

URA Resolution 2006-005

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF SHERWOOD, OREGON APPROVING INDEBTEDNESS OF THE AGENCY IN THE FORM OF ONE OR MORE INTERGOVERNMENTAL AGREEMENTS WITH THE CITY OF SHERWOOD RELATING TO STREET IMPROVEMENTS WITHIN THE DISTRICT

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 includes a railroad crossing and related street improvements within the Agency's urban renewal area (the "Project") as urban renewal projects; and,

WHEREAS, the City of Sherwood is proposing to borrow \$1,800,000 to pay for costs of the Project and the financing; and,

WHEREAS, the Agency is willing to pay tax increment revenues to the City in amounts the City requires to pay the City's borrowing for the Project;

NOW, THEREFORE, THE CITY RESOLVES AS FOLLOWS:

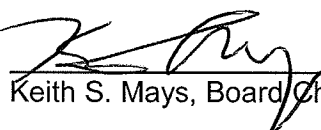
Section 1. Intergovernmental Agreement Authorized.

The Agency is hereby authorized to enter into one or more intergovernmental agreements that obligate the Agency to pay to the City debt service on a loan for costs of the Project in an aggregate principal amount not to exceed \$1,800,000 (collectively, the "Intergovernmental Agreements"). The Intergovernmental Agreements 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.

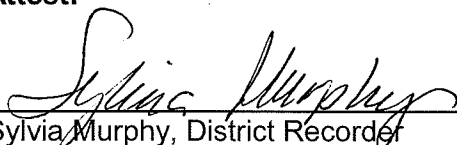
The Intergovernmental Agreements shall constitute an indebtedness of the Agency, and shall be secured by a pledge of the Agency's tax increment revenues as provided in the Intergovernmental Agreements.

Duly adopted by the Urban Renewal Agency Board of Directors this 18th day of July 2006.



Keith S. Mays, Board Chair

Attest:



Sylvia Murphy, District Recorder

Exhibit A to Resolution 2006- 005
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 18, 2006

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Intergovernmental Agreement
to Make Loan Payments

This Intergovernmental Agreement to Make Loan Payments is dated as of July __, 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:

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 \$1,800,000 related to the Project, which is dated as of July __, 2006.

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

"Project" means the a railroad crossing and related street improvements in the urban renewal area.

"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.

(2) Recitals.

(A) The City has entered into the Financing Agreement to finance 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 \$1,800,000. 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 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"), 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"), and with the pledge of the Agency in an intergovernmental agreement between the City and the Agency which is dated June 5, 2005 and secures a loan of \$830,000 (the "Third Intergovernmental Agreement").

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.

**Urban Renewal Agency of the City of Sherwood,
Oregon**

City Manager

City of Sherwood, Oregon

City Finance Director

EXHIBIT A

LOAN PAYMENT SCHEDULE

Interest, calculated on a 30/360 day basis, is payable semi-annually on _____ and _____, commencing _____, 2006.

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