

**A RESOLUTION OF THE CITY OF LEBANON, LINN) RESOLUTION NO. 29
COUNTY, OREGON AUTHORIZING THE)
ASSISTANCE OF AN URBAN RENEWAL PLAN) FOR 2009
IN AN AMOUNT NOT TO EXCEED \$125,000)
AND EXECUTION OF ASSISTANCE)
AGREEMENT AND RELATED MATTERS)**

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 expend its funds to finance projects set forth in the Cheadle Lake Urban Renewal Report and Cheadle Lake Urban Renewal Plan (collectively the "Plan") and loan funds available for completing such projects in the Plan (the "Project").

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, the Urban Renewal Agency of the City of Lebanon, Oregon (the "Agency") has requested that the City assist in the carrying out of projects authorized in its Plan; and

WHEREAS, the Agency is authorized pursuant to Oregon Revised Statutes ("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; and

WHEREAS, the Agency will execute and deliver its Urban Renewal Note (Cheadle Lake Urban Renewal Area) Series 2009 to the City in exchange for the City's financial assistance pursuant to the Assistance Agreement substantially in the form attached hereto as Exhibit A;

WHEREAS, the City has conducted debt capacity analyses which demonstrate that the Agency's future Tax Increment Revenues can support the Assistance debt as contemplated herein; and

WHEREAS, the City has available, unobligated funds and it is advantageous for the City to assist in the carrying out of the Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEBANON, OREGON, THAT:

1. Designation of Authorized Representative. The City hereby authorizes the City Manager or any designee of the City Council (the "Authorized Representative") to act as the authorized representative on behalf of the City to make determinations and execute agreements and other documents in furtherance of the Assistance.

2. Urban Renewal Assistance and Agreement. The City authorizes available funds in the amount equal to \$125,000, be loaned to the Agency to assist with the Plan (the "Assistance").

a. The Assistance is for completing projects in the Plan, which are mutually beneficial to the City and Agency.

b. The Assistance shall be provided to the Agency in exchange for and in an amount equal to the Agency's Urban Renewal Note (Cheadle Lake Urban Renewal Area) Series 2009, the terms of which shall be as stated herein. Remaining terms shall be agreed to by the Authorized Representative.

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

d. 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 without penalty, and shall be paid in full no later than August 12, 2014.

e. 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.

f. The City authorizes the execution of the Assistance Agreement in substantially in the form attached hereto as Exhibit A.

g. The Authorized Representative is authorized to make determinations and execute documents in connection with the Assistance, including the Assistance Agreement in substantially the form attached hereto as Exhibit A, and other necessary or desirable agreements, certificates and documents.

3. Appointment of Special Counsel. The City appoints Mersereau Shannon LLP as special counsel to the City for the Assistance.

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 E. Galt
City Manager

URBAN RENEWAL AGENCY OF THE CITY OF LEBANON,
OREGON

By Kenneth I. 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