

A RESOLUTION OF THE LEBANON URBAN) **RESOLUTION NO. 28**
RENEWAL AGENCY AUTHORIZING AN)
INTERGOVERNMENTAL AGREEMENT;) **FOR 2009**
AUTHORIZING THE EXECUTION OF ASSISTANCE)
AGREEMENT AND ISSUANCE OF URBAN)
RENEWAL NOTE IN THE AMOUNT OF \$125,000;)
DESIGNATING AN AUTHORIZED)
REPRESENTATIVE; AND RELATED MATTERS.)

WHEREAS, the Urban Renewal Agency of the City of Lebanon, Oregon (the Agency) is authorized pursuant to Oregon Revised Statutes ("ORS") Chapter 457 to issue bonds and other obligations payable from the Tax Increment Revenues of the Cheadle Lake Urban Renewal Area; and

WHEREAS, Agency is specifically authorized pursuant to ORS Section 457.190 to borrow money and accept advances, loans, grants and any other form of financial assistance from a public body for the purposes of undertaking and carrying out urban renewal projects as set forth in the Cheadle Lake Urban Renewal Report and Cheadle Lake Urban Renewal Plan (collectively the "Plan"); and

WHEREAS, the City of Lebanon, Linn County, Oregon (the "City") is authorized pursuant to its Charter and the laws of the State of Oregon to finance projects set forth in the Plan and loan funds available for completing such projects; and

WHEREAS, the City is authorized pursuant to ORS Section 457.320 to exercise any of its powers to assist in the planning or the carrying out of an urban renewal plan; and

WHEREAS, it is in the bests interest of the Agency and the Agency adopts this resolution to (1) request that the City assist in the carrying out of the Plan by loaning funds to the Agency (the "Assistance"), (2) accept Assistance from the City under the terms set forth below to finance projects set forth in the Plan, (3) authorize the issuance of the Agency's Urban Renewal Note (the "Series 2009 Note") and execution of an Assistance Agreement, both evidencing the Agency's obligation to repay the Assistance, payable from and secured by the Security, and (4) appoint the Authorized Representative to make determinations and authorize and execute all documentation relating to such Assistance and Series 2009 Note.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE URBAN RENEWAL AGENCY OF THE CITY OF LEBANON, OREGON:

Section 1. Definitions

A. The following words and terms used in this Resolution shall have the meanings set forth below unless the context or use clearly indicates otherwise:

“Act” means ORS Chapter 457.

“Assistance” means the loan in the amount of \$125,000 to the Agency from the City pursuant to the Act to assist in the carrying out of the Plan.

“Assistance Agreement” means the agreement in substantially the form attached hereto as Exhibit A setting forth Assistance and Series 2009 Note agreements between the City and the Agency.

“Authorized Representative” means the Chair of the Urban Renewal Agency of the City of Lebanon, Oregon.

“Note Rate” means a rate of interest equal to the State of Oregon Short Term Fund average rate for each month, as reported from month to month by the Oregon State Treasurer.

“Project” means the Weirich Road alignment and commercial power to the sewer lift station in the Cheadle Lake area.

“Security” means (i) all ad valorem tax revenues from property within the Area which are attributable to the increase in assessed value of property within the Area pursuant to Section 1c, Article IX of the Oregon Constitution and ORS Chapter 457, all taxes levied in connection with the Plan pursuant to Article XI, Section 11(16) of the Oregon Constitution and Chapter 457, and all earnings thereon while the Tax Increment Revenues are held in the Tax Increment Fund, and (ii) the moneys and investments (including investment earnings thereon) on deposit in the Tax Increment Fund.

“Series 2009 Note” means the Urban Renewal Note issued by the Agency to the City and designated as Urban Renewal Note (Cheadle Lake Urban Renewal Area) Series 2009, in the principal amount equal to \$125,000, evidencing the Agency’s obligation to repay the Assistance and payable from and secured by the Security.

