

AMENDING RESOLUTION 2013-17 AUTHORIZING)
 THE NEGOTIATED ISSUANCE AND NEGOTIATED) **AMENDED AND RESTATED**
 SALE OF FULL FAITH AND CREDIT AND) **RESOLUTION NO. 2013-29**
 REFUNDING OBLIGATIONS FOR THE PURPOSE)
 OF FINANCING CAPITAL IMPROVEMENTS AND)
 REFUNDING CERTAIN OUTSTANDING)
 OBLIGATIONS OF THE CITY; AUTHORIZING)
 INTERIM FINANCING; DESIGNATING AN)
 AUTHORIZED REPRESENTATIVE, UNDERWRITER)
 AND SPECIAL COUNSEL; AUTHORIZING)
 EXECUTION AND DELIVERY OF A FINANCING)
 AGREEMENT AN ESCROW AGREEMENT AND)
 INTERIM FINANCING AGREEMENT; AUTHORIZING)
 INTERGOVERNMENTAL AGREEMENT WITH THE)
 CITY OF LEBANON URBAN RENEWAL AGENCY;)
 AND RELATED MATTERS.)

WHEREAS, the City of Lebanon, Linn County, Oregon (the “**City**”), is authorized by its Charter and Oregon Revised Statutes (“**ORS**”) Section 271.390 to enter into financing agreements to finance real or personal property which the City determines is needed; and

WHEREAS, the City determined that certain improvements to the City’s water system, transportation system, and payments related to land associated with the Lowe’s distribution center are needed (the “**New Money Project**”); and

WHEREAS, the City desires to obtain up to \$12,100,000 of financing for the New Money Project; and

WHEREAS, on October 21, 2003 the City issued its Wastewater Revenue Refunding Bonds, Series 2003 (the “**Series 2003 Bonds**”) in the original principal amount of \$3,625,000, of which \$1,990,000 is currently outstanding. The Series 2003 Bonds maturing on and after June 1, 2014 are subject to redemption by lot, at the option of the City, in whole or in part on any date on and after June 1, 2013 at the price of par, plus accrued interest, if any, to the date of redemption; and

WHEREAS, on February 3, 2004 the City issued its Special Water Refunding Obligations, Series 2004 (the “**Series 2004 Obligations**”) in the original principal amount of \$2,910,000, of which \$1,910,000 is currently outstanding. The Series 2004 Obligations maturing on and after October 1, 2015 are subject to redemption by lot, at the option of the City, in whole or in part on any date on and after October 1, 2013 at the price of par, plus accrued interest, if any, to the date of redemption; and

WHEREAS, present value savings may be achieved by refunding all or a portion of the Series 2003 Bonds or the Series 2004 Obligations, or both; and

WHEREAS, the current refunding of the Series 2003 Bonds and the Series 2004 Obligations is collectively referred to herein as the “**Refunding Project**”. The New Money Project and the Refunding Project are collectively referred to herein as the “**Project**”; and

WHEREAS, it may be necessary to obtain interim financing for the New Money Project in order for the New Money Project to proceed uninterrupted until the permanent financing for the New Money Project can be issued; and

WHEREAS, on May 8, 2013 the Council of the City adopted Resolution No. 2013-17 authorizing financing for the New Money Project, the refunding of the Series 2003 Bonds and the Series 2004 Obligations, and interim financing for the New Money Project; and

WHEREAS, the City now wishes to amend and restate Resolution No. 2013-17 to amend the maximum amount of the interim financing.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

Section 1. Amended and Restated Resolution. Resolution No. 2013-17 is amended and restated to read as follows:

Section 2. Authorization. The City hereby authorizes:

A. Issuance and Sale of Obligations. The City authorizes the issuance and negotiated sale of Full Faith and Credit and Refunding Obligations, Series 2013 (the "**Obligations**") by the escrow agent (as defined below), for and on behalf of the City, to finance the Project, in one or more series which may be issued in an aggregate amount not to exceed (a) \$12,100,000 to pay the costs of the New Money Project and any amounts outstanding under the Interim Financing, as defined below, plus (b) an amount not greater than the amount necessary to refund all or a portion of the outstanding Series 2003 Bonds and the Series 2004 Obligations, and (c) pay costs of issuance of the Obligations. The Obligations shall be issued in denominations of \$5,000 each, or integral multiples thereof, as negotiable full faith and credit obligations of the City. The portion of the Obligations refunding the Series 2003 Bonds and the Series 2004 Obligations shall bear interest at a true effective rate that provides savings equal to or exceeding the present value savings required by Oregon Administrative Rule 170-062-0000(3). The Obligations may be issued as taxable and/or tax-exempt obligations and shall mature on a date set by the Authorized Representative, as defined below.

1. Financing Agreement. The City authorizes the execution and delivery of one or more financing agreements (the "**Financing Agreement**") between the City and the escrow agent (the "**Escrow Agent**") to finance the Project in a form satisfactory to the Authorized Representative, as defined below.

