

RESOLUTION NO. 894

A RESOLUTION OF THE CITY OF STAYTON, OREGON AUTHORIZING FULL FAITH AND CREDIT BORROWINGS TO REFINANCE OUTSTANDING OBLIGATIONS OF THE CITY.

WHEREAS, the City of Stayton, Oregon (the "City") is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance or refinance real or personal property which the City Council determines is needed; and,

WHEREAS, the City previously entered into borrowings to finance real and personal property, including a borrowing with the Department of Environmental Quality in 2005 to finance the design and construction of the Mill Creek sewer project (the "DEQ Loan"), and a borrowing in 1997 with the United States Department of Agriculture to finance improvements to the wastewater system (collectively, the "Outstanding Borrowings"); and,

WHEREAS, the Outstanding Borrowings are currently paid from, and secured by, wastewater system revenues; and,

WHEREAS, current interest rates may be lower than the interest rates that are payable on all or a portion of the Outstanding Borrowings and the City may be able to reduce debt service costs or favorably restructure its Outstanding Borrowings by refunding all or a portion of the Outstanding Borrowings;

NOW, THEREFORE, BE IT RESOLVED by the Stayton City Council that:

1. Authorization of Financing Agreements.

- 1.1 The City is hereby authorized to enter into one or more financing agreements to refinance all or any portion of the real property and personal property that was financed with the Outstanding Borrowings pursuant to ORS 271.390 and ORS Chapter 287A. The net proceeds of the financing agreements that are executed to refinance this property shall not exceed the amount required to pay the principal amount of the Outstanding Borrowings, accrued interest through the date the Outstanding Borrowings are redeemed, any redemption premium and other estimated costs of the refinancing.
- 1.2 The financing agreements authorized by this Section 1 are referred to in this Resolution as the "Financing Agreements."

2. Determination of Need.

The City hereby determines that the projects financed with the Outstanding Borrowings are needed.

3. Delegation.

The City Administrator, the Finance Director or the person designated by the City Council to act on behalf of the City under this resolution (each of whom is referred to in this

resolution as a "City Official") may, on behalf of the City and without further action by the Council:

- 3.1 Negotiate, execute and deliver one or more escrow agreements or similar documents (the "Escrow Agreements") that provide for the issuance of one or more series of "certificates of participation" or "full faith and credit obligations" (the "Obligations") that represent ownership interests in the loan payments due from the City under the Financing Agreements. Subject to the limitations of this resolution, the Escrow Agreements and each series of Obligations may be in such form and contain such terms as the City Official may approve.
- 3.2 Select one or more commercial banks with which to negotiate and execute each Financing Agreement, solicit competitive bids for the purchase of each series of the Obligations and award their sale to the bidder offering the most favorable terms to the City, or negotiate the terms of the sale of each series of Obligations to D.A. Davidson & Co., as underwriter, and sell that series to the underwriter.
- 3.3 Deem final and authorize the distribution of a preliminary official statement for each series of Obligations, authorize the preparation and distribution of a final official statement or other disclosure document for each series of Obligations, and enter into agreements to provide continuing disclosure for owners of each series of Obligations.
- 3.4 Apply for ratings for each series of Obligations, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
- 3.5 Take actions to call, defease and redeem the Outstanding Borrowings.
- 3.6 Engage the services of escrow agents or trustees and any other professionals whose services are desirable for the financing.
- 3.7 Determine the final principal amount, interest rates, payment dates, prepayment rights and all other terms of each Financing Agreement. Subject to the limitations of this resolution, each Financing Agreement may be in such form and contain such terms as the City Official may approve.
- 3.8 Negotiate, execute and deliver notes to evidence amounts due under the Financing Agreements.
- 3.9 Covenant for the benefit of the banks providing the Financing Agreements or the owners of Obligations to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for the interest paid under the Financing Agreements to be excluded from gross income for federal income tax purposes or issue the Financing Agreements as taxable borrowings.
- 3.10 Determine that interest on any Financing Agreement will be includable in gross income under the Code.

- 3.11 If the United States Congress authorizes federal interest rate subsidies, such as the subsidies that were authorized for "Build America Bonds," and those subsidies reduce the cost of any of the borrowings that would otherwise be completed under this resolution, issue any Financing Agreements under these provisions, apply for and receive federal interest rate subsidies and covenant to take any actions necessary to maintain those subsidies.
- 3.12 Designate each Financing Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code, if applicable.
- 3.13 Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to carry out this resolution.

4. Security.

Each Financing Agreement shall constitute an unconditional obligation of the City, which is payable from all legally available funds of the City. The City Official may pledge the City's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution.

5. Rate Covenant.

Although the Financing Agreements authorized under this resolution shall not be secured by the wastewater system revenues, the City shall hereby continue to maintain wastewater rates and charge fees in connection with the operation of the wastewater system that are adequate to generate Net Operating Revenues, as that term is defined in the DEQ Loan, in each fiscal year equal to 105% multiplied by the annual debt service payments due under each Financing Agreement, the City's Wastewater Revenue Bond No. 1 dated as of September 6, 2012, and future obligations secured by a lien on the Net Operating Revenues of the City's wastewater system..

6. Effective Date.

This resolution shall take effect on the date of its approval by the City Council.

Introduced and passed this 5th day of November, 2012.

CITY OF STAYTON

Signed 11/5, 2012

By 
A. Scott Vigil, Mayor

Signed 11/7, 2012

ATTEST: 
Don Eubank, City Administrator