Section 2. Assistance, Note and Agreement

A. The Agency hereby requests that the City assist in the carrying out of the Project by loaning available funds to the Agency.

B. Pursuant to the Act, and to provide funds for the capital costs of the Project, the Agency hereby authorizes the acceptance of Assistance from the City under the terms set forth below, and authorizes and directs the issuance of Additional Bonds designated as Urban Renewal Note (Cheadle Lake Urban Renewal Area), Series 2009 (the “Series 2009 Note”).

C. The Series 2009 Note shall be executed and delivered to the City in exchange for the Assistance.

D. The Series 2009 Note shall bear interest at the Note Rate, calculated on an actual/360 day basis, and payable semiannually in arrears, with the first interest payment due December 1, 2009.

E. The outstanding principal balance of the Series 2009 Note plus accrued interest from the last interest payment date may be prepaid in whole or in part at any time, and shall be paid in full no later than August 12, 2014.

F. The proceeds of the Series 2009 Note shall be used to fund the Project and to pay the costs of issuance of the Series 2009 Note.

G. Principal and interest on the Series 2009 Note shall be payable solely from the Security.

H. The Series 2009 Note may be issued in such form and in such maturities, bearing interest at such rates, and with such captions or designations and subject to such redemption and to other terms and conditions as stated in this Section 2 for the Series 2009 Note.

I. The Agency hereby authorizes the execution of an Assistance Agreement setting forth terms of the Assistance and Series 2009 Note in substantially the form attached hereto as Exhibit A.

Section 3. Authorized Representative

The Agency authorizes the Authorized Representative to:

(i) establish the dated date and all other terms for the Series 2009 Note not provided for herein; and

(ii) enter into the Assistance Agreement and other agreements for sale of the Series 2009 Note, and execute and deliver such agreements; and

(iii) approve, execute and deliver the Series 2009 Note closing agreements, documents and certificates; and

(iv) enter into covenants regarding the use of the proceeds of the Series 2009 Note and the Project financed with the proceeds of the Series 2009 Note; and

(v) make representations and enter into covenants for the protection of the City as owner of the Series 2009 Note; and

(vi) execute and deliver a certificate specifying the action taken pursuant to this paragraph, and any other certificates, documents or agreements that the Authorized Representative determines are desirable to issue and deliver the Series 2009 Note in accordance with this Resolution; and

(vii) determine such other provisions as are deemed necessary and desirable for the sale and issuance of the Series 2009 Note.

Section 4. Defaults and Remedies


The Authorized Representative may establish the terms under which defaults may be declared under the Series 2009 Note, the Agreement and this Resolution, and the remedies available to the City.

Section 7. Additional Actions

A. Closing of the Sale and Delivery of the Series 2009 Note. The Authorized Representative is authorized to do any and all other things or acts necessary for the execution, sale and delivery of the Series 2009 Note as herein authorized. Such acts of the Authorized Representative are for and on behalf of the Agency and are hereby authorized by the Agency.

Approved by the Lebanon City Council by a vote of 6 for and 0 against on this 12th day of August, 2009.

CITY COUNCIL OF LEBANON, OREGON


Kenneth I. Toomb, Mayor
Bob Elliott, Council President

ATTEST:


Linda Kaser, City Clerk/Recorder

**EXHIBIT A
ASSISTANCE AGREEMENT**

This Agreement is made this 12th day of August 2009, by and between the CITY OF LEBANON, a municipal corporation of the State of Oregon (the “City”) and the URBAN RENEWAL AGENCY OF THE CITY OF LEBANON, Oregon, a public body created under ORS Chapter 457 (the “Agency”).

I. DEFINITIONS

For purposes of this Agreement, capitalized terms not defined in this Agreement have the meanings defined for those terms in the Agency Resolution (defined herein), and the following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

“Agency” means the Urban Renewal Agency of the City of Lebanon, Oregon.

