

## RESOLUTION NO. UR13-01

---

**A RESOLUTION OF THE OREGON CITY URBAN RENEWAL COMMISSION AUTHORIZING THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF ITS URBAN RENEWAL REVENUE BONDS, SERIES 2013, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$3,500,000 TO REFINANCE THE COMMISSION'S AMENDED AND RESTATED URBAN RENEWAL REVENUE BOND ANTICIPATION NOTE, SERIES 2010 EVIDENCING OBLIGATIONS UNDER A NON-REVOLVING LINE OF CREDIT PROVIDED BY U.S. BANK NATIONAL ASSOCIATION AND PREVIOUSLY DRAWN ON BY THE COMMISSION TO PROVIDE FINANCING FOR PROJECTS WITHIN THE OREGON CITY DOWNTOWN URBAN RENEWAL AREA; DESIGNATING U.S. BANK NATIONAL ASSOCIATION AS THE PURCHASER OF THE SERIES 2013 URBAN RENEWAL REVENUE BONDS; AUTHORIZING THE NEGOTIATION, EXECUTION AND DELIVERY OF A SUPPLEMENTAL BOND DECLARATION, A BOND PURCHASE AGREEMENT, THE SERIES 2013 URBAN RENEWAL REVENUE BONDS AND RELATED DOCUMENTS; DESIGNATING AN AUTHORIZED REPRESENTATIVE AND DELEGATING AUTHORITY; APPOINTING BOND COUNSEL; AND RELATED MATTERS.**

**WHEREAS**, the Oregon City Urban Renewal Commission (the "Agency") of the City of Oregon City, Oregon (the "City") is authorized pursuant to Oregon Revised Statutes ("ORS") Chapter 457 to conduct proceedings and to issue tax increment indebtedness for the purpose of financing urban renewal projects authorized under its Plan (defined below) and located within the Urban Renewal Area (defined below); and

**WHEREAS**, the City adopted the Downtown/North End Urban Renewal Plan (the "Original Plan") for the Downtown Urban Renewal Area (the "Urban Renewal Area") on December 19, 1990, and subsequent amendments thereto; and

**WHEREAS**, on October 3, 2007, the City enacted Ordinance No. 07-1014, which went into effect on November 2, 2007, approving the Tenth Amendment to the Urban Renewal Plan (the "Tenth Amendment") for the Urban Renewal Area (the Original Plan as previously amended and as further amended by the Tenth Amendment, the "Plan"); and

**WHEREAS**, the Plan establishes a maximum indebtedness of One Hundred Thirty Million One Hundred Thousand Dollars (\$130,100,000) to carry out the goals and objectives of the Plan and, as of the date of this Resolution, the Agency has incurred \$16,711,532 of such indebtedness, of which \$14,016,221 remains outstanding; and

**WHEREAS**, ORS 457.440(8) provides that the Agency may incur indebtedness, including obtaining loans and advances in carrying out the Plan, and the portion of taxes received under ORS 457.440, or funds from other sources may be irrevocably pledged for the payment of principal of and interest on such indebtedness; and

**WHEREAS**, the Agency executed and delivered its Master Urban Renewal Tax Increment Revenue Bond Declaration, dated as of July 1, 2008 (the "Master Bond Declaration") and issued its Downtown Urban Renewal Revenue Bonds, Series 2008A (Tax-Exempt) (the "Series 2008A Bonds") pursuant to the terms of the Master Bond Declaration; and

**WHEREAS**, the Agency has undertaken certain additional projects authorized by the Plan and within the Urban Renewal Area and has financed such projects (the "Projects"), on a taxable or tax-exempt basis, with the proceeds of draws made by the Agency under a non-revolving line of credit provided to the Agency by U.S. Bank National Association (the "Bank"), in an aggregate principal amount not to exceed \$10,000,000 (the "2009 Credit Facility"), with the payment obligations of the Agency with respect to the 2009 Credit Facility evidenced by an Amended and Restated Urban Renewal Revenue Bond Anticipation Note, Series 2010 (the "2010 Note") in favor of the Bank; and

