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March 28, 2015

Ladies and Gentlemen:

**Subject: \$2,209,800 City of Lincoln City, Oregon
General Obligation Refunding Bond, Series 2015;
Our File No.: 38346**

We are pleased to enclose for your records a transcript of the documents prepared and executed in connection with the above-referenced financing.

On behalf of our attorneys and paralegals, we wish to take this opportunity to thank all participants for their contribution in making the closing of this issue a success. We have enjoyed working with each of you on this issue and look forward to the next time.

Sincerely,

HAWKINS DELAFIELD & WOOD LLP



Gülgün Mersereau

GUM:acg
Enclosure

TRANSCRIPT DISTRIBUTION LIST

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

Issuer

Ron Tierney (1 CD)
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City of Lincoln City
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Lincoln City, OR 97367
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Email: RonT@lincolncity.org

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LEGAL CLOSING MEMORANDUM AND INDEX

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

There will be no preclosing. Closing will be held on March 3, 2015 via email.

Listed below are the closing documents for this issue. Beside each document is the name of the party responsible for providing each document to Hawkins Delafield & Wood LLP by 12:00 noon the business day prior to closing. 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:

LC: City of Lincoln City, Oregon, Issuer
CVB: Cashmere Valley Bank, Bank
BNY: The Bank of New York Mellon Trust Company, N.A., Paying Agent on Refunded Bonds
EFA: Economic & Financial Analysis, Financial Advisor
DAD: D.A. Davidson & Co., Financial Consultant
HDW: Hawkins Delafield & Wood LLP, Bond Counsel

BASIC DOCUMENTS

1. HDW Transcript Certification.
2. HDW Request for Proposals.
3. HDW Bank's proposal.
4. HDW Bond Purchase Agreement.
5. HDW Specimen Bond.

ISSUER'S DOCUMENTS

6. HDW Minutes of October 22, 2012 City Council meeting at which Resolution No. 2012-23 was adopted, authorizing sale of bonds.
7. HDW Resolution No. 2012-23.
8. HDW General Certificate.
9. HDW Tax Certificate.
10. HDW Internal Revenue Service Form 8038-G and evidence of filing.
11. HDW Receipt for Bond Proceeds.

BANK'S DOCUMENTS:

12. HDW Evidence of authorized signers.
13. HDW Qualified Investor Letter.
14. HDW Certificate Regarding No Reoffering.
15. HDW Receipt for Bond.

REFUNDING DOCUMENTS

16. HDW Resolution No. 2005-03 adopted January 24, 2005 authorizing Refunded Bonds.
17. BNY Paying Agent's signature and incumbency certificate.
18. HDW Notice and Agreement Regarding Redemption.

OPINIONS AND MISCELLANEOUS:

19. HDW Bond Opinion of Bond Counsel.
20. HDW Reliance Opinion of Bond Counsel.
21. EFA Memorandum of Closing Instructions and Bond Delivery.
22. EFA MDAC Form 2 (bond sale information) as filed with Oregon State Treasury.
23. DAD Final numbers.

TRANSCRIPT CERTIFICATION

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

On behalf of the City of Lincoln City, Oregon (the "City"), I hereby certify that the attached documents are originals or true copies of the City's documents that were assembled at the closing of the above-captioned bond, which closing was held at the offices of Hawkins Delafield & Wood LLP, Bond Counsel, on March 3, 2015.

Dated as of the 3rd day of March, 2015.

City of Lincoln City, Oregon



Ron Tierney, Financial Planner



FROM: Ron Tierney, City of Lincoln City
Raymond Bartlett, Economic and Financial Analysis
Matt Donahue, D.A. Davidson & Co.

CC: Harvey Rogers, Hawkins Delafield & Wood LLP
Gulgun Mersereau, Hawkins Delafield & Wood LLP
Jennifer Cordova, Hawkins Delafield & Wood LLP
Margo Sharp, Hawkins Delafield & Wood LLP

RE: City of Lincoln City General Obligation Refunding
Bond—Request for Bid

DATE: January 19, 2015

City of Lincoln City, Oregon (the “City”) is requesting proposals to purchase a General Obligation Refunding Bond (the “Bond”) to refund the outstanding portions of the 2016-2019 maturities of the City’s 2005 General Obligation Bonds. The preferred terms are set forth in the term sheet attached as Exhibit A and a form of Purchase Agreement is attached as Exhibit B.

The City’s latest and historical financials can be found on the City’s web site.

http://www.lincolncity.org/index.asp?SEC=1895DBEB-D8CB-47B5-B965-E0E5B80CB23D&Type=B_BASIC

Proposals are due to the City by email on or before Friday, February 6, 2015, at 2 PM. The closing for the borrowing is currently scheduled to take place on or about Tuesday, March 3, 2015.

Please direct your responses to:

Mr. Ron Tierney
Financial Planner
City of Lincoln City
P.O. Box 50
Lincoln City, OR 97367
Phone: (541) 996-1212
Email: RonT@lincolncity.org

Mr. Raymond Bartlett
Financial Advisor to the City
Economic and Financial Analysis
1409 Franklin St.
Vancouver, WA 98660
Phone: (360) 823-1700
Email: ray@economicandfinancialanalysis.com



Security for Bond

The Bond shall be a general obligation of the City. Pursuant to ORS 287A.315 the City will pledge its full faith and credit and taxing power to pay the Bond. The City will covenant for the benefit of the owner of the Bond that the City will 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 XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bond promptly as it matures.

Request for Proposal

Please provide a proposal to purchase the Bond including an interest rate and any basis, index, and formula for calculating that rate. See Exhibit A for the preferred terms. You may submit your proposal in the form of a term sheet.

By submitting a proposal you are indicating your acceptance of the form of bond purchase agreement in Exhibit B. If you have comments to the form of bond purchase agreement, provide them with your proposal.

The City will look unfavorably at provisions that may increase the amount the City is required to pay above and beyond the agreed upon amortization schedule or that would otherwise adversely affect the City. Those provisions must be identified in your response. Examples of provisions that may increase the amount the City is required to pay or otherwise adversely affect the City include acceleration and yield maintenance provisions, and provisions that provide for the governing law or venue to be outside Oregon. If substantive changes are requested subsequent to the City's selection of a purchaser, the City reserves the option to select an alternative purchaser.

Please also include your maximum amount for any fees or charges, if any, that will be borne by the City related to the Bond, including any bank counsel fees. Your response to this section does not need to include the fees the City will pay for its bond counsel and financial advisor.

By responding to the proposal you are confirming your organization falls within one of the following categories:

- (a) a bank as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the "Securities Act");¹ or
- (b) a savings and loan association or other institution described in Section 3(a)(5)(A) of the Securities Act,² whether acting in its individual or fiduciary capacity; or

¹ A "bank" is defined in Section 3(a)(2) of the Securities Act as "any national bank, or any banking institution organized under the laws of any State, territory, or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official; except that in the case of a common trust fund or similar fund, or a collective trust fund, the term "bank" has the same meaning as in the Investment Company act of 1940 [15 U.S.C.A. §80a-1 et. seq.]."

² A "savings and loan association or other institution described in Section 3(a)(5)(A) of the Securities Act" is a savings and loan association, building and loan association, cooperative bank, homestead association, or similar institution, which is supervised and examined by State or Federal authority having supervision over any such institution.



(c) a "Qualified Institutional Buyer" as that term is defined in Rule 144A under the Securities Act.

Questions

Please pose any questions via email to Raymond Bartlett at ray@economicandfinancialanalysis.com. Questions may be submitted until 4 PM Thursday, February 5, 2015.

Schedule of Events

RFP Distributed	Monday, January 19, 2015
Final Date to submit Questions	Thursday, February 5, 2015 by 4 PM
Responses Due	Friday, February 6, 2015, by 2 PM
Selection of Proposal	Monday, February 9, 2015
Closing	Tuesday, March 3, 2015

Award

The City will select a bank based on the proposal with interest costs and other terms and conditions that are the most advantageous to the City. The City reserves the right to waive irregularities and to reject any and all proposals.

Exhibit A

Term Sheet

City of Lincoln City, General Obligation Bond Purchase Agreement

Principal Amount: \$2,225,000¹

Purpose: To refund the outstanding portions of the 2016-2019 maturities of the City's 2005 General Obligation Bonds

Final Maturity: 6/1/2019

Dates:

Dated Date: March 3, 2015

Closing Date: March 3, 2015

First Interest Payment: December 1, 2015

First Principal Payment: June 1, 2016

Interest: Fixed-rate, semi-annual, June 1 and December 1, interest calculated on a 30/360 day basis.

Principal: First principal payment on June 1, 2016 followed by annual principal payments on June 1.

Principal Repayment Schedule:

Payment Date	Principal Amount
6/1/2016	\$525,000
6/1/2017	\$560,000
6/1/2018	\$570,000
6/1/2019	\$570,000
Total	<u>\$2,225,000</u>

Principal schedule is illustrative only. Please adjust proposed principal payment schedule to result in equal annual payments (including interest) by fiscal year ending June 30th.

Optional Prepayment: None.

Security: See the attached form of Bond Purchase Agreement (Exhibit B).

Rating: Moody's currently rates the County's outstanding unlimited General Obligation Bonds as "A1".

Tax-Exempt: Yes

Legal Opinion: Furnished by Hawkins Delafield & Wood LLP, Portland, Oregon.

Bank Qualified: Yes

¹ Preliminary, subject to change.

Exhibit B
Form of Bond Purchase Agreement

BOND PURCHASE AGREEMENT

by and between

[Bank]
as Bank

and

City of Lincoln City, Oregon
as Issuer

General Obligation Refunding Bond, Series 2015

Dated as of _____, 2015

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BOND PURCHASE AGREEMENT

This Bond Purchase Agreement (the “Bond Purchase Agreement”) is dated as of _____, 2015, and is entered into by and between [Bank], as Bank (the “Bank”), and the City of Lincoln City, Oregon, as the issuer (the “City”). The parties hereby agree as follows:

1. Recitals, Definitions and Rules of Construction.

1.1 Recitals.

(A) The City recites that the City is authorized to issue a General Obligation Refunding Bond pursuant to the relevant sections of ORS Chapter 287A to refund the outstanding maturities of the City’s General Obligation Sewer Bonds, Series 2005.

(B) The Bank recites that the Bank desires to purchase the City’s General Obligation Refunding Bond in accordance with this Bond Purchase Agreement.

1.2 Definitions.

Unless the context clearly requires otherwise, capitalized terms used in this Bond Purchase Agreement which are defined in this Section 1.2 shall have the following meanings:

“Bank” means [Bank].

“Bond” means the General Obligation Refunding Bond, Series 2015 described in this Bond Purchase Agreement.

“Bond Amount” means \$_____.

“Bond Payments” means the payments described in Section 3.2 of this Bond Purchase Agreement.

“Bond Purchase Agreement” means this Bond Purchase Agreement, including any amendments to this Bond Purchase Agreement.

“City” means the City of Lincoln City, Oregon located in Lincoln County, Oregon.

“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 under the Resolution.

“Closing Date” means _____, 2015.

“Code” means the Internal Revenue Code of 1986, as amended, including the regulations, rulings and judicial decisions interpreting that code.

“Event of Default” means the declaration by the Bank of an event of default as a result of a determination by the Bank that there has been: (i) a failure to pay the Bond Payments when due, as provided in this Bond Purchase Agreement; or (ii) a failure by the City to comply with any of its obligations or to perform any of its duties under this Bond Purchase Agreement or the Bond

for a period of 60 days after written notice to the City by the Bank, specifying such failure and requesting that it be remedied, unless the Bank shall agree in writing to an extension of such time prior to its expiration; provided however, that if the failure stated in the notice cannot be corrected within the applicable period, the Bank will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the failure is corrected; (iii) an Event of Taxability; or (iv) a material misrepresentation by the City in this Bond Purchase Agreement or the Bond.

“Event of Taxability” means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which has the effect of requiring interest on the Bond to be included in the gross income of the Bank for federal income tax purposes or (ii) the receipt by the Bank of a written opinion of nationally recognized bond counsel selected by the City and approved by the Bank to the effect that interest on the Bond must be included in the gross income of the Bank for federal income tax purposes; provided that no decision by any court or decision, ruling or technical advice by any administrative authority shall be considered final without the consent of the City until the expiration of all periods for judicial review or appeal.

“Fiscal Year” means the period beginning July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by Oregon Law.

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

“Resolution” means City Resolution No. 2012-23, adopted October 22, 2012, authorizing the sale of the Bond and the execution of this Bond Purchase Agreement.

2. Representations and Covenants.

2.1 Representations of the City.

The City represents and covenants for the benefit of the Bank and its assignees as follows:

(A) 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 to issue the Bond and perform its duties under the Bond and this Bond Purchase Agreement, and that the Bond and this Bond Purchase Agreement will, when executed by a City Official, constitute legal, valid and binding obligations of the City which are enforceable in accordance with their terms.

(B) The City is authorized under ORS 287A.360 and the applicable provisions of ORS Chapter 287A to issue the Bond and enter into this Bond Purchase Agreement and to perform all of its obligations under the Bond and this Bond Purchase Agreement.

(C) The adoption of the Resolution and the execution and delivery of this Bond Purchase Agreement and the issuance of the 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.

(D) 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 knowledge of the City, threatened against the City to restrain or enjoin the execution and delivery of this Bond Purchase Agreement or the Bond or the adoption of the Resolution, or the collection and application of the funds as contemplated by the Resolution, the Bond and this Bond Purchase Agreement, 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 this Bond Purchase Agreement.

2.2 Tax Covenant; Designation.

The City covenants for the benefit of the owner of the Bond to comply with all provisions of the Code that are required for Bond interest to be excluded from gross income for federal income tax purposes. The City also covenants for the benefit of the owner of the Bond that it will comply with all of the covenants and agreements that the City makes in the "Tax Certificate" prepared in connection with the closing of the Bond.

2.3 Representations and Warranties of the Bank.

The Bank represents, covenants and warrants for the benefit of the City as follows:

- (A) The Bank is authorized to enter into this Bond Purchase Agreement.
- (B) The consummation of the transactions contemplated by this Bond Purchase Agreement and the Bond will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Bank or any agreement to which the Bank is a party.
- (C) The execution, delivery and performance by the Bank of this Bond Purchase Agreement and all related agreements, instruments and documents to which the Bank is a party have been duly authorized and constitute legal, valid and binding obligations of the Bank, enforceable against the Bank in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

3. Terms of Borrowing.

3.1 The Bond Purchase.

- (A) The Bank agrees to purchase the Bond on the Closing Date from the City for a price equal to the principal amount of the Bond, [less an origination fee of \$ _____], subject to the terms and conditions contained in this Bond Purchase Agreement.
- (B) The City agrees to sell the Bond to the Bank on the terms and conditions contained in this Bond Purchase Agreement. This Bond Purchase Agreement shall

commence on the Closing Date and shall end on the date that all Bond principal and interest payments have been paid.

3.2 Bond Terms.

(A) The Bond shall be in the principal amount of \$_____, and shall be paid in annual installments of principal and semi-annual installments of interest on the dates as provided in Exhibit A. Interest shall accrue at the rate of _____ percent (____%) per annum, calculated on a 30/360 basis.

3.3 No Prepayment.

The Bond is not subject to prepayment.

3.4 Security.

The Bond is a general obligation of the City authorized by ORS 287A.360 and the other relevant provisions of ORS Chapter 287A to refund the outstanding maturities of the City's General Obligation Sewer Bonds, Series 2005. The Bond Purchase Agreement was authorized by the Resolution.

Pursuant to ORS 287A.315 the City hereby pledges its full faith and credit and taxing power to pay the Bond Payments. The City covenants for the benefit of the Bank 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 XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bond Payments promptly as they mature.

3.5 Estoppel.

The City hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and the City Charter and by this Bond Purchase Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Bond Purchase Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Bond Purchase Agreement and the Bond are valid and binding obligations of the City which are enforceable against the City in accordance with their terms, except to the extent that enforceability 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; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

4. Fees, Costs and Expenses.

4.1 Bank Fee.

[The Bank shall be entitled to an origination fee of \$_____, which the Bank may deduct from the purchase price of the Bond.]

4.2 Bank's Costs of Enforcement.

If legal action is taken by either party to this Bond Purchase Agreement to enforce the provisions of this Bond Purchase Agreement or the Bond, the prevailing party shall be entitled to its reasonable attorneys' fees and costs, including fees and costs at trial, on appeal or otherwise, including any allocated costs of in-house counsel.

4.3 Other Fees and Costs.

The City shall pay the fees and costs of its legal counsel, and any other expenses and costs which the City incurs in connection with this Bond Purchase Agreement or the Bond. The Bank shall pay all out-of-pocket expenses of the Bank and Bank's counsel, including travel and other expenses.

5. Title and Security Interests.

The City shall be entitled to unencumbered, fee simple title to the projects being refinanced with this Bond Purchase Agreement and the Bank shall have no lien on, or security interest in, the projects being refinanced with this Bond Purchase Agreement.

6. Financial Statements; Notice of Adverse Developments; Budgets.

6.1 Financial Statements.

Within 270 days after the end of each of its Fiscal Years, the City shall provide the Bank with a copy of the City's final, annual audited financial statements while any amounts remain unpaid under this Bond Purchase Agreement.

6.2 Notice of Adverse Developments.

While any amounts remain unpaid under this Bond Purchase Agreement, the City shall notify the Bank promptly of any litigation or proceeding in which the City is a party or the existence of a dispute between the City and any governmental authority or law enforcement authority 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 this Bond Purchase Agreement.

7. Conditions to the Obligations of the Bank.

The Bank may refuse to purchase the Bond under this Bond Purchase Agreement unless, on or prior to the Closing Date, the Bank shall have received:

- (A) a certified copy of the duly authorized Resolution;

- (B) a signed original of this Bond Purchase Agreement;
- (C) a signed original of the Bond;
- (D) an opinion of Hawkins Delafield & Wood LLP, the City's bond counsel to the effect that: (i) the Bond and this Bond Purchase Agreement are valid and legally binding obligations of the City, enforceable against the City in accordance with their terms (subject to customary exceptions and limitations); (ii) the interest payable on the Bond is excludable from gross income for federal income tax purposes under the Code and is exempt from Oregon personal income tax under existing state law; and (iii) noting that the Bond has been designated as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code.
- (E) the certificate of a City Official to the effect that:
 - (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 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 or the Bond, or the collection and application of funds as contemplated by this Bond Purchase Agreement or 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 this Bond Purchase Agreement, and,
 - (ii) the adoption of the Resolution and 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; and,
- (F) such additional legal opinions, certificates, proceedings, instruments or other documents as the Bank or its counsel may reasonably request to evidence compliance by the City with the legal requirements for execution and delivery of this Bond Purchase Agreement 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.

8. Events of Default and Remedies.

8.1 If an Event of Default occurs, the Bank may exercise any remedy available at law or in equity. However, this Bond Purchase Agreement, the Bond, and the Bond Payments shall not be subject to acceleration. No remedy shall be exclusive.

8.2 The Bank may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default. No delay or omission of the Bank to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and

every power and remedy given by this Section to the Bank may be exercised from time to time and as often as may be deemed expedient by the Bank.

8.3 No remedy referred to in this Section is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Bank at law or in equity. In the event that the Bank exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Bank of any other remedies. No express or implied waiver by the Bank of an Event of Default shall constitute a waiver of any other or subsequent Event of Default.

8.4 If by reason of force majeure, the City is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the City to pay the Bond Payments when due, the City shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America or of the City or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the City.