“Agency Resolution” means Resolution No. ____, adopted August 12, 2009, requesting assistance from the City, and authorizing issuance of the Series 2009 Note and this Agreement.

“Agreement” means this Assistance Agreement.

“Area” means the Cheadle Lake Urban Renewal Area which is described in the Plan and Report, and all additions thereto.

“Assistance” means the loan from the City to the Agency to finance projects set forth in the Plan and evidenced by this Agreement.

“Authorized Representative of the Agency” means, each individually, the Chair or their designee.

“Authorized Representative of the City” means, each individually, the City Manager or their designee.

“Bond Year” means each period which begins on July 1 and ends the following June 30.

“City” means the city of Lebanon, Linn County, Oregon.

“City Resolution” means the City’s Resolution No. ____ adopted August 12, 2009 authorizing the Assistance and this Agreement.

“Event of Default” means a determination by the City that there has been (1) a failure to pay principal and interest on the Series 2009 Note when due, (2) a failure by the Agency to comply with any of its obligations under this Agreement, the Agency Resolution or the Series 2009 Note, which failure continues for a more than 60 days after the City has made written demand to cure, or (3) a material misrepresentation by the Agency in this Agreement or the Series 2009 Note.

“Government Obligations” means direct noncallable obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“Maturity Date” means August 12, 2014.

“Note Rate” means a rate of interest equal to the State of Oregon Short Term Fund average rate for each month, as reported from month to month by the Oregon State Treasurer.

“Plan” means the Cheadle Lake Urban Renewal Plan adopted by the Lebanon City Council on August 30, 2000, by Ordinance No. 2270.

“Permitted Investments” means any investments in which the Agency is authorized to invest surplus funds under the laws of the State of Oregon.

“Report” means the Cheadle Lake Urban Renewal Report adopted by the Lebanon City Council on August 30, 2000, by Ordinance No. 2270.

“Series 2009 Note” means the Agency’s Urban Renewal Note, Series 2009 evidencing the amount owed under this Agreement.

“Tax Increment Revenues” means all ad valorem tax revenues from property within the Area which are attributable to the increase in assessed value of property within the Area pursuant to Section 1c, Article IX of the Oregon Constitution and ORS Chapter 457, all taxes levied in connection with the Plan pursuant to Article XI, Section 11(16) of the Oregon Constitution and Chapter 457, and all earnings thereon while the Tax Increment Revenues are held in the Tax Increment Fund.

“Tax Maximum” means, for any Series of Bonds, the lesser of: the greatest amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on such Series; 125% of average amount of principal, interest and premium, if any, required to be paid on such Series during all Fiscal Years in which such Series will be Outstanding, calculated as of the date of issuance of such Series; or, ten percent of the proceeds of such Series, as “proceeds” is defined for purposes of Section 148(d) of the Code.

II. RECITALS

- A. Pursuant to Oregon Revised Statutes (“ORS”) Section 190.010, units of local government are authorized to enter into intergovernmental agreements with other units of local governments for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have the authority to perform.
- B. Each of the parties to this agreement is a “unit of local government” as defined in ORS Section 190.003. Each of the parties has the legal authority for the performance of any and all functions and activities set forth herein.

- C. The Agency, as the duly authorized and acting urban renewal agency of the City of Lebanon, Oregon is charged to undertake certain redevelopment activities in the redevelopment area pursuant to ORS Chapter 457 and the Plan and Report.
- D. Pursuant to ORS 457.320, the City is authorized to exercise any of its powers to assist in the planning or the carrying out of an urban renewal plan.
- E. Pursuant to its Charter and the laws of the State of Oregon the City has the power to finance projects set forth in the Plan and loan funds available for completing such projects in the Plan.
- F. The City has available, unobligated funds available to assist the Agency.
- G. Pursuant to ORS 457.190, the Agency is authorized to borrow money and accept advances, loans, grants and any other form of financial assistance from a public body for the purposes of undertaking and carrying out urban renewal projects.
- H. The Agency requests that the City loan funds to the Agency to assist with financing urban renewal projects as set forth in the Plan (the "Assistance").

