

Chapter 287

1993 EDITION

Borrowing and Bonds of Local Governments

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BORROWING AND BONDS OF COUNTIES, CITIES AND DISTRICTS GENERALLY

287.001 Definitions. As used in this chapter, unless the context requires otherwise:

(1) "Bonds" means general obligation bonds.

(2) "Municipality" means this state's political subdivisions and municipal, quasi-municipal and public corporations authorized by law to issue bonds. [1983 c.347 §7]

287.002 [Amended by 1963 c.526 §1; 1965 c.265 §1; 1969 c.341 §2; 1973 c.488 §6; repealed by 1975 c.642 §8 (287.014 to 287.026 enacted in lieu of 287.002)]

287.003 Authority of cities to issue authorized obligations; "authorized obligations" defined. (1) Notwithstanding any other provision of law, including the city charter, a city with a population of 85,000 or more according to the most recent federal decennial census may:

(a) Issue authorized obligations, the interest on which is taxable under the income tax laws of the United States, if such obligations are nonqualified private purpose obligations as defined by the federal Internal Revenue Code of 1986 or if the governing body of the city expressly authorizes issuance on a taxable basis of obligations which are not nonqualified private purpose obligations.

(b) Issue and sell authorized taxable obligations in foreign markets, provided that such obligations shall not be payable in whole or in part in any foreign currency unless the issuer has made prior provision, through forward contracts or otherwise, to establish a complete hedge against foreign currency risk with respect to payment of principal, interest and redemption premium, if any, on such obligations.

(c) Enter into agreements to pay authorized obligations at any place outside the United States through any agent selected by the city, to pay authorized obligations in United States currency and to otherwise conform the terms of any authorized obligation to any established foreign market in which the authorized obligations will be traded.

(d) Enter into agreements to pay authorized obligations at any place within the United States through any agent selected by the city and to conform the terms of any authorized obligation to any established domestic market in which the authorized obligations will be traded.

(e) Negotiate the sale of authorized obligations described in paragraph (a) of this subsection and authorized obligations that

are sold in foreign markets or are payable outside the United States.

(f) Enter into any contracts or agreements necessary or desirable to implement the powers granted by this section.

(2) For purposes of this section, "authorized obligations" means any bonds, notes, warrants or other obligations which a city is authorized to issue under any provision of law other than this section. [1987 c.827 §2; 1989 c.335 §1]

287.004 Limitation on amount of bonds issuable by cities. (1) Unless the city charter expressly provides to the contrary, the governing body of any city may, without a charter amendment, issue bonds upon approval of the electors of the city by a majority of those voting upon the question of issuance. Nothing in this section shall be deemed to require such approval if not required by the charter of the city or if not required by statute.

(2) Unless a lesser limitation upon the issuance of bonds has otherwise been provided by law or charter, no city shall issue or have outstanding at any one time bonds in excess of three percent of the real market value of all taxable property within its boundaries, computed in accordance with ORS 308.207, after deducting from outstanding bonds such cash funds and sinking funds as are applicable to the payment of the principal thereof.

(3) Where a lesser limitation upon the issuance of bonds is provided by law or charter, that limitation applies.

(4) The limitations on amounts of this section do not apply to bonds issued for water, sanitary or storm sewers, sewage disposal plants, hospitals, infirmaries, gas, power or lighting purposes, or the acquisition, establishment, construction or reconstruction of any off-street motor vehicle parking facility, nor to bonds issued pursuant to applications to pay assessments for improvements in installments under statutory or charter authority.

(5) This section does not affect the right of any city to issue bonds heretofore legally voted and authorized nor the right to refund bonds now outstanding to the extent that sinking funds shall not be available at maturity to retire such bonds. [Amended by 1959 c.653 §11; 1963 c.9 §13; 1965 c.282 §1; 1973 c.65 §1; 1991 c.459 §373]

287.006 Tax levy to pay interest and principal on bonds of cities; bond sinking or debt service fund. (1) Each city and town shall annually cause to be levied upon the taxable property within its boundaries a sum sufficient, with such other revenues as are available, to pay the maturing interest

and principal of all general obligation bonds and to provide a sinking or debt service fund to pay the interest and principal of all other bonds issued after June 3, 1929, by such city or town at or before the maturity date or dates thereof. If any such other bonds are not callable or subject to retirement by purchase or otherwise before the ultimate maturity dates specified in such bonds, the surplus of the sinking or debt service fund over and above current requirements to pay interest and principal shall be invested in the classes of securities specified in ORS 294.035 and 294.040.

(2) The earnings of the sinking or debt service fund shall be added to and become a part thereof for the purpose of paying interest and principal of the bonds for which the fund was created.

(3) The fund shall not be diverted or used for any other purpose; but if a surplus remains after all interest and principal of a given issue have been paid, the surplus may be transferred to such other fund as the governing body of the particular city may designate. However, funds of municipal utilities shall not be diverted or transferred to other funds.

(4) Annual sinking or debt service fund installments to pay the principal of municipal utility bonds issued after June 3, 1929, to defray costs of construction, extension and betterments may be deferred, if necessary, for a period not to exceed five years from the issuing date or dates of such bonds.

(5) This section does not apply to or affect bonds issued pursuant to applications to pay assessments for improvements in installments under statutory or charter authority. [Amended by 1983 c.347 §8]

287.008 Issuance of bonds of municipalities. All bonds issued by municipalities shall be issued in accordance with the provisions of ORS 288.515 to 288.560. [Amended by 1967 c.408 §1; 1969 c.25 §2; 1971 c.325 §2; 1975 c.642 §17; 1981 c.526 §1; 1983 c.347 §9]

287.010 Appraised value of timber used in determining borrowing and bonding capacities of eastern Oregon counties, cities and districts. Notwithstanding any provision of ORS 321.405 to 321.520, timber in eastern Oregon shall be considered as though it remained on the tax rolls at the appraised values established pursuant to ORS 321.485 (3) for the purpose of determining the borrowing and bonding capacities of counties, cities and taxing districts in eastern Oregon. [1961 c.627 §27]

287.012 Use and disposition of bond proceeds. (1) Notwithstanding any other provision of law, when bonds, obligations or other evidence of indebtedness issued by any

district, authority or public corporation after August 9, 1961, are sold the proceeds may be used to pay attorney fees and other expenses incurred in the preparation, authorization, issuance and sale of, and in all proceedings relating to, such bonds, obligations or other evidence of indebtedness.

(2) When bonds are sold, the proceeds received in excess of the principal shall be placed with the principal in the improvement fund for which the bonds were issued or in a debt service fund to repay the bond. [1961 c.70 §1; 1971 c.515 §1]

287.014 Definitions for ORS 287.014 to 287.029. As used in ORS 287.014 to 287.029, unless the context requires otherwise:

(1) "Bond" means a general obligation bond or a limited tax bond, as defined in ORS 288.150.