9. Defeasance.

9.1 The City shall be obligated to pay any Bond principal or interest payments that are defeased pursuant to this Section solely from the money and noncallable Government Obligations deposited with an escrow agent or independent trustee, and the City shall have no further obligation to pay the defeased Bond from any source except the amounts deposited in the escrow. The Bond shall be deemed defeased if the City:

- (A) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of the Bond principal or interest payments that are to be defeased without reinvestment; and
- (B) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation described above is accurate; and
- (C) 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 Bond to be includable in gross income under the Code.

10. Disclosure; Assignment.

No official statement or other disclosure document has been prepared in connection with this Bond Purchase Agreement or the Bond and the City has no obligation in connection with this Bond Purchase Agreement or the Bond to provide any disclosure regarding operating information or material events to the Municipal Securities Rulemaking Board or any

dissemination agent. The City is obligated to provide information to the Bank in connection with this Bond Purchase Agreement only as specifically stated in this Bond Purchase Agreement.

The Bank may not assign its rights and obligations under this Bond Purchase Agreement without the prior, written consent of the City.

The City may not assign its rights and obligations under this Bond Purchase Agreement without the prior written consent of the Bank.

11. [Insert Dispute Resolution Provisions].

12. Miscellaneous.

12.1 Notices.

All notices and other communications required by the Bond Purchase Agreement shall be considered properly given if they are delivered or mailed by registered mail or certified form (return receipt requested), postage prepaid:

To the Bank at:

[Bank]

To the City at:

City of Lincoln City
801 S.W. Highway 101
P.O. Box 50
Lincoln City, Oregon 97367
Attn.: Ron Tierney, Financial Planner

12.2 Binding Effect.

This Bond Purchase Agreement shall inure to the benefit of and shall be binding upon the Bank and the City and their respective successors and assigns.

12.3 Severability.

In the event any provisions of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

12.4 Amendments.

This Bond Purchase Agreement may be amended only by a writing signed by both parties.

12.5 Applicable Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Bond Purchase Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Lincoln County, Oregon.

12.6 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Bond Purchase Agreement.

12.7 Headings.

The headings, titles and table of contents in this Bond Purchase Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Bond Purchase Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Bond Purchase Agreement.

12.8 Execution in Counterparts.

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

IN WITNESS WHEREOF, the Bank has executed this Bond Purchase Agreement in its corporate name by its duly authorized officer and the City has caused this Bond Purchase Agreement to be executed in its name by a duly authorized City Official, all as of the date first above written.

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

Under Oregon law, most agreements, promises and commitments made by the 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 us to be enforceable.

[Bank]

Authorized Officer

City of Lincoln City, Oregon

City Official

EXHIBIT A
Debt Service Schedule



**Term Sheet
(Subject to credit approval)**

**City of Lincoln City, Oregon
General Obligation Refunding Bond**

1. Issuer: City of Lincoln City, Oregon (the "City").
2. Lender: Cashmere Valley Bank, Cashmere, Washington (the "Bank"). Cashmere Valley Bank is a bank as defined in Section 3(a)(2) of the Securities Act of 1933 as amended.
3. Purpose: To refund the outstanding portions of the 2016-2019 maturities of the City's 2005 General Obligation Bonds, and pay the costs of issuance.
4. Form: A fully registered, bank-qualified tax-exempt general obligation refunding bond (the "Bond") issued by the City and purchased by Cashmere Valley Bank (the "Bank") at private sale.
5. Principal Amount: \$2,225,000.
6. Final Maturity: June 1, 2019.
7. Dates:
 - a. Dated Date: March 3, 2015
 - b. Closing Date: March 3, 2015
 - c. First Interest Payment: December 1, 2015
 - d. First Principal Payment: June 1, 2016
8. Fees: The Bank would not charge a fee for this financing. The City would be responsible for all costs of issuing the Bond.

9. Interest: The Bond would be structured with a step rate. Interest shall accrue at the rate of 1.30% per annum from the Closing Date to and including May 31, 2017. Beginning June 1, 2017 interest shall accrue at 1.95% per annum. Interest shall be calculated on a 30/360 basis. The Bank calculates a net interest cost of this step rate of approximately 1.45%.
10. Principal: Principal would be due annually on June 1, beginning June 1, 2016. Debt service would be structured to provide approximately equal annual debt service. A sample debt service schedule is attached below as Exhibit A.
- The Bank would also suggest the City consider semiannual principal payments beginning June 1, 2016, assuming it would work with the timing of tax levy receipts. This option, as demonstrated in Exhibit B below, would reduce the overall interest cost to the City.
11. Optional Prepayment: The Bond would not be subject to prepayment.
12. Security: The Bond shall be a general obligation of the City, secured as further described in the Bond Purchase Agreement.
13. Rating: No rating would be required.
14. Legal Opinion: Furnished at the City's expense by Hawkins Delafield & Wood LLP.
15. Transferability: The Bank would hold the Bond with no intent to sell or transfer. The Bond may be transferred in whole to a qualified investor.
16. Additional Terms: The Bond documents would be in the standard forms required by the Bank for municipal funding and would include additional terms and conditions not discussed above. The City will designate the Bond as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, for investment by financial institutions. The City would provide its annual financial report to the Bank for as long as the Bond is held by the Bank. At the date of closing, the financial condition and credit of the City and all other features of this transaction would be as represented to the Bank without material adverse change.

This term sheet is for discussion purposes only and does not represent a commitment by the Bank to lend funds. The terms contained herein are subject to credit approval by the Bank.

ORAL AGREEMENTS OR ORAL COMMITMENTS TO LOAN MONEY, EXTEND CREDIT, OR TO FORBEAR FROM ENFORCING REPAYMENT OF A DEBT ARE NOT ENFORCEABLE UNDER WASHINGTON LAW.

EXHIBIT A

Sample Debt Service Schedule – Annual Principal Payments

<u>Payment Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Cash Flow</u>	<u>Annual Debt Service</u>
12/1/2015	-	1.30%	21,533.06	21,533.06	
6/1/2016	543,000.00	1.30%	14,462.50	557,462.50	578,995.56
12/1/2016	-	1.30%	10,933.00	10,933.00	
6/1/2017	557,000.00	1.30%	10,933.00	567,933.00	578,866.00
12/1/2017	-	1.95%	10,968.75	10,968.75	
6/1/2018	557,000.00	1.95%	10,968.75	567,968.75	578,937.50
12/1/2018	-	1.95%	5,538.00	5,538.00	
6/1/2019	568,000.00	1.95%	5,538.00	573,538.00	579,076.00
	<u>2,225,000.00</u>		<u>90,875.06</u>	<u>2,315,875.06</u>	<u>2,315,875.06</u>

The Bank calculates a net yield of this step rate structure of approximately 1.45%.

EXHIBIT B

Sample Debt Service Schedule – Semiannual Principal and Interest Payments

<u>Payment Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest</u>	<u>Cash Flow</u>	<u>Annual Debt Service</u>
12/1/2015	-	1.30%	21,533.06	21,533.06	
6/1/2016	541,204.44	1.30%	14,462.50	555,666.94	577,200.00
12/1/2016	277,655.33	1.30%	10,944.67	288,600.00	
6/1/2017	279,460.09	1.30%	9,139.91	288,600.00	577,200.00
12/1/2017	277,614.87	1.95%	10,985.13	288,600.00	
6/1/2018	280,321.61	1.95%	8,278.39	288,600.00	577,200.00
12/1/2018	283,054.75	1.95%	5,545.25	288,600.00	
6/1/2019	285,688.91	1.95%	2,785.47	288,474.38	577,074.38
	<u>2,225,000.00</u>		<u>83,674.38</u>	<u>2,308,674.38</u>	<u>2,308,674.38</u>

The Bank calculates a net interest cost of this step rate structure of approximately 1.44%.

BOND PURCHASE AGREEMENT

by and between

Cashmere Valley Bank
as Bank

and

City of Lincoln City, Oregon
as Issuer

General Obligation Refunding Bond, Series 2015

Dated as of March 3, 2015

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BOND PURCHASE AGREEMENT

This Bond Purchase Agreement (the “Bond Purchase Agreement”) is dated as of March 3, 2015, and is entered into by and between Cashmere Valley Bank, as Bank (the “Bank”), and the City of Lincoln City, Oregon, as the issuer (the “City”). The parties hereby agree as follows:

1. Recitals, Definitions and Rules of Construction.

1.1 Recitals.

(A) The City recites that the City is authorized to issue a General Obligation Refunding Bond pursuant to the relevant sections of ORS Chapter 287A to refund the outstanding maturities of the City’s General Obligation Sewer Bonds, Series 2005.

(B) The Bank recites that the Bank desires to purchase the City’s General Obligation Refunding Bond in accordance with this Bond Purchase Agreement.

1.2 Definitions.

Unless the context clearly requires otherwise, capitalized terms used in this Bond Purchase Agreement which are defined in this Section 1.2 shall have the following meanings:

“Bank” means Cashmere Valley Bank.

“Bond” means the General Obligation Refunding Bond, Series 2015 described in this Bond Purchase Agreement.

“Bond Amount” means \$2,209,800.

“Bond Payments” means the payments described in Section 3.2 of this Bond Purchase Agreement.

“Bond Purchase Agreement” means this Bond Purchase Agreement, including any amendments to this Bond Purchase Agreement.

“City” means the City of Lincoln City, Oregon located in Lincoln County, Oregon.

“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 under the Resolution.

“Closing Date” means March 3, 2015.

“Code” means the Internal Revenue Code of 1986, as amended, including the regulations, rulings and judicial decisions interpreting that code.

“Event of Default” means the declaration by the Bank of an event of default as a result of a determination by the Bank that there has been: (i) a failure to pay the Bond Payments when due, as provided in this Bond Purchase Agreement; or (ii) a failure by the City to comply with any of its obligations or to perform any of its duties under this Bond Purchase Agreement or the Bond

for a period of 60 days after written notice to the City by the Bank, specifying such failure and requesting that it be remedied, unless the Bank shall agree in writing to an extension of such time prior to its expiration; provided however, that if the failure stated in the notice cannot be corrected within the applicable period, the Bank will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the City within the applicable period and diligently pursued until the failure is corrected; (iii) an Event of Taxability; or (iv) a material misrepresentation by the City in this Bond Purchase Agreement or the Bond.

“Event of Taxability” means (i) the enactment of legislation or the adoption of final regulations or a final decision, ruling or technical advice by any federal judicial or administrative authority which has the effect of requiring interest on the Bond to be included in the gross income of the Bank for federal income tax purposes or (ii) the receipt by the Bank of a written opinion of nationally recognized bond counsel selected by the City and approved by the Bank to the effect that interest on the Bond must be included in the gross income of the Bank for federal income tax purposes; provided that no decision by any court or decision, ruling or technical advice by any administrative authority shall be considered final without the consent of the City until the expiration of all periods for judicial review or appeal.

“Fiscal Year” means the period beginning July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by Oregon Law.

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

“Resolution” means City Resolution No. 2012-23, adopted October 22, 2012, authorizing the sale of the Bond and the execution of this Bond Purchase Agreement.

2. Representations and Covenants.

2.1 Representations of the City.

The City represents and covenants for the benefit of the Bank and its assignees as follows:

(A) 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 to issue the Bond and perform its duties under the Bond and this Bond Purchase Agreement, and that the Bond and this Bond Purchase Agreement will, when executed by a City Official, constitute legal, valid and binding obligations of the City which are enforceable in accordance with their terms.

(B) The City is authorized under ORS 287A.360 and the applicable provisions of ORS Chapter 287A to issue the Bond and enter into this Bond Purchase Agreement and to perform all of its obligations under the Bond and this Bond Purchase Agreement.

(C) The adoption of the Resolution and the execution and delivery of this Bond Purchase Agreement and the issuance of the 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.

(D) 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 knowledge of the City, threatened against the City to restrain or enjoin the execution and delivery of this Bond Purchase Agreement or the Bond or the adoption of the Resolution, or the collection and application of the funds as contemplated by the Resolution, the Bond and this Bond Purchase Agreement, 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 this Bond Purchase Agreement.

2.2 Tax Covenant; Designation.

The City covenants for the benefit of the owner of the Bond to comply with all provisions of the Code that are required for Bond interest to be excluded from gross income for federal income tax purposes. The City also covenants for the benefit of the owner of the Bond that it will comply with all of the covenants and agreements that the City makes in the "Tax Certificate" prepared in connection with the closing of the Bond.

2.3 Representations and Warranties of the Bank.

The Bank represents, covenants and warrants for the benefit of the City as follows:

- (A) The Bank is authorized to enter into this Bond Purchase Agreement.
- (B) The consummation of the transactions contemplated by this Bond Purchase Agreement and the Bond will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Bank or any agreement to which the Bank is a party.
- (C) The execution, delivery and performance by the Bank of this Bond Purchase Agreement and all related agreements, instruments and documents to which the Bank is a party have been duly authorized and constitute legal, valid and binding obligations of the Bank, enforceable against the Bank in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

3. Terms of Borrowing.

3.1 The Bond Purchase.

- (A) The Bank agrees to purchase the Bond on the Closing Date from the City for a price equal to the principal amount of the Bond, subject to the terms and conditions contained in this Bond Purchase Agreement.
- (B) The City agrees to sell the Bond to the Bank on the terms and conditions contained in this Bond Purchase Agreement. This Bond Purchase Agreement shall

commence on the Closing Date and shall end on the date that all Bond principal and interest payments have been paid.

3.2 Bond Terms.

The Bond shall be in the principal amount of \$2,209,800, and shall be paid in semi-annual installments of principal and semi-annual installments of interest as provided below. Interest shall accrue at the rate of one and three tenths percent (1.30%) per annum until June 1, 2017, and after June 1, 2017 shall accrue at the rate of one and ninety-five hundredths percent (1.95%) per annum, calculated on a 30/360 basis.

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
12/1/2015	-		\$21,385.95	\$21,385.95	-
6/1/2016	\$531,991.35	[See text above.	14,363.70	546,355.05	\$567,741.00
12/1/2016	278,670.42	Rate steps up	10,905.76	289,576.18	-
6/1/2017	278,670.42	from 1.30%	9,094.40	287,764.82	577,341.00
12/1/2017	280,814.91	to 1.95%.]	10,924.56	291,739.47	-
6/1/2018	280,814.91		8,186.62	289,001.53	580,741.00
12/1/2018	279,418.99		5,448.67	284,867.66	-
6/1/2019	279,419.00		2,724.34	282,143.34	567,011.00
	\$2,209,800.00		\$83,034.00	\$2,292,834.00	\$2,292,834.00

3.3 No Prepayment.

The Bond is not subject to prepayment.

3.4 Security.

The Bond is a general obligation of the City authorized by ORS 287A.360 and the other relevant provisions of ORS Chapter 287A to refund the outstanding maturities of the City's General Obligation Sewer Bonds, Series 2005. The Bond Purchase Agreement was authorized by the Resolution.

Pursuant to ORS 287A.315 the City hereby pledges its full faith and credit and taxing power to pay the Bond Payments. The City covenants for the benefit of the Bank 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 XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bond Payments promptly as they mature.

3.5 Estoppel.

The City hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and the City Charter and by this Bond Purchase Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Bond Purchase Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Bond Purchase

Agreement and the Bond are valid and binding obligations of the City which are enforceable against the City in accordance with their terms, except to the extent that enforceability 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; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

4. Fees, Costs and Expenses.

4.1 Bank Fee.

There is no Bank origination fee for this Bond.

4.2 Bank's Costs of Enforcement.

If legal action is taken by either party to this Bond Purchase Agreement to enforce the provisions of this Bond Purchase Agreement or the Bond, the prevailing party shall be entitled to its reasonable attorneys' fees and costs, including fees and costs at trial, on appeal or otherwise, including any allocated costs of in-house counsel.

4.3 Other Fees and Costs.

The City shall pay the fees and costs of its legal counsel, and any other expenses and costs which the City incurs in connection with this Bond Purchase Agreement or the Bond. The Bank shall pay all out-of-pocket expenses of the Bank and Bank's counsel, including travel and other expenses.

5. Title and Security Interests.

The City shall be entitled to unencumbered, fee simple title to the projects being refinanced with this Bond Purchase Agreement and the Bank shall have no lien on, or security interest in, the projects being refinanced with this Bond Purchase Agreement.

6. Financial Statements; Notice of Adverse Developments; Budgets.

6.1 Financial Statements.

Within 270 days after the end of each of its Fiscal Years, the City shall provide the Bank with a copy of the City's final, annual audited financial statements while any amounts remain unpaid under this Bond Purchase Agreement.

6.2 Notice of Adverse Developments.

While any amounts remain unpaid under this Bond Purchase Agreement, the City shall notify the Bank promptly of any litigation or proceeding in which the City is a party or the existence of a dispute between the City and any governmental authority or law enforcement authority 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 this Bond Purchase Agreement.

7. Conditions to the Obligations of the Bank.

The Bank may refuse to purchase the Bond under this Bond Purchase Agreement unless, on or prior to the Closing Date, the Bank shall have received:

- (A) a certified copy of the duly authorized Resolution;
- (B) a signed original of this Bond Purchase Agreement;
- (C) a signed original of the Bond;
- (D) an opinion of Hawkins Delafield & Wood LLP, the City's bond counsel to the effect that: (i) the Bond and this Bond Purchase Agreement are valid and legally binding obligations of the City, enforceable against the City in accordance with their terms (subject to customary exceptions and limitations); (ii) the interest payable on the Bond is excludable from gross income for federal income tax purposes under the Code and is exempt from Oregon personal income tax under existing state law; and (iii) noting that the Bond has been designated as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Code.
- (E) the certificate of a City Official to the effect that:
 - (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 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 or the Bond, or the collection and application of funds as contemplated by this Bond Purchase Agreement or 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 this Bond Purchase Agreement, and,
 - (ii) the adoption of the Resolution and 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; and,
- (F) such additional legal opinions, certificates, proceedings, instruments or other documents as the Bank or its counsel may reasonably request to evidence compliance by the City with the legal requirements for execution and delivery of this Bond Purchase Agreement 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.

8. Events of Default and Remedies.

8.1 If an Event of Default occurs, the Bank may exercise any remedy available at law or in equity. However, this Bond Purchase Agreement, the Bond, and the Bond Payments shall not be subject to acceleration. No remedy shall be exclusive.

8.2 The Bank may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default. No delay or omission of the Bank to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Section to the Bank may be exercised from time to time and as often as may be deemed expedient by the Bank.

8.3 No remedy referred to in this Section is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Bank at law or in equity. In the event that the Bank exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Bank of any other remedies. No express or implied waiver by the Bank of an Event of Default shall constitute a waiver of any other or subsequent Event of Default.

8.4 If by reason of force majeure, the City is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the City to pay the Bond Payments when due, the City shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America or of the City or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the City.

9. Defeasance.

9.1 The City shall be obligated to pay any Bond principal or interest payments that are defeased pursuant to this Section solely from the money and noncallable Government Obligations deposited with an escrow agent or independent trustee, and the City shall have no further obligation to pay the defeased Bond from any source except the amounts deposited in the escrow. The Bond shall be deemed defeased if the City:

(A) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of the Bond principal or interest payments that are to be defeased without reinvestment; and

(B) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation described above is accurate; and

(C) 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 Bond to be includable in gross income under the Code.

10. Disclosure; Assignment.

No official statement or other disclosure document has been prepared in connection with this Bond Purchase Agreement or the Bond and the City has no obligation in connection with this Bond Purchase Agreement or the Bond to provide any disclosure regarding operating information or material events to the Municipal Securities Rulemaking Board or any dissemination agent. The City is obligated to provide information to the Bank in connection with this Bond Purchase Agreement only as specifically stated in this Bond Purchase Agreement.

