to a lower interest rate.
- (I) The weighted average maturity of the Bond does not exceed 120% of the average reasonably expected economic life of the Capital Project financed by the Bond.

1.2 General Representations about the Capital Project.

- (A) The Issuer reasonably expects (i) to spend or enter into binding contracts to spend at least 5% of the Sale Proceeds of the Bond on capital expenditures by December 28, 2007; (ii) to allocate at least 85% of the Sale Proceeds of the Bond to capital expenditures by June 28, 2010; and (iii) that the completion of the Capital Project and allocation of the Sale Proceeds of the Bond to capital expenditures will proceed with due diligence.

SECTION 2. Basic Arbitrage Consequences

2.1 The yield on the Bond has been calculated to be 3.969696% using the economic accrual method required by Section 1.148-4(a) of the Income Tax Regulations. The Bond is a fixed yield issue, and the Bond yield will not be affected by subsequent unexpected events.

2.2 Based on the Facts and Expectations Stated in Section 1.

(A) Limitations on Investments (Yield Restriction)

- (1) *Sale Proceeds of the Bond.* The Issuer may invest the Sale Proceeds of the Bond, and the investment earnings thereon, without restriction until June 28, 2010.
- (2) *Amounts Deposited into the Debt Service Account.*
 - (a) To the extent that amounts deposited in the Debt Service Account qualify as a Bona Fide Debt Service Fund, the Issuer will invest such amounts at a yield that does not exceed the yield on the Bond until the final maturity of the Bond.
 - (b) To the extent that amounts deposited in the Debt Service Account do not qualify as a Bona Fide Debt Service Fund, the Issuer will invest such amounts at a yield that does not exceed the yield on the Bond.

(B) Rebate

- (1) The Issuer and its urban renewal agency have issued more than \$5,000,000 of tax-exempt obligations in calendar year 2007.

- (2) The Issuer will not be obligated to pay a rebate to the United States under Section 148 of the Code on the gross proceeds of the Bond (including the investment earnings thereon but excluding amounts in the Bona Fide Debt Service Fund) if those proceeds are spent according to the following schedule:
 - (a) At least 15% by December 28, 2007 (six months after the Date of Issue of the Bond);
 - (b) At least 60% by June 28, 2007, (twelve months after the Date of Issue of the Bond); and,
 - (c) 100% by December 28, 2008 (eighteen months after the Date of Issue of the Bond).
- (3) The Issuer will not fail to meet the third spending requirement if the unspent amount is:
 - (a) Less than \$120,000 and the Issuer has exercised due diligence to complete the Capital Project, or
 - (b) A Reasonable Retainage amount and the Reasonable Retainage is spent by December 28, 2009 (thirty months after the Date of Issue of the Bond).
- (4) *Amounts Deposited into the Debt Service Account:* To the extent that amounts deposited in the Debt Service Account qualify as a Bona Fide Debt Service Fund, the Issuer will not be obligated to pay rebate on the earnings from the investment of such amounts, because the Bond is governmental bond with a fixed interest rate and the average maturity of the Bond exceeds five years.

SECTION 3. Arbitrage Rebate Computation Procedures

- 3.1 If the Issuer does not meet the exception to rebate described in Section 2.2(B)(2), the Issuer will compute the Rebate Amount as of each Computation Date. The first Computation Date is September 1, 2012. The date that the Bonds are discharged will be the final Computation Date and the final rebate installment payment must be made with respect to the final Computation Date.
- 3.2 For each Computation Date, except the final Computation Date, the Issuer will make a rebate installment payment in an amount which is at least equal to 90% of the Rebate Amount for the Bonds when added to the future value of all previous rebate payments made for the Bonds.
- 3.3 For the final Computation Date the Issuer will make a rebate installment payment in an amount that, when added to the future value of all previous rebate payments made for the Bonds, equals 100% of the Rebate Amount for the Bonds. Future value will be determined in compliance with the applicable provisions of the Code.
- 3.4 Each rebate installment payment shall be made within 60 days after its Computation Date to the Internal Revenue Service Center, Ogden, Utah 84201. Each rebate payment will be accompanied by IRS Form 8038-T.

SECTION 4. Sources and Uses of Proceeds

4.1 Sale Proceeds Received by the Issuer

(A) The Sale Proceeds actually or constructively received by the Issuer from the sale of the Bond is as follows:

Face Amount of Bond	<u>\$4,000,000</u>
Sale Proceeds of Bond	\$4,000,000

(B) The Bond is dated as of the Date of Issue and the Issuer will not receive any accrued interest on the Bond.

