

**Lane Transit District
Resolution No. 2005 -037**

**A Resolution of the Board of the Lane Transit District Authorizing the
District to Undertake a Loan in an Amount Not to Exceed \$9,200,000 for the
Purpose of Providing Interim Financing for Certain Buses**

WHEREAS, the Lane Transit District (the "**District**") is in the process of acquiring approximately 25 buses to be used in its mass transit operations (the "**Replacement Buses**"); and

WHEREAS, the District has arranged long-term financing for the Replacement Buses, including various federal discretionary grants that the District expects to receive over a period of years as funds are appropriated by Congress to fund such grants (such federal grants together with such other sources of long-term financing being herein collectively called the "**Grants**"); and

WHEREAS, the District expects to purchase the Replacement Buses in 2006 and needs to make provision for securing interim financing of the Replacement Buses pending receipt of the Grants; and

WHEREAS, pursuant to ORS 271.390 (the "**Act**"), the District is authorized to enter into contracts for the purpose of financing or refinancing real or personal property that the Board determines is needed for District purposes, including property such as the Replacement Buses; and

WHEREAS, the District has incurred, or will incur in the future, preliminary expenditures relating to the acquisition of the Replacement Buses, all within the meaning of Treasury Regulations, Section 1.150-2, and will continue to incur from time to time additional costs of acquiring the Replacement Buses (such preliminary expenditures together with such other costs of the Replacement Buses incurred and paid prior to the closing of the financing authorized herein being herein collectively called the "**Pre-Issuance Expenditures**"), which Pre-Issuance Expenditures, in accordance with the budget for the Replacement Buses and the District's operating budget, will ultimately be financed on an interim basis out of the proceeds of the financing authorized herein; and

WHEREAS, pending the issuance of, and the availability of the proceeds derived from the financing authorized herein, the Pre-Issuance Expenditures have been and will be paid on an interim basis out of monies which, in accordance with the District budget and budgetary practices, are not and will not be available on a long-term basis to pay such costs (the "**Advances**"), with the expectation and intent that the District will be reimbursed for all such Advances out of the proceeds of the interim financing when the same closes;

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Subject to the limitations set forth herein, the Board hereby authorizes, empowers and directs the General Manager or the Acting General Manager of the District, as the case may be (the General Manager and any Acting General Manager being herein called the "**General Manager**"), and the District's Finance and Information Technology Director/Chief

the "**General Manager**"), and the District's Finance and Information Technology Director/Chief Financial Officer (the "**Finance Director**"), and each of them acting individually, to do the following for and on behalf of the District: (a) solicit proposals from banks and other financial institutions to provide interim financing for the Replacement Buses (the "**Financing**"); (b) select the interim Financing proposal that best meets the needs of the District, including the execution and delivery of a term sheet setting forth the same and the payment of any commitment or loan fee required to be paid in connection therewith; and (c) negotiate the terms and conditions of such Financing, including the terms and conditions to be included in the related note and financing agreement.

Section 2. The Board further authorizes the District to undertake the Financing pursuant to the Act in a principal amount not to exceed \$9,200,000, or in such lesser principal amount as shall be sufficient to provide the funds needed for the interim financing of the Replacement Buses. The principal amount of the Financing shall mature over a period not to exceed four (4) years and shall bear interest payable periodically in arrears at a rate to be established pursuant to negotiations with the Bank, which shall not exceed the rate of 6.0 percent *per annum*, except in the event of a default by the District, in which case the note may bear interest at a default rate established pursuant to the Financing documents. The District's obligation to repay the moneys loaned pursuant to the Financing shall be evidenced by a promissory note (the "**Note**"). The Note shall be issued in the form of a single fully registered Note. The Note shall be subject to prepayment in whole or in part at such times, under such conditions and at such price as shall be negotiated as authorized herein.

Section 3. Pursuant to and in accordance with the Act and other applicable laws of the State of Oregon, the obligation of the District to make the payments under the Note as provided in the Financing Agreement shall be an unconditional obligation of the District payable from all lawfully available revenues of the District, including without limitation: (a) revenues credited to the District's general fund; (b) any the payroll and self-employment taxes imposed by the Issuer pursuant to ORS 267.380 and 267.385, as amended; and (c) the Grants (the foregoing being herein collectively called the "**Security**"). The District is hereby authorized to pledge all or any part of the Security as security for the payment of the amounts owing under the Note. The District hereby covenants and agrees to budget and appropriate in each fiscal year, in accordance with applicable law, sums sufficient to pay when due all amounts owing under the Note. The foregoing security provisions shall be included in the Note.

Section 4. The Financing Director shall be the custodian of the moneys received by the District from the Financing. The Financing Director shall apply such moneys for the purposes for which the Financing has been hereby authorized (including, without limitation, the payment of all costs incurred in connection with undertaking the Financing, including fees and expenses of Bond Counsel to the District and any fees or expenses of the Financing required to be paid by the District, including but not limited to any loan or commitment fees). Pending such application, such moneys shall be held in such bank account as the Finance Director shall determined and invested in accordance with the laws of the State of Oregon and the District's investment policies.

Section 5. The General Manager and the Finance Director, and each of them acting individually, are each hereby authorized, empowered and directed, for and on behalf of the District, to enter into, execute and deliver any and all documents, instruments, or certificates as may be necessary or appropriate in order to accomplish the Financing, including but not limited to the Note and the related financing agreement, and to do and perform any and all other acts and things which may be required to obtain the Financing as contemplated by this Resolution.

Section 6. The Board of the District hereby declares its intent to finance all Pre-Issuance Expenditures out of the proceeds of the Financing as and when such proceeds become available to the District, and to reimburse itself out of the proceeds of the Financing for all Advances made for the purpose of paying on an interim basis all Pre-Issuance Expenditures. The District acknowledges that such reimbursement from Financing proceeds may be made only to the extent that all other applicable requirements of Treasury Regulations, Section 1.150-2, are met with respect to the Financing, the Pre-Issuance Costs, the sources of fund used to make the Advances and such reimbursement from Financing proceeds, but intends, and hereby directs all District officials and personnel, to take such lawful actions as may be necessary or appropriate in order to ensure that the Advances may be reimbursed from Financing proceeds to the fullest extent permitted by law. This Section 6 is intended to constitute an official declaration on the part of the District to reimburse itself out of the proceeds of the Financing for all Advances made to pay Pre-Issuance Expenditures, all within the meaning of and pursuant to Treasury Regulations, Section 1.150-2. Within 30 days after the date of adoption of this resolution, the Secretary of the Board shall make a certified copy hereof available for public inspection at the main administrative offices of the District, and shall keep such certified copy available for public inspection at said administrative offices until the Financing has been obtained.

Section 7. This Resolution shall take effect immediately upon its adoption by the Board.

Adopted by the Lane Transit District Board of Directors on the 21 day of December, 2005.

December 21 2005
Date

[Signature]
Board Secretary

Q:\Reference\Board Packet\2005\12\Regular Mtg\short term bus borrow resolution 12 05 draft.DOC