

OFFICIAL NOTICE OF SALE

\$10,265,000 *

**City of Lake Oswego, Oregon
General Obligation Bonds, Series 2015A**

NOTICE IS HEREBY GIVEN that the City of Lake Oswego, Oregon (the “City”) is soliciting bids to purchase its General Obligation Bonds, Series 2015A (the “Bonds”) until 10:00 a.m. (prevailing Pacific Time) on:

February 11, 2015

Bids must be submitted electronically via *PARITY* in accordance with this Notice in the manner described below. Bids will be reviewed and announced by the City at the time of the sale. The City will act on the bids within four hours.

SECURITY: The Bonds will be general obligation bonds of the City. The City will pledge its full faith and credit to pay the Bonds, and the City will covenant for the benefit of the Bondowners to levy an additional ad valorem property taxes each year that is sufficient to pay the Bonds promptly as they mature

RATINGS: The City has applied for and received ratings of Aaa and AAA on the Bonds from Moody’s Investors Service and Standard & Poor’s Ratings Group, respectively.

DATED DATE AND DELIVERY DATE: The Bonds will be dated as of their date of delivery. The expected delivery date of the Bonds is February 26, 2015. Bidders should use February 26, 2015 for purposes of computing their bids.

INTEREST PAYMENTS AND MATURITIES: Interest on the Bonds is payable semiannually on June 1 and December 1 of each year until maturity or prior redemption, commencing June 1, 2015. The Bonds will be issued in the principal amount of \$10,265,000 *, and will mature on the following dates in the following principal amounts (subject to adjustment as noted below).

* Preliminary, subject to change

<u>Due June 1</u>	<u>Principal Amount (\$)*</u>	<u>Due June 1</u>	<u>Principal Amount (\$)*</u>
2015	\$1,760,000	2028	\$ 170,000
2016	930,000	2029	175,000
2017	685,000	2030	185,000
2018	705,000	2031	190,000
2019	725,000	2032	195,000
2020	745,000	2033	200,000
2021	715,000	2034	205,000
2022	805,000	2035	210,000
2023	140,000	2036	220,000
2024	145,000	2037	225,000
2025	150,000	2038	230,000
2026	155,000	2039	240,000
2027	160,000		

* Principal amounts may be adjusted after the sale as described under the heading “ADJUSTMENT OF MATURITIES.”

ADJUSTMENT OF MATURITIES: The City reserves the right to adjust the principal amount specified in the bidding maturity schedule within 4 hours following receipt of bids to properly size the issue and meet cash flow requirements. Any adjustment will preserve the underwriter’s spread as a percentage of each adjusted maturity. The successful bidder for the Bonds will promptly be given notice of any adjustment.

TERM BONDS: Bidders may designate one or more term Bonds, which consist of two or more consecutive maturities with identical interest rates, which mature on the maturity date of the last of the consecutive maturities in an amount equal to the sum of the consecutive maturities, and which are subject to mandatory Redemption at par and by lot in amounts equal to the consecutive maturities which were combined into term Bonds. Each bidder should specify in its bid whether term Bonds are desired.

OPTIONAL REDEMPTION: The Bonds maturing on or after June 1, 2026 are subject to redemption prior to maturity at the option of the City, in whole or in part on June 1, 2025 and on any date thereafter at a price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

RIGHT TO CANCEL, CHANGE TIMING AND TERMS OF SALE: The City reserves the right to change the sale date, maturity schedule, amount, timing, and other terms of the Bonds and terms under which the Bonds are offered for sale, to postpone the sale to a later date, to cancel the sale based upon market conditions or other factors, or to otherwise amend this Notice by posting changes to this Notice on i-Deal Prospectus.

BIDDING CONSTRAINTS: Bidders must specify the interest rate or rates which the Bonds shall bear. The bids shall comply with the following conditions:

* Preliminary, subject to change

(1) each interest rate specified in any bid must be a multiple of one-thousandth of one percent (0.001%); 2) each Obligation that matures on the same date shall bear interest from its date to its stated maturity date at a single, fixed interest rate; (3) bids must be for a purchase price of not less than one hundred percent (100%) of the principal amount of the Bonds; and, (4) each bid must offer to purchase all of the Bonds.

