



RESOLUTION 2010-029

A RESOLUTION APPROVING ONE OR MORE FINANCING AGREEMENTS TO REFINANCE COSTS OF URBAN RENEWAL PROJECTS

WHEREAS, the City of Sherwood (the “City”) is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance or refinance real or personal property which the City Council determines is needed; and,

WHEREAS, The City is authorized by Oregon Revised Statutes 190.010 and 190.020 to enter into inter-governmental agreements with other public agencies for the performance of the functions and activities the City is authorized by law to perform; and

WHEREAS, the City Council hereby determines that urban renewal projects related to the Sherwood Urban Renewal Area (the “Urban Renewal Projects”) are needed and adopts this resolution to refund amounts outstanding under the Sherwood Urban Renewal Agency’s (the “Agency”) 2008 Non Revolving Credit Facility that financed Urban Renewal Projects; and,

WHEREAS, the costs of refinancing the Urban Renewal Projects are expected to be paid by the City’s urban renewal agency from tax increment revenues; and,

WHEREAS, the City is willing to commit its full faith and credit to secure its borrowings for the Urban Renewal Projects; now, therefore, it is hereby

RESOLVED AS FOLLOWS BY THE CITY OF SHERWOOD CITY COUNCIL:

Section 1. Financing Agreement Authorized.

The City is hereby authorized to negotiate, execute and deliver one or more financing agreements, loan agreements, lines of credit, credit facilities or loans in an aggregate principal amount of not more than \$7,065,000 and to enter into one or more notes to evidence the amounts due under the financing agreements (collectively, the “Financing Agreements”). Proceeds of the Financing Agreements shall be used to refund outstanding amounts under the Agency’s 2008 Non Revolving Credit Facility and to pay costs associated with the Financing Agreements. The City Administrator, City Finance Director or person designated by the city council to act on behalf of the city under this resolution (each of whom is referred to as a “City Official” in this resolution) are hereby authorized, on behalf of the City, for each Financing Agreement, and without further action by the City Council, to:

- (1) Determine the final principal amount, interest rates, prepayment rights and all other terms of the Financing Agreements.
- (2) Select a commercial bank with which to negotiate, execute and deliver the Financing Agreements. Subject to the limitations of this resolution, the Financing Agreements may be in such form and contain such terms as the City Official may approve.

- (3) Covenant for the benefit of the lender to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for the interest paid under the Financing Agreements to be excluded from gross income for federal income tax purposes.
- (4) Designate the borrowings as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, if applicable.
- (5) Issue the Financing Agreements as taxable "Build America Bonds" or other types of obligations that were authorized by the American Recovery and Reinvestment Tax Act of 2009 and are eligible for federal interest subsidies or tax credits.
- (6) Enter into additional covenants for the benefit of the purchasers of the Financing Agreements which the City Official determines are desirable to sell the Financing Agreements on favorable terms.
- (7) Enter into an intergovernmental agreement with the Urban Renewal Agency of the City of Sherwood in substantially the form attached as Exhibit A that obligates the agency to pay to the City the amounts the City will be required to pay under the Financing Agreements.
- (8) 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. Security.

The Financing Agreements shall constitute unconditional obligations of the City, which shall be payable from all legally available funds of the City. The City Official may pledge the City's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, and any and all of the City's legally available funds, to make the payments due under the Financing Agreements.

Section 3. Effective Date. This resolution is effective immediately upon its passage.

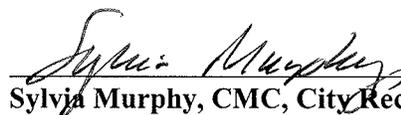
DATED this 15th day of June, 2010.

City of Sherwood, Oregon



Keith S. Mays, Mayor

Attest:



Sylvia Murphy, CMC, City Recorder

**Exhibit A to Resolution 2010-029
Form of Intergovernmental Agreement**

**Intergovernmental Agreement
to Make Loan Payments**

by and between the

Urban Renewal Agency of the City of Sherwood, Oregon

and the

City of Sherwood, Oregon

Dated as of July 7, 2010

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**Intergovernmental Agreement
to Make Loan Payments**

This Intergovernmental Agreement to Make Loan Payments is dated as of July 7, 2010, and is entered into by and between the Urban Renewal Agency of the City of Sherwood, Oregon, (the “Agency”) and the City of Sherwood, Oregon (the “City”). The parties hereby agree as follows:

Section 1. Definitions and Recitals.

(1) Definitions.

Unless the context clearly requires otherwise, capitalized terms used in this Intergovernmental Agreement which are defined in this Section 1(1) shall have the following meanings:

“Bank” means Bank of America, N.A., its successors and its assigns.