III. AGREEMENT

NOW, THEREFORE, pursuant to the provisions of ORS Chapters 457 and 190, and in consideration of the benefits to accrue to the City, the Agency, the community and the citizens from the Assistance, and in consideration of the covenants set forth therein, the City and Agency agree:

- 1. City and Agency Obligations.
 - a. From monies available to finance the Projects, the City shall loan to the Agency an amount equal to \$125,000.
 - b. The Agency shall provide to the City its Urban Renewal Note, Series 2009, a specimen of which is attached hereto as Exhibit 1, in exchange for the loan described in paragraph 1. a., above.
 - c. The Series 2009 Note shall be issued in an original principal amount equal to \$125,000.
 - d. The Series 2009 Note shall bear interest at the Note Rate, calculated on an actual/360 day basis, and payable semiannually in arrears, with the first interest payment due December 1, 2009.
 - e. The outstanding principal balance of the Series 2009 Note plus accrued interest from the last interest payment date shall be paid no later than the Maturity Date.

- f. Payments by the Agency to the City shall be applied first, to pay accrued interest, and second, to reduce outstanding principal amount of the Series 2009 Note.
 - g. The Agency shall pay for costs of issuance of the Series 2009 Note.
2. Prepayment. The Assistance may be prepaid in whole or in party at any time without penalty.
3. Security and Agency Covenants.
- a. The Series 2009 Note shall not be a general obligation of the City, the Agency or Linn County, Oregon. Payments due under this Agreement and the Series 2009 Note shall be payable solely from (i) the Tax Increment Revenues and (ii) the moneys and investments (including investment earnings thereon) on deposit in the Tax Increment Fund.
 - b. The Agency hereby irrevocably pledges the Tax Increment Revenues, including all amounts deposited in the Tax Increment Fund to pay the Series 2009 Note and any parity Bonds. The lien on, and pledge of the Tax Increment Revenues to pay the Series 2009 Note and any parity Bonds shall be superior to all other claims against the Tax Increment Revenues. The provisions of this Agreement and the Agency Resolution shall constitute a contract with the City. Other than the Tax Anticipation Notes, Series 2009 in the principal amount of \$189,681 and the Series 2009 Note, the Agency has no other outstanding obligations which are payable from the Tax Increment Revenues.
 - c. Tax Increment Revenues shall be deposited into the Tax Increment Fund when they are received by the Agency, and shall be used to pay amounts due under the Bonds and this Agreement when due in accordance with the Agency Resolution. Each Bond Year before amounts in the Tax Increment Fund are used for any other purpose: the Agency shall deposit into the Debt Service Account an amount which is sufficient to pay all principal, interest and premium, if any, which is scheduled to be paid in that Bond Year. The Agency covenants that amounts in the Debt Service Account will be used to pay scheduled debt service on the Bonds.
 - d. The Agency covenants to cause the maximum amount of the Tax Increment Revenues to be collected each Fiscal Year.
 - e. So long as the Series 2009 Note is outstanding, the Agency covenants not to amend the boundaries of the Area to reduce the amount of land contained in the Area.
 - f. The Agency covenants and agrees that it will not incur any other form of indebtedness secured by a greater priority lien on the Tax Increment Revenues during the period any amounts are outstanding under this Agreement or the Series 2009

Note. The Agency may incur additional indebtedness secured by a lien on the Tax Increment Revenues subordinate to the lien of this Agreement and the Series 2009 Note.

4. Additional Bonds.

The Agency may not incur Additional Bonds so long as the Series 2009 Notes are outstanding.