BASIS OF AWARD: Unless all bids are rejected, the Bonds will be awarded to the responsible bidder whose bid produces the lowest overall true interest cost for the City. The true interest cost for the Bonds will be determined by doubling the semi-annual interest rate necessary to discount the debt service on the Bonds to the expected delivery date of the Bonds, as described in “DATED DATE AND DELIVERY DATE” above, and to the aggregate purchase price bid for the Bonds. Each bidder is requested to supply the total interest cost and the true interest cost that the City will pay on the Bonds if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the Bonds to their date of delivery.

BIDS MUST BE SUBMITTED ON “PARITY”: Bids must be submitted electronically via PARITY. Bids must be received by the PARITY system not later than the date and time indicated in the first paragraph of this Notice. No bid will be received after the time for receiving bids specified above. For further information about submitting a bid using PARITY, potential bidders may contact PARITY at (212) 849-5021. To the extent any instructions or directions set forth in PARITY conflict with this Notice, the terms of this Notice shall control. Bidders electing to submit bids through PARITY must obtain access to the PARITY system and bear all risks associated with using that system, including errors and delays in receipt of bids. In the event there are any technical problems associated with PARITY, PARITY may fax bids that it receives prior to 9:30 a.m. (Prevailing Pacific Time), as soon as practicable to (503) 943-4801 to the attention of City’s Bond Counsel, Greg Blonde of Orrick, Herrington & Sutcliffe LLP, for consideration by the City. Bids received by PARITY prior to 10:00 a.m. (Prevailing Pacific Time), but faxed after 10:00 a.m. (Prevailing Pacific Time) as provided in the preceding sentence, shall be considered conforming to the time requirements of this Notice.

GOOD FAITH DEPOSIT: The successful bidder will be required to provide a good faith deposit in the amount of \$205,000 in immediately available funds wired to the City not later than 1:00 p.m. (Pacific Time) on February 11, 2015 (the day of the sale). The City or the City’s Financial Advisor will provide the wire information immediately upon the award of bids. If the good faith deposit is not provided in the manner and by the time indicated in this Notice, the City may award the sale to the next most favorable bidder or may cancel the sale. The good faith deposit will be held by the City to secure the City from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the City as liquidated damages if the bidder to whom the Bonds are awarded withdraws its bid or fails to complete its purchase of the Bonds in accordance with this Notice and its bid.

Interest earnings on the good faith deposit will be the property of the City, and will not be credited against the purchase price of the Bonds. The successful bidder

shall pay the balance of the purchase price of the Bonds at closing, in funds immediately available to the City on the date and at the time of closing.

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

BOOK-ENTRY-ONLY: The Bonds will be issued in registered, book-entry-only form through DTC. Unless the book-entry-only system is discontinued, Obligation principal and interest payments will be made by the City to DTC through the City's paying agent and registrar, which is currently Wells Fargo Bank, National Association.

STANDARD FILINGS AND CHARGES: The successful bidder will be required to make the standard filings and maintain the appropriate records routinely required pursuant to Municipal Securities Rulemaking Board ("MSRB") Rules G-8, G-11, and G-36. The successful bidder will be required to pay the standard MSRB charge for the Bonds purchased. In addition, if the successful bidder is a member of the Securities Industry and Financial Markets Association ("SIFMA") it will be required to pay SIFMA's standard charges.

PURPOSE: The proceeds of the sale of the Bonds will be used to (i) finance street improvements within the City, (ii) refund certain outstanding general obligation bonds and (iii) pay the costs of issuing the Bonds.

REOFFERING PRICE, CERTIFICATE OF ISSUE PRICE: The successful bidder must provide the reoffering yields or prices which will be printed on the inside cover of the final official statement for the Bonds to the City's Financial Advisor within one hour after bids are opened. In addition, the successful bidder must execute, not less than three business days prior to closing, a certificate provided by Bond Counsel, substantially in the form attached to this Notice as "Exhibit A – Certificate of the Underwriter," containing information reasonably requested by the City and Bond Counsel as shall be necessary to enable the City to determine the "issue price" (within the meaning of Treasury Regulations Section 1.148-1) for each maturity of the Bonds. Failure to provide this information or the certificate may result in cancellation of the sale and forfeiture of the successful bidder's good faith deposit.

LEGAL OPINION: The approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of Portland, Oregon, will be provided at no cost to the purchasers.