The Bank may not assign its rights and obligations under this Bond Purchase Agreement without the prior, written consent of the City.

The City may not assign its rights and obligations under this Bond Purchase Agreement without the prior written consent of the Bank.

11. Waiver of Jury Trial.

To the extent permitted by applicable law, each of the parties waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise between the parties arising out of, connected with, related to, or incidental to the relationship between any of them in connection with the Bond or this Bond Purchase Agreement or the transactions contemplated hereby. Instead, any such dispute resolved in court will be resolved in a bench trial without a jury.

12. Miscellaneous.

12.1 Notices.

All notices and other communications required by the Bond Purchase Agreement shall be considered properly given if they are delivered or mailed by registered mail or certified form (return receipt requested), postage prepaid:

To the Bank at: Cashmere Valley Bank
 1400 112th Avenue S.E., Suite 100
 Bellevue, Washington 98004-6997
 Attn: Ron Olsen, Vice President & Director of Municipal Services

To the City at: City of Lincoln City
 801 S.W. Highway 101
 P.O. Box 50
 Lincoln City, Oregon 97367
 Attn.: Ron Tierney, Financial Planner

12.2 Binding Effect.

This Bond Purchase Agreement shall inure to the benefit of and shall be binding upon the Bank and the City and their respective successors and assigns.

12.3 Severability.

In the event any provisions of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

12.4 Amendments.

This Bond Purchase Agreement may be amended only by a writing signed by both parties.

12.5 Applicable Law.

This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Bond Purchase Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Lincoln County, Oregon.

12.6 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Bond Purchase Agreement.

12.7 Headings.

The headings, titles and table of contents in this Bond Purchase Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Bond Purchase Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Bond Purchase Agreement.

12.8 Execution in Counterparts.

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

IN WITNESS WHEREOF, the Bank has executed this Bond Purchase Agreement in its corporate name by its duly authorized officer and the City has caused this Bond Purchase Agreement to be executed in its name by a duly authorized City Official, all as of the date first above written.

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

Under Oregon law, most agreements, promises and commitments made by the 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 us to be enforceable.

Cashmere Valley Bank



Ron Olsen, Vice President & Director of
Municipal Services

City of Lincoln City, Oregon

Ron Tierney, Financial Planner

Under Oregon law, most agreements, promises and commitments made by the 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 us to be enforceable.

Cashmere Valley Bank

Ron Olsen, Vice President & Director of
Municipal Services

City of Lincoln City, Oregon



Ron Tierney, Financial Planner

UNITED STATES OF AMERICA
STATE OF OREGON
COUNTY OF LINCOLN
CITY OF LINCOLN CITY
\$2,209,800.75
GENERAL OBLIGATION REFUNDING BOND
SERIES 2015

Dated Date: March 3, 2015

Principal Amount: --Two Million Two Hundred Nine Thousand Eight Hundred Dollars and Seventy-Five Hundredths--

The City of Lincoln City, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay Cashmere Valley Bank (the "Bank"), the principal amount of \$2,209,800.75, plus interest at the rate of one and three tenths percent (1.30%) per annum until June 1, 2017, and after June 1, 2017 shall accrue at the rate of one and ninety-five hundredths percent (1.95%) per annum, calculated on a 30/360-day basis according to the following schedule:

Period Ending	Principal	Interest Rate	Interest	Debt Service	Annual Debt Service
12/1/2015	-		\$21,385.95	\$21,385.95	-
6/1/2016	\$531,991.35	[See text above.	14,363.70	546,355.05	\$567,741.00
12/1/2016	278,670.42	Rate steps up	10,905.76	289,576.18	-
6/1/2017	278,670.42	from 1.30%	9,094.40	287,764.82	577,341.00
12/1/2017	280,814.91	to 1.95%.]	10,924.56	291,739.47	-
6/1/2018	280,814.91		8,186.62	289,001.53	580,741.00
12/1/2018	279,418.99		5,448.67	284,867.66	-
6/1/2019	279,419.00		2,724.34	282,143.34	567,011.00
	\$2,209,800.00		\$83,034.00	\$2,292,834.00	\$2,292,834.00

This Bond is not subject to prepayment. This Bond is sold to the Bank pursuant to a Bond Purchase Agreement dated March 3, 2015 (the "Bond Purchase Agreement"). Capitalized terms used but not defined in this Bond have the meanings defined for such terms in the Bond Purchase Agreement.

Pursuant to ORS 287A.315 the City hereby pledges its full faith and credit and taxing power to pay this Bond. The City covenants for the benefit of the Bank 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 XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay promptly when due the principal of and interest on this Bond.

This Bond was authorized pursuant to Oregon Revised Statutes Chapter 287A and City Resolution No. 2012-23 adopted October 22, 2012, and , in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The City has designated this Bond as a qualified tax-exempt obligation under Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon and the Charter of the City; and that this Bond does not violate any debt limitation prescribed by those laws.

IN WITNESS WHEREOF, the City of Lincoln City, Oregon has caused this Bond to be signed on its behalf by a duly authorized City Official as of the 3rd day of March, 2015.

City of Lincoln City, Oregon

By *Ron Tierney*
Ron Tierney, Financial Planner

Specimen



Lincoln City Council

Regular Meeting

~ Minutes ~

801 SW Hwy 101
Lincoln City, OR 97367
www.lincolncity.org

Cathy Steere
541-996-1203

Monday, October 22, 2012

6:00 PM

Council Chambers

A. CALL TO ORDER

Mayor Anderson called the meeting to order at 6:00 pm.

B. ROLL CALL

Attendee Name	Title	Status	Arrived
Dick Anderson	Mayor	Present	6:00 PM
Gordon Eggleton	Councilor Ward 2	Present	6:00 PM
Gary Ellingson	Councilor Ward 3	Present	6:00 PM
Chester Noreikis	Councilor Ward 2	Present	6:00 PM
Henry Quandt	Councilor Ward 1	Present	6:00 PM
Roger Sprague	Councilor Ward 3	Excused	
Alex Ward	Councilor Ward 1	Present	6:00 PM

C. PLEDGE OF ALLEGIANCE

Mayor Anderson led the Pledge of Allegiance.

D. COMMENTS FROM CITIZENS PRESENT ON AGENDA/NON-AGENDA ITEMS

Sheyssa Ortiz and Inex Gomez from M.E.Ch.A. used a power point presentation to provide information from their club at Taft High School. They are asking for help with fundraising so their club can attend a leadership conference in Portland. They have 20 students in the club. Donations can be made at Taft High School.

Scott Reid, Taft High Principal, spoke on behalf of Susan Smith and Vicki Roller, Aspire and Gear-Up coordinators. November 7th is the annual Gear-up site visit, which involves the hallways and doors to be decorated based on different college themes and mascots. Taft High received a grant from Gear-up received a grant for 60 I-pads for seniors for the counseling office. In addition he asked that the week of November 4th be proclaimed as "GearUp" week in Lincoln City. He also asked for consideration in changing casual Friday throughout the city to "college Friday", and having the public dress in their favorite college colors. Taft High was chosen recently to be one of 7 schools in the state to be part of a national college application week program. The college application week will be the second week of December, and Mr. Reid asked for volunteers to help out.

Mr. Reid also presented a proposal for "Math Improvement" and asked that the City consider support in partnering with Samaritan North Lincoln Hospital and the Tribe to continue

providing financial support for their math improvement program - math coach and learning team coordinator.

Ken McCormack and Marion Rodenburg, representatives from the Lincoln City Congregational Church Outreach Group, announced their new warming shelter at the church for this winter.

E. EMPLOYEE APPRECIATION

1. Eileen Wilkinson, Accounts Receivable Lead – 15 years of service

Moved to a future agenda.

F. CONSENT AGENDA

Mayor Anderson read the title of each Consent Agenda item. Agenda item number 3 was removed to be considered separately.

2. Minutes of Meeting October 8, 2012

Motion To: Noreikis/Quandt m/s a motion to approve the Consent Agenda item number 2 only.

RESULT:	ADOPTED BY VOICE VOTE [UNANIMOUS]
MOVER:	Chester Noreikis, Councilor Ward 2
SECONDER:	Henry Quandt, Councilor Ward 1
AYES:	Anderson, Eggleton, Ellingson, Noreikis, Quandt, Ward
EXCUSED:	Roger Sprague

3. Resolution 2012-23: A Resolution of the City of Lincoln City Authorizing the Sale of General Obligation Refunding Bonds.

This item removed for separate consideration.

Mr. Tierney explained the purpose of this resolution is to delegate to the City Manager, Financial Planner and Finance Director to proceed with working on the 15 items listed, and prepare for a competitive bond sale. The potential savings will be in the 6-figure range. These were 25 year bonds and there are 17 years left on the bonds that is being refinanced.

Motion To: Noreikis/Quandt m/s a motion to adopt Resolution 2012-23: A Resolution of the City of Lincoln City Authorizing the Sale of General Obligation Refunding Bonds.

RESULT:	ADOPTED BY VOICE VOTE [UNANIMOUS]
MOVER:	Chester Noreikis, Councilor Ward 2
SECONDER:	Henry Quandt, Councilor Ward 1
AYES:	Anderson, Eggleton, Ellingson, Noreikis, Quandt, Ward
EXCUSED:	Roger Sprague

G. DEPARTMENT/COMMITTEE REPORTS

4. Visitor and Convention Committee annual report (Diane Kusz)

Diane Kusz, Chairman of the Visitor & Convention Committee (VCC) presented the annual report, summarizing their purpose and recent changes. Ms. Kusz advised that they have had no "for-profit" applications to date, and have processed and granted 11 for the "non-profit" fund totaling \$85,000.00. Ms. Kusz asked that City Council grant a temporary extension to the 2 positions expiring on November 5 until new members are appointed. Ms. Kusz asked if the City or VCB can invest in traffic counters that can be read real time and can be used to determine market share, trends, advertising value and more.

Considerable discussion was held regarding proposed traffic counters, including placement. Mr. Hawker notes the City will move forward with either Oregon Department of Transportation (ODOT) for placement, or the City may install them on our own. Ms. Kusz also identified a few of the businesses that have been awarded funding. They intend to provide quarterly reports.

Council asked Ms. Kusz to provide examples for non-profits they have awarded money to, which are; 1) Chamber of Commerce Brew Fest; 2) North Lincoln County Historical Museum; 3) Sitka Center Art Invitational; 4) Siletz Bay Music Festival; 5) North Lincoln Agate Society; 6) Lincoln City Cultural Center.

H. CITY MANAGER REPORTS/CITY ATTORNEY DISCUSSION

5. Discussion: Amendments to Code for VCC

Ms. Pfaff, Visitor & Convention Bureau Director, presented this item.

Ms. Kelsey spoke on her review of the Lincoln City Charter for the transient room tax fund and what the obligations and duties are in the Charter. She notes that membership is an issue, and asked for Council's direction.

Discussion was held as to a quorum on committees, committee membership in relation to vacancies, and process for grant applications in the absence of committee members. Ms. Kelsey confirmed that if there is no quorum on the committee, the applications can be approved by the City Manager and Visitor and Convention Bureau Director for those under \$25,000, and Council for those over \$25,000.

Ms. Pfaff addressed the committee membership qualifications and suggested proposed changes to include appointing members from outside the city. She also asked Council to consider extending the terms of the current members until more applicants come forward. Council felt uncomfortable doing so.

Also discussed was the current alternate position, reducing the number of members, and backup processes for approving grant applications.

***FOLLOWUP:** Ms. Pfaff will work with Ms. Kelsey and come back with a draft ordinance incorporating proposed changes.*

6. Discussion: Schooner Creek Surcharge

RESULT:	ADOPTED BY VOICE VOTE [UNANIMOUS]
MOVER:	Chester Noreikis, Councilor Ward 2
SECONDER:	Henry Quandt, Councilor Ward 1
AYES:	Anderson, Eggleton, Ellingson, Noreikis, Quandt, Ward
EXCUSED:	Roger Sprague

Motion To: Motion to continue public hearing to November 26, 2012.

RESULT:	ADOPTED BY VOICE VOTE [UNANIMOUS]
MOVER:	Chester Noreikis, Councilor Ward 2
SECONDER:	Henry Quandt, Councilor Ward 1
AYES:	Anderson, Eggleton, Ellingson, Noreikis, Quandt, Ward
EXCUSED:	Roger Sprague

10. **Public Hearing:** To receive public comment/testimony on proposed amendments to LCMC 17.52.060 and 17.52.070 regarding clear vision requirements. (Request to continue to December 10, 2012. Hearing not opened, and is continued from August 27, 2012).

Motion to continue to December 10, 2012.

Motion To: Noreikis/Quandt m/s a motion to continue the public hearing to December 10, 2012, 6:00 pm, this location.

RESULT:	ADOPTED BY VOICE VOTE [UNANIMOUS]
MOVER:	Chester Noreikis, Councilor Ward 2
SECONDER:	Henry Quandt, Councilor Ward 1
AYES:	Anderson, Eggleton, Ellingson, Noreikis, Quandt, Ward
EXCUSED:	Roger Sprague

11. **Public Hearing:** To receive public comment regarding the adoption of the Lincoln City Walking & Biking Plan. (Hearing remains open and continued from October 8, 2012.)

Ms. Martzahn presented. Council discussion was held regarding the local option tax at 10 cents per 1,000 would yield \$100,000 a year. Also discussed was the 5 year implementation plan, and areas referring to "the vision". Ms. Martzahn will make the corrections.

Speaking in opposition to the plan:

Mike Meyers, 1637 NE 14th Street, Lincoln City, OR

Speaking neutral:

David Helton, ODOT, Transportation and Growth Management Program, 644 "A" Street, Springfield, OR - addressed Council's concerns on the plan, acknowledging that one size won't fit all in Lincoln City and the flexibility of the program.

Speaking in support:

Don Williams, 2625 SW Dune, Lincoln City, OR

Denise Squires, 960 SE Hwy 101, PMB 160, Lincoln City, OR - Asked for the inclusion of dedicated pedestrian timing for the cross-walks at the traffic lights. Council discussion followed as to the lack of time on the cross-walks, and Ms. Squires added that when there are pedestrians in the crosswalk, there should be no green lights for traffic.

Mayor Anderson notes he is pleased with the public participation.

Councilor Eggleton confirmed that if approved, that it is only a "master plan".

FOLLOWUP: Ms. Martzahn notes the plan will move forward with finalization, and it will be brought forward via a Resolution.

Motion To: Motion to close the public hearing.

RESULT:	ADOPTED BY VOICE VOTE [UNANIMOUS]
MOVER:	Chester Noreikis, Councilor Ward 2
SECONDER:	Henry Quandt, Councilor Ward 1
AYES:	Anderson, Eggleton, Ellingson, Noreikis, Quandt, Ward
EXCUSED:	Roger Sprague

J. RESOLUTIONS FOR ADOPTION

- 12. Resolution 2012-22: A Resolution of the City of Lincoln City Authorizing the City to Apply For and Receive From the State of Oregon, Division of Land Conservation and Development (DLCD), a Grant in the Amount of \$7,200.00.

Mayor Anderson read the resolution.

Motion To: Noreikis/Quandt m/s a motion to adopt Resolution 2012-22: A Resolution the City of Lincoln City Authorizing the City to Apply For and Receive From the State of Oregon, Division of Land Conservation and Development (DLCD), a Grant in the Amount of \$7,200.00.

RESULT:	ADOPTED BY VOICE VOTE [UNANIMOUS]
MOVER:	Chester Noreikis, Councilor Ward 2
SECONDER:	Henry Quandt, Councilor Ward 1
AYES:	Anderson, Eggleton, Ellingson, Noreikis, Quandt, Ward
EXCUSED:	Roger Sprague

K. ADDITIONAL COMMENTS FROM CITIZENS PRESENT ON NON-AGENDA ITEMS

Debra Williams, 2625 SW Dune, Lincoln City, OR - Spoke on the need of an attraction on the south end of town. Notes the dock at Mo's is in need of repair, and suggested a boardwalk with spaces to rent. Also suggested a new crosswalk from East of Hwy 101 to West side on SW 51st Street.

Council discussion took place on the current dock and it's state of repair, and that it may not be affordable to repair the dock, jurisdiction of the dock, kiosk idea, boardwalk and parking. Mayor Anderson notes the funding has already been committed to other projects.

L. ANNOUNCEMENTS OR COMMENTS BY CITY COUNCIL

Councilor Eggleton asked for clarification on meeting absences. Mayor Anderson notes the Charter refers to 60 day absences, but does not address times longer than that. He is expected to be gone for an extended period of time from Council. Council consensus is that Gordon Eggleton is excused for 90 days absence.

Councilor Quandt announced to the public to get their ballots completed and mailed or dropped off.

Councilor Noreikis notes that the painting in the parking garage looks good, and the paint makes it more attractive.

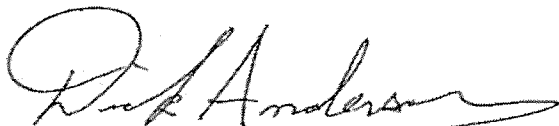
Councilor Ellingson spoke on the SW 51st Street and the parking issues, noting.

Councilor Ward notes the elementary school will be the location for this year's haunted hotel. Candy and volunteers are still needed.

Mayor Anderson reminded citizens there are various vacancies on city committees - transient room tax, Planning Commission has urban growth boundary positions, budget committee, and arts committee, and information is on the city website.

M. ADJOURNMENT

Mayor Anderson adjourned the meeting at 8:51 PM.

A handwritten signature in black ink, appearing to read "Dick Anderson", with a long horizontal flourish extending to the right.

DICK ANDERSON, MAYOR

RESOLUTION 2012-23

**A RESOLUTION OF THE CITY OF LINCOLN CITY AUTHORIZING THE SALE
OF GENERAL OBLIGATION REFUNDING BONDS.**

WHEREAS, the City Council of the City of Lincoln City, Oregon, finds as follows:

A. The City of Lincoln City (the "City") has issued its General Obligation Sewer Bonds, Series 2005 with an outstanding principal amount of \$12,465,000 (the "Refundable Bonds").

B. Interest rates have declined since the Refundable Bonds were issued.

C. Oregon Revised Statutes sections 287A.360 through 287A.375 authorize Oregon cities to refund outstanding bonds.

D. The Refundable Bonds are paid primarily from property taxes, and the City may be able to reduce its debt service costs and property tax levies for the Refundable Bonds by issuing general obligation refunding bonds to refund the Refundable Bonds.

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

Section 1. Bonds authorized. The City hereby authorizes the issuance of general obligation refunding bonds (the "Bonds") to refund all or any portion of the Refundable Bonds and achieve debt service savings. The Bonds may be issued in an amount that is sufficient to refund all or any portion of the Refundable Bonds and to pay costs related to issuing the Bonds and refunding the Refundable Bonds.

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:

- (1) Select the Refundable Bonds to be refunded.
- (2) Issue the Bonds in one or more series.
- (3) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to each series of the Bonds.
- (4) Establish the form, final principal amounts, maturity schedules, interest rates, sale prices and discount, prepayment terms, payment terms and dates, and other terms of each series of Bonds.
- (5) Execute and deliver a bond declaration for each series of Bonds. The bond declaration for each series shall specify the terms under which the series is issued, and may contain covenants for the benefit of Bondowners and any providers of credit enhancement for the Bonds.
- (6) Publish a notice of sale, receive bids and award the sale of each series of Bonds to the bidder complying with the notice and offering the most favorable terms to the City, or select one or

1 more underwriters, commercial banks or other investors and negotiate the sale of any series
2 of the Bonds with those underwriters, commercial banks or investors.