4.2 Uses of Sale Proceeds

The Sale Proceeds received by the Issuer from the sale of the Bond will be allocated to the following uses in the following amounts:

Purchaser's Fee	\$4,000
Other Costs of Issuance	\$25,000
Capital Project	<u>\$3,971,000</u>
Total Uses of Sale Proceeds	\$4,000,000

SECTION 5. Bond Sizing

5.1 There is no direct monetary benefit, such as a rebate of bond insurance premium, surety bond premium or letter of credit fee that the Issuer will receive by issuing the Bond.

5.2 The term of the Bond is not longer than is reasonably necessary for its purposes. The amount the Issuer will receive from the sale of the Bond is not substantially in excess of the amounts necessary to accomplish the purposes for which the Bond is issued. The Issuer does not reasonably expect to sell, encumber or otherwise dispose of any portion of the facilities financed or refinanced with the Bond.

SECTION 6. General Representations

6.1 There are no other tax exempt obligations of the Issuer that (a) have sale dates within 15 days of the sale date of the Bond, (b) are sold pursuant to the same plan of financing together with the Bond, and (c) are reasonably expected to be paid out of substantially the same source of funds as the Bond.

6.2 No portion of the Proceeds of the Bond will be used as a substitute for other funds which will otherwise be used to acquire, directly or indirectly, securities, obligations, annuity contracts or other investment type property that are Materially Higher Yield Investments.

SECTION 7. Reimbursement Bond

7.1 Proceeds of the Bond will be applied to reimburse the Issuer for expenditures paid prior to the date of delivery of the Bond only if the expenditures are described in paragraphs (A), (B), (C) or (D) below:

- (A) Preliminary expenditures such as architectural, engineering, surveying, soil testing, bond issuance costs and similar costs that, in the aggregate, are not in excess of 20% of the Sale Proceeds of the Bond. The costs of land acquisition, site preparation and similar costs incident to commencement of construction are not preliminary expenditures.
- (B) Expenditures for issuance costs and for an amount not in excess of the lesser of \$100,000 or 5% of the Proceeds of the Bond.
- (C) Expenditures that are described in City Resolution No. 00-18, adopted August 28, 2000, that are paid no earlier than 60 days prior to the adoption by the Issuer of that resolution can be reimbursed with the Proceeds of the Bond if the date of delivery of the Bond is no later than 18 months after the later of (i) the date on which the expenditure was paid or (ii) the date on which the property financed in whole or in part by the expenditure was placed in service. Expenditures do not qualify for reimbursement under this paragraph (c) if the period of time between the date on which an expenditure is made and the date of delivery of the Bond exceeds three years.
- (D) Expenditures that are paid within 60 days prior to the date of delivery of the Bond.

SECTION 8. Federal Guarantee Prohibition

8.1 The Bond is not “federally guaranteed” and the Issuer will not cause or allow the Bond to become “federally guaranteed.” Unless otherwise excepted under Section 149(b) of the Code, the Bond will be considered “federally guaranteed” if:

- (A) The payment of principal and interest with respect to the Bond is guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof);
- (B) Five percent or more of the Proceeds of the Bond is
 - (1) To be used in making loans, the payment of principal or interest with respect to which are to be guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof); or
 - (2) To be invested (directly or indirectly) in federally insured deposits or accounts; or,
- (C) The payment of principal or interest on the Bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

SECTION 9. Hedge Bond Representation

The Bond is not a “hedge bond” as defined in Section 149(g) of the Code, because the Issuer reasonably expects to spend 85% of the Sale Proceeds of the Bond within three years from the date the Bond is issued and will not invest more than 50% of such Sale Proceeds in nonpurpose investments having a substantially guaranteed yield for four years or more.

SECTION 10. Private Use Limitation

10.1 The Bond is not a private activity bond, and therefore, is subject to restrictions on the use of the property financed by the Bond by Private Persons.

(A) General Private Use Limitation

- (1) Not more than 10% of the Proceeds of the Bond will be used, directly or indirectly, in a Private Use.
- (2) Not more than 10% of the principal or interest payments on the Bond will be, directly or indirectly,
 - (a) Secured by any interest in property used or to be used for any Private Use,
 - (b) Secured by payments in respect of property used or to be used for any Private Use, or
 - (c) Derived from payments with respect to property, or borrowed money, used or to be used for any Private Use.

(B) Private Loan Financing Test

- (1) None of the Proceeds of the Bond will be used, directly or indirectly, to make or finance loans.

(C) Unrelated Use Limitation

- (1) The amount of Private Use that is unrelated or disproportionate to the governmental purposes of the Bond will not exceed 5% of the Proceeds of the Bond.
- (2) A facility is generally considered to be used for a related Private Use if it must be located within, or adjacent to, the governmentally used facility. Use of a facility by a Private Person for the same purpose as use by a governmental person is treated as a related use if the governmental use is significant. Similarly, a use of a facility in the same manner both for Private Use that is related use and Private Use that is unrelated use does not result in unrelated use if the related use is significant.
- (3) A Private Use is disproportionate to a related government use only to the extent that the amount of Proceeds used for that Private Use exceeds the amount of Proceeds used for the related government use.