2. Escrow Agreement. The City authorizes the execution and delivery of one or more escrow agreements between the City and the Escrow Agent (the "**Escrow Agreement**"), in a form satisfactory to the Authorized Representative, as defined below, pursuant to which the Escrow Agent shall execute the Obligations representing the principal amount payable under the Financing Agreement, and evidencing the right of the Escrow Agent to receive the City's payments under the Financing Agreement (the "**Financing Payments**").

B. Authorization of Interim Financing. The City authorizes interim financing in the aggregate principal amount not to exceed \$10,500,000 (the “**Interim Financing**”), on a tax-exempt or taxable basis, whether through a non-revolving line of credit, short term loan or other instrument, to pay (a) a portion of the costs of the New Money Project until the Obligations can be issued and (b) the costs of issuance of the Interim Financing.

Section 3. Security.

A. New Money Project. The Financing Payments for the Obligations related to the New Money Project shall be payable from the general, non-restricted revenues of the City and other funds which may be available for that purpose, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The obligation of the City to make Financing Payments for the New Money Project shall be a full faith and credit obligation of the City, and is not subject to appropriation. The Owners of the Obligations related to the New Money Project shall not have a lien or security interest on the property financed with the proceeds of the Obligations related to the New Money Project. As determined by the Authorized Representative and as additional security for the Financing Payments related to the New Money Project, the City may pledge to the Owners of the Obligations related to the New Money Project rights to any Tax Increment Revenues or reserve funds pursuant to an intergovernmental agreement with the Lebanon Urban Renewal Agency (the “**Agency**”).

B. Refunding Project – Series 2003 Bonds. The Financing Payments for the Obligations related to the Series 2003 Bonds may be payable from (1) the security pledged to the repayment of the Series 2003 Bonds, (2) the general, non-restricted revenues of the City and other funds which may be available for that purpose, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon, which shall be a full faith and credit obligation of the City, and is not subject to appropriation, and (3) rights to any Tax Increment Revenues or reserve funds pursuant to an intergovernmental agreement with the Agency, provided the projects financed or refinanced with the Series 2003 Bonds were listed in an Urban Renewal Plan of the Agency at the time those projects were originally financed. The Owners of the Obligations related to the Series 2003 Bonds shall not have a lien or security interest on the property financed with the proceeds of the Obligations related to the Series 2003 Bonds. The Authorized Representative shall determine the security for the Obligations related to the Series 2003 Bonds within the parameters of this paragraph.

C. Refunding Project – Series 2004 Obligations. The Financing Payments for the Obligations related to the Series 2004 Obligations may be payable from (1) the security pledged to the repayment of the 2004 Obligations, (2) the general, non-restricted revenues of the City and other funds which may be available for that purpose, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon, which shall be a full faith and credit obligation of the City, and is not subject to appropriation, and (3) rights to any Tax Increment Revenues or reserve funds pursuant to an intergovernmental agreement with the Agency, provided the projects financed or refinanced with the Series 2004 Obligations were listed in an Urban Renewal Plan of the Agency at the time those projects were originally financed.

The Owners of the Obligations related to the Series 2004 Obligations shall not have a lien or security interest on the property financed with the proceeds of the Obligations related to the Series 2004 Obligations. The Authorized Representative shall determine the security for the Obligations related to the Series 2004 Obligations within the parameters of this paragraph.

D. Interim Financing. The proceeds of the Obligations are pledged to the owner of the Interim Financing for the payment of the principal and interest on the Interim Financing when due. In addition, the City pledges the general, non-restricted revenues of the City and other funds which may be available for that purpose, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The Interim Financing shall be a full faith and credit obligation of the City, and is not subject to appropriation. The owner of the Interim Financing shall not have a lien or security interest on the property financed with the proceeds of the Interim Financing.

Section 4. Designation of Authorized Representative.

The City hereby authorizes the City Manager or the Finance Director or any designee of the City Council (the "**Authorized Representative**") to act as the authorized representative on behalf of the City and determine the remaining terms of the Financing Agreement and the Interim Financing as delegated in Section 5 below.

Section 5. Delegation of Final Terms and Sale of Obligations, Interim Financing and Additional Documents.