TAX-EXEMPT STATUS: In the opinion of Bond Counsel, under existing law and conditioned on the City complying with certain covenants relating to the tax-exempt status of the Bonds, the interest component of the Financing Payments that is paid to owners of the Bonds ("Interest") is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, as provided in greater detail in the

preliminary official statement for the Bonds. Interest is also exempt from Oregon personal income taxation.

DELIVERY AND PAYMENT: The successful bidder must pay for the Bonds in funds immediately available to the City on the date and at the time of closing. Delivery of the Bonds will be made within thirty days after the sale and is expected to occur on February 26, 2015. The City will deliver the Bonds through the facilities of DTC.

ADDITIONAL INFORMATION AND PRELIMINARY OFFICIAL STATEMENT: The preliminary official statement for the Bonds is available only in electronic form. Prospective bidders may obtain preliminary official statements from i-Deal Prospectus at www.i-dealprospectus.com. For more information on electronic delivery, please call i-Deal Prospectus at 212-849-5024. Any questions concerning **PARITY** should be directed to (212) 849-5021. Requests for additional information about this sale should be directed to Western Financial Group, the City's Financial Advisor: Kieu-Oanh Nguyen, 503-249-1412, email ko@westernfinancialgroup.com.

FINAL OFFICIAL STATEMENT; COMPLIANCE WITH SEC RULES: The City will provide the successful bidder with a sufficient number of copies of the official statement in a form "deemed final" by the City to enable the successful bidder to satisfy its responsibilities under the Securities and Exchange Commission ("SEC") rules, at the expense of the City, and such additional copies as the successful bidder may request at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This paragraph will constitute a contract with the successful bidder upon acceptance of their bid by the City, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations (the "Rule").

CONTINUING DISCLOSURE: The City will enter into an undertaking to provide ongoing disclosure for the benefit of the owners of the Bonds as required by the Rule, in substantially the form shown in the preliminary official statement.

CUSIP: The successful bidder is to apply for CUSIP numbers and pay the cost thereof.

CLOSING CERTIFICATES: At the time of payment for the delivery of the Bonds, the City will certify that to its knowledge there is no litigation pending affecting the validity of the Bonds, and that the portion of the official statement that describes the City does not contain any material misstatements or omissions.

By order of the City of Lake Oswego, Oregon

EXHIBIT A

CERTIFICATE OF THE UNDERWRITER

_____ (the “Underwriter”), has acted as the Underwriter to the City of Lake Oswego, Oregon (the “Issuer”) in connection with the execution and delivery by the Issuer of its General Obligation Bonds, Series 2015A (the “Bonds”). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Tax Certificate relating to the Bonds dated the date hereof, to which this certificate is attached as an exhibit. On behalf of the Underwriter, the undersigned hereby certifies and represents as follows:

1. On _____, 2015 (the “Sale Date”), all of the Bonds were the subject of a bona fide offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (the “Public”) pursuant to the Bond Purchase Agreement, and on the Sale Date we reasonably expected that the prices set forth in the Official Statement for the Bonds would be the market clearing price for the respective maturity.

2. [Except for the Bonds scheduled to mature on _____, 20__, the] [The] first price at which at least 10% of the principal amount of each maturity initially was sold to the Public was the respective price for that maturity shown on the Official Statement for the Bonds, dated February __, 2015 (the “Official Statement”). For purposes of this certificate, we have assumed that the phrase “bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers” refers only to persons who, to our actual knowledge, are acting in such capacity.

3. [For the Bonds scheduled to mature on _____, 20__, 10% or more of such Bonds were not sold to the Public at any single price on the Sale Date, and none of such Bonds were sold on the Sale Date to any person at a price higher than (or a yield lower than) the price for such Bonds shown on the attached schedule.]

The undersigned understands and acknowledges that the Issuer may rely on this certificate in making certain of the representations contained in a certificate the Issuer executes in connection with the issuance of the Bonds, and further understands that Orrick, Herrington & Sutcliffe LLP as Bond Counsel may rely upon this certificate, among other things, in rendering certain opinions relating the Bonds. The undersigned makes no representations as to the legal sufficiency of the information set forth in this certificate for purposes of complying with the Code or for any other purpose.

The undersigned is authorized to execute this certificate on behalf of _____, which certifications are based on personal knowledge or inquiry deemed adequate by the undersigned regarding the matters set forth herein.

Dated: _____, 2015