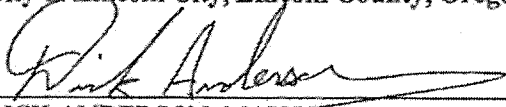
- 3 (7) Undertake to provide continuing disclosure for each series of Bonds in accordance with Rule
4 15c2-12 of the United States Securities and Exchange Commission.
- 5 (8) Apply for ratings for each series of Bonds, determine whether to purchase municipal bond
6 insurance or obtain other forms of credit enhancements for each series of Bonds, enter into
7 agreements with the providers of credit enhancement, and execute and deliver related
8 documents.
- 9 (9) Appoint paying agents for the Bonds and negotiate the terms of and execute an agreement
10 with such paying agent.
- 11 (10) Determine whether each series of Bonds will bear interest that is excludable from gross
12 income under the Internal Revenue Code of 1986, as amended, or is includable in gross
13 income under that code. If a series bears interest that is excludable from gross income under
14 that code, the City Official may enter into covenants to maintain the excludability of interest
15 on that series of the Bonds from gross income.
- 16 (11) Designate any series of Bonds as "qualified tax-exempt obligations" under Section 265(b)(3)
17 of the Code, if applicable.
- 18 (12) File any required advance refunding plans for the Refundable Bonds with the State of
19 Oregon.
- 20 (13) Execute and deliver each series of Bonds to their purchaser.
- 21 (14) Enter into escrow deposit agreements and take any other actions to call, defease and refund
22 any borrowings that are refunded.
- 23 (15) Execute and deliver any agreements or certificates and take any other action in connection
24 with each series of Bonds which the City Official finds is desirable to permit the sale and
25 issuance of that series of Bonds in accordance with this Resolution.

26
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 discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature.

Section 4. Effective Date. This resolution shall take effect on its date of adoption.

Dated this 22nd day of October 2012.

City of Lincoln City, Lincoln County, Oregon



DICK ANDERSON, MAYOR

Attest:



CATHY STEERE, CITY RECORDER

GENERAL CERTIFICATE

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

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

1. I am the duly appointed, qualified and acting Financial Planner of the City of Lincoln City, Oregon (the "City"), and am an authorized "City Official" under City Resolution No. 2012-23 adopted by the City Council on October 22, 2012 (the "Resolution"). Pursuant to the authority granted by the Resolution, I have, or a duly authorized representative of the City has, taken the actions outlined in Section 2 of the Resolution. The Resolution remains in full force and effect and has not been modified or rescinded.

2. The Resolution authorizes issuance of bonds pursuant to Oregon Revised Statutes Section 287A.360 through 287A.375 to refund all or a portion of the City's outstanding General Obligation Sewer Bonds, Series 2005 (the "Refunded Bonds"), in an amount sufficient to pay and redeem the Refunded Bonds that are being refunded, plus an amount sufficient to pay estimated costs related to the issuance of the Refunded Bonds. Pursuant to the Resolution, I have determined that issuing the Bond to refund a portion of the Refunded Bonds produces adequate savings to justify the refunding and I have selected the Refunded Bonds to be refunded.

3. Pursuant to the Resolution, the City requested proposals from commercial banks to purchase the Bond. The Bond was sold to Cashmere Valley Bank (the "Bank"), which offered the most favorable terms to the City, pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") between the City and the Bank and dated as of this date. The Bond has been signed with my manual signature.

4. The City Council meets in regular session each month. The meetings are held in compliance with the laws of the State of Oregon and the rules and procedures of the City. 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. A quorum was present throughout each of the City Council meetings at which action was taken on matters concerning the Bond. The Resolution was properly adopted by the City Council pursuant to the law and with all public notice required by law.

5. The proceeds from the sale of the Bond will be used solely as set forth in the Resolution.

6. The proceeds of the Refunded Bonds were spent in accordance with the authorization for those bonds. The projects refinanced with the proceeds of the Bond constitute "capital costs" as defined in Article XI, Section 11L of the Oregon Constitution. The weighted average life of the Bond does not exceed the weighted average life of the projects refinanced with the Bond.

7. The projects being refinanced with the proceeds of the Bond are in compliance with the applicable comprehensive plans and statewide goals of the Land Conservation and Development Commission of the State of Oregon.

8. The City has and will comply with all requirements of the Oregon Local Budget Law related to the Bond.

9. The City has complied in all material respects with all agreements, and satisfied all other conditions on its part to be performed or satisfied with respect to the Bond at or prior to delivery of the Bond to the Bank as of this date.

10. 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 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 or the Bond, or the collection and application of funds as contemplated by this Bond Purchase Agreement or 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 this Bond Purchase Agreement.

ii) The adoption of the Resolution and 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.

Dated as of the 3rd day of March, 2015.

City of Lincoln City, Oregon


Ron Tierney, Financial Planner

[General Certificate of City]

TAX CERTIFICATE

\$2,209,800
City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015

THIS TAX CERTIFICATE is executed by the City of Lincoln City, Oregon (the “City”) as of March 3, 2015, to establish the facts and circumstances that are necessary to determine that its \$2,209,800 General Obligation Refunding Bond, Series 2015 (the “Bond”) being sold to Cashmere Valley Bank (the “Lender”) 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. This Tax Certificate is intended to be relied upon as a certification described in Treas. Regs. §1.148-2(b)(2).

In making its representations and certifications in this Tax Certificate and in establishing its expectations regarding uses of Gross Proceeds of the Bond to assure compliance with Sections 103 and 141 to 150 of the Code, the City has relied, in part, on representations and certifications of other parties. Based on the various roles and responsibilities of such other parties with respect to the certified matters, the City believes that such reliance is reasonable and prudent. The City is unaware of any facts or circumstances that would cause it to question the accuracy or reasonableness of any such certification.

The representations of the City expressed in this Tax Certificate may be relied upon by Bond Counsel in connection with the rendering of any opinion with respect to the Bond.

Capitalized terms that are used, but are not defined, in body of this Tax Certificate are defined in Section 9 of this Tax Certificate.

SECTION 1. Basic Facts and Expectations

1.1 General Representations about the City and the Bond.

- (A) Due Inquiry. The undersigned is a duly authorized officer of the City, executes this Tax Certificate on behalf of the City, has made due inquiry with respect to and is fully informed as to matters set out in this Tax Certificate, and makes the certifications herein in good faith. To the best of the undersigned’s knowledge and belief, such facts, estimates and circumstances are true, correct, and complete, and the expectations of the City stated herein are reasonable.

- (B) Authorization for Issuance. The Bond is a general obligation of the City payable from proceeds of ad valorem taxes that may be levied without limitation as to rate or amount (subject to certain exceptions) upon property subject to taxation by the City. The Bond is issued under the provisions of the Constitution and laws of the State of Oregon, including Oregon Revised Statutes Chapter 287A, and Resolution No. 2012-23 adopted by the City Council on October 22, 2012 (the “Resolution”).

- (C) The City. The City is duly organized and existing under and by virtue of the laws of the State of Oregon. The City has the authority to exercise the power of eminent domain in furtherance of its governmental purposes, police power, and the power to levy taxes within its jurisdiction; as such, the City constitutes a political subdivision of the State of Oregon.

- (D) Purpose of the Bond. The Bond is being issued for the following purposes:
- (1) to currently refund a portion of the City's outstanding General Obligation Sewer Bonds, Series 2005 as described in Exhibit A (the "Refunded Bonds"); and
 - (2) to pay certain legal and financing costs of issuance of the Bond.

The City covenants to use the proceeds of the Bond solely for the above-described purposes, unless it consults with Bond Counsel to determine that the desired use of proceeds for other than the above-described purposes will not adversely affect the exclusion from gross income of interest on the Bond for federal income tax purposes.

- (E) Issue Price. The Lender is delivering good funds in exchange for the Bond on the date hereof. In preparing this Tax Certificate, the City has relied upon certain information provided by the Lender in its Certificate Regarding No Reoffering attached as Exhibit B. Based on the Certificate Regarding No Reoffering, the issue price of the Bond is \$2,209,800.

1.2 General Representations about the Refunded Bonds and the Refunding.

- (A) Refunding Purpose. The refunding of each of the Refunded Bonds is being accomplished for the City to realize present value debt service savings. The refunding of the Refunded Bonds does not involve a device employed to obtain a material financial advantage apart from savings attributable to lower interest rates. Each maturity of the Refunded Bonds produces present value debt service savings, after subtracting allocable costs of issuance.
- (B) Original Purposes of the Refunded Bonds, Series 2005. The issue of which the Refunded Bonds were a part was issued on April 12, 2005 (the "Series 2005 Bonds") (i) to finance improvement and expansion of the City's sewage treatment plant and collection system; (ii) to purchase a municipal bond insurance policy; and (ii) to pay costs of issuance of the issue.
- (C) Refunding Cash Deposit. Sale Proceeds of the Bond in the amount of \$2,190,000.00, together with \$45,083.75, will be deposited as a cash deposit (the "Cash Deposit") in the custody of The Bank of New York Mellon Trust Company, N.A., as the paying Agent (the "Paying Agent") established under the Notice and Agreement Regarding Redemption dated as of the Date of Issue, by and between the Paying Agent and the City, and will be held uninvested until used to redeem the outstanding principal amounts of the Refunded Bonds on the redemption date described in Exhibit A, plus accrued interest thereon.
- (D) Unexpended Proceeds of Refunded Bonds. As of the date hereof, other than as set forth below, there are no unexpended proceeds of the Refunded Bonds, nor are there any other amounts expected to be used to pay debt service on or to otherwise secure the Refunded Bonds.
- (E) Facts, Representations, and Expectations in Connection with Issuance of the Refunded Bonds. The City represents that the facts and representations set forth in the tax certificates executed in connection with the issuance of the Series 2005 Bonds, including attachments thereto, are true and accurate as of the date hereof. The Series 2005 Bonds were issued as "governmental bonds" under Section 141 of the Code, thus refunding the

Refunded Bonds currently outstanding constitutes a qualified use of the proceeds of the Bond.

1.3 Funds and Accounts Created.

(A) Debt Service Account. The City has established a debt service account for the Bond (the "Debt Service Account"). The Bond is a general obligation of the City payable from proceeds of *ad valorem* taxes levied for the Bond. The City has the power and is obligated to levy *ad valorem* taxes upon all property within the City subject to taxation by the City without limitation as to rate or amount for the payment of debt service on the Bond. Tax revenues are to be collected by the City and deposited to the Debt Service Account. Payments of debt service on the Bond generally are expected to be derived from current tax revenues of the City in each year, and tax revenues are expected to equal or exceed debt service on the Bond during each payment period. Tax revenues actually used in less than one year from the date first received to pay debt service on obligations of the City, on a first-in, first-out accounting basis, are referred to herein as "Current Tax Revenues."

(1) Bona Fide Debt Service Fund. The Debt Service Account serves as the repository for the collection of tax revenues relating to the Bond by the City. The City expects that debt service on the Bond will be paid from moneys held in the Debt Service Account of the City. Any moneys used by the City to make payments on the Bond is expected to be from Current Tax Revenues. The portion of the Debt Service Account expected to be used to pay debt service on the Bond (to the extent amounts deposited therein will be expended within twelve (12) months of receipt to redeem Bond) is collectively referred to herein as the "Bona Fide Debt Service Fund". To the extent of Current Tax Revenues, such funds and accounts in the aggregate will be depleted at least once a year except for a reasonable "Carryover Amount," defined for this purpose not to exceed the greater of (i) earnings on amounts on deposit in such funds from the immediately preceding Bond Year, or (ii) one-twelfth (1/12th) of the principal of and interest on the Bond due and payable in the next succeeding Bond Year. Current Tax Revenues contributed to such fund will be spent within thirteen (13) months after the date of such contribution, and any amounts received from the investment or reinvestment of moneys held in such funds will be expended within one year after the date of accumulation thereof in such funds.

(2) Reserve Amount. If, based on past experiences with respect to the delinquent payment or nonpayment of taxes, the City determines that a tax or assessment must be levied in each year in an amount equal to (i) the amount of principal and interest on the Bond due in such year (taking into account moneys on hand in the General Fund related to payment of such principal and interest), plus (ii) an amount for estimated delinquent and disputed taxes, in order to ensure that the tax or assessment actually collected is sufficient to pay the debt service requirements on the Bond for such year, then once each year, the City shall determine the amount of moneys in the Debt Service Account related to the Bond in excess of the Carryover Amount (the "Debt Service Excess"). The Debt Service Excess, up to an amount not exceeding the least of (i) 10% of the issue price of the Bond, (ii) the maximum annual principal and interest requirements on the Bond, or (iii) 125% of the average annual principal and interest requirements on the Bond (the "Tax Reserve Limit"), will be treated as a

Reasonably Required Reserve or Replacement Fund. If, at any time, the Debt Service Excess exceeds the least of these three foregoing limitations, the City will invest such amount at a yield not in excess of the yield on the Bond or in Tax-Exempt Obligations.

- (B) No Negative Pledges. There are no amounts held under any agreement to maintain amounts at a particular level for the direct or indirect benefit of the holders of the Bond or guarantor of the Bond, if any, excluding for this purpose amounts in which the City (or a substantial beneficiary) may grant rights that are superior to the rights of the holders of the Bond or guarantor of the Bond, if any, and amounts that do not exceed reasonable needs for which they are maintained and as to which the required level is tested no more frequently than every six (6) months and that may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date.
- (C) No Other Funds or Accounts. Except as set forth in this Section 1.3, the City has not created or established nor intends to create or establish any sinking fund, debt service reserve fund, pledged fund, or similar fund, including without limitation, any arrangement under which money, securities or obligations pledged directly or indirectly to secure the Bond or any contract securing the Bond or any arrangement providing for compensating balances to be maintained by the City with any holder of the Bond.

SECTION 2. Sources and Uses of Proceeds

2.1 Sale Proceeds Received by the City.

- (A) The Sale Proceeds actually or constructively received by the City from the sale of the Bond, and the cash contribution from the City, are as follows:

Principal Amount of Bond	<u>\$2,209,800.00</u>
Sale Proceeds of Bond	\$2,209,800.00

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

2.2 Uses of Sale Proceeds.

- (A) The Sale Proceeds received by the City from the sale of the Bond will be allocated to the following uses in the following amounts:

Refunding Cash Deposit	\$2,190,000.00
Costs of Issuance	<u>19,800.00</u>
Total Uses of Sale Proceeds	\$2,209,800.00

- (B) No Overissuance. As discussed above, the City is also contributing \$45,083.75 toward the redemption of the Refunded Bonds. The amount of Sale Proceeds of the Bond, together with anticipated investment earnings thereon and the cash contribution, does not exceed the expected total amount necessary for the governmental purposes described above (*i.e.*, redeeming the Refunded Bonds and paying the costs of issuance of the Bond).

SECTION 3. Expenditure of Bond Proceeds

- 3.1 Tax Accounting for Expenditures of Bond Proceeds. In general, any reasonable, consistently applied accounting method may be used to account for expenditures of proceeds of the Bond. Reasonable accounting methods for allocating funds from different sources to expenditures for the same governmental purpose, include any of the following methods if consistently applied: a specific tracing method; a gross proceeds spent first method; a first-in, first-out method; or a ratable allocation method.
- 3.2 Segregated Accounts, Investment Records, and Documentation of Expenditures. The City will segregate or account for the Bond proceeds apart from other funds of the City and will maintain necessary investment and expenditure records in order to demonstrate the investment and expenditure or Bond proceeds and assure compliance with the Federal tax requirements for the Bond.
- 3.3 Related Parties and Expenditures. The City understands that any payment of Gross Proceeds of the Bond to a Related Party of the City is not an expenditure of those Gross Proceeds for federal tax purposes. Accordingly, the City will continue to track investments of proceeds of the Bond and expenditures of the proceeds of the Bond until paid to parties that are not Related Parties of the City.
- 3.4 No Working Capital. Except for De Minimis Working Capital Items, no Working Capital Expenditures of the City or any Related Party are being financed directly or indirectly with Proceeds of the Bond.

SECTION 4. Arbitrage and Yield Restriction

- 4.1 Arbitrage and Rebate Compliance. The City acknowledges that the continued non-inclusion of interest on the Bond depends, in part, upon compliance with the arbitrage limitations imposed by Section 148 of the Code, including the yield restriction requirements described in Section 4.3 below and the rebate requirements described in Section 5 below. The City hereby agrees and covenants that it shall not permit at any time or times any of the Proceeds of the Bond or other funds of the City to be used directly or indirectly, to acquire any asset or investment, the acquisition of which would cause the Bond to be an “arbitrage bond” for purposes of Section 148 of the Code. The City further agrees and covenants that it shall do and perform all acts and things necessary in order to assure that the arbitrage and rebate requirements of Section 148 of the Code are met. To that end, the City shall take the actions described in Sections 4 and 5 of this Tax Certificate with respect to the investment of Proceeds on deposit in the funds and accounts established in connection with the Bond.
- 4.2 Arbitrage Yield. The yield on the Bond has been calculated by D. A. Davidson & Co., as the financial advisor to the City, to be **1.455791518%** using the economic accrual method required by Treas. Regs. §1.148-4(a). The Bond is a fixed yield issue, and the Bond yield will not be affected by subsequent unexpected events, unless the City enters into a “qualified hedge” meeting the requirements of Treas. Regs. §1.148-4(h) or into any transaction transferring, waiving or modifying any right that is part of the terms of the Bond. The City will consult with Bond Counsel prior to entering into any of the foregoing transactions.
- 4.3 Yield Restriction.

- (A) Investment Restrictions. The City will not invest the Gross Proceeds of the Bond in Investments at yields that are “materially higher” (½%) than the Bond yield except as set forth in this Section. Proceeds of the Bond and the amounts on deposit in the funds and accounts relating to the Bond may be invested as follows:
- (1) Temporary Period for Bond. Proceeds of the Bond used to redeem the Refunded Bonds, and the investment earnings thereon, may be invested without Yield Restriction until expended for the purposes of refunding the Refunded Bonds and, if not so expended within ninety (90) days from the date hereof, must be invested thereafter at a Yield that is not higher than the Yield with respect to the Bond. The City intends to use such proceeds to repay the Refunded Bonds on June 1, 2015.
 - (2) Temporary Period for Costs of Issuance. Proceeds of the Bond used to pay costs of issuance may be invested without Yield Restriction until expended, for a period not to exceed thirteen (13) months from the date hereof. Investment earnings on such amounts that are retained in such fund may be invested without Yield Restriction for a period not to exceed one (1) year from the date of receipt of the amount earned.
 - (3) Temporary Period for *Bona Fide* Debt Service Fund. Amounts deposited in the *Bona Fide* Debt Service Fund may be invested without Yield Restriction for a period not to exceed thirteen (13) months from the date of deposit of such amounts to such funds. Earnings on such amounts that are retained in such fund may be invested without Yield Restriction for a period not to exceed one (1) year from the date of receipt of the amount earned.
 - (4) Temporary Period for Investment Earnings. Investment earnings received on investment of Gross Proceeds of the Bond, other than the investment earnings described in Section 4.3(A)(1) above, may be invested without Yield Restriction for a period not to exceed one (1) year from the date of receipt.
 - (5) Temporary Period for Reserve Amount. The Debt Service Excess, to the extent not in excess of the Tax Reserve Limit, may be invested without Yield Restriction.
 - (6) Minor Portion. Amounts described in this Section 4.3 that are subject to Yield Restriction as described above may be invested without Yield Restriction to the extent such amounts, in the aggregate, do not exceed the lesser of five percent (5%) of the Sale Proceeds of the Bond or \$100,000 (the “Minor Portion”).
- (B) Yield Restricted Moneys. Proceeds of the Bond and investment earnings thereon that must be Yield Restricted pursuant to this Section 4.3 will either (i) be invested at a yield not materially higher (½%) than the yield on the Bond or (ii) be invested in Tax-Exempt Obligations that do not constitute investment-type property.
- (C) Yield Reduction Payments. Notwithstanding the provisions of this Section 4.3 that require the City to invest Proceeds of the Bond and investment earnings thereon at a yield not in excess of the yield on the Bond, the yield on certain Investments acquired with Proceeds of the Bond will not be considered to be higher than the applicable yield limitation above if the City makes Yield Reduction Payments. The City covenants to

consult with Bond Counsel or its arbitrage consultant prior to making any Yield Reduction Payments with respect to the Bond.