(2) "Issuer" includes the state, cities, counties, common and union high school districts, community college districts, special districts, authorities, and other municipal corporations authorized by law to issue general obligation bonds. [1975 c.642 §9 (enacted in lieu of 287.002); 1991 c.902 §90]

287.016 Manner of issuance. Bonds of any issuer shall be issued in the manner provided in ORS 287.014 to 287.026. [1975 c.642 §10 (enacted in lieu of 287.002)]

287.018 Preliminary official statement required for certain general obligation issues. For general obligation issues:

(1) For bonds which are sold at public competitive bid sale, the issuer shall prepare and make available upon request to bidders and investors a preliminary official statement that includes the following:

(a) Past and current financing and estimated future financing of the issuer;

(b) A brief description of the financial administration and organization of the issuer;

(c) A brief description of the economic and social characteristics of the issuer which will permit bidders and investors to appraise the issuer's ability to assume and service adequately the debt obligation; and

(d) Any other information the issuer may provide or which the Oregon Municipal Debt Advisory Commission may require by rule of any issuer other than the state.

(2) The preliminary official statement described in subsection (1) of this section shall be available not later than 14 calendar days preceding the bond sale.

(3) The preliminary official statement shall contain the best available information which shall be accurate to the best knowledge of the issuer. However, any errors or

omissions in the preliminary official statement shall not affect the validity of the bond issue.

(4) The statement required by this section of state agencies shall be submitted to the State Treasurer for approval. If not approved, the State Treasurer shall note the revision required. The issuer shall make the noted revisions. [1975 c.642 §11 (enacted in lieu of 287.002); 1977 c.266 §6; 1981 c.660 §12; 1983 c.347 §10; 1991 c.902 §91]

287.020 Assistance by Oregon Municipal Debt Advisory Commission; expenses.

(1) The issuer may request the Oregon Municipal Debt Advisory Commission to prepare the preliminary official statement described in ORS 287.018 and shall provide the commission with the information required by ORS 287.018.

(2) The issuer may request the Oregon Municipal Debt Advisory Commission to prepare the notice of bond sale required by ORS 287.022 and 287.024. However, the responsibility for publication, advertising and distribution of the notice of bond sale shall remain with the issuer.

(3) The commission may charge the issuer a fee commensurate with expenses incurred in the preparation, publication and distribution of a preliminary official statement or notice of bond sale prepared pursuant to subsection (1) or (2) of this section. [1975 c.642 §12 (enacted in lieu of 287.002); 1977 c.266 §7]

287.022 Requirements for notice of certain bond sale; bids required. (1) For bonds which are sold at public competitive bid sale, the issuer shall prepare a notice of bond sale which shall specify:

(a) The time, date and place where bids will be received, and considered and acted upon, the total amount of bonds, and the denominations of the bonds;

(b) The issue date, maturity dates and amounts, interest payment dates, and place of payment of the bonds;

(c) The date of optional redemption, if any, the call price premium, if any, and the order of bond redemption and place of redemption;

(d) The maximum effective rate of interest and the minimum percentage of par value of the bonds which may be bid;

(e) The required good faith deposit by certified or cashier's check on a bank doing business in this state in the amount not less than two percent of the par value of the bonds, or \$500,000, whichever is the lesser;

(f) Such constraints on the coupon rates as the issuer may impose;

(g) The interest basis and definition thereof on which bond bids are to be awarded; and

(h) The name of bond counsel, if any, who will furnish the legal opinion.

(2) The notice of sale may contain:

(a) The name of the person who will furnish financial data;

(b) Coupon rate multiples;

(c) Registration provision, if any;

(d) Bid forms availability;

(e) Estimated delivery date and place;

(f) Procedure for awarding tie bids;

(g) Such other conditions as the issuer may impose;

(h) The statute and ordinance, if any, pursuant to which the bonds are to be issued; and

(i) The purpose of the bonds.

(3) Bids submitted must be for all bonds offered for sale. All bids are to be unconditional and to be submitted in writing in a sealed envelope clearly marked as a proposal for bonds. [1975 c.642 §13 (enacted in lieu of 287.002); 1981 c.94 §18; 1991 c.902 §92]

287.024 Notice; publication. For bonds which are sold at public competitive bid sale, and except for the state, the issuer shall comply with the requirements for publication of notice of sale prescribed by ORS 288.885 unless, pursuant to ORS 288.885 (5), the State Treasurer approves other terms and conditions for the public notice of bond sale. [1975 c.642 §14 (enacted in lieu of 287.002); 1981 c.661 §7; 1983 c.347 §11; 1991 c.143 §1; 1991 c.902 §93; 1993 c.97 §2]

287.026 Bids as public record; to whom sale made; time of sale; rejection of bids. For bonds which are sold at public competitive bid sale:

(1) Bonds shall be awarded on the basis described in the notice of sale. All bids must be entered into the public record of the issuer.

(2) All bids shall be publicly opened at the time and place specified in the notice of sale. The bonds shall be sold to the responsible bidder whose bid will result in the lowest interest cost to the issuer, as defined in the manner set forth in the notice of sale, and taking into consideration any premium or discount bid. Unless all bids are rejected, the sale must be acted upon within four hours of the time the bids are opened.

(3) The issuer may reject any or all bids and readvertise the sale of bonds in the manner required by chapter 642, Oregon Laws 1975. The issuer shall make public the reasons why any or all bids are rejected.

(4) The issuer need not calculate the total amount of the sale prior to awarding the sale to any bidder if the issuer is able to determine the lowest responsible bid based on interest cost, discount and premium aspects of the submitted bids. [1975 c.642 §15 (enacted in lieu of 287.002); 1987 c.840 §1; 1991 c.902 §94]

Note: Legislative Counsel has substituted "chapter 642, Oregon Laws 1975," for the words "this Act" in section 15, chapter 642, Oregon Laws 1975, compiled as 287.026. Specific ORS references have not been substituted, pursuant to 173.160. The range of sections for which substitutions would be required yields ORS references too numerous to be useful. These sections may be determined by referring to the 1975 Comparative Section Table located in Volume 15 of ORS.

287.028 Negotiated sale authorized.

Notwithstanding any other provision of law, a municipality may negotiate the sale of its bonds, or may sell its bonds at public competitive bid sale. Unless bonds are sold to the Federal Government or the State of Oregon or any corporation, department or agency thereof, when bonds are sold by negotiated sale, the issuer shall engage an expert advisor who shall deliver to the issuer a report evaluating the terms of the proposed negotiated sale, prior to sale of the bonds. [1975 c.642 §16; 1983 c.347 §31; 1991 c.902 §95]

287.029 Citizens bonds authorized; requirements for issuance. (1) Notwithstanding any other provision of law, whenever an issuer is authorized to issue and sell bonds, it may issue and sell all or any portion of the bonds in denominations of less than \$5,000. The bonds may be sold directly to members of the public at preestablished interest rates.

(2) Bonds issued and sold directly to members of the public are to be referred to as citizens bonds and may only be issued and sold in compliance with rules adopted by the Oregon Municipal Debt Advisory Commission. These rules shall reserve to the State Treasurer the right to review and approve any or all issues of citizens bonds and may impose requirements, as the commission considers necessary, to protect adequately both the issuer and the purchasers of the bonds.

