



## URA RESOLUTION 2010-009

### **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 THE CANNERY PROJECT**

**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 the Cannery Project (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,

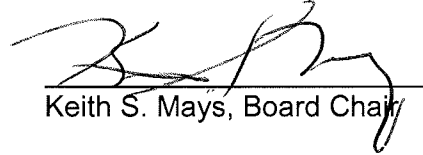
**WHEREAS**, the urban renewal plan establishes a maximum indebtedness limit for that Urban Renewal Area of \$35,347,600. The Agency has previously incurred only the following indebtedness for the area: the "Parity Obligations" as defined in the attached Intergovernmental Agreement, in an aggregate principal amount of \$5,415,000, the "Senior Lien Obligations" as defined in the attached Intergovernmental Agreement in an aggregate principal amount of \$19,310,708, and direct expenditures of Tax Increment Revenues in an amount of not more than \$1,500,000. The Area is left with at least \$9,121,892 of remaining indebtedness that may be issued for the Area;

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

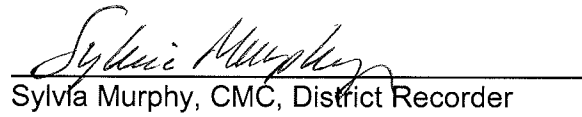
**Section 1. Intergovernmental Agreement Authorized.** The Agency is hereby authorized to enter into an intergovernmental agreement that obligates the Agency to pay to the City debt service on a loan for a portion of the cost of the Project. The principal amount the Agency is obligated to pay shall not exceed \$8,500,000. 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 17<sup>th</sup> day of August, 2010.**

  
Keith S. Mays, Board Chair

ATTEST:

  
Sylvia Murphy, CMC, District Recorder

**Exhibit A to URA Resolution 2010-009  
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 August 17, 2010

**Intergovernmental Agreement  
to Make Loan Payments**

This Intergovernmental Agreement to Make Loan Payments is dated as of August 17, 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:

“IFA” means the State of Oregon Infrastructure Finance Authority, its successors and its assigns.

“Credit Facilities” means the Credit Facilities between the City and the IFA in the aggregate principal amount of \$8,500,000 related to the Project, which are dated as of August 17, 2010.

“Loan Payments” means the principal and interest payments the City is required to make to the IFA under the Credit Facilities.

“Parity Obligations” means 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 the financed portion of the Cannery project including street and infrastructure, plaza, and machine works building redevelopment.

“Senior Lien Obligations” means Agency’s commitment to the City to pay two City loans from the State of Oregon Economic and Community Development Department (a loan in the original principal amount of \$5,845,708 entered into in 2003 and a loan in the original principal amount of \$6,400,000 entered into in 2007) and the intergovernmental agreement between the City and the Agency which is dated July 7, 2010 and secures a loan of \$7,065,000 from Bank of America

“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 Credit Facilities 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 IFA amounts that are equal to the Loan Payments in a maximum principal amount of \$8,500,000. The estimated amounts and dates of the Loan Payments are shown in Schedule 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 obligation 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 remaining, 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**

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James A. Patterson  
Urban Renewal District Administrator

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Craig L. Gibons  
Finance Director

**For the City of Sherwood Oregon**

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James A. Patterson  
City Manager

**SCHEDULE A**

**LOAN PAYMENT SCHEDULE (EXAMPLE)**

The following is the debt service schedule for the City of Sherwood, Financing Agreement with the Department, dated September 1, 2010. Interest, at a rate of 5%, is payable annually on December 1st commencing December 1, 2013

Note: Estimated Debt Service based on level Principal and Interest for 20 years at 5% annually. In this example, payments would start 12/1/2013 and have a final maturity date of 12/1/2032.

<b>Borrower: City of Sherwood</b>			
<b>Oregon Bond Bank Loan</b>			
<b>Loan # TBD</b>			
<b>Loan Amount: \$8,500,000</b>			
<b>Payment Number</b>	<b>Payment Date</b>	<b>Principal Payment</b>	<b>Outstanding Principal Balance</b>
1	December 1, 2013	257,062	8,242,938
2	December 1, 2014	269,915	7,973,023
3	December 1, 2015	283,411	7,689,612
4	December 1, 2016	297,581	7,392,031
5	December 1, 2017	312,460	7,079,570
6	December 1, 2018	328,083	6,751,487
7	December 1, 2019	344,488	6,406,999
8	December 1, 2020	361,712	6,045,287
9	December 1, 2021	379,798	5,665,489
10	December 1, 2022	398,788	5,266,702
11	December 1, 2023	418,727	4,847,975
12	December 1, 2024	439,663	4,408,312
13	December 1, 2025	461,646	3,946,665
14	December 1, 2026	484,729	3,461,937
15	December 1, 2027	508,965	2,952,971
16	December 1, 2028	534,413	2,418,558
17	December 1, 2029	561,134	1,857,424
18	December 1, 2030	589,191	1,268,233
19	December 1, 2031	618,650	649,583
Maturity date	December 1, 2032	649,583	(0)