- (D) Fair Market Value Investments. All Investments of Gross Proceeds will be made on an arm's-length, Fair Market Value basis. In the event the City acquires an Investment Contract with any of the Proceeds of the Bond, the City and the provider of the Investment Contract will make certain representations in compliance with Treas. Regs. §1.148-5(d) and (e). As of the date hereof, the City has not invested, and does not expect to invest, any proceeds of the Bond pursuant to an Investment Contract.

SECTION 5. Rebate

5.1 Calculation of Rebate Amount. Section 148(f) of the Code requires the payment/rebate to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the yield on the Bond, together with any income attributable to such excess. Except as provided below, all of the funds and accounts established in connection with the Bond, and all other amounts treated as Gross Proceeds, to the extent funded with proceeds of the Bond, are subject to this requirement. In order to meet the rebate requirement, the City agrees and covenants that subject to any applicable exceptions described in Sections 5.2 below, the City shall perform, or engage Hawkins Delafield & Wood LLP or another nationally-recognized firm to perform, the necessary and appropriate rebate and/or penalty calculations that may be required to be made from time to time with respect to the Bond, as set forth in Section 148(f) of the Code, to determine the Rebate Amount on each Computation Date.

5.2 Rebate Exceptions. In connection with the rebate requirement the following exceptions may apply to the Bond.

- (A) Bona Fide Debt Service Fund Rebate Exception. Amounts earned on moneys in the *Bona Fide* Debt Service Fund shall not be taken into account in determining the Rebate Amount because the average annual debt service on the Bonds does not exceed \$2,500,000. This exception does not apply to the Debt Service Excess in the Debt Service Account
- (B) Six-Month Exception to Rebate. An issue, including the Bonds, is treated as meeting the rebate requirement of Section 148 of the Code if the Gross Proceeds of the bond issue are allocated to expenditures for the governmental purposes of the issue within the six (6) month period beginning on the Date of Issue, and the rebate requirement is met with respect to amounts not required to be spent within six (6) months (excluding earnings on the *Bona Fide* Debt Service Fund). An additional six (6) months during which Gross Proceeds of the issue may remain unexpended is permitted, if the amount which remains unexpended does not exceed the lesser of \$100,000 or five percent (5%) of the proceeds of the issue. For purposes of this exception, the term Gross Proceeds does not include amounts in the *Bona Fide* Debt Service Fund; amounts in a Reasonably Required Reserve or Replacement Fund; amounts that, as of the Date of Issue of the Bonds, are not reasonably expected to be Gross Proceeds but that become Gross Proceeds after the end of the six (6) month spending period; amounts representing Sale Proceeds or Investment Proceeds derived from payments under any purpose investment of the Bonds; and amounts representing repayments of grants financed by the Bonds. Moreover,

expenditures for the governmental purpose of the Bonds include payments for interest on, but not principal of, the Bonds.

5.3 Payment to United States. In connection with the rebate requirement the City shall make the following payments:

- (A) The City will compute the Rebate Amount as of June 1, 2019, which is the final Computation Date and the date that the Bond will be discharged and the final rebate installment payment must be made.
- (B) For the final Computation Date the City will make a rebate installment payment in an amount that, when added to the future value of any previous rebate payments made for the Bond, equals 100% of the Rebate Amount for the Bond. Future value will be determined in compliance with the applicable provisions of the Code.
- (C) The final rebate payment shall be made within 60 days after the final Computation Date to the Internal Revenue Service Center, Ogden, Utah 84201. Each rebate payment will be accompanied by IRS Form 8038-T.
- (D) Yield Reduction Payments, if any, shall be made at the same time and in the same manner as the payment of the Rebate Amount as described in this section 5.3.

SECTION 6. Federal Guarantee Prohibition

6.1 No Impermissible Federal Guarantees. The Bond is not “federally guaranteed” and the City 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 of or interest on the Bond is otherwise indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof).

6.2 Exceptions described in Code Section 149(b) include, but are not limited to: (i) any guarantee by the Federal Housing Administration, the Veterans’ Administration, Fannie Mae, Freddie Mac, or Ginnie Mae; (ii) any guarantee related to investments of Gross Proceeds of the Bond during an initial temporary period until needed for the governmental purpose of the Bond, investments as part of a *Bona Fide* Debt Service Fund, investments of a Reasonably Required Reserve or Replacement Fund, investments in bonds issued by the United States Treasury, investments in refunding escrow funds or certain other investments permitted under the Treasury Regulations; or (iii) any guarantee (other than an investment in a Federally insured deposit or account referenced

in Code Section 149(b)(3)(C)(ii) of private activity bonds for a qualified residential rental projects under Section 142(a)(7) of the Code, a housing program obligation under Section 11(b) of the United States Housing Act of 1937, or a qualified mortgage bond or a qualified veterans' mortgage bond under Section 143 of the Code.

SECTION 7. Private Use Limitation

- 7.1 Ownership/Lease/Sale. All of the assets being refinanced by the Bond (collectively, the “Projects”) will be owned by the City or another state or local governmental unit and will not be owned by or leased to any person who is not a state or local governmental unit. The Projects will not be sold or otherwise disposed of, in whole or in part, to a transferee that is not a Related Party to or an agent of the City prior to the final maturity date of the Bond.
- 7.2 No Private Loans. None of the proceeds of the Bond is or will be used, directly or indirectly, to make loans to persons other than a state or local governmental unit while the Bond remains outstanding. The City will not make any private loans from the proceeds of the Bond after the Date of Issue unless the City has received the written opinion of Bond Counsel that such private loan will not adversely affect the exclusion from gross income of interest on the Bond for federal income tax purposes.
- 7.3 Limitations on Private Use. At all times while the Bond remains outstanding, less than the lesser of \$15,000,000 or ten percent (10%) of either: (a) the aggregate amount of the proceeds of the Bond is used or expected to be used, directly or indirectly, in a trade or business carried on by a person other than a state or local governmental unit (“Private Use”) or (b) the present value debt service on the Bond during the term thereof is, under the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for Private Use or in payments in respect of property used or to be used for Private Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for Private Use. Payments by a person for use of proceeds do not include the portion of any payment that is properly allocable to the payment of ordinary and necessary expenses (as defined under Section 162 of the Code) directly attributable to the operation and maintenance of the financed property used by that person. For this purpose, general overhead and administrative expenses are not directly attributable to those operations and maintenance.
- 7.4 Unrelated/Related Disproportionate Use. At all times while the Bond remains outstanding, less than the lesser of \$15,000,000 or five percent (5%) of either: (a) the proceeds of the Bond were or will be used, directly or indirectly, in the trade or business of a person other than a state or local governmental unit that is unrelated or related and disproportionate to the governmental use of the property being financed, including any private loan financing described in Section 7.2 which meets this test or (b) the present value debt service on the Bond during the term thereof is, under the terms of the Bond or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for Private Use or in payments in respect of property used or to be used for Private Use or is to be derived from payments, whether or not to the City, in respect of property or borrowed money used or to be used for Private Use. For purposes of this Tax Certificate, proceeds of the Bond is allocable to a disproportionate related Private Use to the extent that the proceeds of the Bond which are to be used to finance property used by a nongovernmental person in a trade or business which is related to the governmental use of the property exceeds the proceeds of the Bond which are to be used for the governmental use to which such Private Use relates.

7.5 Private Use Defined.

- (A) For purposes of Section 7 of this Tax Certificate, Private Use consists of any contract or other arrangement including, without limitation, leases, management contracts, guarantee contracts, take or pay contracts, put or pay contracts, output contracts, research contracts, or naming rights contracts which provides for use of any portion of the Projects by a person or persons who are not state or local governments on a basis different than the general public. The City will not enter into any such contract or arrangement unless the City has obtained an opinion from Bond Counsel that such contract or arrangement does not adversely affect the exclusion from gross income of interest on the Bond for federal income tax purposes. None of the Projects was being financed for use by any specific user (other than the City).
- (B) Use by State or Local Governmental Units. The Projects may be used by or on behalf of a state or local governmental unit provided that there is no transfer or flow-through of such use to any person or entity carrying on any trade or business that does not constitute General Public Use (as defined in subsection (c) below).
- (C) General Public Use. The Projects may be used by any person or entity, including any person or entity carrying on any trade or business, if such use constitutes "General Public Use." General Public Use is any arrangement providing for use that is available to the general public at either (i) no charge, or (ii) on the basis of rates that are generally applicable and uniformly applied. For this purpose, rates may be treated as generally applicable and uniformly applied even if (i) different rates apply to different classes of users, such as volume purchasers, if the differences in rates are customary and reasonable, or (ii) a specially negotiated rate arrangement is entered into, but only if the user is prohibited by federal law from paying the generally applicable rates, and the rates established are as comparable as reasonably possible to the generally applicable rates.
- (D) No Priority Rights or Other Preferential Benefits. No portion of the Projects will be used by any person or entity under any arrangement that conveys priority rights or other preferential benefits.
- (E) 200 Days General Public Use Arrangements. The Projects may be used by any person or entity under any arrangement that is available to members of the general public and that does not otherwise convey priority rights or other preferential benefits if the term of the use under the arrangement, including all renewal options, is not greater than 200 days. For this purpose, a right of first refusal to renew use under the arrangement is not treated as a renewal option if (i) the compensation for the use under the arrangement is redetermined at generally applicable, fair market value rates that are in effect at the time of renewal, and (ii) the use of the financed property under the same or similar arrangements is predominantly by natural persons who are not engaged in a trade or business.
- (F) 50 Days Negotiated Arm's-length Use Arrangements. The Projects may be used by any person or entity under any arrangement (other than as an owner) for a term (including renewal options) not longer than 50 days, provided the arrangement is negotiated at arm's-length, the compensation paid for the use is at fair market value and the Projects are not being financed for the principal purpose of such private trade or business use.

(G) 100 Days Limited General Public Use Arrangements. The Projects may be used by any person or entity under any arrangement for use (other than as an owner) for a term (including renewal options) of not longer than 100 days, provided that the arrangement would be General Public Use except that it is not available on the same basis for use by natural persons because generally applicable and uniformly applied rates are not reasonably available to natural persons not engaged in a trade or business and the Projects are not being financed for the principal purpose of such private trade or business use.

(H) Incidental Use Arrangements. The Projects or any portion thereof may be used by any person or entity where the use is incidental if, except for vending machines, pay telephones, kiosks and similar uses, the use does not involve the transfer of possession and control of space separated from other areas of the facility by walls, partitions, barriers and the like, the nonpossessory use is not functionally related to any other use of such facility by the same person (other than a different nonpossessory use) and all nonpossessory uses do not in the aggregate exceed 2½% of the Projects or such facility.

7.6 Management and Operations Contracts. The City manages and operates all the Projects. The City has not been a party to any management contract with any person or entity for management services to be provided to the City at or with respect to the Projects. The City will not enter into any such contract unless it consults with Bond Counsel to determine that such contract either (i) satisfies the requirements of a “qualified management contract,” the rules for which are currently embodied in Revenue Procedure 97-13, or (ii) does not otherwise adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

7.7 Monitoring and Measurement of Private Activity. The City covenants to monitor the amount of Private Use at each of the Projects to ensure that the aggregate amount of such Private Use at all of the Projects will not exceed the applicable limits described in this Section 7. The City has established or will establish procedures for monitoring the amount of Private Use at each of the Projects.

7.8 Change in Use. While the City 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 City will consult with its Bond Counsel and will take any remedial actions required by Treas. Regs. §1.141-12.

SECTION 8. General Representations

8.1 Single Issue. There are no other tax exempt obligations of the City 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. The entire Bond is being sold at the same time, pursuant to the same plan of financing and reasonably expected to be paid from substantially the same source of funds. Accordingly, the Bond is a single issue of obligations for federal income tax purposes relating to the exclusion from gross income of interest on the Bond. No other obligations of the City will be treated as part of the same issue as the Bond for purposes of complying with federal tax law requirements.

8.2 No Hedge. The City has not entered into, and does not expect to enter into in the future, a contract to modify the City's risk of interest rate changes with respect to a portion or all of the

Bond, including an interest rate swap, an interest rate cap, a futures contract, a forward contract, or an option.

- 8.3 No Replacement Proceeds. 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.
- 8.4 No Hedge Bond. The Bond is not a “hedge bond,” as defined in Section 149(g) of the Code, because the City reasonably expected to spend at least 85% of the Net Sale Proceeds of the Series 2005 Bonds within three years from the date of issue of the Series 2005 Bonds and did not invest more than 50% of the Proceeds of the Series 2005 Bonds in nonpurpose investments having a substantially guaranteed yield for four years or more.
- 8.5 No Abusive Arbitrage Device. The Bond is not being issued for a term longer than reasonably necessary to carry out the legitimate governmental purposes thereof, nor are the Bond being issued earlier or in greater amounts than reasonably necessary to accomplish such governmental purposes. The Bond is not and will not be part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code, and the Treasury Regulations promulgated thereunder, enabling the City or any Related Party to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage.
- 8.6 No Early Issuance. The Date of Issue has been determined solely on the basis of bona fide financial reasons, in accordance with ordinary financial practices in financing similar expenditures, and has not been determined with a view to prolonging the period between the issuance of the Bond and expenditure of the proceeds thereof.
- 8.7 No Other Replacement Proceeds. No portion of the proceeds of the Bond will be used as a substitute for other moneys that were otherwise to be used to finance the Projects and that have been or will be used to acquire directly or indirectly any Investment producing a Yield in excess of the Yield on the Bond. In addition, the term of the Bond is not longer than is reasonably necessary for the governmental purpose of the issue, based on the ability of the City to meet all its financial obligations including payment of debt service on the Bond and the anticipated revenues of the City. In addition, the weighted average maturity of the Bond does not exceed 120% of the average reasonably expected economic life of the Projects refinanced by the Bond.
- 8.8 Document Retention. The City will retain all records necessary to establish the uses and investment of the Gross Proceeds of the Bond until the date that is four (4) years after the latest of the date of final maturity of the Bond, or the final maturity or redemption date of any obligations, or series of obligations, that refinance the Bond. Such records include, but are not limited to, the transcript for the Bond and the Series 2005 Bonds, including this Tax Certificate, the IRS Form 8038-G, all investment records applicable to the investment of Gross Proceeds of the Bond and the Series 2005 Bonds before expenditure, all construction contracts and invoices detailing the costs paid from the Gross Proceeds of the Bond and each issue of the Series 2005 Bonds, all records evidencing timing and expenditure of Gross Proceeds of the Bond and the Series 2005 Bonds, any rebate calculations or refund requests filed with respect to the Bond, including all Forms 8038-T and 8038-R, and all contracts related to use of the Projects financed with Gross Proceeds of the Bond and the Series 2005 Bonds, including leases, management contracts, and services contracts that relate to the uses of the Projects.

- 8.9 No Pooling. The City does not expect to use and will not use the Proceeds of the Bond to make or finance loans to two or more ultimate borrowers.
- 8.10 Registered Form. The Bond is being issued in registered form in accordance with Section 149(a) of the Code.
- 8.11 Survival of Defeasance. Notwithstanding anything in this Tax Certificate or any other provisions of the Resolution to the contrary, the obligation to remit the Rebate Amount to the Treasury and to comply with all other requirements contained in this Tax Certificate shall survive the defeasance or payment in full of the Bond.
- 8.12 Compliance with Code. The City covenants to comply with the applicable provisions of the Code relating to the Bond. The City covenants that it shall at all times do and perform all acts and things necessary in order to assure that interest paid on the Bond shall, for purposes of federal income taxation, be not included in gross income. The City acknowledges that the covenants and conditions set forth in this Tax Certificate are based upon the Code and Treasury Regulations as they exist on the date hereof and that the Code or Treasury Regulations may be subsequently interpreted or modified by the federal government in a manner which is inconsistent with the covenants set forth herein. The City agrees that any such subsequent modification or interpretation of the Code or Treasury Regulations will be deemed a requirement that must be met pursuant to the general tax covenant set forth above. The City shall not be required to comply with the requirements of this Tax Certificate to the extent that, in the opinion of Bond Counsel, compliance with such requirements is not necessary to maintain the tax-exempt status of the Bond.

SECTION 9. 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 Hawkins Delafield & Wood LLP, or any other nationally recognized bond counsel.

“Bond Year” means each one year period that ends on March 3, unless the City elects a different Bond Year. The first Bond Year ends March 3, 2016.

“Capital Expenditure” shall mean any cost of a type that is properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles. For example, costs incurred to acquire, construct, or improve land, buildings, and equipment generally are Capital Expenditures. Whether an expenditure is a Capital Expenditure is determined at the time the expenditure is paid with respect to the property; future changes in law do not affect whether an expenditure is a Capital Expenditure.

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

“Computation Date” means June 1, 2019; or any earlier date on which the entire Bond is discharged.

“Computation Period” means the period that begins on the Date of Issue and ends on June 1, 2019.

“Date of Issue” means March 3, 2015.

“De Minimis Working Capital Items” shall mean Working Capital Expenditures eligible for the de minimis exception in Treas. Regs. §1.148-6(d)(3)(ii)(A), and includes:

- (A) issuance costs of an issue and qualified administrative costs as defined in Treas. Regs. § 1.148-5(e)(2)(i) or (ii), or Treas. Regs. §1.148-5(e)(3)(ii)(A);
- (B) qualified guarantee fees and payments for qualified hedges for the Bond;
- (C) interest on an issue for a period starting on the Date of Issue and ending on the date that is the later of three years from the Date of Issue or one year after the date on which any financed Project is placed in service;
- (D) certain Rebate Amounts and Yield Reduction Payments;
- (E) other costs that do not exceed five percent (5%) of the Sale Proceeds of an issue and that are directly related to any Capital Expenditures financed with the issue;
- (F) principal or interest on an issue paid from unexpected excess Sale Proceeds or Investment Proceeds; or
- (G) principal or interest on an issue paid from investment earnings on a reserve or replacement fund that are deposited in a *Bona Fide* Debt Service Fund.

“Fair Market Value” is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm’s length transaction, except for specified investments as described in Treas. Regs. §1.148-5(d)(6), including United States Treasury Obligations, certificates of deposit, guaranteed investment contracts, and Investments for yield restricted defeasance escrows, for which special rules for determining fair market value apply.

“Gross Proceeds” shall mean Sale Proceeds, Investment Proceeds, Transferred Proceeds and Replacement Proceeds but does not include “qualified administrative costs” as that term is defined in Treas. Regs. §1.148-5(e).

“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 Contract” shall mean a Nonpurpose Investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, and also includes any agreement to supply investments on two or more future dates (*e.g.*, a forward supply contract).

“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 City 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 the Sale Proceeds less any portion of those proceeds invested in the Minor Portion or invested in any Reasonably Required Reserve or Replacement Fund.

“Nonpurpose Investment” shall mean any Investment in which Gross Proceeds of an issue are invested and which is not acquired to carry out the governmental purpose for which such issue was issued.