(3) Proceeds from the sale of citizens bonds may be used to finance any capital project that is not in conflict with the issuer's comprehensive plan.

(4) Prior to selling an issue of citizens bonds, the issuer shall make available to interested investors:

(a) A preliminary official statement meeting the requirements of ORS 287.018, a legal opinion from a recognized bond counsel and a comparison to taxable yields at various income levels.

(b) Application forms for the purchase of citizens bonds which shall specify, as a minimum:

(A) The time, date and place where applications will be received, the manner in which applications will be processed and conditions under which the sale may be canceled if the issue is not fully subscribed during the application period.

(B) The issue date, maturity dates and the dates on which interest will be earned and paid.

(C) The denominations of the bonds.

(D) The approximate yield on the bonds if held to maturity and the manner in which interest rates have been calculated.

(E) The provision made for the transfer of ownership of outstanding bonds.

(c) Any other information which the State Treasurer may require or the Oregon Municipal Debt Advisory Commission may by rule prescribe. [1981 c.434 §§2,3; 1991 c.902 §96]

Note: 287.029 (4) was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 287 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

287.030 Oregon Municipal Debt Advisory Commission; creation; term; compensation. (1) There is created the Oregon Municipal Debt Advisory Commission consisting of seven members, selected as follows:

(a) The State Treasurer or designate.

(b) Three local government finance officers, appointed by the Governor, one each among persons recommended by the Association of Oregon Counties, the League of Oregon Cities, the Oregon School Boards Association and one representative of special districts appointed by the Governor.

(c) Two public members not represented in the other categories of appointment, appointed by the Governor.

(2) The term of office of an appointed member is four years, but appointed members serve at the pleasure of the Governor. Before the expiration of the term of an appointed member, the Governor shall appoint a successor to assume the duties of the member on July 1, next following. A member is eligible for reappointment for not to exceed one additional term. In case of a vacancy for any cause, the Governor shall make an appointment to become effective immediately for the unexpired term.

(3) The Governor shall designate one of the appointed members as chairman to serve a term of one year, subject to reappointment.

(4) Appointed members of the commission shall be entitled to compensation and ex-

penses as provided in ORS 292.495. [1975 c.740 §1; 1979 c.195 §2]

287.032 Meetings; quorum; personnel.

(1) The advisory commission shall meet on the call of the chairman, or at the request of a majority of the members, or at the request of the State Treasurer, or at the request of the Governor.

(2) A majority of all members of the advisory commission constitutes a quorum for the transaction of business.

(3) All administrative and clerical assistance required by the advisory commission shall be furnished by the office of the State Treasurer. [1975 c.740 §§6,7; 1977 c.266 §8]

287.033 Definitions for ORS 287.034 and 287.038. As used in ORS 287.034 and 287.038, "bonds" and "bonded obligations" include revenue and general obligation bonds, special assessment bonds, tax increment bonds, limited tax obligations, notes and certificates of participation. [1977 c.266 §4; 1991 c.194 §1]

287.034 Powers of commission; rules. The advisory commission may:

(1) Provide assistance and consultation, upon request of the state or of local government units, to assist them in the planning, preparation, marketing and sale of new bond issues to reduce the cost of the issuance to the issuer and to assist in protecting the issuer's credit.

(2) Collect, maintain and provide financial, economic and social data on local government units pertinent to their ability to assume and service bonded obligations.

(3) Collect, maintain and provide information on bonds sold and outstanding and serve as a clearinghouse for all local bond issues.

(4) Maintain contact with municipal bond underwriters, credit rating agencies, investors and others to improve the market for local government bond issues.

(5) Prepare, advertise and distribute, upon request of issuers, preliminary official statements required by ORS 287.018 and notices of bond sales required by ORS 287.022 and 287.024.

(6) Undertake or commission studies on methods to reduce the costs of state and local issues.

(7) Recommend changes in state law and local practices to improve the sale and servicing of local bonds.

(8) Perform any other function required or authorized by law.

(9) Pursuant to ORS 183.310 to 183.550 adopt rules necessary to carry out its duties. [1975 c.740 §2; 1977 c.266 §9]

287.036 Fees. In providing services to local government units under ORS 287.034 (5), the advisory commission may charge fees commensurate with its direct expenses incurred in providing the service. Amounts received under this section shall be deposited in the General Fund for the State Treasurer, and such moneys are continuously appropriated for payment of expenses incurred by the office of the State Treasurer in providing such services. [1975 c.740 §4; 1981 c.582 §3]

287.038 Newsletter; annual report. The advisory commission shall publish:

(1) A regular newsletter describing proposed new bond issues, new bond sales, refundings, credit rating changes and other pertinent information to issuers, underwriters, investors and the public as such information relates to municipal bonds.

(2) An annual report describing and evaluating the operations of the advisory commission during the preceding year. [1975 c.740 §5; 1977 c.266 §10]

287.040 Notice to commission of proposed issues. (1) The Oregon Municipal Debt Advisory Commission shall require prior notice of proposed issuance of new bonds by a public body to be made to the advisory commission in such form and at such times as the advisory commission specifies.

(2) As used in this section:

(a) "Bonds" means general obligation, revenue or tax increment bonds, certificates of participation, special assessment bonds, limited tax obligations or notes of a public body.

(b) "Public body" means the governing body or authorized board, commission or person representing any political subdivision or municipal, quasi-municipal or public corporation in this state authorized by law to issue bonds. [1977 c.266 §2; 1981 c.94 §19; 1981 c.661 §8; 1991 c.194 §2]

287.042 Verification of commission's information by local government. To assist the Oregon Municipal Debt Advisory Commission in carrying out its duties, the finance officer of each local government unit authorized by law to issue bonds at least once every biennium, at dates established by the commission, shall verify with the commission the commission's information on the unit's bonded obligations. [1977 c.266 §3; 1981 c.526 §2]

287.045 Preliminary official statement; status of statement; nonliability of commission. In preparing a preliminary official statement under ORS 287.018, the commission shall use the most recent and accurate information which has been compiled and is available to it. In no event shall a prelimi-

nary official statement prepared by the commission be construed as a contract or agreement between this state and the purchasers or holders of the bonds issued with it. Neither this state, the commission or its staff may be held liable, in the absence of actual fraud, for damages in any civil action or suit concerning the preparation and release of a preliminary official statement under ORS 287.018 and this section. [1977 c.266 §5]

287.047 Notes, warrants, tax exempt paper or other obligations of cities. (1) A city may borrow money by issuing notes, warrants, commercial paper or other obligations:

(a) In anticipation of taxes or other revenues;

(b) To provide interim financing for capital projects to be undertaken by the city; or

(c) To refund obligations authorized under this section.

