

CITY OF BROOKINGS

RESOLUTION 13-R-1018

A RESOLUTION OF THE CITY OF BROOKINGS AUTHORIZING FULL FAITH AND CREDIT BORROWINGS TO REFINANCE AN OUTSTANDING WATER SYSTEM OBLIGATION OF THE CITY.

WHEREAS, the City of Brookings, 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 borrowed money from the Oregon Economic and Community Development Department (OECDD) to finance water system improvements, approximately \$4.4 million of that borrowing is currently outstanding, and current market conditions allow the City to reduce its debt service expense by refinancing that borrowing; and,

WHEREAS, the outstanding borrowing from OECDD (the “OECDD Borrowing”) is currently paid from water system revenues;

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

1. Authorization of Financing Agreements.

- 1.1 The City is hereby authorized to enter into one or more financing agreements pursuant to ORS 271.390 and ORS Chapter 287A to refinance all or any portion of the real property and personal property that was financed with the OECDD Borrowing. The net proceeds of the financing agreements that refinance this property shall not exceed the amount estimated to be required to pay the principal amount of the OECDD Borrowing, accrued interest through the date the OECDD Borrowing is paid, and costs of the refinancing.
- 1.2 The financing agreements authorized by this Section 1 are referred to in this Resolution as the “Financing Agreements.”
- 1.3 Designation of Note as “Qualified Tax Exempt Obligation.” - The City has determined and certifies that (a) the Note is not a “private activity bond” within the meaning of Section 141 of the Code; (b) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Note is issued will not exceed \$10,000,000; and (c) the amount of tax-exempt obligations, including the Note, designated by the City as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Note is issued does not exceed \$10,000,000. The City designates the Note as a “qualified tax-exempt obligation” for the purposes of Section 265(b)(3) of the Code.

2. Determination of Need.

The City hereby determines that the Improvements and the projects financed with the OECDD Borrowing are needed.

3. Delegation.

The City Manager and the Finance and Human Resources Director (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 an 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 any actions required to prepay or defease the OECDD Borrowing.
- 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 Secure any Financing Agreement with all or any portion of the revenues of the City's water system, and pledge those revenues to repay that Financing Agreement.
- 3.10 Covenant to collect water system revenues in amounts sufficient to pay any Financing Agreement that is secured by those revenues.
- 3.11 Covenant to limit the City's ability to issue future obligations that are secured by the City's water system revenues.
- 3.12 Agree to make deposits to debt service accounts for Financing Agreements up to thirteen months before the payments are required to be made to investors.
- 3.13 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.
- 3.14 Determine that interest on any Financing Agreement will be includable in gross income under the Code.
- 3.15 Designate each Financing Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code, if applicable.
- 3.16 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.

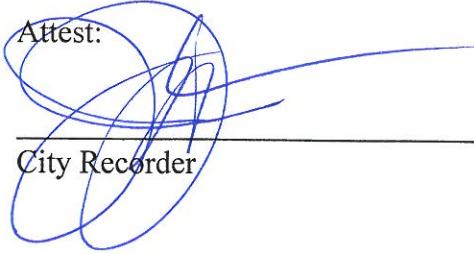
4. Security.

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. In addition, the City Official may secure the Financing Agreements with revenues of the City as provided in Section 3.

Passed by the City Council July 22, 2013 and made effective the same date.



Mayor

Attest:


City Recorder