10.2 Change in Use.

- (A) While the Issuer does not expect that any of the property financed with the Proceeds of the Bond will be used in a manner that could cause the Bond to become a private activity bond, in the event that circumstances change and a use is made of the property that could result in the Bond becoming a private activity bond, the Issuer will consult with its Bond Counsel and will take any remedial actions required by Section 1.141-12 of the Income Tax Regulations.

- (B) The Bond matures not more than 10½ years after the date of delivery of the Bond. Accordingly, the Issuer will be eligible to use the redemption or defeasance remedial actions described in Section 1.141-12(d) of the Income Tax Regulations.

SECTION 11. Bank Qualification

The Issuer has designated the Bond as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3)(B) of the Code.

SECTION 12. Definitions

“Bona Fide Debt Service Fund” means an account that will be used primarily to achieve a proper matching of revenues with principal and interest requirements on the Bond within each Bond Year and that will be completely depleted at least once each Bond Year except for a reasonable carryover amount that will not exceed the greater of: (a) the earnings on the Bona Fide Debt Service Fund for the immediately preceding Bond Year, or (b) one-twelfth of the principal and interest payments on the Bond for the immediately preceding Bond Year.

“Bond Counsel” means Kirkpatrick & Lockhart Preston Gates Ellis LLP, or any other nationally recognized bond counsel.

“Bond Year” means each one year period that ends on September 1, unless the Issuer elects a different Bond Year. The first Bond Year ends September 1, 2007.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations and rulings issued under that Code.

“Computation Date” means September 1, 2012, September 1, 2017 and December 1, 2018, or any earlier date on which the Bond is discharged.

“Computation Period” means the period between computation dates. The first Computation Period begins on June 28, 2007, and ends on September 1, 2012. Each succeeding Computation Period begins on the date immediately following the Computation Date and ends on the following Computation Date.

“Date of Issue” means June 28, 2007.

“Investment” means any security, obligation, annuity contract, investment-type property and any tax-exempt obligation that is a specified private activity bond as defined in Section 57(a)(5)(C) of the Code. Investment-type property is property held primarily for the production of income.

“Investment Proceeds” means any amounts actually or constructively received from investing proceeds of an issue.

“Materially Higher Yield Investment” means an Investment having a yield more than one-eighth of one percentage point above the Bond yield except that the Investment yield for amounts to provide for payment of principal or interest on other obligations of the Issuer and for any Replacement Proceeds is materially higher if it is more than one-thousandth of one percent above the Bond yield. If yield restricted Investments in the same class are subject to different definitions of materially higher, the applicable definition of materially higher that produces the lowest permitted yield applies to all Investments in the

class. If an Investment is a tax-exempt obligation, but is not investment-type property, there is no yield limitation.

“Net Sale Proceeds” means Sale Proceeds of the Bond, less a minor portion of the Bonds equal to \$100,000.

“Private Person” means any person or entity other than a state or local governmental unit, including the federal government and an organization described in Section 501(c)(3) of the Code.

“Private Use” means the use of property in a trade or business by a Private Person if such use is other than as a member of the general public. Private Use includes ownership of the property by the private person as well as other arrangements that transfer to the private person the actual or beneficial use of the property (such as a lease, management contract, service or incentive payment contract, output contract or other special arrangement) in such a manner as to set the Private Person apart from the general public.

“Proceeds” means any Sale Proceeds and Investment Proceeds of the Bond.

“Reasonable Retainage” means an amount not in excess of 5% of the Net Sale Proceeds of the Bonds retained for reasonable business purposes, such as ensuring or promoting compliance with the terms of construction contracts in circumstances in which the amount is not yet payable or in which the Issuer reasonably determines that a dispute exists regarding completion or payment.

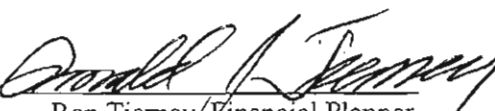
“Rebate Amount” means the amount required to be paid to the United States in accordance with 148(f) of the Code.

“Replacement Proceeds” means any amounts that have a sufficiently direct nexus to the Bond or to the governmental purposes of the Bond to conclude that the amounts would have been used for that governmental purpose if the Proceeds of the Bond were not used for that purpose. Replacement Proceeds include, but are not limited to, sinking funds, pledged funds and other amounts that have a nexus to the governmental purposes of the Bond to the extent that these funds or amounts are held by or derived from a substantial beneficiary of the Bond. Replacement Proceeds also include amounts that arise to the extent that the Issuer reasonably expects as of June 28, 2007, that the term of the Bond will be longer than is reasonably necessary for the governmental purposes of the Bond and there will be available amounts during the period that the Bond remain outstanding longer than necessary.