(2) To secure obligations authorized under this section a city may:

(a) Pledge its anticipated taxes, other revenues, the proceeds of any bonds or other permanent financing, or any combination thereof;

(b) Segregate any pledged funds in separate accounts which may be held by the city or third parties;

(c) Enter into contracts with third parties to obtain standby lines of credit or other financial commitments designated to provide additional security for obligations authorized by this section;

(d) Establish any reserves deemed necessary by the city for the payment of the obligations; and

(e) Adopt resolutions containing covenants and provisions for protection and security of the holders of obligations, which shall constitute enforceable contracts with such holders.

(3) Obligations authorized by this section which are issued in anticipation of taxes or other revenues, and any obligations authorized by this section which are issued to refund them, shall not be issued prior to, and shall mature not later than, the end of the fiscal year in which the taxes or other revenues are expected to be received. Obligations issued in anticipation of taxes or other revenues shall not be issued in an amount greater than 80 percent of the amount budgeted to be received by the city in the fiscal year in which the obligations are issued.

(4) Obligations authorized by this section which are issued to provide interim financing

for capital projects, and any obligations issued to refund them, shall mature not later than one year after the estimated completion date of the capital projects financed with the obligations.

(5) Except as this section otherwise specifically provides, obligations authorized by this section may be in any form and contain any terms, including provisions for redemption at the option of the holder and provisions for the varying of interest rates in accordance with any index, bankers' loan rate or other standard.

(6) The city may contract with third parties to serve as issuing, paying and authenticating agents for any obligations authorized by this section.

(7) Obligations authorized by this section may be sold at public or private sale upon such terms as the city finds advantageous, with such disclosure as the city deems appropriate. ORS 287.014 to 287.026 do not apply to obligations authorized by this section. ORS 287.040 does apply to obligations authorized under this section. [1983 c.495 §1; 1987 c.462 §1]

Note: 287.047 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 287 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

287.049 City of 85,000 or more authorized to enter into credit agreements and to issue limited general obligation bonds.

(1) Notwithstanding any other provision of law, including any debt limitation contained in a statute or city charter, a city with a population of 85,000 or more according to the most recent federal decennial census may:

(a) Enter into credit agreements in amounts not greater than the maximum estimated insurable liabilities or incurred losses of the city during the period of time the credit agreement is outstanding.

(b) After it has sustained incurred losses, issue limited general obligation bonds in amounts not greater than incurred losses plus costs of issuing the bonds.

(2) A city meeting the requirements of subsection (1) of this section, through its governing body and after public hearings held after due notice, shall adopt a policy setting forth the conditions for the use of the credit agreement and the limited general obligation bonds, prior to using these financial instruments as set forth in this section. The conditions set forth in the policy shall include, but are not limited to, an analysis and annual review of the city's exposure to catastrophic loss, its ability to fund large losses, and the availability, pricing and coverage of commercial insurance.

(3) For purposes of this section:

(a) "Credit agreement" means a letter of credit, line of credit or similar agreement in which a financial institution agrees to pay all or a portion of the incurred losses or insurable liabilities of a city, and the city agrees to repay the amounts paid by the financial institution over time, with or without interest.

(b) "Incurred loss" means an operational loss after the event has occurred.

(c) "Insurable liabilities" means any claim or judgment against the city for personal injury, property damage or tortious conduct.

(d) "Limited general obligation bonds" means bonds payable from all or any portion of the unobligated funds of a city and taxes within the limitation of section 11, Article XI of the Oregon Constitution.

(e) "Operational loss" means an unforeseen act or event which causes personal injury or property damage. [1987 c.434 §2]

COUNTY BONDS

287.052 Definitions for ORS 287.052 to 287.074. As used in ORS 287.052 to 287.074:

(1) "Governing body" means the county court or other legislative body of a county.

(2) "Bonds" means general obligation bonds issued pursuant to ORS 287.052 to 287.074. [1957 c.721 §1; 1983 c.347 §12]

287.054 County's power to contract bonded indebtedness; limit. (1) For the purpose of carrying into effect all or any of the powers granted by law to counties, the governing body of a county, when authorized by the electors at any general election or special election called for that purpose pursuant to ORS 287.052 to 287.074 and within the limitations set forth in ORS 287.052 to 287.074, may borrow money and issue and sell general obligation bonds of the county.

(2) The aggregate amount of general obligation bonded indebtedness of counties shall not at any time exceed two percent of the real market value of all taxable property in the county, computed in accordance with ORS 308.207. [1957 c.721 §2; 1963 c.9 §14; 1983 c.347 §13; 1991 c.459 §374]

287.055 Hearing; notice. (1) When the governing body of a county decides to submit the question of issuing bonds to the electors at an election, it shall conduct a public hearing on the proposed bond issue. The hearing shall be held after a notice to the public published once each week for two successive weeks in at least one newspaper published in the county and of general circulation throughout the county. If there is

no such newspaper, the notice shall be published in the newspaper or newspapers which in the judgment of the governing body will afford the best notice. The governing body shall designate the newspaper or newspapers in which the notice will be published.

(2) The notice shall set forth the date, hour and place of the hearing and the information required by ORS 287.056 (1). The notice shall state that all interested persons may attend and shall be given a reasonable opportunity to be heard. [1971 c.111 §2; 1981 c.173 §42; 1983 c.350 §134]

287.056 Election; notice; ballot title. (1) After the public hearing required by ORS 287.055, if the governing body decides to proceed with the proposal it shall submit the question of issuing and selling bonds at an election on a date specified in ORS 203.085. The order calling the election shall set forth:

(a) The use to which the proceeds of the bonds are to be put.

(b) That the bonds shall be general obligation bonds of the county.

(c) The amount of bonds proposed to be issued.

(d) The length of time, not to exceed 30 years, during which the bonds shall mature.

(2) The governing body shall file with the county clerk a notice of an election called under this section not later than the 61st day before the election.

(3) The statement of the chief purpose of the measure in the ballot title shall include the information required in subsection (1) of this section. [1957 c.721 §3; 1971 c.111 §3; 1981 c.94 §20; 1981 c.173 §43; 1983 c.347 §14; 1983 c.350 §135; 1987 c.707 §22; 1989 c.923 §19; 1991 c.71 §11; 1993 c.713 §60]

287.058 Submission as separate questions. At any bond election under ORS 287.052 to 287.074, the governing body may submit to the electors as separate questions, the issuance of bonds for two or more purposes. [1957 c.721 §4]

287.060 [1957 c.721 §§5,6; 1981 c.173 §44; repealed by 1983 c.350 §331a]

287.062 Election procedure. ORS chapters 246 to 260 govern the conduct of all elections called under ORS 287.052 to 287.074. [1957 c.721 §7; 1981 c.173 §45; 1983 c.350 §136]

287.064 Order if bond issue approved; effect. If at a general election or a special election called for that purpose a majority of the electors of the county voting upon the question vote in favor of issuing the bonds, the governing body shall enter an order in its journal declaring that fact. This order shall be conclusive as to the regularity of all proceedings in reference to the election. [1957 c.721 §8]

287.066 Issuance of bonds. All bonds issued under the authority of ORS 287.052 to 287.074 shall be issued in accordance with the provisions of ORS 288.515 to 288.560. [1957 c.721 §9; 1967 c.197 §1; 1983 c.347 §16]

