

RESOLUTION NO. 863

A RESOLUTION AUTHORIZING THE SALE OF A BOND ANTICIPATION NOTE IN AN AMOUNT NOT TO EXCEED \$8,316,000.

WHEREAS, the City Council of the City of Stayton, Marion County, Oregon (the "City") finds:

A. On July 20, 2009, the City Council enacted Ordinance No. 912, a nonemergency Ordinance which authorizes the City to issue wastewater revenue bonds in an amount not to exceed \$10,000,000 (the "Bonds") pursuant to the authority of ORS 287A.150 and the other provisions of ORS Chapter 287A (the "Statutes") to fund improvements to the City's wastewater system (the "Public Improvements"), and to pay all costs incidental thereto.

B. The thirty-day referral period expired and no petitions have been filed which would require the City to hold an election before issuing the Bonds, and the City is authorized to issue the Bonds.

C. The United States of America, acting through the United States Department of Agriculture, an agency of the federal government, has committed to purchase the Bonds.

D. ORS 287A.180 authorizes the City to borrow money and issue a Note for the interim financing of capital projects.

E. A Note issued under ORS 287A.180 to provide interim financing for capital projects must mature not more than five years after the date the Note is issued.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF STAYTON RESOLVES THAT:

Section 1. Note Authorized. The City Council hereby authorizes the issuance of a Bond Anticipation Note (the "Note"), in a principal amount of not more than \$8,316,000 pursuant to ORS 287A.180. The proceeds of the Note shall be used for interim financing of the costs of the Public Improvements and to pay the costs of issuing the Note. The Note shall mature no later than five years after the date the Note is issued. The Mayor, City Administrator, and City Finance Director (each an "Authorized Representative") or a designee of the Authorized Representative are each hereby authorized, on behalf of the City and without further authorization by the City Council, to:

- a. Determine the final principal amount, maturity date, interest payment dates, redemption terms and other terms of the Note within the limitations established in Section 1 of this Resolution;
- b. Select one or more purchasers and negotiate the sale of the Note with those purchasers;
- c. Renew, extend or convert to permanent financing the Note;

- d. Finalize the terms of, execute and deliver a Note declaration or purchase agreement which describes the terms and administrative provisions of the Note;
- e. Enter into covenants to maintain the excludability of Note interest from gross income under the Internal Revenue Code of 1986, as amended (the "Code");
- f. Designate the Note as a qualified tax-exempt obligation under Section 265(b)(3) of the Code;
- g. Execute all documents which are reasonably required, and take any other action which is desirable, in order to issue, sell and deliver the Note in accordance with this Resolution.

Section 2. Security. The City pledges the proceeds of the Bonds sold to the United States of America, acting through the United States Department of Agriculture or to another purchaser, the unexpended proceeds of the Note, and the net revenues of the City's wastewater system, to make the payments due under the Note.

Section 3. Protection and Disposition of Funds. The City Finance Director shall be the custodian of the proceeds of the Note sold hereunder and such proceeds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation; provided, that if any or all of the promissory Note are purchased by any bank in the State of Oregon, the Authorized Officer may cause the funds to be deposited in the bank to the extent that it is insured by the FDIC. The proceeds of the Note may also be invested in the Oregon State Investment Pool. The Authorized Officer is directed to establish the Construction Account described in Section 4, into which the Note proceeds shall be deposited, and which account shall be continued and maintained for such purpose, except as otherwise herein provided, for so long as the Note remains unpaid.

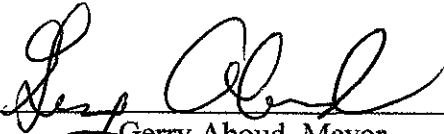
Section 4. Construction Account. The proceeds of the Note hereby authorized shall be deposited in the Construction Account. The amounts in the Construction Account exceeding the insurance available from the Federal Deposit Insurance Corporation shall be secured by the depository bank in accordance with State and Federal law. Withdrawals from the Construction Account shall be made only for the purposes for which the Note was issued as specified in the estimate of costs for the Public Improvements. The City's share of any liquidated damages and other moneys paid by defaulting contractors or their sureties shall be deposited in the Construction Account to assure completion of the Public Improvements. When the construction of the Public Improvements has been completed, or all construction costs have been paid in full, any balance remaining in the Construction Account shall be used immediately to pay or apply on the payment of any such Note as may thereafter fall due, or, if said Note have been paid from the proceeds of the sale of its Bonds, then the balance shall be applied to the payment of Bonds in the manner prescribed by the Ordinance or Resolution authorizing the Bonds.

Section 5. Effective Immediately. This Resolution shall take effect immediately upon its adoption by the City Council.

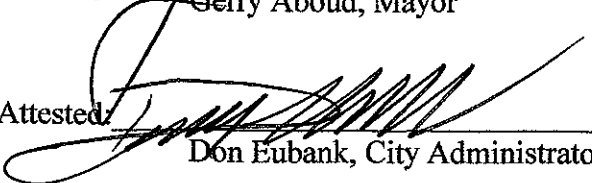
ADOPTED by the City Council of the City of Stayton, Marion County, Oregon this 15th day of November, 2010.

**CITY OF STAYTON
MARION COUNTY, OREGON**

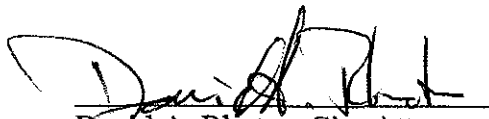
Date: 15th November 2010

By: 
Gerry Aboud, Mayor

Date: 11/16/ 2010

Attested: 
Don Eubank, City Administrator

APPROVED AS TO FORM:


David A. Rhoten, City Attorney