“Sale Proceeds” means any amounts actually or constructively received from the sale of the Bond including amounts used to pay underwriter’s discount or compensation and accrued interest other than pre-issuance accrued interest.

Dated as of this 28th day of June, 2007.

**CITY OF LINCOLN CITY
LINCOLN COUNTY, OREGON**

By: 
Ron Tierney, Financial Planner

Information Return for Tax-Exempt Governmental Obligations

Under Internal Revenue Code section 149(e)

See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority If Amended Return, check here

1 Issuer's name City of Lincoln City	2 Issuer's employer identification number 93 0523629
3 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 50	Room/suite 4 Report number 3 01
5 City, town, or post office, state, and ZIP code Lincoln City, Oregon 97367	6 Date of issue 6/28/2007
7 Name of issue General Obligation Water Bond, Series 2007	8 CUSIP number None
9 Name and title of officer or legal representative whom the IRS may call for more information Ron Tierney, Financial Planner	10 Telephone number of officer or legal representative (541) 996-1212

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11 <input type="checkbox"/> Education	11
12 <input type="checkbox"/> Health and hospital	12
13 <input type="checkbox"/> Transportation	13
14 <input type="checkbox"/> Public safety	14
15 <input type="checkbox"/> Environment (including sewage bonds)	15
16 <input type="checkbox"/> Housing	16
17 <input checked="" type="checkbox"/> Utilities	17 4,000,000
18 <input type="checkbox"/> Other. Describe <input type="checkbox"/>	18
19 If obligations are TANs or RANs, check box <input type="checkbox"/> If obligations are BANs, check box <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	12/01/2018	\$ 4,000,000	\$ 4,000,000	6.214 years	3.9697 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22	0
23 Issue price of entire issue (enter amount from line 21, column (b))	23	4,000,000
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	29,000
25 Proceeds used for credit enhancement	25	0
26 Proceeds allocated to reasonably required reserve or replacement fund	26	0
27 Proceeds used to currently refund prior issues	27	0
28 Proceeds used to advance refund prior issues	28	0
29 Total (add lines 24 through 28)	29	29,000
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	3,971,000

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded		years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded		years
33 Enter the last date on which the refunded bonds will be called		
34 Enter the date(s) the refunded bonds were issued		

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a
b Enter the final maturity date of the guaranteed investment contract	
37 Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a
b If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the name of the issuer and the date of the issue	
38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box <input checked="" type="checkbox"/>	
39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box <input type="checkbox"/>	
40 If the issuer has identified a hedge, check box <input type="checkbox"/>	

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Sign Here

 Signature of issuer's authorized representative **6-28-07** Date
Ron Tierney, Financial Planner
 Type or print name and title

July 3, 2007

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED —# 7007 0710 0002 6248 6415**

Internal Revenue Service
Internal Revenue Service Center
1160 W. 1200 S.
Ogden, UT 84201

Subject: \$4,000,000 City of Lincoln City, Oregon, General Obligation Water Bond,
Series 2007; Our File No. 26974-00019

Ladies and Gentlemen:

Enclosed are an original, executed IRS Form 8038-G and one copy for filing in connection with the above-referenced financing.

Please acknowledge receipt of this document on the enclosed copy of the Form 8038-G by placing your date and filing stamp on same and returning it to us in the envelope provided. Thank you for your assistance.

Sincerely,

KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP



Anne Graff

Enclosures

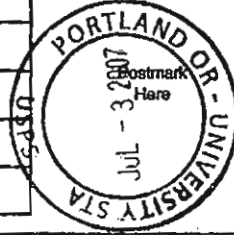
7007 0710 0002 6248 6435

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OFFICIAL USE

Postage	\$.58
Certified Fee	2.65
Return Receipt Fee (Endorsement Required)	2.15
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 5.38



ACG-26974-19

Sent To _____ Internal Revenue Service _____
 Street, Apt. No., or PO Box No. _____
 City, State, ZIP+4 _____
 Ogden, UT 84201 _____

PS Form 3800, August 2005

See Reverse for Instructions

RECEIPT FOR BOND PROCEEDS

\$4,000,000

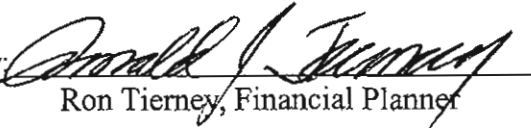
**City of Lincoln City, Oregon
General Obligation Water Bond
Series 2007**

On behalf of the City of Lincoln City, Oregon (the "City"), I hereby acknowledge receipt of the proceeds of the captioned Bond in the following amount:

Principal amount of Bond:	\$4,000,000.00
Less: Bank Origination Fee	<u>(4,000.00)</u>
Total received	\$3,996,000.00

Dated as of the 28th day of June, 2007.