287.068 [1957 c.721 §10; repealed by 1975 c.642 §18 (287.069 enacted in lieu of 287.068)]

287.069 Sale of bonds. All legally authorized and issued general obligation bonds or revenue bonds shall be advertised and sold in the manner prescribed in ORS 287.014 to 287.026. [1975 c.642 §19 (enacted in lieu of 287.068)]

287.070 Use of proceeds of sale of bonds. The proceeds of the sale of the bonds shall be paid to the county treasurer and shall be placed in a special fund which shall be used only for the particular purpose or purposes for which the bond proceeds are to be used as specified in the order calling for an election upon the question of issuance of the bonds and for no other purpose. However, the proceeds from the sale of the bonds may be used for the payment of principal and interest of such bonds or for the redemption or purchase of these bonds. [1957 c.721 §11; 1983 c.347 §17]

287.072 Tax levy. The governing body shall ascertain and levy annually, in addition to all other taxes, a direct annual ad valorem tax on all the taxable property in the county sufficient to pay the interest accruing and the principal maturing on the bonds promptly when and as they become due. [1957 c.721 §12]

287.074 Refunding bonds. The governing body may, without authorization from the electors and pursuant to the provisions of ORS 287.202 to 287.220, issue refunding bonds for the purpose of refunding outstanding bonds issued under ORS 287.052 to 287.074. [1957 c.721 §13]

287.090 [1959 c.538 §§2,3,4; repealed by 1961 c.61 §1]

287.102 [Amended by 1959 c.157 §6; 1989 c.182 §3; repealed by 1993 c.97 §31]

287.104 [Repealed by 1993 c.97 §31]

287.106 [Repealed by 1993 c.97 §31]

287.108 [Repealed by 1993 c.97 §31]

287.110 [Repealed by 1993 c.97 §31]

287.112 [Repealed by 1993 c.97 §31]

287.114 [Repealed by 1993 c.97 §31]

287.116 [Repealed by 1993 c.97 §31]

287.118 [Amended by 1967 c.293 §29; 1981 c.804 §81; 1991 c.459 §375; repealed by 1993 c.97 §31]

287.120 [Repealed by 1993 c.97 §31]

287.122 [Repealed by 1993 c.97 §31]

287.124 [Repealed by 1993 c.97 §31]

287.126 [Amended by 1981 c.804 §82; 1991 c.459 §376; repealed by 1993 c.97 §31]

287.128 [Repealed by 1993 c.97 §31]

287.130 [Repealed by 1993 c.97 §31]

287.132 [Repealed by 1993 c.97 §31]

287.134 [Repealed by 1993 c.97 §31]

287.136 [Amended by 1959 c.157 §7; repealed by 1993 c.97 §31]

287.138 [Amended by 1959 c.157 §8; repealed by 1993 c.97 §31]

REFINANCING OF OBLIGATIONS OF LOCAL GOVERNMENTS

287.140 Cooperation by State Treasurer with subdivisions in refinancing or refunding indebtedness; recommendations. Upon the request of any civil subdivision, the State Treasurer, in the discretion thereof, may cooperate with the subdivision in refinancing or refunding the indebtedness of the subdivision. The State Treasurer may make recommendations to such subdivisions as to investments of their sinking funds and as to the refunding of their indebtedness for the purpose of enabling them to liquidate their obligations over a period of time and of reducing their tax levies. [Amended by 1989 c.182 §4]

287.142 Deposit of defaulted bonds with State Treasurer; exchange of refunding bonds; expenses of exchange. (1) The State Treasurer may:

(a) Accept deposits of defaulted bonds of municipal corporations in Oregon.

(b) Exchange for such bonds with the respective bondholders, refunding bonds of such municipal corporations to be delivered pursuant to agreements made with the respective bondholders.

(2) All postage, insurance, safekeeping and clerical expense incurred by the State Treasurer in the exchange of such bonds shall be borne by the holders of such bonds and by the municipal corporation whose bonds are to be exchanged. [Amended by 1989 c.182 §5]

287.144 State Treasurer may act as intermediary and assist in funding and refunding of bonds. The State Treasurer may:

(1) Act as intermediary between the municipal corporations referred to in ORS 287.142 and the holders of their bonds.

(2) Effect compromises or adjustments between such corporations and the holders of their bonds.

(3) Assist such municipal corporations in the funding or refunding of their matured bonded obligations.

287.146 Omission of certain prior statutes concerning funding and refunding of city and school district obligations not intended as repeal. The omission from the Oregon Revised Statutes of O.C.L.A. 97-201 to 97-207 is not intended as a repeal of the omitted statutes in so far as they ap-

ply to funding and refunding bonds issued pursuant thereto.

COUNTY REFUNDING BONDS

287.202 Definitions for ORS 287.202 to 287.220. As used in ORS 287.202 to 287.220, "court or board" means the county court or the board of county commissioners.

287.204 County authorized to issue and sell or exchange refunding bonds. The court or board in any county may issue and sell or exchange county refunding bonds for the purpose of paying, redeeming or retiring any or all outstanding lawfully issued bonds of such county when:

- (1) The bonds have matured but have not been paid and canceled; or
- (2) The bonds are about to mature and become payable; or
- (3) The bonds are redeemable at the option of the county; or
- (4) The holders of all or any part of any issue of the bonds of the county are willing to surrender such bonds in exchange for refunding bonds, whether or not the bonds to be surrendered have matured or are about to mature or become payable.

287.206 Notice of intended redemption. Notice of intended redemption of callable or optional bonds prior to the redeeming and the refunding thereof under authority of ORS 287.204 shall be given in the manner specified in the bonds. If no express provision has been made in the bonds concerning the manner of giving such notice, the county treasurer shall give notice thereof by publication in a newspaper printed and published within the county at least 30 days prior to the interest date upon which the bonds are to be redeemed.

287.208 Limitation on amount of bonds issued. Refunding bonds issued under authority of ORS 287.204 shall not exceed in the aggregate the par amount of the bonds to be paid, redeemed or replaced thereby, after deducting sinking funds or other funds applicable to the payment of the principal thereof. If the deduction of the sinking fund produces an uneven sum which, if offset exactly by refunding bonds, would necessitate the issuance of odd bonds in denominations of less than \$100, the total issue of the refunding bonds shall be in such next larger sum as will permit issuance of bonds in denominations of \$100 each or multiples thereof exactly and the balance thereupon remaining in the sinking fund shall be transferred to the sinking fund for the refunding issue.

287.210 Designation, class and character of bonds; charge on revenues. The

bonds issued under authority of ORS 287.204 shall be designated refunding bonds and shall be of the same class and character as the bonds refunded thereby and shall constitute a charge upon the same kinds of revenues or funds as were applicable to the payment of the principal of and the interest on the bonds so refunded.

287.212 Providing funds to pay interest and installments of principal. The court or board shall levy an annual tax or provide for setting aside annually other funds with which to pay the interest and to meet the serial installments of the principal of the refunding bonds as they become due and payable.

