



**Resolution 2005-003**

**A RESOLUTION APPROVING AN AMENDMENT TO A FINANCING AGREEMENT FOR COSTS OF ACQUIRING AND DEMOLISHING A BUILDING IN OLD TOWN**

**WHEREAS**, the City of Sherwood (the "City") entered into a tax-exempt financing agreement with Bank of America under Oregon Revised Statutes Section 271.390 to finance the acquisition and demolition of the acquisition and demolition of the building at the corner of Railroad and Washington Streets in Sherwood (the "Project"); and,

**WHEREAS**, the Agency financed the acquisition of the land with SDC funds instead of proceeds of the financing agreement, and it is now desirable to finance costs of demolishing buildings and preparing the excess property for sale; and,

**WHEREAS**, the improvements to the excess land that will result from the demolition of buildings and preparing the excess land for sale are needed; and,

**WHEREAS**, Article XI, Section 9 of the Oregon Constitution requires the City's loan to be repaid when the Project is sold; and,

**WHEREAS**, Internal Revenue Service rules only permit those improvements to be financed with obligations that pay taxable interest.

**NOW, THEREFORE, THE CITY RESOLVES AS FOLLOWS:**

**Section 1.** Amended Financing Agreement Authorized. The City is hereby authorized to enter into an amendment to the Financing Agreement between the City and Bank of America that is dated as of January 28, 2004, in an aggregate principal amount of not more than \$350,000 (the "Financing Agreement"). The amendment will change the definition of the "Project" that can be financed, will increase the interest rate to a taxable rate, will pledge the sale proceeds of the Project to pay the loan, will adjust the prepayment date of the Financing Agreement, will require the Financing Agreement to be prepaid when the Project is sold, and will make conforming changes to the Financing Agreement. The City Manager or the City Finance Director (collectively the "City Official") are hereby authorized, on behalf of the City and without further action by the City Council, to:

- (1) Execute an amendment to the Financing Agreement that accomplishes the purposes described in the preceding paragraph.

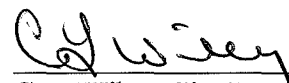
- (2) Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to carry out this resolution.

**Section 2.** This Resolution shall be effective upon its approval and adoption.

**Duly passed by the City Council this 25th day of January, 2005.**

  
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Keith S. Mays, Mayor

ATTEST:

  
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C.L. Wiley, City Recorder