City of Lincoln City, Oregon

By: 
Ron Tierney, Financial Planner

CERTIFICATE REGARDING NO REOFFERING

\$4,000,000

**City of Lincoln City, Oregon
General Obligation Water Bond
Series 2007**

On behalf of U. S. Bank National Association (the "Bank"), the undersigned hereby certifies as follows with respect to the issuance by the City of Lincoln City, Oregon (the "City") of the captioned general obligation bond (the "Bond"):

1. The Bank has funded the Bond on June 28, 2007 (the "Sale Date").
2. The Bank will hold the Bond as an investment. The Bank does not reasonably expect to reoffer the Bond to the public.
3. The term "public," as used herein, means persons other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers.
4. The terms of the Bond fairly reflect market conditions on the Sale Date.
5. The Bank understands that the statements made in this Certificate will be relied upon by the City in its effort to comply with the restrictions imposed by the Internal Revenue Code of 1986, as amended, exemption of interest on the Bond from the gross income of its owners.

Dated as of the 28th day of June, 2007.

U. S. Bank National Association

By:  V.P.
Ronald D. Howell, Vice President

RECEIPT FOR BOND

\$4,000,000
City of Lincoln City, Oregon
General Obligation Water Bond
Series 2007

On behalf of U. S. Bank National Association (the "Bank"), I hereby certify that the Bank has received the fully executed original of the captioned Bond, which is in satisfactory form.

Dated as of the 28th day of June, 2007.

U. S. Bank National Association

By:  V.P.

Ronald D. Howell, Vice President

June 28, 2007

City of Lincoln City
P.O. Box 50
801 SW Highway 101
Lincoln City, Oregon 97367

U. S. Bank National Association
Government Banking, PD-OR-T14G
111 SW 5th Ave, Suite 550
Portland, Oregon 97204

Subject: \$4,000,000 City of Lincoln City, Oregon, General Obligation Water Bond, Series 2007

We have acted as bond counsel in connection with the execution and delivery by the City of Lincoln City, Oregon (the "City") of its \$4,000,000 General Obligation Water Bond, Series 2007, which is dated as of June 28, 2007. The Bond is issued pursuant to Resolution No. 2007-13 of the City adopted on March 12, 2007 (the "Resolution"), the authority granted by the City's voters at an election held on November 7, 2000, and a bond declaration dated as of June 28, 2007 (the "Declaration"). The Bond is being sold to U. S. Bank National Association pursuant to a purchase agreement that is dated as of June 28, 2007.

We have examined the law, a duly certified transcript of proceedings of the City, prepared in part by us, relating to the Bond, and other documents which we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied on representations of the City contained in the Resolution, the Declaration, the Bond, and on other certified proceedings and certifications of City officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bond has been legally authorized and executed under and pursuant to the Constitution and Statutes of the State of Oregon, the charter of the City, the Resolution and the Declaration. The Declaration and the Bond constitute valid and legally binding obligations of the City enforceable in accordance with their terms.
2. The Bond is a general obligation of the City, and is payable from taxes the City may levy outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution. The City has pledged its full faith and credit to the payment of the Bond, and has covenanted to levy a direct ad valorem tax which is sufficient to pay Bond principal and interest when due, as provided in the Declaration.
3. Interest on the Bond is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bond is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bond in order that the interest on the Bond be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause interest on the Bond to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bond.
4. Interest on the Bond is exempt from State of Oregon personal income taxes.

We note that the City has designated the Bond as a "qualified tax-exempt obligation" as defined in Section 265(b)(3) of the Code.

Legal Opinion
June 28, 2007
Page 2

The portion of this opinion that is set forth in paragraphs 1 and 2, above, is qualified only to the extent that enforceability of the Resolution, the Declaration and the Bond may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bond. Owners of the Bond should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bond, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Our opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

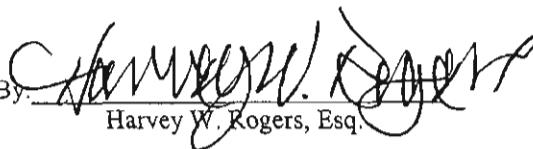
This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention or any change in law that may hereafter occur.

This opinion is given solely for your benefit in connection with the above referenced bond financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Bond, nor may copies be furnished to any other person or entity, without the prior written consent to Kirkpatrick & Lockhart Preston Gates Ellis LLP.