287.214 Calling refunding bonds with optional dates. The court or board may call refunding bonds issued with optional dates under the authority of ORS 287.218 either for the purpose of retiring the bonds or of redeeming them with new serial refunding bonds of the class and character authorized by ORS 287.202 to 287.220, which refunding bonds shall bear interest at a rate not to exceed the rate paid on the bonds to be refunded.

287.216 Limitation of bonded indebtedness. The refunding bonds issued pursuant to ORS 287.202 to 287.220 shall not be considered to be within any limitation of bonded indebtedness imposed by law or by the Constitution of this state until:

- (1) The refunding bonds have been exchanged for the bonds they were issued to refund; or
- (2) The proceeds of sale of the refunding bonds have been applied in payment of the refunded bonds.

287.218 Form of bonds; maturities; option to call; interest rate; installment payments. (1) All refunding bonds issued by a county pursuant to ORS 287.202 to 287.220 shall be in serial form with definite maturity dates and shall mature in annual or semiannual installments, but may be issued with the option to call or redeem the bonds in numerical order on a prior date or dates, pursuant to publication of notice in one issue of a newspaper printed and published in such county.

(2) The refunding bonds shall bear interest at a rate determined by the governing body of the county, payable semiannually. The first installment of principal of each issue of the bonds shall become due and payable not later than two years, and the last installment thereof not later than 20 years, from the date of issue of the bonds. The installments or principal of the bonds shall either be equal or substantially equal in amount, or the combined installments of

principal and interest due in any year shall be, as nearly as practicable, in such sums as will permit of a substantially uniform annual tax levy for the retirement of the principal of and the payment of the interest on the bonds as they respectively become due. [Amended by 1981 c.94 §21]

287.220 Sale or exchange of bonds. (1) The bonds issued under ORS 287.202 to 287.220 shall be advertised and sold in the manner prescribed in ORS 287.014 to 287.026.

(2) If no bids for the bonds are received or the bids therefor are unsatisfactory, the court or board may exchange the refunding bonds for the outstanding bonds, pursuant to agreements entered into by the court or board and the holders of the outstanding bonds. The refunding bonds shall bear interest at a rate determined by the court or board and mature serially, as provided in ORS 287.218, on such dates as shall be agreed upon between the court or board and the holders of the bonds to be refunded. [Amended by 1975 c.642 §20; 1981 c.94 §22]

CITY REFUNDING BONDS

287.252 Cities authorized to issue and sell or exchange refunding bonds; limitation on amount; soliciting bids. (1) The governing body of any incorporated city may issue and sell or exchange refunding bonds for the purpose of paying, redeeming or retiring any or all outstanding lawfully issued bonds of such city, including bonds issued pursuant to applications to pay assessments in installments, when:

(a) The bonds have matured but have not been paid or canceled; or

(b) The bonds are about to mature and become payable; or

(c) The bonds are redeemable at the option of the city; or

(d) The holders of all or any part of any issue of bonds of the city are willing to surrender such bonds, whether or not the bonds to be surrendered have matured or are about to mature or become payable.

(2) Refunding bonds issued under authority of subsection (1) of this section shall not exceed in the aggregate the par amount of the bonds to be called, paid, redeemed or replaced, less the amount in the sinking fund, if any, applicable thereto.

(3) Refunding bonds shall not be exchanged for outstanding bonds under authority of subsection (1) of this section until bids for the refunding bonds have been solicited in the manner prescribed by ORS 287.014 to 287.026.

287.254 Notice of intended redemption. Notice of intended redemption of callable or

optional bonds prior to the redeeming and the refunding thereof under authority of ORS 287.252 shall be given in the manner specified in the bonds or in the law, ordinance or charter provision under authority of which such bonds were issued. If no express provision has been so made as to the manner of giving notice of such intended redemption, notice thereof shall be given at least 30 days prior to the date of redemption of the bonds in one issue of a newspaper printed and published in the county in which the issuing city is located.

287.256 Form and maturities of bonds; redemption prior to maturity; interest; payment of installments of principal and interest; issuing long-term bonds; debt limitations not applicable. (1) Subject to subsections (4) and (5) of this section, each issue of refunding bonds issued under authority of ORS 287.252 shall be in serial form with definite maturities and shall mature in annual or semiannual installments, but may be issued with the option to call or redeem the bonds in numerical order on a prior date or dates indicated therein, pursuant to publication of notice at least 30 days prior to such redemption date, in one issue of a newspaper printed and published in the county in which the issuing city or the greater portion of the assessed valuation thereof is located.

(2) The refunding bonds interest rate shall be determined by the governing body of the city, payable semiannually.

(3) Subject to subsection (5) of this section, the first installment of principal shall become due and payable not later than five years, and the last installment thereof not later than 20 years, from the date of issue of the bonds. The installments of principal shall either be equal or substantially equal in amount, or the combined installments of principal and interest due in any year shall be as nearly as practicable in such sums as will permit of an equal annual tax levy for retirement of the principal of and payment of the interest on the bonds.

(4) The governing body of any incorporated city having a population in excess of 100,000 may, at its election, issue the refunding bonds with definite or straight maturities, not exceeding 20 years, but callable on or after three years from the date of the issuance thereof, if the governing body so elects.

(5) With written approval of the State Treasurer, cities in default in payment of either principal of or interest on their bonds, or both, and cities having bonded and warrant indebtedness exceeding 6 1/4 percent of the real market value of their taxable property, may issue long-term refunding bonds

with maturities, either serial or straight, not exceeding 40 years, without deduction of sinking funds applicable to the bonds to be refunded, if the holders thereof so agree. The refunding bonds, the issuance of which is so approved, may contain optional dates of redemption if the governing body of the city so elects.

(6) The debt limitations imposed by law or charter shall not affect the right of any city to issue refunding bonds pursuant to ORS 287.252. [Amended by 1967 c.293 §30; 1981 c.94 §23; 1991 c.459 §377]

287.258 Class and character of bonds; charge on assets. Refunding bonds issued under authority of ORS 287.252 shall be of the same class and character as the bonds refunded thereby and shall constitute a charge upon the same character of revenues, assessments, liens or other assets that were applicable to the payment of the bonds so refunded.

287.260 Bonds to be issued pursuant to ordinance; providing annual tax levy or other revenues. All bonds issued by any city under authority of ORS 287.252 shall be issued pursuant to an ordinance duly adopted by the governing body of the city. The ordinance shall be adopted and take effect in the same manner as other ordinances of the city take effect. The ordinance shall set forth the date, purpose of issue, interest rate, maturity date or dates, and the amount of the bonds to be refunded after application of such sinking or other funds to the payment thereof as appertain thereto. The ordinance shall also set forth the date, interest rate, and the maturity dates of the refunding issue, and shall provide for an annual tax levy or other revenues with which to pay the interest on and the principal of the refunding bonds as they become due and payable.