The Authorized Representative is authorized, on behalf of the City, to:

A. determine whether the Obligations will be issued in one or more series and as taxable and/or tax-exempt obligations;

B. determine whether all, a portion of, or none of the Series 2003 Bonds and/or the Series 2004 Obligations shall be refunded and take whatever action is necessary to refund one or both if the Authorized Representative determines a refunding is in the best interest of the City;

C. negotiate the terms under which the Obligations shall be sold, to enter into a Purchase Agreement for sale of the Obligations, and to execute and deliver the Purchase Agreement;

D. establish the maturity and interest payment dates, dated date, principal amounts, optional, extraordinary and/or mandatory redemption provisions, interest rates, denominations, and all other terms under which the Obligations shall be issued, sold, executed, and delivered;

E. negotiate the terms of and approve the Financing Agreement and the Escrow Agreement as the Authorized Representative determines to be in the best interest of the City, and to execute and deliver the Financing Agreement and the Escrow Agreement;

F. determine whether the Obligations shall be Book-Entry certificates and to take such actions as are necessary to qualify the Obligations for the Book-Entry System of DTC, including the execution of a Blanket Issuer Letter of Representations;

G. seek to obtain a rating on the Obligations, if determined by the Authorized Representative to be in the best interest of the City;

H. determine whether to purchase municipal bond insurance or other credit enhancement for the Obligations, negotiate and enter into agreements with providers of credit providers, and expend proceeds to pay credit enhancement fees;

I. approve, execute and deliver a Tax Certificate;

J. approve, execute and deliver a continuing disclosure certificate pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, §240.15c2-12) for each series of Obligations;

K. deem final, approve of and authorize the distribution of the preliminary and final Official Statements to prospective purchasers of the Obligations;

L. engage the services of escrow agents or trustees and any other professionals whose services are desirable for the financing;

M. enter into an intergovernmental agreement with the Agency in which the Agency agrees to pay tax increment revenues to the City in amounts and at times that are sufficient to allow the City to pay all or a portion of the amounts due under the Financing Agreement and Obligations from those tax increment revenues (the "**Intergovernmental Agreement**");

N. pledge or otherwise commit the amounts the City receives under the Intergovernmental Agreement to pay amounts due under the Financing Agreement;

O. determine whether Interim Financing is in the best interest of the City;

P. negotiate and determine the form and terms of the Interim Financing, the provider of the Interim Financing and enter into a line of credit agreement, loan agreement or other form of agreement providing the Interim Financing; and

Q. execute and deliver a certificate specifying the action taken pursuant to this Resolution, and any other documents, agreements or certificates that the Authorized Representative determines are necessary and desirable to issue, sell and deliver the Obligations and obtain Interim Financing in accordance with this Resolution and take any other actions which the Authorized Representative determines are necessary or desirable to finance and refinance the Project with the Interim Financing, the Financing Agreement and the Obligations in accordance with this Resolution.

Section 6. Compliance with Internal Revenue Code.

In the event the Interim Financing is entered into and the Obligations are issued on a tax-exempt basis, the City hereby covenants for the benefit of the owners of the

Interim Financing and the Obligations to use the Interim Financing proceeds and the Obligation proceeds and the Project financed refinanced with Interim Financing and the Obligations in the manner required, and to otherwise comply with, all provisions of the Code. The City makes the following specific covenants with respect to the Code:

A. The City will not take any action or omit any action if it would cause the Interim Financing or Obligations issued on a tax-exempt basis to become arbitrage bonds under Section 148 of the Code.

B. The City shall operate the Project financed with the Interim Financing and the Obligations so that the Interim Financing and the Obligations issued on a tax-exempt basis do not become "private activity bonds" within the meaning of Section 141 of the Code.

C. The City shall comply with appropriate Code reporting requirements.

D. The City shall pay, when due, all rebates and penalties with respect to the Interim Financing and the Obligations issued on a tax-exempt basis which are required by Section 148(f) of the Code.

The covenants contained in this Section 6 and any covenants in the closing documents for the Interim Financing and the Financing Agreement shall constitute contracts with the owners of the Interim Financing and the Financing Agreement, respectively, and shall be enforceable by them. The Authorized Representative may enter into covenants on behalf of the City to protect the tax-exempt status of the Interim Financing and the Financing Agreement.

Section 7. Appointment of Special Counsel.

The City appoints Mersereau Shannon LLP as special counsel to the City for the issuance of the Interim Financing, the Financing Agreement and the Obligations.

Section 8. Appointment of Underwriter.

The City appoints KeyBanc Capital Markets Inc. as the underwriter for the issuance of the Obligations.

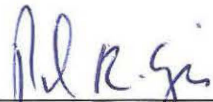
Section 9. Resolution to Constitute Contract.

In consideration of the provision of the Interim Financing by the lender and the purchase and acceptance of any or all of the Obligations by those who shall own the same from time to time (the "Owners"), the provisions of this Resolution shall be part of the contract of the City with the lender and the Owners and shall be deemed to be and shall constitute a contract between the City and the lender and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Obligations and the other covenants and agreements herein set forth to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the lender and the Owners, all of which shall be of equal rank without preference, priority or distinction of

any of such Obligations over any other thereof, except as expressly provided in or pursuant to this Resolution.

Section 10. Effective Date. Pursuant to ORS 221.310(3), this resolution shall become effective upon passage by the Council.

Passed by the Council of the City of Lebanon by a vote of 6 for and 0 against, this 12th day of June, 2013.



Paul R. Aziz, Mayor
Bob Elliot, Council President

ATTEST:



Linda Kaser, City Clerk