



URA RESOLUTION 2010-004

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 REFINANCING PROJECTS WITHIN THE URBAN RENEWAL AREA

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, by ORS Chapter 190 to enter into intergovernmental agreements, and by ORS Chapter 287A to refund outstanding borrowings; and,

WHEREAS, on July 8, 2008 the Agency entered into a Non-Revolving Credit Facility in the amount of \$7,065,000 to finance 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) (collectively, the “Projects”); and,

WHEREAS, the Projects are listed as urban renewal projects in the Agency’s urban renewal plan; and,

WHEREAS, the City of Sherwood is proposing to borrow \$7,065,000 to refund the \$7,065,000 outstanding under the Agency’s 2008 Non-Revolving Credit Facility; and,

WHEREAS, the Agency intends to use tax increment revenues to pay the City in such amounts as necessary to service and repay the City’s borrowing for the refunding; and

WHEREAS, the urban renewal plan establishes a maximum indebtedness limit for that Urban Renewal Area of \$35,347,600. The Agency has previously incurred only the following indebtedness for the area: the “Parity Obligations” as defined in the attached Intergovernmental Agreement, in an aggregate principal amount of \$5,415,000, the “Senior Lien Obligations” as defined in the attached Intergovernmental Agreement in an aggregate principal amount of \$12,245,708, the 2008 Non-Revolving Credit Facility, in an aggregate principal amount of \$7,065,000 and direct expenditures of Tax Increment Revenues in an amount of not more than \$1,500,000. Because the proposed refunding does not count towards the maximum indebtedness limits, after the refunding the Area is left with at least \$9,121,892 of remaining indebtedness that may be issued for the Area; now, therefore, it is hereby

RESOLVED AS FOLLOWS BY THE URBAN RENEWAL AGENCY BOARD:

Section 1. Intergovernmental Agreement Authorized.

The Urban Renewal 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 refunding the Projects, in an aggregate principal amount not to exceed \$7,065,000 (collectively, the "Intergovernmental Agreements"). The Intergovernmental Agreements shall be in substantially the form attached to this Resolution as Exhibit A. The Intergovernmental Agreements shall be executed by the Urban Renewal District Administrator on behalf of the Urban Renewal Agency.

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.

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

DATED this 15th day of June, 2010.

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



Keith S. Mays, Board Chair

Attest:



Sylvia Murphy, CMC, District Recorder

**Exhibit A to URA Resolution 2010-004
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. Gibbons 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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