We have served only as bond counsel to the City and have not and are not representing any other party in connection with the Bond. Therefore, no attorney-client relationship shall arise by virtue of our addressing this opinion to persons other than the City.

Respectfully submitted,

KIRKPATRICK & LOCKHART PRESTON GATES ELLIS LLP

By: 
Harvey W. Rogers, Esq.



Regional Financial Advisors, Inc.

Rebecca Marshall Chao, President
B. Jonas Biery, Vice President
Raelene Garrison, Project Manager
PHONE (503) 227-2009
FAX (503) 227-2510



733 SW Vista Ave.
Portland, OR 97205-1203

June 20, 2007

(via email)

CLOSING PAYMENT MEMORANDUM & SETTLEMENT
INSTRUCTIONS

TO: Ron Tierney (541-996-1212) Lincoln City, OR
Harvey Rogers (503-226-5721) Kirkpatrick & Lockhart Preston Gates Ellis
Anne Graff (503-226-5758) LLC
Margo Sharp (503-228-3200)
Ron Howell (503-226-5758) U.S. Bank
Zoeann Liggett (503-228-3200)

FROM: B. Jonas Biery (503-227-2009)

RE: Lincoln City, OR General Obligation Water Bonds, Series 2007

Closing Date: Thursday, June 28, 2007

Closing Instructions: The closing will occur at 10 a.m. (prevailing Pacific Time) via telephone/fax at the offices of Kirkpatrick & Lockhart Preston Gates Ellis LLC, 222 SW Columbia Street, Suite 1400, Portland, OR 97201; (503) 228-3200.

Distribution of Bond Proceeds from Bank:

WIRE INSTRUCTIONS -- Proceeds to City

Bank: Delivers **\$3,996,000.00** to Lincoln City
Method: Wire Transfer
Bank: Bank of America
ABA Number: 026 009 593
Account Number: 2688300175
Contact: Ron Tierney @ City

**Instructions for Day of Closing
Funds from Bank:**

SOURCES OF FUNDS

Par Amount	\$4,000,000.00
Less: Bank fee	(4,000.00)
TOTAL SOURCES OF FUNDS	\$3,996,000.00

DISTRIBUTION OF FUNDS

To City:	
Water Projects	\$3,971,000.00
Costs of Issuance (excluding Bank fees)	25,000.00
TOTAL DISTRIBUTION OF FUNDS	\$3,996,000.00

SOURCES AND USES OF FUNDS

Lincoln City, GO Water Bonds, Series 2007
FINAL Numbers (US Bank)
(COI estimate excludes up-front rate lock fee)
FINAL rate of 3.95%

Dated Date 05/22/2007
Delivery Date 05/22/2007

Sources:

Bond Proceeds:	
Par Amount	4,000,000.00
	<hr/>
	4,000,000.00

Uses:

Project Fund Deposits:	
Water Projects	3,971,000.00
Delivery Date Expenses:	
Cost of Issuance	25,000.00
Bank Fee	4,000.00
	<hr/>
	29,000.00
	<hr/>
	4,000,000.00

BOND SUMMARY STATISTICS

Lincoln City, GO Water Bonds, Series 2007
 FINAL Numbers (US Bank)
 (COI estimate excludes up-front rate lock fee)
 FINAL rate of 3.95%

Dated Date	05/22/2007
Delivery Date	05/22/2007
First Coupon	09/01/2007
Last Maturity	12/01/2018
Arbitrage Yield	3.969406%
True Interest Cost (TIC)	3.969406%
Net Interest Cost (NIC)	3.950002%
All-In TIC	4.105333%
Average Coupon	3.950000%
Average Life (years)	6.337
Duration of Issue (years)	5.468
Par Amount	4,000,000.00
Bond Proceeds	4,000,000.00
Total Interest	1,001,315.50
Net Interest	1,001,315.50
Total Debt Service	5,001,315.50
Maximum Annual Debt Service	434,897.00
Average Annual Debt Service	433,953.62
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,000,000.00	4,000,000.00	4,000,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-25,000.00	
- Other Amounts		-4,000.00	
Target Value	4,000,000.00	3,971,000.00	4,000,000.00
Target Date	05/22/2007	05/22/2007	05/22/2007
Yield	3.969406%	4.105333%	3.969406%

BOND DEBT SERVICE

Lincoln City, GO Water Bonds, Series 2007
 FINAL Numbers (US Bank)
 (COI estimate excludes up-front rate lock fee)
 FINAL rate of 3.95%

