



Resolution No. 98-731

A RESOLUTION AUTHORIZING THE CITY TO FINANCE A PORTION OF THE COSTS OF COMPLETING THE CITY'S RECREATIONAL CENTER.

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

WHEREAS, the City Council hereby finds that it is desirable for the City to finance costs of completing the City's recreational center located at the corner of Sunset Blvd. and Highway 99W in the City of Sherwood (the "Recreational Center") which can not be paid from the proceeds of the City's General Obligation Bonds, 1996 Series A; and,

WHEREAS, the completion of the Recreational Center (the "Project") is needed by the City; and,

WHEREAS, The City's financial advisor has obtained proposals for financing the Project, and the Bank of America National Trust and Savings Association has submitted the most favorable terms to the City; and,

WHEREAS, the City has published notice at least fourteen days in advance and the City Council has held a public hearing on this date regarding the financing of the Project, which will be leased to the YMCA, as described in the notice and pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended; now therefore, it is hereby

RESOLVED AS FOLLOWS:

Section 1. Approval and Authorization of Agreement

After considering testimony at the public hearing held on this date pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, the City Council hereby approves the execution and delivery of a financing agreement for the project. 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 National Trust and Savings Association for the Project, subject to the following limitations:

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

The Agreement may provide that only interest is due for a period of no more than two and one half years, and that a balloon payment is due at maturity in a principal amount of no more than \$1,100,000. The final 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 may establish reserve accounts for the Agreement, covenant to make deposits to those reserve accounts, pledge its lease rentals from the recreational facility, and proceeds from the sale of the Recreational Facility, and the amounts borrowed under the Agreement to pay amounts due under the Agreement, and covenant not to encumber the recreational facility while amounts are due under the Agreement.

Section 2.1. Maintenance of Tax Exempt Status

The Recreational Facility, including the Project, will be leased to the YMCA, which is a non-profit corporation qualified under Section 501 (c)(3) of the Internal Revenue Code of 1986, as amended. The financing agreement will be a private activity bond and a "qualified 501 (c)(3) bond" under Section 145 of the Code. 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 included 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 3. 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 Agreement will be made will be made.

Section 4. Reimbursement of Costs

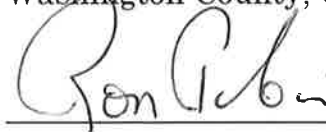
The City may incur expenditures with respect to the Project prior to the date of delivery of the Agreement. The City intends that such expenditure still be reimbursed in whole or in part with the proceeds received from the delivery of the Agreement to Bank of America National Trust and Savings Association..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

Section 5. Other Action

The City Manager may, on behalf of the City and without further action by the City Council, negotiate the terms of and execute and deliver a note evidencing amounts due under the Agreement, and execute and deliver any documents and take any other action which the City Manager determines is desirable to carry out this resolution and obtain financing for the project.

DATED this 10th day of March, 1998.

City of Sherwood
Washington County, Oregon



Ron Tobias, Mayor

Attest:



Jon Bormet, City Manager-Recorder