

ORDINANCE NO. 1

ORDINANCE AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$4,000,000 FLOATING RATE DEMAND REVENUE BONDS, SERIES 1992 (ARCTIC ALASKA PROJECT) FOR THE PURPOSE OF FINANCING A PORTION OF CERTAIN MANUFACTURING FACILITIES; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, INDENTURE OF TRUST, AND LEASE AGREEMENT; APPROVING OF THE DISTRIBUTION OF A PRELIMINARY AND FINAL OFFICIAL STATEMENT, AND RELATED MATTERS; AND DECLARING AN EMERGENCY.

WHEREAS, the Port of Newport, Oregon, an Oregon municipal corporation (the "Port") adopted Resolution No. 9 on November 26, 1991 preliminarily approving this financing of the acquisition, construction and installation of certain manufacturing facilities (the "Project") and executed a Letter of Intent dated December 10, 1991, with Arctic Alaska Fisheries Corporation in which the Port agreed to issue revenue bonds in the aggregate principal amount not to exceed \$6,000,000 to finance the cost of the Project located within the territorial limits of the Port; and

WHEREAS, the Board of Port Commissioners of the Port finds and determines that the cost of the Project not previously financed with revenue bonds is at least \$4,000,000, and that the development of the Project and the financing of the Project through the issuance of revenue bonds will promote the general welfare of the public and commerce within the Port, and thus is in the best interests of the Port; and

WHEREAS, the Port has caused a public hearing to be held on May 26, 1992 regarding the issuance of tax-exempt bonds in the aggregate amount not to exceed \$4,000,000 to finance the costs of the Project in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"); and

WHEREAS, enactment of this ordinance shall constitute the requisite public approval required by the Code with respect to the bonds which are the subject of this Ordinance; and

WHEREAS, the Port has taken proper action to allocate to the Project a share of the State of Oregon's private activity bond volume limitation (as defined in Section 146 of the Code) for the current calendar year in the amount of \$4,000,000; and

WHEREAS, a notice that action will be taken on this ordinance has been duly published in accordance with the requirements of ORS 777.565; and

WHEREAS, the Port has received a satisfactory form of Bond Purchase Agreement from Piper Jaffray Inc. (the "Underwriter"); and

WHEREAS, the Port now finds it appropriate to issue its Floating Rate Demand Revenue Bonds, Series 1992 (Arctic Alaska Project) in the aggregate principal amount not to exceed \$4,000,000 (the "Bonds") to finance the cost of the Project, all in accordance with the provisions of Chapter 777 of the Oregon Revised Statutes, as amended, (the "Act");

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE PORT OF NEWPORT, OREGON, AS FOLLOWS:

Section 1. In order to finance a portion of the cost of the Project, the Port shall issue and sell its Floating Rate Demand Revenue Bonds, Series 1992 (Arctic Alaska Project). The Bonds shall be issued in accordance with the terms of an Indenture of Trust (the "Indenture"), in substantially the form presented at this meeting, with such changes as are approved by the President or Secretary and Bond Counsel to the Port. The provisions of the Indenture are incorporated herein by this reference. The Bonds shall not be general obligations of the Port, but shall be payable solely from the funds provided for their payment by the Company, as provided in the Indenture and Lease Agreement. The Bonds shall be signed by the manual or facsimile signature of the President and attested by the manual or facsimile signature of the Secretary of the Board of Port Commissioners and authenticated by the manual signature of the Trustee.

Section 2. The Port shall lease the Project to the Company pursuant to a Lease Agreement (the "Agreement"), in substantially the form presented at this meeting, with such changes as are approved by the President or Secretary and Bond Counsel to the Port. The provisions of the Agreement are incorporated herein by this reference.

Section 3. The proposed form of the Bond Purchase Agreement between the Underwriter and the Port in which the Underwriter offers to purchase the Bonds at a private sale is hereby approved. The President or the Secretary of the Port is hereby authorized and directed to evidence the Port's acceptance of the offer made thereby by executing and delivering the Bond Purchase Agreement, in substantially said form, with such changes therein as the President or the Secretary and the Bond Counsel to the Port

may approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. Bank of America Oregon, a state banking corporation organized and existing under the laws of the State of Oregon, is hereby appointed Trustee, Paying Agent and Bond Registrar under the Indenture, and is requested to authenticate the Bonds when the Bonds are ready for delivery to the Underwriter.

Section 5. The Preliminary Official Statement, the Indenture, the Agreement and the Bond Purchase Agreement are approved and the President or Secretary, or if they are unavailable, any commissioner or the manager of the Port are hereby authorized and directed to execute and deliver the Indenture, the Agreement, and the Bond Purchase Agreement, and any and all other documents which may be required to issue, sell and deliver the Bonds. The Preliminary Official Statement, in substantially the form presented at this meeting, is deemed to be final pursuant to Rule 15(c)-12 under the Securities Exchange Act of 1934. When advised by the financing participants that the Final Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the Final Official Statement not misleading in light of the circumstances under which they are made, the President or the Secretary are authorized to certify the accuracy of the information regarding the Port in the Final Official Statement and execute the Final Official Statement on behalf of the Port.

Section 6. There are hereby created special trust funds designated the "Bond Fund" and the "Project Fund" in accordance with the Indenture. The Port obligates itself to set aside and pay in to the special trust funds all of the Lease Repayments paid by or on behalf of the Company under the Agreement, and pledges and assigns all such Lease Repayments to the Trustee as security for the principal of and interest on the Bonds. No other revenues of the Port other than those derived from the Agreement and pledged under the Indenture shall be pledged to the payment of the Bonds. The special trust funds shall be used solely for the payment of principal of and interest on the Bonds, for the payment of the costs of the Project and for the payment of other costs and expenses as set forth in the Indenture.

Section 7. The Company shall reimburse the Port for all reasonable and necessary costs and expenses connected with the issuance of the Bonds and the Company shall pay the Port annually an administrative fee in accordance with the terms of the Indemnification and Compensation Agreement, the terms of which are hereby approved with such changes as are approved by the President or Secretary.

Section 8. The law firm of Rankin Mersereau & Shannon of Portland, Oregon is hereby designated as Bond Counsel to the Port for purposes of the issuance of the Bonds.

Section 9. Pursuant to Oregon Revised Statutes 777.250(4), the Port hereby classifies the Project as a sale because the Port is to sell outright its interest in the Project.

Section 10. The Port finds that the sale of the Bonds at the earliest possible date is necessary to preserve the allocation to the Bonds of the State of Oregon's private activity bond volume cap limitation and to comply with expiring provisions of federal tax law, therefore, the Board of Commissioners hereby declares that an emergency exists and this Ordinance shall be effective upon its adoption.

AYES: 5

NAYS: 0

ABSTAIN: 0

Approved by the Board of Commissioners of the Port of Newport, Oregon this 26th day of May, 1992.

  
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President

ATTEST:

  
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Secretary