Date	Principal	Coupon	Interest	Debt Service
09/01/2007	65,274.23	3.950%	43,450.02	108,724.25
12/01/2007	69,868.82	3.950%	38,855.43	108,724.25
03/01/2008	70,558.77	3.950%	38,165.48	108,724.25
06/01/2008	71,255.54	3.950%	37,468.71	108,724.25
09/01/2008	71,959.19	3.950%	36,765.06	108,724.25
12/01/2008	72,669.79	3.950%	36,054.46	108,724.25
03/01/2009	73,387.40	3.950%	35,336.85	108,724.25
06/01/2009	74,112.10	3.950%	34,612.15	108,724.25
09/01/2009	74,843.96	3.950%	33,880.29	108,724.25
12/01/2009	75,583.04	3.950%	33,141.21	108,724.25
03/01/2010	76,329.43	3.950%	32,394.82	108,724.25
06/01/2010	77,083.18	3.950%	31,641.07	108,724.25
09/01/2010	77,844.38	3.950%	30,879.87	108,724.25
12/01/2010	78,613.09	3.950%	30,111.16	108,724.25
03/01/2011	79,389.39	3.950%	29,334.86	108,724.25
06/01/2011	80,173.36	3.950%	28,550.89	108,724.25
09/01/2011	80,965.08	3.950%	27,759.17	108,724.25
12/01/2011	81,764.61	3.950%	26,959.64	108,724.25
03/01/2012	82,572.03	3.950%	26,152.22	108,724.25
06/01/2012	83,387.43	3.950%	25,336.82	108,724.25
09/01/2012	84,210.88	3.950%	24,513.37	108,724.25
12/01/2012	85,042.47	3.950%	23,681.78	108,724.25
03/01/2013	85,882.26	3.950%	22,841.99	108,724.25
06/01/2013	86,730.35	3.950%	21,993.90	108,724.25
09/01/2013	87,586.81	3.950%	21,137.44	108,724.25
12/01/2013	88,451.73	3.950%	20,272.52	108,724.25
03/01/2014	89,325.19	3.950%	19,399.06	108,724.25
06/01/2014	90,207.28	3.950%	18,516.97	108,724.25
09/01/2014	91,098.08	3.950%	17,626.17	108,724.25
12/01/2014	91,997.67	3.950%	16,726.58	108,724.25
03/01/2015	92,906.15	3.950%	15,818.10	108,724.25
06/01/2015	93,823.60	3.950%	14,900.65	108,724.25
09/01/2015	94,750.10	3.950%	13,974.15	108,724.25
12/01/2015	95,685.76	3.950%	13,038.49	108,724.25
03/01/2016	96,630.66	3.950%	12,093.59	108,724.25
06/01/2016	97,584.89	3.950%	11,139.36	108,724.25
09/01/2016	98,548.54	3.950%	10,175.71	108,724.25
12/01/2016	99,521.71	3.950%	9,202.54	108,724.25
03/01/2017	100,504.48	3.950%	8,219.77	108,724.25
06/01/2017	101,496.97	3.950%	7,227.28	108,724.25
09/01/2017	102,499.25	3.950%	6,225.00	108,724.25
12/01/2017	103,511.43	3.950%	5,212.82	108,724.25
03/01/2018	104,533.61	3.950%	4,190.64	108,724.25
06/01/2018	105,565.87	3.950%	3,158.38	108,724.25
09/01/2018	106,608.34	3.950%	2,115.91	108,724.25
12/01/2018	107,661.10	3.950%	1,063.15	108,724.25
	4,000,000.00		1,001,315.50	5,001,315.50

ANNUAL BOND DEBT SERVICE

Lincoln City, GO Water Bonds, Series 2007
FINAL Numbers (US Bank)
(CO) estimate excludes up-front rate lock fee)
FINAL rate of 3.95%

Date	Principal	Coupon	Interest	Debt Service
06/01/2008	276,957.36	3.950%	157,939.64	434,897.00
06/01/2009	292,128.48	3.950%	142,768.52	434,897.00
06/01/2010	303,839.61	3.950%	131,057.39	434,897.00
06/01/2011	316,020.22	3.950%	118,876.78	434,897.00
06/01/2012	328,689.15	3.950%	106,207.85	434,897.00
06/01/2013	341,865.96	3.950%	93,031.04	434,897.00
06/01/2014	355,571.01	3.950%	79,325.99	434,897.00
06/01/2015	369,825.50	3.950%	65,071.50	434,897.00
06/01/2016	384,651.41	3.950%	50,245.59	434,897.00
06/01/2017	400,071.70	3.950%	34,825.30	434,897.00
06/01/2018	416,110.16	3.950%	18,786.84	434,897.00
06/01/2019	214,269.44	3.950%	3,179.06	217,448.50
	4,000,000.00		1,001,315.50	5,001,315.50

FORM 8038 STATISTICS

Lincoln City, GO Water Bonds, Series 2007
 FINAL Numbers (US Bank)
 (COI estimate excludes up-front rate lock fee)
 FINAL rate of 3.95%

