

ORDINANCE NO. 738

AN ORDINANCE OF THE CITY OF STAYTON AUTHORIZING A LOAN FROM THE WATER FUND BY ENTERING INTO A LOAN CONTRACT WITH THE OREGON ECONOMIC DEVELOPMENT DEPARTMENT; REPEALING ORDINANCE NO. 737; AND DECLARING AN EMERGENCY.

The City Council (the Governing Body) of the City of Stayton (the Municipality) finds:

- A. The Municipality is a "municipality" within the meaning of Oregon Revised Statutes 285.755(3).
- B. Oregon Revised statutes 285.755 through 285.763 and 285.950 through 285.968 (the Act) authorizes any municipality to file an application with the Oregon Economic Development Department (the Department) to obtain financial assistance from the Water Fund.
- C. The Municipality has filed an application with the Department to obtain financial assistance for a "water project" within the meaning of the Act.
- D. The Department has approved the Municipality's application for financial assistance from the Water Fund pursuant to the Act.
- E. The Municipality is required, as a prerequisite to the receipt of financial assistance from the Department, to enter into a Financial Assistance Award Contract and a Loan Agreement with the Department in substantially the form attached hereto as Exhibits A and B.
- F. The project described in Exhibit A to the Loan Agreement (the Project) is a "water project" within the meaning of the Act which is needed by and is in the public interest of the Municipality.
- G. Notice relating to the Municipality's consideration of the adoption of this ordinance was published at least once in a newspaper of general circulation within the City of Stayton. Such notice was published at least 14 days in advance of the adoption of this ordinance.

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Municipality as follows:

1. **Loan Authorized:** The Governing Body authorizes the Mayor of the City of Stayton to execute the Financial Assistance Award Contract, Loan Agreement, the Promissory Note as attached as Exhibit F. to the Loan Agreement (the Financing Documents), and such other documents as may be required to obtain financial assistance, including a loan from the Department on the condition that the principal amount of the loan from the Department to the Municipality is not in excess of \$830,000 and the interest rate on such loan is not in excess of 6.5 percent. The proceeds of the loan from the Department shall be applied solely to the Costs of the Project as such term is defined in the Loan Agreement.

2. **Security:** Amounts payable by the Municipality shall be payable from the sources described in Section 3.09 of the Loan Agreement and Oregon Revised Statutes 285.956(2) which include:
 - a. any sources of funds that are legally available to the Municipality.
 - b. the revenues, if any, of the Project, including special assessment revenues, if any, and
 - c. The Municipality's general fund including the general revenues of the Municipality, other funds which may be available for such purpose, and the Municipality's taxing power with the restrictions of Article XI, Section 11 and 11B of the Constitution of the State of Oregon. The obligation of the Municipality to make payments pursuant to the Loan Agreement is a full faith and credit obligation of the Municipality that is not subject to annual appropriation.
3. **Additional Documents:** The Mayor is hereby authorized to enter into any agreements and to execute any documents or certificates which may be required to obtain financial assistance from the Department for the Project pursuant to the Financial Assistance Award Contract and the Loan Agreement.
4. **Tax-Exempt Status:** The Municipality covenants not to take any action of omit to take any action if the taking or mission would cause interest paid by the Municipality pursuant to the Loan Agreement not to qualify for the exclusion from gross income provided by Section 103(a) of the Internal Revenue Code of 1986, as amended. The Mayo of the Municipality may enter into covenants on behalf of the Municipality to protect the tax=exempt status of the interest paid by the Municipality pursuant to the Loan Agreement and may execute any Tax Certificate, Internal Revenue Services forms, or other documents as shall be required by the Department or their bond counsel to protect the tax-exempt status of such interest.
5. **Reimbursement Bonds:** The Municipality may reimburse expenditures for the Project with amounts received from the Department pursuant to the Financing Documents. Additionally, the Municipality understands that the Department may fund or reimburse itself for the funding of amounts paid to the Municipality pursuant to the Financing Documents with the proceeds of bonds issued by the State of Oregon pursuant to the Act. This ordinance shall constitute "official intent" within the meaning of section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury with respect to the funding or other reimbursement for the funding of the costs of the Project by the Municipality or the State with the proceeds of any bonds issued by the State of Oregon pursuant to the Act.
6. **Ordinance Repealed:** Stayton City Ordinance No. 737 is hereby repealed in its entirety.
7. **Declaration of Emergency:** The Governing Body declares that an emergency exists in order that there be no delay in financing the Project as provided in this ordinance. Therefore, this ordinance shall be in force and effect from and after passage by the Governing Body.

PASSED BY THE STAYTON CITY COUNCIL this 21st day of November, 1994.

Date: 21 Nov 1994 By: L. Lee Hazelwood
L. LEE HAZELWOOD, Council President

Date: 21 Nov 1994 Attest: Michael D. Healy
MICHAEL D. HEALY, Acting City Administrator

APPROVED AS TO FORM

Date: NOV 18 1994 David A. Rhoten
DAVID A. RHOTEN, City Attorney