287.262 Application of statute to utility certificates. The word "bonds" as used in ORS 287.252 to 287.264 includes utility certificates. Such certificates may be refunded in the like manner as bonds are refunded under authority of ORS 287.252, except that the ordinance providing for refunding utility certificates need not provide for an annual tax levy to pay the interest on and the principal of such certificates.

287.264 Charter provisions or vote not required; rules and regulations. The power granted by ORS 287.252 to 287.264 is self-operating in each incorporated city without the further necessity of enacting charter provisions incorporating the terms of ORS 287.252 to 287.264 or of submitting the question of refunding at an election of the electors of the city. Each incorporated city shall have authority, by and through its council,

to provide by ordinance such rules and regulations as may be needed for carrying out the terms of ORS 287.252 to 287.264.

287.302 [Repealed by 1993 c.97 §31]

287.304 [Repealed by 1993 c.97 §31]

287.306 [Repealed by 1993 c.97 §31]

287.308 [Repealed by 1993 c.97 §31]

287.310 [Repealed by 1993 c.97 §31]

287.312 [Repealed by 1993 c.97 §31]

287.314 [Repealed by 1993 c.97 §31]

287.316 [Repealed by 1993 c.97 §31]

287.318 [Repealed by 1993 c.97 §31]

287.320 [Repealed by 1993 c.97 §31]

287.322 [Repealed by 1993 c.97 §31]

287.324 [Repealed by 1993 c.97 §31]

287.326 [Repealed by 1993 c.97 §31]

287.328 [Repealed by 1993 c.97 §31]

287.330 [Repealed by 1993 c.97 §31]

287.332 [Repealed by 1993 c.97 §31]

287.334 [Amended by 1979 c.284 §133; repealed by 1993 c.97 §31]

287.336 [Repealed by 1993 c.97 §31]

287.338 [Repealed by 1993 c.97 §31]

287.340 [Repealed by 1993 c.97 §31]

287.342 [Repealed by 1993 c.97 §31]

287.352 [Repealed by 1993 c.97 §31]

287.354 [Repealed by 1993 c.97 §31]

287.356 [Repealed by 1993 c.97 §31]

287.358 [Repealed by 1993 c.97 §31]

287.402 [Repealed by 1983 c.124 §1]

287.404 [Amended by 1967 c.331 §1; repealed by 1983 c.124 §1]

287.406 [Repealed by 1983 c.124 §1]

287.408 [Repealed by 1983 c.124 §1]

287.410 [Repealed by 1983 c.124 §1]

287.412 [Repealed by 1983 c.124 §1]

287.414 [Repealed by 1983 c.124 §1]

287.416 [Repealed by 1983 c.124 §1]

287.418 [Repealed by 1983 c.124 §1]

287.420 [Repealed by 1983 c.124 §1]

287.422 [Amended by 1957 c.199 §1; 1981 c.94 §24; repealed by 1983 c.124 §1]

287.424 [Repealed by 1983 c.124 §1]

287.426 [Amended by 1981 c.94 §25; repealed by 1983 c.124 §1]

287.428 [Amended by 1957 c.199 §2; 1967 c.331 §2; 1975 c.306 §1; repealed by 1983 c.124 §1]

287.430 [Repealed by 1983 c.124 §1]

287.432 [Repealed by 1983 c.124 §1]

287.435 [1983 c.124 §3; 1983 s.s. c.6 §1; repealed by 1993 c.97 §31]

287.442 [Amended by 1977 c.476 §1; 1983 c.124 §4; 1983 c.496 §2; 1985 c.356 §1; 1985 c.441 §2; repealed by 1993 c.97 §31]

WARRANTS AND CHECKS; INTEREST; UNCLAIMED WARRANTS AND CHECKS; MASTER WARRANTS

287.452 Interest on municipal warrants not paid on presentation. All war-

rants for payment of money issued by cities and other municipalities that are not paid upon presentation and so indorsed shall draw interest at the legal rate after such indorsements but municipalities may by proper resolution fix the rate at less than the legal rate and may make such interest payable semiannually.

287.454 Warrants and checks more than two years old; report by fiscal officer; claim by owner. (1) The county fiscal officer shall prepare a report of all warrants and checks issued more than two years prior to July 1 of that year which have not been paid, pursuant to ORS 98.352.

(2) The lawful owner of any warrant or check included in any list referred to in subsection (1) of this section, not presented to the county treasurer for payment and not paid, thereafter may file a claim with the Division of State Lands in the manner provided by ORS 98.392 and 98.396. [Amended by 1959 c.438 §1; 1993 c.694 §29]

287.456 [Amended by 1959 c.438 §2; repealed by 1993 c.694 §39]

287.458 [Amended by 1959 c.438 §3; repealed by 1993 c.694 §39]

287.460 [Repealed by 1973 c.241 §1]

287.462 [Repealed by 1973 c.241 §1]

287.464 [Repealed by 1973 c.241 §1]

287.482 Definitions for ORS 287.482 to 287.488. As used in ORS 287.482 to 287.488:

(1) "County fiscal officer" means:

(a) The county accountant in counties where such office is established by law.

(b) The county clerk in counties not having a county accountant.

(2) "Master warrant" means a warrant or order issued and drawn pursuant to ORS 287.486. [1955 c.321 §1; 1983 c.310 §16]

287.484 Master warrant procedure authorized if warrants would be not paid. Whenever the county fiscal officer audits and approves a claim and issues a warrant therefor and at the same time or subsequently ascertains that the county treasurer has not sufficient moneys in the particular fund of the county from which the claim so approved and allowed is payable and that the warrant as issued against that fund for the payment of the claim would be indorsed "Not Paid for Want of Funds," the county fiscal officer may, with approval by resolution of the county court or the board of county commissioners, issue a master warrant to any person for the purpose of obtaining money to pay such claim. The money shall be obtained only in the manner provided in ORS 287.486. [1955 c.321 §2]

287.486 Procedure. (1) The county fiscal officer shall draw a master warrant in the

amount of one or more claims referred to in ORS 287.484, payable to any person who is willing to accept the master warrant, and such person shall, upon delivery of the master warrant duly indorsed "Not Paid for Want of Funds," pay to the county treasurer the full amount for which the master warrant is drawn.

(2) The amount paid under subsection (1) of this section shall constitute a special fund to be used toward the payment of warrants issued under ORS 287.484 by the county fiscal officer in payment of claims audited and approved and included in the amount of any master warrant issued to the person advancing such moneys. [1955 c.321 §3]

287.488 Taxes must be levied for payment of claims included in master warrant. No master warrant shall be issued under ORS 287.482 to 287.488 unless taxes have been levied for the payment of all claims included in the master warrant and such taxes are in the process of being collected at the time of the issuance of the master warrant. [1955 c.321 §4]

GENERAL OBLIGATION IMPROVEMENT WARRANTS

287.502 General obligation improvement warrants; debt limitations not applicable. (1) Any municipality authorized to issue bonds under ORS 223.205 to 223.295 may issue improvement warrants evidencing an indebtedness for construction of a public improvement of the character described in ORS 223.205. Such warrants shall, if the resolution or ordinance authorizing their issuance so provides, constitute a general obligation of the municipality. Such warrants may be designated "bond anticipation notes" or "improvement warrants."