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

“Reasonably Required Reserve or Replacement Fund” shall have the meaning used in Treas. Regs. §1.148-2(f)(2) and generally shall mean the portion of a reserve or replacement fund that is eligible to be invested without yield restriction. The amounts invested without yield restriction as part of such a Reasonably Required Reserve or Replacement Fund for Bond is subject to a size limitation equal to the least of the following: (i) 10% of the stated principal amount (or, for any bond issue having more than a de minimis amount of original issue discount or premium, the issue price of such bond issue); (ii) 100% of the maximum annual principal and interest on the Bond; or (iii) 125% of the average annual debt service on the Bond.

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

“Related Party or Related Parties” means, in reference to governmental units or 501(c)(3) organizations, members of the same controlled group within the meaning of Treas. Regs. §1.150-1(e) of the Income Tax Regulations, and in reference to any person that is not a governmental unit or a 501(c)(3) organization, a related person as defined in Section 144(a)(3) 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 City reasonably expects as of March 3, 2015, 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 remains 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.

“Tax-Exempt Obligation” shall mean any obligation issued by any Governmental Unit the interest on which is not included in gross income for purposes of federal income taxation under Section 103 of the Code

“Transferred Proceeds” means any Proceeds of a prior issue that cease to be Proceeds of that prior issue and become Proceeds of the issue that refunds it on a date on which all or part of outstanding principal amount of the prior issue is discharged with Proceeds of the refunding issue.

“Working Capital Expenditure” shall mean any cost of a type that does not constitute a Capital Expenditure. Generally, current operating expenses are Working Capital Expenditures.

“Yield Reduction Payments” shall mean payments made to the United States with respect to any Nonpurpose Investment allocated to the Bond for the purpose of reducing the yield on such Investments, such payments to be made (a) at the same time and the same manner as Rebate Amounts are required to be paid and (b) with respect to Investments that are allocable (i) to Gross Proceeds of the Bond that previously qualified for a temporary investment period available for Projects, restricted working capital expenditures, pooled financings or Investment Proceeds, or (ii) to the Bond during any Computation Period in which at least five percent (5%) of the value of the Bond is variable yield bonds.

“Yield-Restricted” or **“Yield Restriction”** shall mean required to be invested at a yield that is not materially higher than the yield on the Bond under Section 148 of the Code and Treas. Regs. §1.148-2.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

Dated as of this 3rd day of March, 2015.

City of Lincoln City, Oregon

By:  _____
Ron Tierney, Financial Planner

EXHIBIT A

Refunded Bonds

**City of Lincoln City, Oregon
General Obligation Sewer Bonds, Series 2005**

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
BOND	6/1/2016	4.000%	510,000.00	6/1/2015	100.000
	6/1/2017	4.000%	540,000.00	6/1/2015	100.000
	6/1/2018	4.200%	565,000.00	6/1/2015	100.000
	6/1/2019	4.250%	575,000.00	6/1/2015	100.000
			2,190,000.00		

EXHIBIT B

CERTIFICATE REGARDING NO REOFFERING

[see bond transcript tab #14]

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 <input type="checkbox"/>	
1 Issuer's name City of Lincoln City, Oregon		2 Issuer's employer identification number (EIN) 93-0523629	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address)	Room/suite	5 Report number (For IRS Use Only)	
P. O. Box 50		3	
6 City, town, or post office, state, and ZIP code Lincoln City, OR 97367		7 Date of issue 3/03/2015	
8 Name of issue General Obligation Refunding Bond, Series 2015		9 CUSIP number none	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Ron Tierney, Financial Planner		10b Telephone number of officer or other employee shown on 10a 541-996-1212	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11	
12 Health and hospital	12	
13 Transportation	13	
14 Public safety	14	
15 Environment (including sewage bonds)	15	
16 Housing	16	
17 Utilities	17	2,209,800.00
18 Other. Describe ►	18	
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>		
If obligations are BANs, check only box 19b <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	6/1/2019	\$ 2,209,800.00	\$ 2,209,800.00	2.573 years	1.4558%

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	2,209,800.00
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	19,800.00
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	2,190,000.00
28	Proceeds used to advance refund prior issues	28	0
29	Total (add lines 24 through 28)	29	2,209,800.00
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	0.00


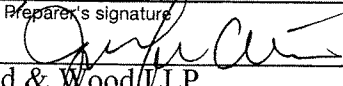
Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31	Enter the remaining weighted average maturity of the bonds to be currently refunded	► 2.796	years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded	► N/A	years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY)	► 6/01/2015	
34	Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	► 4/12/2005	

For Paperwork Reduction Act Notice, see separate instructions.

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	0
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	0
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	0
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input checked="" type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input checked="" type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ _____		

Signature and Consent	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. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	3/03/2015 Date	Ron Tierney, Financial Planner Type or print name and title	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Jennifer B. Cordova		3/03/2015	PTIN P01240398
	Firm's name ▶ Hawkins Delafield & Wood/LLP	Firm's EIN ▶ 13-5513990		Phone no. 503-402-1320
Firm's address ▶ 200 SW Market Street, Suite 350 Portland, OR 97201				

Hawkins
DELAFIELD & WOOD LLP

PHONE (503) 402-1320
FAX (503) 402-1331

200 SW MARKET STREET, SUITE 350
PORTLAND, OR 97201
WWW.HAWKINS.COM

NEW YORK
WASHINGTON
NEWARK
HARTFORD
LOS ANGELES
SACRAMENTO
SAN FRANCISCO
PORTLAND

Jennifer Córdova
Phone: (503) 402-1326
Fax: (503) 402-1331
E-mail: jcordova@hawkins.com

March 9, 2015

Via Certified Mail
Return Receipt Requested – 7010 2780 0000 1087 9732

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201

Re: \$2,209,800 City of Lincoln City, Oregon
General Obligation Refunding Bond, Series 2015;
Our File No.: 38346
Taxpayer ID No.: 93-0523629

Dear Sir or Madam:

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

Sincerely yours,


Jennifer Córdova

JBC:acg
Enclosure

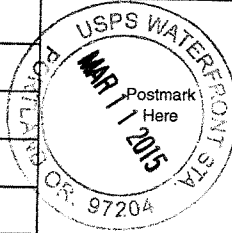
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Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	—
Total Postage & Fees	\$ 6.48



<i>Sent To</i>	Department of the Treasury
<i>Street, Apt. No., or PO Box No.</i>	IRS Service Center
<i>City, State, ZIP+4</i>	Ogden, UT 84201

PS Form 3800, August 2006

See Reverse for Instructions

RECEIPT FOR PROCEEDS

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

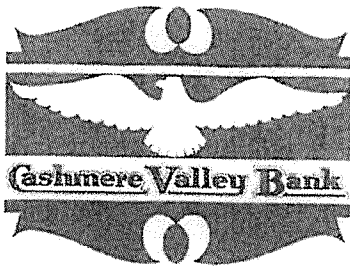
On behalf of the City of Lincoln City, Oregon, I hereby authorize distribution of funds as described in the Memorandum of Closing Instructions and Bond Delivery for the above-captioned Bond that was prepared by Economic & Financial Analysis.

Dated as of the 3rd day of March, 2015.

City of Lincoln City, Oregon



Ron Tierney, Financial Planner



February 27, 2015

RE: Signing Authority

To whom it may concern,

Ron Olsen is a Board of Director appointed Vice President of Cashmere Valley Bank. As such he is authorized to sign on the banks behalf any documentation related to entering into contracts with Municipalities for the purpose of extending credit. The documents include but are not limited to: bond and note purchase agreements, receipts for bonds and notes, certificates for receipt of bond and note documents, no reoffering letters, and qualified investor ("Big Boy") letters.

Sincerely,

Greg Oakes,
President & CEO
Cashmere Valley Bank

Directors and Officers

Board of Directors

Brian Nelson, Chairman
Lyman Boyd, Vice Chairman
Judy Conner, CPA
Bill Dronen
Ken Martin
John Doyle
Keith Wiggins

Administrative Officers

Kenneth J Martin, President & CEO
Jenny Cravens, CPA, Vice President & CFO
Connie Fritz, Vice President & CRBO
Greg Oakes, Vice President & CLO
Sue Ozburn, Vice President & CIO

Mitchell, Reed & Schmitt Insurance Board of Directors

Ken Martin, Chairman
Lori Reed
Lyman Boyd
Jim Gibbons
Laura Mounter
Brent Schmitt

Accounting

Aaron Strong, CPA, Assistant Controller
Cheryl Ward, Supervisor

Internal Audit

Kortney Todd, CPA, Director
Ed Schatz, CPA, Internal Auditor
Dennis Combs, Audit Liaison

Credit Administration

Steve Vradenburg, AVP & Assistant Credit Administrator
Ann Rankin, Credit Operations Supervisor

Compliance

Art Hansen, Vice President

Retail Operations and Personnel

Annie Horey, AVP & Human Resource Director

Financial Services Group

Amy Moubray, Card Service Plan Manager

Contract Purchasing and Leasing

Chuck Moser, AVP & Loan Officer
Chris Ewer, Equipment Leasing Manager & Loan Officer

Electronic Banking

Sharon Low, AVP & Manager

Municipal Banking

Ron Olsen, Vice President & Manager
James Tinker, AVP & Loan Officer

Statewide Banking

Brad Allen, Vice President

Cashmere Branch

Alex Cruz, Manager
Jana Hambly, Retail Operations Officer

Maple Street Branch

Steve Lee, Vice President & Manager
Christy Tomlinson, AVP & Retail Operations Officer
Bruce Law, AVP & Loan Officer
Mike Kintner, Vice President & Commercial Lender

Leavenworth Branch

Rich Harris, Vice President & Manager
Shawna Alexander, AVP & Retail Operations Officer
Darrin Rylaarsdam, Vice President & Loan Officer
Gary Waunch, Loan Officer

East Wenatchee Branch

Michael Machado, AVP & Manager
Ann Harris, AVP & Retail Operations Officer

Chelan Street Branch

Jenny Pulver, AVP & Manager

Easy Street Branch

Claudia De Robles, AVP & Manager
Elizabeth Mejia, Retail Operations Officer
Stacy Suydam, Loan Officer

Ellensburg Branch

Pam Wilson, Vice President & Manager
Michael Moore, Retail Operations Officer

Cle Elum Branch

Dale Loveland, Vice President & Manager
Caren Reed, Retail Operations Officer

Lake Chelan Branch

Russ Jones, Vice President & Manager
Jan Fryer, Retail Operations Officer

Yakima Branch

Darlene Picatti, Vice President & Market Manager
Taylor Stormo, Vice President & Loan Officer
Deidra Anderson, Retail Operations Officer

Cashmere Valley Mortgage

Josh Stendera, Vice President & Manager
Shirley Reyes, AVP & Mortgage Supervisor

Mitchell Reed & Schmitt Insurance

Brent Schmitt, President & COO

Freedom Financial Advisors

Rick Deich, Executive Manager
Garry Arseneault, Executive Director

Directory

Administrative Offices

117 Aplets Way, Cashmere
509-782-2624

Cashmere Office

117 Aplets Way, Cashmere
509-782-1501

Maple Street Office

1100 Maple Street, Wenatchee
509-662-1644

Leavenworth Office

980 Highway 2, Leavenworth
509-548-5231

East Wenatchee Office

199 Valley Mall Parkway, East Wenatchee
509-884-0622

Chelan Street Office

124 South Chelan Street, Wenatchee
509-662-6633

Easy Street Office

127 Easy Street, Wenatchee
509-662-5071

Ellensburg Office

101 West University Way, Ellensburg
509-925-3000

Cle Elum Office

803 West 1st Street, Cle Elum
509-674-2033

Lake Chelan Office

329 E Woodin Avenue, Chelan
509-682-7162

Yakima Office

5800 Summitview Avenue, Yakima
509-457-7895

Mitchell, Reed & Schmitten Insurance,

Wenatchee Office

124 E. Penny Road Suite 101, Wenatchee
509-665-0500

Cashmere Office

117 Aplets Way, Cashmere
509-782-2751

Ellensburg Office

101 W. University Way, Ellensburg
509-925-3000

Mitchell, Reed & Schmitten Insurance

Yakima Office

5800 Summitview Avenue, Yakima
509-454-5155

Leavenworth Office

980 Highway 2, Leavenworth
509-548-6050

Freedom Financial Advisors

124 E. Penny Road, Suite 102, Wenatchee
509-664-7168

Cashmere Valley Mortgage

127 Easy Street, Wenatchee
509-662-7722

Electronic Banking

124 E. Penny Road, Suite 103, Wenatchee
509-664-5454

Valley Contract Servicing

124 E. Penny Road, Suite 105, Wenatchee
509-664-5452

Card Services

124 E. Penny Road, Suite 106, Wenatchee
Credit Cards 509-664-5455
ATM/Debit Cards 509-664-5453

Dealer Financing

124 E. Penny Road, Suite 201, Wenatchee
509-664-3820

Equipment Finance Solutions

124 E. Penny Road, Suite 202, Wenatchee
509-664-3820

Municipal Banking

1400 112th Avenue SE, Suite 100, Bellevue
425-688-3935

Website Address

www.cashmerevalleybank.com



QUALIFIED INVESTOR LETTER

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

The undersigned, a duly authorized representative of Cashmere Valley Bank (the “Bank”), hereby certifies as follows with respect to the Bank’s purchase of the above-captioned bond (the “Bond”) issued by the City of Lincoln City, Oregon (the “Issuer”):

1. The Bank is an organization that falls within one of the following categories:

(a) a bank as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the “Securities Act”);¹ or

(b) a savings and loan association or other institution described in Section 3(a)(5)(A) of the Securities Act,² whether acting in its individual or fiduciary capacity; or

(c) a “Qualified Institutional Buyer” as that term is defined in Rule 144A under the Securities Act.

2. The Bank has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Bond.

3. The Bank has made its own independent and satisfactory inquiries related to the purchase of the Bond to which a reasonable investor would attach significance in making investment decisions, and of any other matters deemed to be relevant to a reasonably informed decision to purchase the Bond.

4. The Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer, the projects financed with the Bond, and the Bond, all so that as a reasonable investor the Bank has been able to make a reasonably informed decision to purchase the Bond.

5. The Bank is primarily purchasing the Bond for investment purposes only (and not as an “underwriter” or “Participating Underwriter” as defined in the Securities and

¹ A “bank” is defined in Section 3(a)(2) of the Securities Act as “any national bank, or any banking institution organized under the laws of any State, territory, or the District of Columbia, the business of which is substantially confined to banking and is supervised by the State or territorial banking commission or similar official; except that in the case of a common trust fund or similar fund, or a collective trust fund, the term “bank” has the same meaning as in the Investment Company act of 1940 [15 U.S.C.A. §80a-1 et. seq.]”

² A “savings and loan association or other institution described in Section 3(a)(5)(A) of the Securities Act” is a savings and loan association, building and loan association, cooperative bank, homestead association, or similar institution, which is supervised and examined by State or Federal authority having supervision over any such institution.

Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and does not presently intend to transfer, otherwise distribute or sell the Bond or any portion thereof to the general public.

6. The Bank acknowledges that its right to sell and transfer the Bond is limited as provided on the Bond Purchase Agreement.

7. The Bank acknowledges that the Bond (a) has not been registered under the Securities Act of 1933, as amended, and has not been registered or otherwise qualified for sale under the securities laws of any state, (b) will not be listed on any securities exchange, (c) will carry no rating from any rating service, and (d) there is no established market for the Bond and that none is likely to develop. The Bank understands and acknowledges that (i) the Bond is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and (ii) in connection with the Bank's purchase of the Bond, the Issuer has not prepared or caused to be prepared, any official statement, private placement memorandum or other offering document.

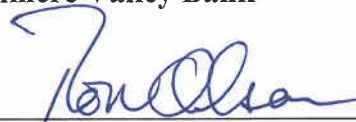
8. The Bank agrees that it will comply with any applicable state and federal securities law in effect with respect to the initial purchase of the Bond and in effect with respect to any disposition of the Bond by it, and further acknowledges that any current exemption from registration of the Bond does not affect or diminish such requirements.

9. Hawkins Delafield & Wood LLP ("Bond Counsel"), will have no responsibility to the Bank for the accuracy or completeness of information obtained by the Bank from any source regarding the Issuer, the projects financed with the Bond or the Issuer's financial condition, or regarding the ability of the Issuer to pay the Bond, or the sufficiency of any security therefore. The Bank acknowledges that, as between the Bank and Bond Counsel, the Bank has assumed responsibility for obtaining such information and making such review as the Bank deemed necessary or desirable in connection with its decision to purchase the Bond.

Dated as of the 3rd day of March, 2015.

Cashmere Valley Bank

By: _____



Ron Olsen, Vice President & Director of
Municipal Services

[Qualified Investor Letter]

CERTIFICATE REGARDING NO REOFFERING

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

On behalf of Cashmere Valley Bank (the "Bank"), the undersigned hereby certifies as follows with respect to the issuance by the City of Lincoln City, Oregon (the "Issuer") of the above-captioned bond (the "Bond"):

1. The Bank is purchasing the Bond on the date of this certificate and intends to hold the Bond for its own account until maturity of the Bond.

2. On the date of this certificate (the "Sale Date"), the Issuer became legally obligated to perform its obligations under the Bond, and the Bank and the Issuer became legally obligated to perform their respective obligations under the Bond Purchase Agreement dated March 3, 2015.

3. Excluding any origination fee or legal expense, the Bank is purchasing the Bond at par, and such amount reflects market conditions on the Sale Date and is not greater than the fair market value of the Bond on the Sale Date.

4. The undersigned understands that the statements made herein will be relied upon by the Issuer in its determination of the issue price of the Bond. Hawkins Delafield & Wood LLP may also rely on this certificate in rendering its opinion that interest on the Bond is excludable from gross income for purposes of the Internal Revenue Code of 1986, as amended.

Dated as of the 3rd day of March, 2015.

Cashmere Valley Bank

By: 

Ron Olsen, Vice President & Director of
Municipal Services

RECEIPT FOR BOND

\$2,209,800

**City of Lincoln City, Oregon
General Obligation Refunding Bond
Series 2015**

On behalf of Cashmere Valley Bank (the "Bank"), I hereby certify that the Bank has received the fully executed original of the above-captioned Bond, which is in satisfactory form.

Dated as of the 3rd day of March, 2015.

Cashmere Valley Bank

By:  _____
Ron Olsen, Vice President & Director of
Municipal Services

Draft Resol. # 2005-03 X

RESOLUTION 2005-03

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

WHEREAS, the voters of the City of Lincoln City (the "City") authorized the City to issue \$22,000,000 of general obligation bonds at the general election held on November 2, 2004, to finance the improvement and expansion of the City's sewage treatment plant and collection system; and,

WHEREAS, It is now desirable to issue 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 sewer bonds (the "Bonds") to finance the improvement and expansion of the City's sewage treatment plant and collection system and to pay costs of issuing the Bonds. The principal amount of the Bonds shall not exceed \$22,000,000.

Section 2. Delegation.

The City Manager, 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:

- (1) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to each series of the Bonds.
- (2) Establish the final principal amounts, maturity schedules, interest rates, sale prices and discount, prepayment terms, payment terms and dates, and other terms of each series of Bonds.
- (3) Execute and deliver a bond declaration for each series of Bonds, specifying the terms under which each series of Bonds are issued, and making covenants for the benefit of Bondowners, including covenants to protect the tax-exempt status of the Bonds.
- (4) Solicit competitive proposals for the purchase of any series of Bonds and award the sale of that series to the proposer offering the most favorable terms to the City, or select one or more underwriters, negotiate the terms of the sale of any series of Bonds, and sell that series to those underwriters.
- (5) Undertake to provide continuing disclosure for each series of Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

- 1 (6) Apply for ratings for each series of Bonds, determine whether to purchase municipal
bond insurance or obtain other forms of credit enhancements for each series of Bonds,
2 enter into agreements with the providers of credit enhancement, and execute and deliver
related documents.
- 3 (7) Appoint a paying agent and registrar for the Bonds and negotiate the terms of and
4 execute an agreement with such paying agent and registrar.
- 5 (8) Execute and deliver each series of Bonds to their purchaser.
- 6 (9) Execute and deliver any agreements or certificates and take any other action in
7 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.

