



URA Resolution 2006-004

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON APPROVING INDEBTEDNESS OF THE AGENCY IN THE FORM OF AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF SHERWOOD RELATING TO OLD TOWN STREETS

WHEREAS, the Urban Renewal Agency of the City of Sherwood (the "Agency") is authorized by ORS Chapter 457 to incur indebtedness to carry out its urban renewal plan, and by ORS Chapter 190 to enter into intergovernmental agreements; and,

WHEREAS, the Agency's urban renewal plan lists Old Town streets (the "Project") as an urban renewal project; and,

WHEREAS, the City of Sherwood is proposing to borrow money to pay for a portion of the cost of the Project; and,

WHEREAS the Agency's tax increment revenues are estimated to be sufficient to pay the debt service on the City's loan for the Project, and to pay other obligations of the Agency that are payable from the tax increment revenues; and,

WHEREAS, the Agency is willing to pay tax increment revenues to the City in amounts the City requires to pay its loan payments, and,

WHEREAS, the City of Sherwood has approved a maximum indebtedness for the urban renewal area of \$35,347,600. The Agency has previously issued \$10,430,708 of long and short term indebtedness which are subject to the maximum indebtedness limitation, and there is no other indebtedness outstanding for the Agency to which the maximum indebtedness limitation applies. As a result the Agency has \$24,916,892 of capacity (excluding refinancings) to incur indebtedness.

NOW, THEREFORE, THE URBAN RENEWAL AGENCY BOARD OF DIRECTORS RESOLVES AS FOLLOWS:

Section 1. Intergovernmental Agreement Authorized. The Agency is hereby authorized to enter into an intergovernmental agreement that obligates the Agency to pay to the City debt service on a loan for a portion of the cost of

the Project. The principal amount the Agency is obligated to pay shall not exceed \$6,400,000. The intergovernmental agreement shall be in substantially the form attached to this Resolution as Exhibit A, but with such changes as the City Manager or the City Finance Director may approve.

Section 2. Security. The intergovernmental agreement shall constitute an indebtedness of the Agency, and shall be secured by a pledge of the Agency's tax increment revenues as provided in the intergovernmental agreement.

Duly passed by the Urban Renewal Agency Board of Directors this 15th day of August, 2006.



Keith S. Mays, Board Chair

ATTEST:



Sylvia Murphy, District Recorder

**FORM OF
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 _____, 2006

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**INTERGOVERNMENTAL AGREEMENT
TO MAKE LOAN PAYMENTS**

This Intergovernmental Agreement to Make Loan Payments is dated as of _____, 2006, 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:

1. Definitions and Recitals

1.1 Definitions.

Unless the context clearly requires otherwise, capitalized terms used in this Loan Agreement which are defined in this Section 1.1 shall have the following meanings:

"Agreement" means the Agreement between the City and the Department in the principal amount of \$6,400,000 which is dated as of _____, 2005 and relates to the Project.

"Department" means the Oregon Economic and Community Development Department.

"Loan Payments" means the principal and interest payments the City is required to make to the Department under the Agreement.

"Project" means the portion of the costs of Old Town streets that are financed under the Agreement.

"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.

1.2 Recitals.

- A. The City has entered into the Agreement to finance the Project.**
- B. The Project components are properly described as projects 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 construction of the Project will assist the Agency in carrying out its urban renewal plan.**

2. The Loan Payments

2.1 The Loan Payments

The Agency hereby agrees to pay amounts equal to the Loan Payments 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 Department. The amounts and dates of the Loan Payments are shown in Exhibit A.

2.2 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 that 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 on a parity with the pledge relating to a loan of \$5,845,708 from the State of Oregon Economic and Community Development Department (the "State Loan"), with the pledge of the Agency in an intergovernmental agreement between the City and the Agency which is dated May 21, 2003 and secures a loan of \$2,435,000 (the "First Intergovernmental Agreement"), and with the pledge of the Agency in an 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 "Second Intergovernmental Agreement").

Pursuant to Section 3.4(B) of the Financing Agreements related to the First Intergovernmental Agreement and Section 3.4(B) of the Financing Agreement related to the Second Intergovernmental Agreement the Agency has received a written consent from the Bank of America, N.A. to pledge the Tax Increment Revenues on a parity with the pledge that secures the First Intergovernmental Agreement and the pledge that secures the Second Intergovernmental Agreement.

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 Agreement is excludable from gross income under the Code. All covenants of the Agency or City relating to the excludability of interest that are contained in the closing documents for the Agreement are hereby incorporated by reference.

4. Miscellaneous

4.1 Binding Effect.

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

4.2 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.

4.3 Amendments.

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

4.4 Execution in Counterparts.

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

4.5 Applicable Law.

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

4.6 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 Loan Agreement.

4.7 Headings.

The headings, titles and table of contents in this Loan Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Loan Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Loan Agreement.

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

Urban Renewal Agency of the City of
Sherwood,

Authorized Officer

City of Sherwood, Oregon

Authorized Officer

EXHIBIT A

LOAN PAYMENT SCHEDULE

The following is the debt service schedule for the City of Sherwood, Financing Agreement with the Department, dated _____. Interest, at a rate of _____, is payable annually on _____, commencing _____.

Borrower: City of Sherwood			
Oregon Bond Bank Loan			
Loan #			
Loan Amount: \$6,400,000			
Payment Number	Payment Date	Principal Payment	Outstanding Principal Balance
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
Maturity Date			