

RESOLUTION NO. 329

A RESOLUTION AUTHORIZING A LOAN FROM THE OREGON ECONOMIC DEVELOPMENT WATER FUND BY ENTERING INTO A LOAN CONTRACT WITH THE OREGON ECONOMIC DEVELOPMENT DEPARTMENT (OEDD).

WHEREAS, the City Council of Aurora finds:

- A. The Municipality is a "Municipality" within the meaning of Oregon Revised Statutes (ORS) 285B.560(3).
- B. Oregon Revised Statutes 285B.560 through 285B.599 (the "Act") authorizes any municipality to file an application with the Oregon Economic Development Department ("the Department") to obtain financial assistance from the Water Fund.
- C. The Department has approved the Municipality's application for financial assistance from the Water Fund pursuant to the Act.
- E. The Municipality is required, as a prerequisite to the receipt of financial assistance from the Department, to enter into a Financial Assistance Award Contract and a Loan Agreement with the Department in substantially the form attached hereto as Exhibits "A" and "B".
- F. The project described in Exhibit "A" to the Loan Agreement (the "Project") is a "water project" within the meaning of the Act which is needed by and is in the public interest of the Municipality.
- G. Notice relating to the Municipality's consideration of the adoption of this (Ordinance/Resolution) was published at least once in a newspaper of general circulation within the City of Aurora. Such notice was published at least 14 days in advance of the adoption of this resolution.

NOW THEREFORE BE IT RESOLVED by the Governing Body of the Municipality as follows:

- 1. Loan Authorized. The Governing Body authorizes the City Recorder to execute the Financial Assistance Award Contract, Loan Agreement, the Promissory Note attached as Exhibit "F" to the Loan Agreement (the "Financing Documents") and such other documents as may be required to obtain financial assistance including a loan from the Department on the condition that the principal amount of the loan from the Department to the Municipality is not in excess of \$1,576,300 and the interest rate on such loan is not in excess an estimated 5.50 percent. The proceeds of the loan from the

Department shall be applied solely to the "Costs of the Project" as such term is defined in the Loan Agreement.

2. Security. The full faith and credit of the Municipality are pledged to the punctual payment of amounts due pursuant to the Loan Agreement. The Municipality shall levy annually, as provided by law, direct ad valorem tax upon all of the taxable property within the Municipality, without limit as to rate or amount in sufficient amount, after taking consideration discounts taken and delinquencies that may occur in the payment of such taxes and other monies available for the pay of debt service on the Promissory Note, to pay the principal of and interest on the Promissory Note promptly when due, and the Municipality covenants to levy such a tax annually during each year that the Promissory Note remains outstanding.

3. Additional Documents. The City Recorder/Treasurer is hereby authorized to enter into any agreements and to execute any documents or certificates which may be required to obtain financial assistance from the Department for the Project pursuant to the Financial Assistance Award Contract and the Loan Agreement.

4. Tax Exempt Status. The Municipality covenants not to take any action or omit to take any action if the taking or omission would cause interest paid by the Municipality pursuant to the Loan Agreement not to qualify for the exclusion from gross income provided by Section 103 (A) of the Internal Revenue Code of 196, as amended. The City Recorder/Treasurer of the Municipality may enter into covenants on behalf of the Municipality to protect the tax-exempt status of the interest paid by the Municipality pursuant to the Loan Agreement and may execute any Tax Certificate, Internal Revenue Service forms or other documents as shall be required by the Department or their bond counsel to protect the tax-exempt status of such interest.

5. Reimbursement Bonds. The Municipality may reimburse expenditures for the Project with amounts received from the Department pursuant to the Financing Documents. Additionally, the Municipality understands that the Department may fund or reimburse itself for the funding of amounts paid to the Municipality pursuant to the Financing Documents with the proceeds of bonds issued by the State of Oregon pursuant to the Act. This Resolution shall constitute "official intent" within the meaning of Section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury with respect to the funding or the reimbursement for the funding of the costs of the Project by the municipality or the State with the proceeds of the Municipality's loan pursuant to the Financing Documents and with the proceeds of any bonds issued by the State of Oregon pursuant to the Act.

6. Declaration of Emergency. The Governing Body declares that an emergency exists in order that there be no delay in financing the Project as provided in this Resolution. Therefore, this Resolution shall be in force and effect from and after passage by the Governing Body.

and therefore does designate the City Recorder as the official representative of the City in all negotiations resulting from this request.

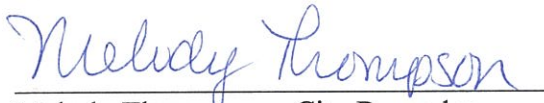
6. That attached hereto and made a part hereof, a city map on which is indicated the street, streets, road or roads described in this resolution.

ADOPTED at a special scheduled meeting of the Aurora City Council on June 23, 1998.



Loretta Scott - Mayor

ATTEST:



Melody Thompson - City Recorder