

A RESOLUTION OF THE CITY OF)
 LEBANON, OREGON AUTHORIZING) RESOLUTION NO. 16
 AN INTERGOVERNMENTAL AGREEMENT) for 2004
 WITH THE CHEADLE LAKE URBAN RENEWAL)
 AGENCY OF THE CITY OF LEBANON)

WHEREAS, the City of Lebanon, Oregon (the "City") is a "unit of local government" as defined in Oregon Revised Statutes 190.003; and

WHEREAS, the City finds it desirable to enter into an intergovernmental agreement with the Urban Renewal Agency of the City of Lebanon, Oregon (the "Agency") whereby the City will loan to the Agency current and prior taxes of the Agency estimated to be received for fiscal year 2004-2005; and

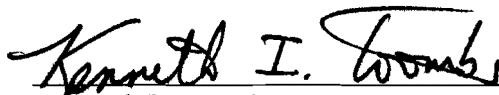
WHEREAS, the short term loan will be repaid during fiscal year 2004-2005 with an interest rate that is equal to that rate the City earns on investments, estimated to be two percent per annum.

NOW, THEREFORE, THE CITY OF LEBANON, OREGON RESOLVES:

Section 1. Approval of Intergovernmental Agreement. The intergovernmental agreement with the Agency dated as of the 9th day of June, 2004 whereby the City agrees to loan to the Agency current and prior taxes of the Agency estimated to be received for fiscal year 2004-2005. This short term loan will be repaid during fiscal year 2004-2005 with an interest rate that is equal to that rate the City earns on investments, estimated to be two percent per annum, and is approved in substantially the form attached hereto with such changes as are approved by the Mayor and the City Administrator.

Section 2. Execution of Intergovernmental Agreement. The City Administrator is authorized to execute the intergovernmental agreement on behalf of the City.

Passed by the Council of the City of Lebanon by a vote of 5 for and 0 against on this 9th day of June, 2004.


 Kenneth I. Toombs, Mayor [✓]
 Ron Miller, Jr., Council President []

Attest:


 John E. Hitt, City Recorder

INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT entered into as of the 9th day of June, 2004, by and between the CHEADLE LAKE URBAN RENEWAL AGENCY OF THE CITY OF LEBANON, OREGON (the "Agency"), a public body, corporate and politic, created as a separate agency by the City of Lebanon, Oregon and the CITY OF LEBANON, OREGON, a municipal corporation (the "City").

Each of the parties to this agreement is a "unit of local government" as defined in Oregon Revised Statutes 190.003. Each of the parties has the legal authority for the performance of any or all functions and activities set forth herein. This agreement specifies the functions and activities to be performed and by what means they shall be performed by each of the parties hereto and apportions among the parties the responsibility for providing funds to pay for expenses incurred in the performance of these functions and activities.

On August 30, 2000, the City established an urban renewal area within the boundaries of the City and known as the "Cheadle Lake Urban Renewal Area" (the "Area"). The City adopted the Cheadle Lake Urban Renewal Plan of redevelopment for the area (the "Plan"). Included as part of the Plan are proposed infrastructure improvements in the Area to conform to the Comprehensive Plans of the City and Linn County, Oregon and the Zoning Districts based on these Comprehensive Plans. The Agency is authorized by Oregon Revised Statutes, Chapter 457 to incur an indebtedness for the purpose of paying the expenses incurred in carrying out the Plan. The Agency receives, from the collection of certain tax levies upon all taxable properties within the boundaries of the Project, tax increment funds pledged to the payment of indebtedness incurred by the Agency by reason of the carrying out of the Plan.

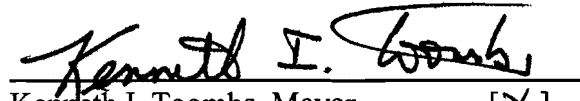
The Agency and the City do agree:

1. The City shall loan to the Agency current and prior taxes of the Agency estimated to be received in fiscal year 2004-2005 at a interest rate equal to that rate the City earns on investments, estimated to be two percent per annum.
2. The Agency shall pay to the City from the fiscal year 2004-2005 annual tax allocation collected by the Agency from the Area, the amount of the loan and interest up to \$72,000, to be paid after December 31, 2004.
3. The Agency and the City acknowledge that the obligation to make such payments from the tax increment funds of the Agency collected from the Area shall and does constitute an "indebtedness" incurred in carrying out the Plan and the Agency does pledge the tax allocations from that Area to pay such indebtedness under the provisions of Chapter 457, Oregon Revised Statutes.
4. The City and the Agency heretofore have found and determined, and do hereby reaffirm and readopt such findings and determinations, that the Project is of direct benefit to the Area.

5. In the event of any dispute or litigation concerning the terms and provisions of this intergovernmental agreement, the parties hereto agree that the prevailing party in any such dispute or litigation shall be entitled to recover from the other party the prevailing party's reasonable attorneys' fees and its reasonable costs and fees incurred in such dispute and litigation including its attorneys' fees and costs incurred in any appeal upon such dispute.

IN WITNESS WHEREOF, the Agency has caused this agreement to be executed by its duly authorized persons, and the City has caused this agreement to be executed by its designated officer, the day and year first above written.

CHEADLE LAKE URBAN RENEWAL AGENCY
OF THE CITY OF LEBANON



Kenneth I. Toombs, Mayor
Ron Miller, Jr., Council President

CITY OF LEBANON, OREGON



John E. Hitt, City Administrator