(2) The debt limitations imposed by statute or by the charter of the municipality shall not affect the right of the municipality to issue general obligation improvement warrants pursuant to the provisions of ORS 287.502 to 287.515, nor shall any such warrants be taken into consideration in determining the percentage or extent to which the municipality is indebted under any such debt limitation.

(3) When a general obligation improvement warrant is directed to the custodian of the funds from which it is to be paid and is an unconditional order to pay on or before a stated date a sum certain in money to the order of the payee, it shall be deemed a negotiable instrument. One who takes such an instrument before maturity for value and without notice of any defense thereto takes the instrument free from all defenses of any party to the instrument with whom the

holder has not dealt except such illegality of the transaction as renders the obligation of the party a nullity. [Amended by 1967 c.238 §1; 1983 c.124 §5; 1983 c.496 §1]

287.504 Interest; sale; terms; additional warrants. (1) A municipality issuing the warrants shall determine:

(a) The maximum effective rate of interest the warrants shall bear;

(b) The manner of sale;

(c) The discount, if any, the municipality will allow;

(d) The terms and conditions by which the warrants may be redeemed prior to maturity;

(e) The maturities of the warrants, which may not exceed two years;

(f) The form and denominations of the warrants; and

(g) All other terms and conditions related to the sale of the warrants.

(2) If the governing body of the municipality determines, by resolution or ordinance, that sufficient funds are not available pursuant to ORS 287.506 to pay the holders of warrants on presentment at maturity, the municipality may issue additional warrants. Such warrants shall be issued and sold as are other warrants pursuant to ORS 287.502 to 287.515.

(3) Proceeds from the sale of warrants issued pursuant to subsection (2) of this section shall be applied to the call and payment of those outstanding warrants for which the fund deficiency exists.

(4) Funds collected pursuant to ORS 287.506 shall be applied to payment as therein provided to warrants issued pursuant to subsection (2) of this section. [Amended by 1977 c.234 §1; 1983 c.124 §6]

287.506 Call and payment of warrants; liability for failure to hold, account for or apply funds. (1) All proceeds from the collection of unbonded assessments, the sale of improvement bonds, and the foreclosure of improvement liens for unbonded assessments, realized from the improvement with respect to which such general obligation improvement warrants are issued, shall be applied first to the call and payment of such warrants, but that call may be deferred in the discretion of the treasurer or other financial officer of the municipality until no more than 60 days past the closing of the sale of improvement bonds issued for the project financed with the warrants.

(2) None of such funds shall be transferred, borrowed, diverted, or used for any other purpose, and, for failure to hold, account for and apply such funds, as provided

in this section, the treasurer or other financial officer of the municipality shall be personally liable and shall also be liable upon any official bond of such officer to the holder of any such warrant. [Amended by 1983 c.124 §7; 1983 c.349 §10]

287.508 Notice of intention to redeem. General obligation improvement warrants shall be called for payment by notice of intention to redeem the warrants given not less than five days nor more than 30 days prior to the call date by:

(1) Publication of the notice in a newspaper of general circulation printed and published within the county in which the city or the principal portion of its assessed valuation is located; and

(2) Notice in writing directed to the holder of such warrant and mailed by ordinary mail concurrently with such publication, if the city treasurer or other financial officer has been informed of the name and address of such holder.

287.510 Provision in budget. Any city which has issued general obligation improvement warrants shall provide in its budget for the fiscal year in which the warrants will mature such amount for the payment thereof as shall be estimated or determined to be owing thereon and unpaid at the maturity thereof after application of collections made prior to such maturity as provided in ORS 287.506.

287.515 When general obligation improvement warrants issued. General obligation improvement warrants issued under the authority of ORS 287.502 to 287.515 may be issued at any time after:

(1) The city has held a hearing regarding construction of the proposed improvement, and has declared its intention to construct the improvement; or

(2) Not less than 85 percent of the property owners to be assessed for the improvement have petitioned the city to construct the improvement, or have filed their written consent to the improvement with the city. [1983 c.349 §9]

PUBLIC IMPROVEMENT INTERIM FINANCING

287.522 Definitions for ORS 287.522 to 287.526. As used in ORS 287.522 to 287.526, unless the context requires otherwise:

(1) "Municipality" means a county, city, domestic water supply district, water control district, sanitary district, sanitary authority and other municipal corporations or political subdivisions authorized to issue bonds and accept grants of funds, or either, to finance the cost of municipal public improvements.

(2) "Public improvement" means real or personal property to be used for a public purpose. Public improvement does not include improvements to be financed under ORS 223.205 to 223.295. [1973 c.488 §1; 1981 c.526 §3]

287.524 ORS 287.522 to 287.526 supersede local laws; exception. ORS 287.522 to 287.526 supersede all conflicting charter provisions, ordinances or resolutions of municipalities, except that a municipality may borrow money and issue its notes as evidence thereof to finance an improvement to a municipal public utility either pursuant to ORS 287.522 to 287.526 or pursuant to its charter. [1973 c.488 §5; 1981 c.526 §4]

287.526 Interim borrowing; limit; terms; payment. (1) A municipality may borrow money for interim financing of a public improvement if prior thereto an agency of the state or of the Federal Government has agreed in writing to provide funds for the public improvement or bonds of the municipality have previously been authorized to apply in payment of such cost. Debts created under this section outstanding at any one time shall not exceed in the aggregate the estimated unpaid cost of the public improvement or the total of written offers of such state and federal grants, if any, plus the amount of the bonds previously authorized but not issued for the public improvements, whichever is the lesser.

(2) A municipality issuing the notes shall determine:

- (a) The maximum effective rate of interest the notes shall bear;
- (b) The manner of sale;
- (c) The discount, if any, the municipality will allow;

(d) The terms and conditions by which the notes may be redeemed prior to maturity;

(e) The form and denominations of the notes; and

(f) All other terms and conditions related to the sale of the notes.

(3) Notes issued pursuant to this section shall mature not later than the date estimated by the governing body of the municipality as the completion date of the improvement financed in whole or in part by the loan or grant. The principal of the notes and the interest thereon shall be paid in full only from and within 60 days of receipt of the grant, if any, or the proceeds of sale of the bonds issued to finance such improvements and from any other funds available therefor.

(4) In the case of a state or federal agreement described in subsection (1) of this section and after advertising, notes may be issued to redeem prior notes, at the discretion of the municipality, but can not mature later than one year from the date of such redemption. However, in no case shall the maturity of the original note when combined with the maturity of any redemption notes exceed the construction period of the public improvement plus two years. [1973 c.488 §2; 1981 c.94 §26; 1981 c.526 §5; 1983 c.124 §8]

287.528 [1973 c.488 §§3,4; repealed by 1983 c.347 §32]

287.702 [Amended by 1957 c.704 §2; renumbered 288.310]

287.704 [Amended by 1957 c.704 §1; renumbered 288.320]

287.990 [Amended by 1957 c.704 §3; renumbered 288.990]