5. Default.

- a. If an Event of Default occurs, the City may exercise any remedy available at law or in equity, however, the amounts due under the Series 2009 Note shall not be subject to acceleration. The City may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default.
- b. If at any time the City or the Agency becomes aware that it is not reasonably able to complete its obligations under this Agreement, it shall immediately inform the other party of this fact in writing, describing the difficulty in performance and proposing an amendment to this Agreement that would resolve the difficulty. The parties shall thereafter work together in good faith to agree to an amendment to this Agreement. An amendment to this Agreement may be approved only by action of the parties' respective governing bodies, and signed by their respective executive officers.

6. Closing. The City shall make the loan described in paragraph 1. a. above and the Agency shall deliver its Series 2009 Note to the City upon execution of this Agreement on the date hereof.

7. Notices. Notices to the City and Agency shall be addressed to their respective Authorized Representatives.

8. Authority.

- a. The City and Agency have each taken the actions necessary to authorize this Agreement and no challenge or appeal to such actions is pending.
- b. The parties signing below are authorized to execute this Agreement on behalf of their respective bodies.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

CITY OF LEBANON, LINN COUNTY, OREGON

By John G. Smith
City Manager

URBAN RENEWAL AGENCY OF THE CITY OF LEBANON,
OREGON

By Kenneth F. Toombs
Chair

EXHIBIT 1 – SPECIMEN NOTE

**UNITED STATES OF AMERICA
STATE OF OREGON**

**URBAN RENEWAL AGENCY OF THE CITY OF LEBANON
LINN COUNTY, OREGON
CHEADLE LAKE URBAN RENEWAL AREA
URBAN RENEWAL NOTE, SERIES 2009**

DATED: August 12, 2009

MATURITY DATE: August 12, 2014

The URBAN RENEWAL AGENCY OF THE CITY OF LEBANON, OREGON (the “Agency”), for value received acknowledges itself indebted and hereby promises to pay, but solely from the sources described herein, to the CITY OF LEBANON, LINN COUNTY, OREGON (the “City”), the principal amount of ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS (\$125,000) together with interest thereon from the date hereof at the rate of interest described herein, and in the Assistance Agreement between the Agency and the City which is dated August 12, 2009 (the “Agreement”). All principal and interest on this Note are due and payable as set forth in the Agreement.

The note interest rate will be the same as the monthly average annualized rate of the State of Oregon Short Term Fund (aka LGIP). The interest due shall be calculated and compounded monthly.

This Note is a special obligation of the Agency, payable solely from the Tax Increment Revenues of the Cheadle Lake Urban Renewal Area as provided in a Resolution of the Agency adopted August 12, 2009 (the “Agency Resolution”).

The provisions of the Agency Resolution and the Agreement are incorporated into this Note by reference.

THIS NOTE IS NOT A GENERAL OBLIGATION OF THE AGENCY AND IS PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN AND IN THE AGENCY RESOLUTION.

This Note is issued by the Agency for the purpose of paying the costs of redevelopment projects within the Cheadle Lake Urban Renewal Area in full and strict accordance and compliance with all the provisions of the Constitution and Statutes of the State of Oregon.

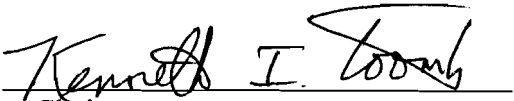
The Agency has pledged the Tax Increment Revenues of the Cheadle Lake Urban Renewal Area, as defined and described in the Agency Resolution, to pay this Note. The pledge of the Tax Increment Revenues to pay this Note is not subordinate to any other lien on, or pledge of, such Tax Increment Revenues.

This Note is subject to prepayment in whole or in part at any time without penalty.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Note has existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and the Statutes of the State of Oregon; and that the issue of which this Note is part, and all other obligations of the Agency, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Agency has caused this Note to be signed by its duly authorized representative, as of the date indicated above.

THE URBAN RENEWAL AGENCY OF
THE CITY OF LEBANON, OREGON


Chair