8 **Section 3. Security for Bonds.** The Bonds shall be general obligations of the City. The City
9 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
10 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
11 sufficient amount, after considering sewer system revenues that the City Council makes
available to pay the Bonds and expected discounts and delinquencies in the payment of those ad
12 valorem taxes , to pay the Bonds promptly as they mature.

13 **Section 4. Tax-Exempt Status.** The City covenants to use the proceeds of the Bonds and to
14 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
15 Bondowners. The City Official may enter into additional covenants on behalf of the City to
16 protect the tax-exempt status of the Bonds.

17 **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
18 executed on behalf of the City with the facsimile or manual signatures of Mayor and City
Recorder.

19 **Section 6. Reimbursement.** the City Council that the City hereby declares its
20 official intent pursuant to Section 1.150-2 of the Federal Income Tax Regulations to reimburse
21 itself for expenditures the City makes for costs of the sewer system that are eligible to be
financed with the general obligation bonds that the City's voters approved on November 2, 2004.
22 The amount to be reimbursed shall not exceed \$22,000,000.

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

Dated this 24th day of January, 2005.

City of Lincoln City, Lincoln County, Oregon

Lon Holdingsworth

Mayor

Attest:

Orneta McCalman

City Recorder

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THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

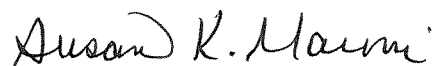
I, the undersigned, Susan K. Maroni, Assistant Secretary of The Bank of New York Mellon Trust Company, N.A., a national banking association organized under the laws of the United States (the "Association") and located in the State of California, with a trust office located at 2001 Bryan Street, Dallas, Texas, DO HEREBY CERTIFY that the following individuals are duly appointed and qualified Officers of the Association:

<u>Officer</u>	<u>Title</u>	<u>Signing Authority</u>
Cathleen M. Sokolowski	Managing Director	B1, G, H, J, P8
Michelle Baldwin	Vice President	G, H, J
Michael K. Herberger	Vice President	G, H, J
Tony Hongnoi	Vice President	G, H, J
Stephen Jager	Vice President	G, H, J
Gulnaar Murthy	Vice President	G, H, J
Elizabeth Power	Vice President	B1, G, H, J, P11
Jason Stephens	Vice President	A, C2, J, N, P1
Shannon Straty	Vice President	C2, I1, I2, N, P11
Brian Barney	Associate	G, H, J
Beverly Evans	Associate	G, H, J
Brian Todd Jensen	Associate	G, H, J
Stephen McPherson	Associate	G, H, J
Vivek Sevak	Associate	G, H, J
Biddel Tekeste	Associate	G, H, J
Laurel Waller	Associate	G, H, J

I further certify that as of this date they have been authorized to sign on behalf of the Association in discharging or performing their duties in accordance with the limited signing powers provided under Article V, Section 5.3 of the By-Laws of the Association and the paragraphs indicated above of the signing authority resolution of the Board of Directors of the Association.

Attached hereto are true and correct copies of excerpts of the By-Laws of the Association and the signing authority resolution, which have not been amended or revised since October 15, 2009 and are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of The Bank of New York Mellon Trust Company, N.A. this 30th day of December 2014.



Susan K. Maroni, Assistant Secretary

Extracts from By-Laws
of
The Bank of New York Mellon Trust Company, National Association
As Amended through October 15, 2009

ARTICLE V
SIGNING AUTHORITIES

Section 5.1 Real Property. Real property owned by the Association in its own right shall not be deeded, conveyed, mortgaged, assigned or transferred except when duly authorized by a resolution of the Board. The Board may from time-to-time authorize officers to deed, convey, mortgage, assign or transfer real property owned by the Association in its own right with such maximum values as the Board may fix in its authorizing resolution.

Section 5.2. Senior Signing Powers. Subject to the exception provided in Section 5.1, the President and any Executive Vice President is authorized to accept, endorse, execute or sign any document, instrument or paper in the name of, or on behalf of, the Association in all transactions arising out of, or in connection with, the normal course of the Association's business or in any fiduciary, representative or agency capacity and, when required, to affix the seal of the Association thereto. In such instances as in the judgment of the President, or any Executive Vice President may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer to have the powers set forth in this section applicable only to the performance or discharge of the duties of such officer within his or her particular division or function. Any officer of the Association authorized in or pursuant to Section 5.3 to have any of the powers set forth therein, other than the officer signing pursuant to this Section 5.2, is authorized to attest to the seal of the Association on any documents requiring such seal.

Section 5.3. Limited Signing Powers. Subject to the exception provided in Section 5.1, in such instances as in the judgment of the President or any Executive Vice President, may be proper and desirable, any one of said officers may authorize in writing from time-to-time any other officer, employee or individual to have the limited signing powers or limited power to affix the seal of the Association to specified classes of documents set forth in a resolution of the Board applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function.

Section 5.4. Powers of Attorney. All powers of attorney on behalf of the Association shall be executed by any officer of the Association jointly with the President, any Executive Vice President, or any Managing Director, provided that the execution by such Managing Director of said Power of Attorney shall be applicable only to the performance or discharge of the duties of said officer within his or her particular division or function. Any such power of attorney may, however, be executed by any officer or officers or person or persons who may be specifically authorized to execute the same by the Board of Directors.

Section 5.5. Auditor. The Auditor or any officer designated by the Auditor is authorized to certify in the name of, or on behalf of the Association, in its own right or in a fiduciary or representative capacity, as to the accuracy and completeness of any account, schedule of assets, or other document, instrument or paper requiring such certification.

SIGNING AUTHORITY RESOLUTION

Pursuant to Article V, Section 5.3 of the By-Laws Adopted October 15, 2009

RESOLVED that, pursuant to Section 5.3 of the By-Laws of the Association, authority be, and hereby is, granted to the President or any Executive Vice President, in such instances as in the judgment of any one of said officers may be proper and desirable, to authorize in writing from time-to-time any other officer, employee or individual to have the limited signing authority set forth in any one or more of the following paragraphs applicable only to the performance or discharge of the duties of such officer, employee or individual within his or her division or function:

(A) All signing authority set forth in paragraphs (B) through (I) below except Level C which must be specifically designated.

(B1) Individuals authorized to accept, endorse, execute or sign any bill receivable; certification; contract, document or other instrument evidencing, embodying a commitment with respect to, or reflecting the terms or conditions of, a loan or an extension of credit by the Association; note; and document, instrument or paper of any type, including stock and bond powers, required for purchasing, selling, transferring, exchanging or otherwise disposing of or dealing in foreign currency, derivatives or any form of securities, including options and futures thereon; in each case in transactions arising out of, or in connection with, the normal course of the Association's business.

(B2) Individuals authorized to endorse, execute or sign any certification; disclosure notice required by law; document, instrument or paper of any type required for judicial, regulatory or administrative proceedings or filings; and legal opinions.

(C1) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$500,000,000 with single authorization for all transactions.

(C2) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in excess of \$500,000,000*.

(C3) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$500,000,000.

(C4) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount in excess of \$100,000,000 but not to exceed \$500,000,000*.

(C5) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$100,000,000.

(C6) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$10,000,000.

(C7) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000,000.

(C8) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$1,000,000.

(C9) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$250,000.

(C10) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$50,000.

(C11) Authority to accept, endorse, execute or sign or effect the issuance of any cashiers, certified or other official check; draft; order for payment of money; check certification; receipt; certificate of deposit; money transfer wire; and internal transfers resulting in a change of beneficial ownership; in each case, in an amount up to \$5,000.

*Dual authorization is required by any combination of senior officer and/or Sector Head approved designee for non-exempt transactions. Single authorization required for exempt transactions.

(D1) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$1,000,000.

(D2) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$250,000.

(D3) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$50,000.

(D4) Authority to accept, endorse, execute or sign any contract obligating the Association for the payment of money or the provision of services in an amount up to \$5,000.

(E) Authority to accept, endorse, execute or sign any guarantee of signature to assignments of stocks, bonds or other instruments; certification required for transfers and deliveries of stocks, bonds or other instruments; and document, instrument or paper of any type required in connection with any Individual Retirement Account or Keogh Plan or similar plan.

(F) Authority to accept, endorse, execute or sign any certificate of authentication as bond, unit investment trust or debenture trustee and on behalf of the Association as registrar and transfer agent.

(G) Authority to accept, endorse, execute or sign any bankers acceptance; letter of credit; and bill of lading.

(H) Authority to accept, endorse, execute or sign any document, instrument or paper of any type required in connection with the ownership, management or transfer of real or personal property held by the Association in trust or in connection with any transaction with respect to which the Association is acting in any fiduciary, representative or agency capacity, including the acceptance of such fiduciary, representative or agency account.

(I1) Authority to effect the external movement of free delivery of securities and internal transfers resulting in changes of beneficial ownership.

(I2) Authority to effect the movement of securities versus payment at market or contract value.

(J) Authority to either sign on behalf of the Association or to affix the seal of the Association to any of the following classes of documents: Trust Indentures, Escrow Agreements, Pooling and Servicing Agreements, Collateral Agency Agreements, Custody Agreements, Trustee's Deeds, Executor's Deeds, Personal Representative's Deeds, Other Real Estate Deeds for property not owned by the Association in its own right, Corporate Resolutions, Mortgage Satisfactions, Mortgage Assignments, Trust Agreements, Loan Agreements, Trust and Estate Accountings, Probate Petitions, responsive pleadings in litigated matters and Petitions in Probate Court with respect to Accountings, Contracts for providing customers with Association products or services.

(N) Individuals authorized to accept, endorse, execute or sign internal transactions only, (i.e., general ledger tickets); does not include the authority to authorize external money movements, internal money movements or internal free deliveries that result in changes of beneficial ownership.

(P1) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in excess of \$10,000,000.

(P2) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$10,000,000.

(P3) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$5,000,000.

(P4) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$1,000,000.

(P5) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$250,000.

(P6) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$100,000.

(P7) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$50,000.

(P8) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$25,000.

(P9) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$10,000.

(P10) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$5,000.

(P11) Authority to approve the payment of valid expenses as incurred to meet the obligations of the Association, excluding salary and other employee directed benefit payments; in each case, in an amount up to \$3,000.

RESOLVED, that any signing authority granted pursuant to this resolution may be rescinded by the President or any Executive Vice President and such signing authority shall terminate without the necessity of any further action when the person having such authority leaves the employ of the Association.

NOTICE AND AGREEMENT REGARDING REDEMPTION

City of Lincoln City, Oregon General Obligation Refunding Bond Series 2015

On behalf of the City of Lincoln City, Oregon (the "City"), I hereby direct The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), to take the actions described in this Certificate to call for early redemption all of the City's outstanding General Obligation Sewer Bonds, Series 2005 described in the attachments (the "2005 Bonds").

I. Receipt of Funds; Redemption of 2005 Bonds.

The Paying Agent has received wire transfers totalling the amount of \$2,235,083.75 from the City and Cashmere Valley Bank. The City hereby directs the Paying Agent to hold this amount uninvested and use this amount to refund the 2005 Bonds on June 1, 2015.

II. Call for Redemption; Notice of Redemption.

The City hereby calls the 2005 Bonds for redemption on June 1, 2015 at a price of 100%. The City hereby directs the Paying Agent to give notice of the redemption of the 2005 Bonds in substantially the form attached hereto as Exhibit A, to the registered owners of the 2005 Bonds pursuant to the documents authorizing the 2005 Bonds.

III. Material Events Notices of Call for Submission to MSRB and MDAC.

The City hereby directs the Paying Agent to provide a material event notice of call of the 2005 Bonds, on this date, to the Municipal Securities Rulemaking Board ("MSRB"), through the Electronic Municipal Market Access ("EMMA") continuing disclosure service, and to the Municipal Debt Advisory Commission of the State of Oregon (the "MDAC"): (i) by electronic submission to dmd@ost.state.or.us; (ii) by mail or delivery to Debt Management Division of the Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, Oregon 97301; or (iii) by facsimile to 503-378-2870, pursuant to and including the information attached hereto as Exhibit B.

The Paying Agent hereby acknowledges that provision satisfactory and acceptable has been made to allow the Paying Agent to cause the notice of redemption for the 2005 Bonds to be given pursuant to this Certificate.

The Paying Agent further acknowledges that provision satisfactory and acceptable has been made to complete and provide the material event notices of call for the 2005 Bonds as required by this Certificate.

This Certificate may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Dated as of the 3rd of March, 2015.

City of Lincoln City, Oregon


Ron Tierney, Financial Planner

The Bank of New York Mellon Trust Company, N.A.

Stephen McPherson, Authorized Officer


This Certificate may be simultaneously executed in multiple counterparts, all of which shall constitute one and the same instrument, and each of which shall be deemed to be an original.

Dated as of the 3rd of March, 2015.

City of Lincoln City, Oregon

Ron Tierney, Financial Planner

The Bank of New York Mellon Trust Company, N.A.



~~Stephen McPherson, Authorized Officer~~
Tony Hongnoi
Vice President

Exhibit A
Notice of Redemption

City of Lincoln City, Oregon
General Obligation Sewer Bonds, Series 2005
Dated April 12, 2005
Original issue amount \$15,000,000

NOTICE IS HEREBY GIVEN that the City of Lincoln City, Oregon has called for early redemption on June 1, 2015 its outstanding General Obligation Sewer Bonds, Series 2005 (the "Bonds"), listed below.

The Bonds will be redeemed at a price of one hundred percent (100%) of their principal amount, plus interest accrued to June 1, 2015. The redemption price of the Bonds is payable on presentation and surrender of the Bonds at the office of the Paying Agent for the Bonds:

<i>First Class/Registered/Certified</i>	<i>Express</i>	<i>Delivery Only By Hand Only</i>
The Bank of New York Mellon	The Bank of New York Mellon	The Bank of New York Mellon
Global Corporate Trust	Global Corporate Trust	Global Corporate Trust
P.O. Box 396	111 Sanders Creek Parkway	Corporate Trust Window
East Syracuse, NY 13057	East Syracuse, NY 13057	101 Barclay Street, 1st Fl. East
		New York, NY 10286

Interest on all Bonds or portions thereof which are redeemed shall cease to accrue on June 1, 2015.

The following Bonds are being redeemed:

Maturity Date (June 1)	Principal Amount to be Redeemed	Redemption Date	Redemption Price	Original CUSIP Number	Redeemed CUSIP Number
2016	\$510,000	6/1/2015	100%	533079BP3	---
2017	540,000	6/1/2015	100%	533079BQ1	---
2018	565,000	6/1/2015	100%	533079BR9	---
2019	575,000	6/1/2015	100%	533079BS7	533080LK1

By Order of the City of Lincoln City

The Bank of New York Mellon Trust Company, N.A., as Paying Agent

Dated: _____.

Under Section 3406(a)(1) of the Internal Revenue Code the Registrar may be obligated to withhold a percentage of the principal of a holder who has failed to furnish the Registrar with a valid taxpayer identification number and a certification that the owner is not subject to backup withholding. Owners who wish to avoid the application of these provisions should submit a completed IRS Form W-9 when presenting their certificates for payment.

Exhibit A to Notice of Redemption Certificate

Exhibit B
Information for Submission to MSRB and MDAC for Material Event Notice of Call

City of Lincoln City, Oregon
General Obligation Sewer Bonds, Series 2005
Dated April 12, 2005
Original issue amount \$15,000,000

The City of Lincoln City, Oregon (the "City") has called for early redemption on June 1, 2015 its outstanding General Obligation Sewer Bonds, Series 2005 that were originally dated April 12, 2005:

<u>Maturity Date</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount to</u> <u>be Redeemed</u>	<u>Redemption</u> <u>Date</u>	<u>Redemption</u> <u>Price</u>	<u>Original</u> <u>CUSIP</u> <u>Number</u>	<u>Redeemed</u> <u>CUSIP</u> <u>Number</u>
2016	\$510,000	6/1/2015	100%	533079BP3	---
2017	540,000	6/1/2015	100%	533079BQ1	---
2018	565,000	6/1/2015	100%	533079BR9	---
2019	575,000	6/1/2015	100%	533079BS7	533080LK1

By Order of the City of Lincoln City

The Bank of New York Mellon Trust Company, N.A., as Paying Agent

Dated: _____.

Hawkins Delafield & Wood LLP

200 SW MARKET STREET, SUITE 350
PORTLAND, OR 97201
WWW.HAWKINS.COM

March 3, 2015

City of Lincoln City
P. O. Box 50
Lincoln City, Oregon 97367

Subject: \$2,209,800 City of Lincoln City, Oregon
General Obligation Refunding Bond, Series 2015

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Lincoln City, Oregon (the "City") of its General Obligation Refunding Bond, Series 2015 (the "Bond"), which is dated as of the date of its delivery and is in the principal amount of \$2,209,800. The Bond is authorized by Oregon Revised Statutes Chapter 287A, City Resolution No. 2012-23 adopted October 22, 2012 (the "Resolution"), and a Bond Purchase Agreement between the City and Cashmere Valley Bank dated March 3, 2015 (the "Bond Purchase Agreement").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering materials which have been or may be supplied to the purchasers of the Bond, and we express no opinion relating thereto.

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

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bond has been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, and the Resolution. The Bond and the Bond Purchase Agreement constitute valid and legally binding general obligations of the City that are enforceable in accordance with their terms.
2. The City has pledged its full faith and credit and taxing power to the payment of the Bond. In addition, the Bond is payable from ad valorem taxes which may be levied without limitation as to rate or amount on all taxable property within the boundaries of the City.
3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Bond is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bond is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City, and others in connection with the Bond, and we have assumed compliance by the City and others with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bond from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bond in order that, for Federal income tax purposes, interest on the Bond not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bond, restrictions on the investment of proceeds of the Bond prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bond to become subject to Federal income taxation retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bond, the City will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest paid on the Bond will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bond, and (ii) compliance by the City with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest on the Bond is exempt from Oregon personal income tax.

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

Except as stated in paragraphs 3 and 4 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Bond or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of interest on the Bond.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the Bond may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other 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; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

This opinion is given as of the date hereof and is based on existing law, and we assume no obligation to update, revise, or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention or any changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

This 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 this opinion.

We have served as bond counsel only to the City in connection with the Bond and have not represented and are not representing any other party in connection with the Bond. This opinion is given solely for the benefit of the City in connection with the Bond and may not be relied on in any manner or for any purpose by any person or entity other than the City, the owners of the Bond, and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

Hankins Delafield & Wood LLP

Hawkins Delafield & Wood LLP

200 SW MARKET STREET, SUITE 350
PORTLAND, OR 97201
WWW.HAWKINS.COM

March 3, 2015

Cashmere Valley Bank
1400 112th Avenue S.E., Suite 100
Bellevue, Washington 98004-6997

Subject: \$2,209,800 City of Lincoln City, Oregon
General Obligation Refunding Bond, Series 2015

Ladies and Gentlemen:

We have this date delivered our legal opinion, copy attached, with respect to the subject bond (the "Bond"). You are authorized to rely upon such opinion as if it had been addressed to you originally. We have served only as bond counsel to the City of Lincoln City, Oregon (the "City") in connection with the Bond 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.

