

City of Sherwood, Oregon

Resolution No. 95-625

A RESOLUTION AUTHORIZING THE CITY OF SHERWOOD TO FINANCE A PORTION OF THE COSTS OF ACQUIRING THE OLD SHERWOOD HOTEL.

WHEREAS, the City is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements with financial institutions to finance real property that the City Council determines is needed; and,

WHEREAS, the City Council hereby finds that it is desirable for the City to acquire the Old Sherwood Hotel (the "Project"), and that the Project is needed by the City; and,

WHEREAS, it is desirable to borrow a portion of the costs of the Project, and,

WHEREAS, Bank of America Oregon has submitted the most favorable proposal to loan money to the City to finance the Project;

NOW, THEREFORE, THE CITY RESOLVES AS FOLLOWS:

Section 1. Authorization of Agreement. The City Council hereby authorizes the City Manager or the designee of the City Manager, on behalf of the City and without further action by the City Council, to borrow money to finance the Project by negotiating the terms of, and enter into and delivering a financing agreement (the "Agreement") with Bank of America Oregon for the Project, subject to the following limitations:

- (1) The maximum principal amount of the loan to finance the Project shall not exceed \$500,000;
- (2) All amounts due under the Agreement shall be paid no later than eleven years after the Agreement is signed;
- (3) The interest rate under the Agreement shall not exceed seven percent (7.0%) per annum.

The terms and conditions of the Agreement shall be reported to the City Council after the Agreement is signed.

Section 2. Security. Amounts due under the Agreement shall be payable from any and all legally available funds of the City. The full faith and credit of the City are hereby pledged to pay amounts due under the Agreement. The City shall establish such reserve accounts as may be required to implement the Agreement.

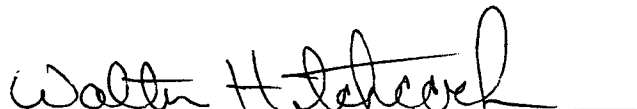
Section 3. Maintenance of Tax-Exempt Status. The City covenants not to take any action or omit any action if the taking or omission would cause interest paid pursuant to the Agreement to be includable in gross income for federal income tax purposes pursuant to Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code"). The City Manager may enter into further covenants on behalf of the City to protect the tax-exempt status of interest which is payable under the Agreement.

Section 4. Designation as Qualified Tax-Exempt Obligations. The City designates the Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code. The City reasonably expects to issue less than \$10,000,000 of tax-exempt obligations during the calendar year in which the loan will be made.

Section 5. Reimbursement of Costs. The City may incur expenditures with respect to the Project prior to the date of delivery of the Agreement. The City intends that such expenditures will be reimbursed in whole or in part with the proceeds received from the delivery of the Agreement to Bank of America Oregon. The expenditures to be reimbursed will not be in excess of \$500,000. The City intends that this section of this Resolution constitutes official intent within the meaning of Section 1.150-2 of the Income Tax Regulations published by the Internal Revenue Service.

Section 6. Other Action. The City Manager is hereby authorized to take any other action necessary to carry out this resolution and obtain financing for the Project.

Approved by the City Council this 19th day of December, 1995.



Walter Hitchcock, Mayor

Attest:



Jon Bernet, City Manager/Recorder