Dated Date 05/22/2007
 Delivery Date 05/22/2007

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serials:						
	09/01/2007	65,274.23	3.950%	100.000	65,274.23	65,274.23
	12/01/2007	69,868.82	3.950%	100.000	69,868.82	69,868.82
	03/01/2008	70,558.77	3.950%	100.000	70,558.77	70,558.77
	06/01/2008	71,255.54	3.950%	100.000	71,255.54	71,255.54
	09/01/2008	71,959.19	3.950%	100.000	71,959.19	71,959.19
	12/01/2008	72,669.79	3.950%	100.000	72,669.79	72,669.79
	03/01/2009	73,387.40	3.950%	100.000	73,387.40	73,387.40
	06/01/2009	74,112.10	3.950%	100.000	74,112.10	74,112.10
	09/01/2009	74,843.96	3.950%	100.000	74,843.96	74,843.96
	12/01/2009	75,583.04	3.950%	100.000	75,583.04	75,583.04
	03/01/2010	76,329.43	3.950%	100.000	76,329.43	76,329.43
	06/01/2010	77,083.18	3.950%	100.000	77,083.18	77,083.18
	09/01/2010	77,844.38	3.950%	100.000	77,844.38	77,844.38
	12/01/2010	78,613.09	3.950%	100.000	78,613.09	78,613.09
	03/01/2011	79,389.39	3.950%	100.000	79,389.39	79,389.39
	06/01/2011	80,173.36	3.950%	100.000	80,173.36	80,173.36
	09/01/2011	80,965.08	3.950%	100.000	80,965.08	80,965.08
	12/01/2011	81,764.61	3.950%	100.000	81,764.61	81,764.61
	03/01/2012	82,572.03	3.950%	100.000	82,572.03	82,572.03
	06/01/2012	83,387.43	3.950%	100.000	83,387.43	83,387.43
	09/01/2012	84,210.88	3.950%	100.000	84,210.88	84,210.88
	12/01/2012	85,042.47	3.950%	100.000	85,042.47	85,042.47
	03/01/2013	85,882.26	3.950%	100.000	85,882.26	85,882.26
	06/01/2013	86,730.35	3.950%	100.000	86,730.35	86,730.35
	09/01/2013	87,586.81	3.950%	100.000	87,586.81	87,586.81
	12/01/2013	88,451.73	3.950%	100.000	88,451.73	88,451.73
	03/01/2014	89,325.19	3.950%	100.000	89,325.19	89,325.19
	06/01/2014	90,207.28	3.950%	100.000	90,207.28	90,207.28
	09/01/2014	91,098.08	3.950%	100.000	91,098.08	91,098.08
	12/01/2014	91,997.67	3.950%	100.000	91,997.67	91,997.67
	03/01/2015	92,906.15	3.950%	100.000	92,906.15	92,906.15
	06/01/2015	93,823.60	3.950%	100.000	93,823.60	93,823.60
	09/01/2015	94,750.10	3.950%	100.000	94,750.10	94,750.10
	12/01/2015	95,685.76	3.950%	100.000	95,685.76	95,685.76
	03/01/2016	96,630.66	3.950%	100.000	96,630.66	96,630.66
	06/01/2016	97,584.89	3.950%	100.000	97,584.89	97,584.89
	09/01/2016	98,548.54	3.950%	100.000	98,548.54	98,548.54
	12/01/2016	99,521.71	3.950%	100.000	99,521.71	99,521.71
	03/01/2017	100,504.48	3.950%	100.000	100,504.48	100,504.48
	06/01/2017	101,496.97	3.950%	100.000	101,496.97	101,496.97
	09/01/2017	102,499.25	3.950%	100.000	102,499.25	102,499.25
	12/01/2017	103,511.43	3.950%	100.000	103,511.43	103,511.43
	03/01/2018	104,533.61	3.950%	100.000	104,533.61	104,533.61
	06/01/2018	105,565.87	3.950%	100.000	105,565.87	105,565.87
	09/01/2018	106,608.34	3.950%	100.000	106,608.34	106,608.34
	12/01/2018	107,661.10	3.950%	100.000	107,661.10	107,661.10
		4,000,000.00			4,000,000.00	4,000,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield	Net Interest Cost
Final Maturity	12/01/2018	3.950%	107,661.10	107,661.10			
Entire Issue			4,000,000.00	4,000,000.00	6.3374	3.9694%	3.9500%

Proceeds used for accrued interest 0.00
 Proceeds used for bond issuance costs (including underwriters' discount) 25,000.00
 Proceeds used for credit enhancement 0.00
 Proceeds allocated to reasonably required reserve or replacement fund 0.00