Very truly yours,

Hawkins Delafield & Wood LLP

MEMORANDUM OF BOND DELIVERY

TO: Parties Involved in **Tuesday, March 3, 2015 Closing**
(as noted in cc below)

FROM: Raymond J. Bartlett

DATE: March 2, 2015

RE: Closing Instructions for City of Lincoln City, Lincoln County, Oregon
\$2,254,883.75, General Obligation Refunding Bonds, Series 2015

Enclosed you will find the instructions for the closing of the above-referenced bond issue scheduled for **March 3, 2015**. Please review your contact information and bank routing instructions for accuracy and confirm or correct this information by email to me. If you have any questions or comments please call.

Five wire transfers from Cashmere Valley Bank and one from Lincoln City will be required to close the Bond issue on the morning of March 3, 2015

Our thanks to each of you for your help in bringing this financing to a successful conclusion.

cc: Ron Tierney, City of Lincoln City
Ron Olsen, Cashmere Valley Bank
Gulgun Mersereau, Hawkins Delafield & Wood LLP
Harvey Rogers, Hawkins Delafield & Wood LLP
Jennifer Cordova, Hawkins Delafield & Wood LLP
Margo Sharp, Hawkins Delafield & Wood LLP
Stephen McPherson, Bank of NY Mellon
Matthew Donahue, D.A. Davidson & Co.
Natalya Cudahey, Office of the State Treasurer

CITY OF LINCOLN CITY
LINCOLN COUNTY, OREGON
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015
\$2,254,883.75

CLOSING INSTRUCTIONS AND APPLICATION OF FUNDS

PARTIES:

Issuer Lincoln City, Oregon
Contact: Mr. Ron Tierney
(541) 996-1212

Paying Agent..... BNY Mellon Corporate Trust
Contact: Mr. Stephen McPherson
(214) 468-6411

Bank Cashmere Valley Bank
Contact: Mr. Ron Olsen
(425) 688-3935

Bond Counsel..... Hawkins Delafield & Wood LLP
Contact: Ms. Gulgun Mersereau
(503) 228-3225

Financial Advisor (a) Economic & Financial Analysis
Contact: Raymond Bartlett
(360) 823-1700

Financial Advisor (b) D. A. Davidson
Contact: Matt Donahue
(503) 863-5094

CLOSING INSTRUCTIONS:

1. Upon verification of the execution of applicable closing documents by Hawkins Delafield & Wood LLP ("Bond Counsel"), Cashmere Valley Bank (the "Bank") will wire the closing amounts pursuant to the wire transfers described as follows, as early as possible on the morning of **March 3, 2015**.
2. BNY Mellon Corporate Trust (the "Paying Agent") should be in receipt of the \$2,190,000 from the Bank (Wire Transfer No. 1) and of the \$45,083.75 from the Issuer (Wire Transfer No. 2) by 8:30 a.m. (PST). The Paying Agent will notify Bond Counsel immediately following receipt of funds and deposit the total amount of \$2,235,083.75 to an omnibus account held by BNY Mellon and earmarked and matched off with final payments to the 2005 Series bond holders.
3. Cashmere Valley Bank will make the following wire transfers to pay the costs of issuance: \$10,000

to Bond Counsel (Wire Transfer No. 3); \$5,000 to Financial Advisor(a) (Wire Transfer No. 4); \$4,000 to Financial Advisory(b) (Wire Transfer No. 5); and \$800 to the Oregon State Treasurer (Wire Transfer No. 6).

4. Upon verification of the receipt of the wire transfer to the Paying Agent Bond Counsel will release the bond to Cashmere Valley Bank and the issue will be closed via email.

WIRE TRANSFER INSTRUCTIONS:

The following wire transfers will be required to effect closing of the Bonds on **Tuesday, March 3, 2015:**

1. **PARTIES:** Cashmere Valley Bank to BNY Mellon
AMOUNT: \$2,190,000.00

WIRE TRANSFER No. 1:

Bank of NY Mellon Corporate Trust
ABA No.: 021 000 018
A/C No.: 4284928400
Ref: Lincoln City GO Ref
Bank Contact: Stephen McPherson

2. **PARTIES:** Lincoln City to BNY Mellon
AMOUNT: \$45,083.75

WIRE TRANSFER No. 2

Bank of NY Mellon Corporate Trust
ABA No.: 021 000 018
A/C No.: 008900300094
Ref: Lincoln City GO Ref
Bank Contact: Stephen McPherson

3. **PARTIES:** Cashmere Valley Bank to Hawkins Delafield & Wood LLP
AMOUNT: \$10,000.00

WIRE TRANSFER No. 3

Citibank
ABA No.: 021000089
Account No.: 09271253
FBO Hawkins Delafield & Wood LLP
Please reference Matter No. 38346

- 4. PARTIES: Cashmere Valley Bank to Economic & Financial Analysis**
AMOUNT: \$5,000.00

WIRE TRANSFER No. 4
Bank: Bank of America
ABA No.: 026009593
Account No.: 000010760304

- 5. PARTIES: Cashmere Valley Bank to DA Davidson**
AMOUNT: \$4,000.00

WIRE TRANSFER No. 5
US Bank NA
ABA #092900383
Account # 150097042637
GP Account #10-00000-11450-0000
BETA Account #11450100
Further Credit – 15-256-0005-1

- 6. PARTIES: Cashmere Valley Bank to Oregon State Treasury**
AMOUNT: \$800.00

WIRE TRANSFER No. 6
Account Name: Oregon State Treasury
ABA No.: 123000220
Account No.: 153600334160
Memo: MDAC Fee – Lincoln City - 2015

SOURCES AND USES OF FUNDS:

SOURCES:

Par Amount of the Bonds	\$2,209,800.00
City of Lincoln City	<u>45,083.75</u>
Total Sources of Funds	<u><u>\$2,254,883.75</u></u>

USES:

Wire Transfer No. 1 from Cashmere Valley Bank to Paying Agent	\$2,190,000.00
Wire Transfer No. 2 from Lincoln City to Paying Agent	45,083.75
Wire Transfer No. 3 from Cashmere Valley Bank to Bond Counsel	10,000.00
Wire Transfer No. 4 from Cashmere Valley Bank to Financial Advisor(a)	5,000.00
Wire Transfer No. 4 from Cashmere Valley Bank to Financial Advisor(b)	4,000.00
Wire Transfer No. 5 from Cashmere Valley Bank to Oregon State Treasurer	<u>800.00</u>
Total Uses of Funds	<u><u>\$2,254,883.75</u></u>

PAYMENT OF COSTS OF ISSUANCE

Bond Counsel (Hawkins Delafield & Wood, LLP)	\$10,000.00
Financial Advisors (Economic and Financial Analysis & DA Davidson)	9,000.00
Oregon State Treasurer (MDAC Fee)	<u>800.00</u>
Total Invoiced Costs of Issuance	<u><u>\$19,800.00</u></u>



Oregon State Treasury
 Debt Management Division
 350 Winter Street NE, Suite 100
 Salem, OR 97301
 (503) 378-4930
 DMD@ost.state.or.us

Municipal Debt Advisory Commission

Form 1 - (Filed separately for each series at least 10 days prior to Bond Marketing Date) Initial Notification Swap PAB OSBG
 Form 2 - (Filed separately for each series within 7 days after the Bond Marketing Date) Update

Issuer	Bond Type	Issue Date	Series #
City Of Lincoln City	General Obligation (S) Bonds	03/03/2015	2015

Purpose	Par Amount	Sale Type	Interest Payment Terms	Interest Basis	Avg Life	Interest Rate
Utilities	\$2,209,800	Privately Placed	Semi-Annual	TIC	2.57	1.81406%

Borrower	Project Description
	Refunding a portion of a 2005 General Obligation Sewer Bond

Debt Limit	State Program	Federal Program
-		

Bond Pricing	Closing	Final Maturity	# of bids	Variable Rate	Federally Taxable	Bank Qualified
02/26/2015	03/03/2015	06/01/2019		<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
				Zero Coupon Bond <input type="checkbox"/>	Subject to AMT <input type="checkbox"/>	

Professionals	Associated Business	Cost
Bond Counsel	Hawkins, Delafield & Wood	\$10,000
Financial Advisor	Economic & Financial Analysis	\$9,000
MDAC Fee	Oregon State Treasury	\$800
Purchaser	Cashmere Valley Bank	\$1

Ratings	Rater	Rating	Type	Provider
01/19/2015	Moody's	A1	Base	A. Dashen & Associates

Call Provisions	Date	Memo
Not Callable		

Submitted by: Ray Bartlett

Date Submitted: 3/4/2015 11:15:45 AM

Printed: 03/04/2015

Approved by: Jennifer Harding

Date Approved: 1/20/2015 1:33:52 PM

SUMMARY OF REFUNDING RESULTS

Lincoln City, Oregon

Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Dated Date	03/03/2015
Delivery Date	03/03/2015
Arbitrage yield	1.455792%
Escrow yield	0.000000%
Value of Negative Arbitrage	-
Bond Par Amount	2,209,800.00
True Interest Cost	1.455792%
Net Interest Cost	1.459904%
All-In TIC	1.814047%
Average Coupon	1.459904%
Average Life	2.574
Par amount of refunded bonds	2,190,000.00
Average coupon of refunded bonds	4.159593%
Average life of refunded bonds	2.795
PV of prior debt to 03/03/2015 @ 1.455792%	2,374,034.68
Net PV Savings	119,150.93
Percentage savings of refunding proceeds	5.391933%

SAVINGS

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 03/03/2015 @ 1.4557915%
06/01/2015	45,083.75	-	45,083.75	45,083.75	44,924.18
12/01/2015	45,083.75	21,385.95	23,697.80	-	23,443.28
06/01/2016	555,083.75	546,355.05	8,728.70	32,426.50	8,572.55
12/01/2016	34,883.75	289,576.18	-254,692.43	-	-248,328.67
06/01/2017	574,883.75	287,764.82	287,118.93	32,426.50	277,921.98
12/01/2017	24,083.75	291,739.47	-267,655.72	-	-257,209.99
06/01/2018	589,083.75	289,001.53	300,082.22	32,426.50	286,287.12
12/01/2018	12,218.75	284,867.66	-272,648.91	-	-258,235.27
06/01/2019	587,218.75	282,143.34	305,075.41	32,426.50	286,859.49
	2,467,623.75	2,292,834.00	174,789.75	174,789.75	164,234.68

Savings Summary

PV of savings from cash flow	164,234.68
Less: Prior funds on hand	-45,083.75
Net PV Savings	119,150.93

SOURCES AND USES OF FUNDS

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Dated Date	03/03/2015
Delivery Date	03/03/2015

Sources:

Bond Proceeds:	
Par Amount	2,209,800.00
Other Sources of Funds:	
Contribution from City	45,083.75
	<hr/>
	2,254,883.75

Uses:

Refunding Escrow Deposits:	
Cash Deposit	2,235,083.75
Cost of Issuance:	
Bond Counsel	10,000.00
Financial Advisor	9,000.00
MDAC Fee	800.00
	<hr/>
	19,800.00
	<hr/>
	2,254,883.75

DETAILED BOND DEBT SERVICE

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Dated Date 03/03/2015
Delivery Date 03/03/2015

Bond Component (BOND)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2015	-	-	21,385.95	21,385.95	-
06/01/2016	531,991.35	1.300%	14,363.70	546,355.05	567,741
12/01/2016	278,670.42	1.300%	10,905.76	289,576.18	-
06/01/2017	278,670.42	1.300%	9,094.40	287,764.82	577,341
12/01/2017	280,814.91	1.300%	10,924.56	291,739.47	-
06/01/2018	280,814.91	1.300%	8,186.62	289,001.53	580,741
12/01/2018	279,418.99	1.300%	5,448.67	284,867.66	-
06/01/2019	279,419.00	1.300%	2,724.34	282,143.34	567,011
	2,209,800.00		83,034.00	2,292,834.00	2,292,834

Bond Variable Rate Table

Begin Date	End Date	Interest Rate
06/01/2017	06/01/2019	1.950%

SUMMARY OF BONDS REFUNDED

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Sewer Bonds, Series 2005 (Post 2013 Refunding), 05_GO_P:					
BOND	06/01/2016	4.000%	510,000.00	06/01/2015	100.000
	06/01/2017	4.000%	540,000.00	06/01/2015	100.000
	06/01/2018	4.200%	565,000.00	06/01/2015	100.000
	06/01/2019	4.250%	575,000.00	06/01/2015	100.000
			2,190,000.00		

ESCROW REQUIREMENTS

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Period Ending	Interest	Principal Redeemed	Total
06/01/2015	45,083.75	2,190,000.00	2,235,083.75
	45,083.75	2,190,000.00	2,235,083.75

ESCROW STATISTICS

Lincoln City, Oregon
 Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

	Total Escrow Cost	Modified Duration (years)	PV of 1 bp change	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow:	2,235,083.75	-	-	-	-	2,227,172.82	-	7,910.93
	2,235,083.75		0.00			2,227,172.82	0.00	7,910.93

Delivery date 03/03/2015
 Arbitrage yield 1.455792%

BOND SUMMARY STATISTICS

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Dated Date	03/03/2015
Delivery Date	03/03/2015
Last Maturity	06/01/2019
Arbitrage Yield	1.455792%
True Interest Cost (TIC)	1.455792%
Net Interest Cost (NIC)	1.459904%
All-In TIC	1.814047%
Average Coupon	1.459904%
Average Life (years)	2.574
Duration of Issue (years)	2.535
Par Amount	2,209,800.00
Bond Proceeds	2,209,800.00
Total Interest	83,034.00
Net Interest	83,034.00
Total Debt Service	2,292,834.00
Maximum Annual Debt Service	580,741.00
Average Annual Debt Service	540,196.49

Bond Component	Par Value	Price	Average Coupon	Average Life	Duration	PV of 1 bp change
Bond Component	2,209,800.00	100.000	1.460%	2.574	2.535	556.15
	2,209,800.00			2.574		556.15

	TIC	All-In TIC	Arbitrage Yield
Par Value	2,209,800.00	2,209,800.00	2,209,800.00
+ Accrued Interest	-	-	-
+ Premium (Discount)	-	-	-
- Underwriter's Discount	-	-	-
- Cost of Issuance Expense	-	-19,800.00	-
- Other Amounts	-	-	-
Target Value	2,209,800.00	2,190,000.00	2,209,800.00
Target Date	03/03/2015	03/03/2015	03/03/2015
Yield	1.455792%	1.814047%	1.455792%

PRIOR BOND DEBT SERVICE

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Dated Date 03/03/2015
Delivery Date 03/03/2015

General Obligation Sewer Bonds, Series 2005 (Post 2013 Refunding) (05 GO P)

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2015	-	-	45,083.75	45,083.75	45,083.75
12/01/2015	-	-	45,083.75	45,083.75	-
06/01/2016	510,000	4.000%	45,083.75	555,083.75	600,167.50
12/01/2016	-	-	34,883.75	34,883.75	-
06/01/2017	540,000	4.000%	34,883.75	574,883.75	609,767.50
12/01/2017	-	-	24,083.75	24,083.75	-
06/01/2018	565,000	4.200%	24,083.75	589,083.75	613,167.50
12/01/2018	-	-	12,218.75	12,218.75	-
06/01/2019	575,000	4.250%	12,218.75	587,218.75	599,437.50
	2,190,000		277,623.75	2,467,623.75	2,467,623.75

AGGREGATE DEBT SERVICE

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Date	Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley	Unrefunded Bonds	Aggregate Debt Service
06/01/2015	-	499,800	499,800.00
12/01/2015	21,385.95	-	21,385.95
06/01/2016	546,355.05	-	546,355.05
12/01/2016	289,576.18	-	289,576.18
06/01/2017	287,764.82	-	287,764.82
12/01/2017	291,739.47	-	291,739.47
06/01/2018	289,001.53	-	289,001.53
12/01/2018	284,867.66	-	284,867.66
06/01/2019	282,143.34	-	282,143.34
	2,292,834.00	499,800	2,792,634.00

NET DEBT SERVICE

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Date	Total Debt Service	Net Debt Service	Annual Net D/S
12/01/2015	21,385.95	21,385.95	-
06/01/2016	546,355.05	546,355.05	567,741
12/01/2016	289,576.18	289,576.18	-
06/01/2017	287,764.82	287,764.82	577,341
12/01/2017	291,739.47	291,739.47	-
06/01/2018	289,001.53	289,001.53	580,741
12/01/2018	284,867.66	284,867.66	-
06/01/2019	282,143.34	282,143.34	567,011
	2,292,834.00	2,292,834.00	2,292,834

UNREFUNDED BOND DEBT SERVICE

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Dated Date 03/03/2015
Delivery Date 03/03/2015

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2015	490,000	4.000%	9,800	499,800	499,800
	490,000		9,800	499,800	499,800

FORM 8038 STATISTICS

Lincoln City, Oregon
 Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Dated Date 03/03/2015
 Delivery Date 03/03/2015

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	06/01/2016	531,991.35	1.300%	100.000	531,991.35	531,991.35
	12/01/2016	278,670.42	1.300%	100.000	278,670.42	278,670.42
	06/01/2017	278,670.42	1.300%	100.000	278,670.42	278,670.42
	12/01/2017	280,814.91	1.300%	100.000	280,814.91	280,814.91
	06/01/2018	280,814.91	1.300%	100.000	280,814.91	280,814.91
	12/01/2018	279,418.99	1.300%	100.000	279,418.99	279,418.99
	06/01/2019	279,419.00	1.300%	100.000	279,419.00	279,419.00
		2,209,800.00			2,209,800.00	2,209,800.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	06/01/2019	1.300%	279,419.00	279,419.00	-	-
Entire Issue	-	-	2,209,800.00	2,209,800.00	2.5738	1.4558%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	19,800.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00
Proceeds used to currently refund prior issues	2,235,083.75
Proceeds used to advance refund prior issues	0.00
Remaining weighted average maturity of the bonds to be currently refunded	2.7960
Remaining weighted average maturity of the bonds to be advance refunded	0.0000

FORM 8038 STATISTICS

Lincoln City, Oregon
 Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Refunded Bonds

Bond Component	Date	Principal	Coupon	Price	Issue Price
General Obligation Sewer Bonds, Series 2005 (Post 2013 Refunding):					
BOND	06/01/2016	510,000.00	4.000%	100.000	510,000.00
BOND	06/01/2017	540,000.00	4.000%	99.047	534,853.80
BOND	06/01/2018	565,000.00	4.200%	100.000	565,000.00
BOND	06/01/2019	575,000.00	4.250%	100.000	575,000.00
		2,190,000.00			2,184,853.80

	Last Call Date	Issue Date	Remaining Weighted Average Maturity
General Obligation Sewer Bonds, Series 2005 (Post 2013 Refunding)	06/01/2015	04/12/2005	2.7960
All Refunded Issues	06/01/2015	-	2.7960

PROOF OF ARBITRAGE YIELD

Lincoln City, Oregon
Refunding of 2005 General Obligation Bonds - Bank Placement - Cashmere Valley

Date	Debt Service	Present Value to 03/03/2015 @ 1.4557915180%
12/01/2015	21,385.95	21,156.26
06/01/2016	546,355.05	536,581.33
12/01/2016	289,576.18	282,340.82
06/01/2017	287,764.82	278,547.18
12/01/2017	291,739.47	280,353.83
06/01/2018	289,001.53	275,715.82
12/01/2018	284,867.66	269,808.07
06/01/2019	282,143.34	265,296.69
	2,292,834.00	2,209,800.00

Proceeds Summary

Delivery date	03/03/2015
Par Value	2,209,800.00
	2,209,800.00
Target for yield calculation	2,209,800.00