“Financing Agreement” means the Financing Agreement and related note between the City and the Bank in the principal amount of \$7,065,000 related to the Project, which is dated as of July 7, 2010.

“Loan Payments” means the principal and interest payments the City is required to make to the Bank under the Financing Agreement.

“Parity Obligations” means to the intergovernmental agreement between the City and the Agency which is dated May 21, 2003, and secures a loan of \$2,435,000, the intergovernmental agreement between the City and Agency which is dated January 28, 2004, and amended on February 1, 2005, and secures a loan of \$350,000, the intergovernmental agreement between the City and the Agency which is dated June 5, 2005, and secures a loan of \$830,000, and the intergovernmental agreement between the City and the Agency which is dated July 21, 2006, and secures a loan of \$1,800,000.

“Project” means collectively, the purchase of the Cannery property (\$3,065,000), a loan to the city of Sherwood Water Fund to increase capacity for urban renewal area growth (\$3,000,000), and the purchase of a machine works building to eliminate blighted conditions (\$1,000,000), all financed originally with the Agency’s 2008 Non-Revolving Credit Facility.

“Senior Lien Obligations” means Agency’s commitment to the City to pay the following City loans from the State of Oregon Economic and Community Development Department: a loan in the original principal amount of \$5,845,708 that was entered into in 2003, and a loan in the original principal amount of \$6,400,000 that was entered into in 2007.

(2) “Tax Increment Revenues” means all revenues which the Agency collects under the provisions of Article IX, Section 1c of the Oregon Constitution and ORS Chapter 457. Recitals.

(A) The City has entered into the Financing Agreement to refinance costs of the Project.

(B) The Project is properly described as an urban renewal project in the Agency's urban renewal plan.

(C) The Agency is authorized to spend Tax Increment Revenues to pay for the costs of the Project.

(D) The Project will assist the Agency in carrying out its urban renewal plan.

Section 2. The Loan Payments.

(1) The Loan Payments.

The Agency hereby agrees to pay to the City not less than one business day prior to the dates on which the City is required to pay the Loan Payments to the Bank amounts that are equal to the Loan Payments in a maximum principal amount of \$7,065,000. The amounts and dates of the Loan Payments are shown in Exhibit A.

(2) Security for the Obligation of the Agency to Pay the Loan Payments.

The Agency hereby pledges its Tax Increment Revenues to pay the amounts described in Section 2.1 of this Intergovernmental Agreement, and this Intergovernmental Agreement shall constitute an indebtedness of the Agency. The pledge of the Tax Increment Revenues shall be superior to all other pledges or commitments of Tax Increment Revenues that the Agency makes, unless the City agrees in writing to subordinate its claim against the Tax Increment Revenues. That pledge is subordinate to the pledge relating to the Senior Lien Obligations, and on parity with the pledge of the Agency related to the Parity Obligations.

Section 3. Tax Covenant

The Agency covenants to comply with the applicable provisions of the Internal Revenue Code of 1986, as amended, (the "Code") so that interest on the Financing Agreement is excludable from gross income under the Code. All covenants of the Agency relating to the excludability of interest that are contained in the closing documents for the Financing Agreement are hereby incorporated by reference.

Section 4. Miscellaneous

(1) Binding Effect.

This Intergovernmental Agreement shall inure to the benefit of and shall be binding upon the Agency and the City and their respective successors and assigns.

(2) Severability.

In the event any provisions of this Intergovernmental Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

(3) Amendments.

This Intergovernmental Agreement may be amended only by a writing signed by both parties.

(4) Execution in Counterparts.

This Intergovernmental Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

(5) Applicable Law.

This Intergovernmental Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Intergovernmental Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Washington County, Oregon.

(6) Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Intergovernmental Agreement.

(7) Headings.

The headings, titles and table of contents in this Intergovernmental Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Intergovernmental Agreement.

IN WITNESS WHEREOF, the Agency and the City have executed this Intergovernmental Agreement as of the date indicated above.

**For the Urban Renewal District of the City of
Sherwood Oregon**

James Patterson Date
Urban Renewal District Administrator

Craig L. Gibons Date
Finance Director

For the City of Sherwood Oregon

James Patterson Date
City Administrator

Craig L. Gibons Date
Finance Director

EXHIBIT A

LOAN PAYMENT SCHEDULE

Interest, calculated on a 30/360 day basis, is payable semi-annually on _____ and _____, commencing _____, 2010.

<u>Date</u> (_____)	<u>Principal</u> <u>Payment (\$)</u>	<u>Interest Rate (%)</u>
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