**WHEREAS**, the 2009 Credit Facility and the 2010 Note mature on February 1, 2013; and

**WHEREAS**, the Bank has provided a proposal to the Agency pursuant to which the Bank will refinance the 2009 Credit Facility and the 2010 Note through the issuance by the Agency of its Urban Renewal Revenue Bonds, Series 2013, which Bonds will be issued in two separate series, one on a tax-exempt basis and the other on a federally taxable basis (the "Series 2013 Tax-Exempt Bond" and the "Series 2013 Taxable Bond," respectively, and together, the "Series 2013 Bonds"), with fixed interest rates and a term of ten (10) years, as described in the Bank's proposal to the Agency dated October 5, 2012 and provided to the Agency in connection with its consideration of this Resolution; and

**WHEREAS**, the Series 2013 Bonds will be issued as Parity Obligations (as defined below) under the Master Bond Declaration and the Supplemental Bond Declaration (as defined below), which will establish the terms and conditions of the Series 2013 Bonds; and

**WHEREAS**, the Series 2013 Bonds represent bonded indebtedness issued to refund the 2009 Credit Facility and the obligations evidenced by the 2010 Note, which Credit Facility and Note constitute a line of credit executed prior to the December 5, 2012 effective date of the Measure 3-407 amendments to the City Charter. As a result, under the City Charter, as amended by Measure 3-407, the Series 2013 Bonds may be issued without the approval of the voters of the City; and

**WHEREAS**, the Agency authorizes each of the Chair of the Agency, the City Manager and the Finance Director of the City, each acting singly, or their designee as authorized representatives (each an "Authorized Representative"), to execute and deliver all agreements, certificates and closing documents, including a Supplemental Bond Declaration (as defined below) establishing the terms and conditions relating to the Series 2013 Bonds, which shall be issued as Parity Obligations (as defined below) under the Master Bond Declaration and secured by and payable from the Tax Increment Revenues (as defined below) under the Master Bond Declaration.

**NOW, THEREFORE, BE IT RESOLVED BY THE OREGON CITY URBAN RENEWAL COMMISSION**, as follows:

Section 1. Definitions. In addition to those items defined in the recitals above, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Resolution:

"Bank" means U.S. Bank National Association as the provider of the 2009 Credit Facility and the purchaser of the Series 2013 Bonds.

"Code" means the Internal Revenue Code of 1986, as amended, and any applicable Treasury Regulations promulgated thereunder.

"Fiscal Year" means the period beginning July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by the ORS.

"Parity Obligations" has the meaning given in the Master Bond Declaration.

"Supplemental Bond Declaration" means the Second Supplemental Master Urban Renewal Tax Increment Revenue Bond Declaration authorized herein and to be executed and delivered by the Authorized Representative in connection with the Bond Purchase Agreement and the issuance of the Series 2013 Bonds by the Agency.

"Tax Increment Fund" has the meaning given in the Master Bond Declaration.

"Tax Increment Revenues" has the meaning given in the Master Bond Declaration.

Section 2. Authorization of the Bond Purchase Agreement and Issuance of the Series 2013 Bonds. The Agency hereby authorizes the Supplemental Bond Declaration and the Bond Purchase Agreement and the issuance, sale, execution and delivery of the Series 2013 Bonds, and such related documents and instruments as may be necessary and appropriate in connection therewith. The Series 2013 Bonds shall be issued in an aggregate principal amount not to exceed Three Million Five Hundred Thousand Dollars (\$3,500,000). The rates of interest applicable to the Series 2013 Bonds shall be as described in the Bank's proposal, but shall not in any event exceed 3.10% for the 2013 Tax-Exempt Bond and 5.00% for the 2013 Taxable Bond. The remaining terms of the Series 2013 Bonds and the various other documents relating to the issuance, sale, execution and delivery of the Series 2013 Bonds shall be established as provided by Section 7 below.

Section 3. Security. The payment of principal of and interest on the Series 2013 Bonds shall be secured by and payable from the Tax Increment Revenues (including amounts held in the Tax Increment Fund, and earnings thereon) as Parity Obligations under the Master Bond Declaration and Supplemental Bond Declaration. The Series 2013 Bonds shall be secured and payable on a parity basis with the prior lien of the Series 2008A Bonds and any other Parity Obligations as more fully provided in the Master Bond Declaration. The Bank will not have a lien on or security interest in the Projects financed with the proceeds of the 2009 Credit Facility.

Section 4. Prepayment. The Series 2013 Bonds shall be subject to prepayment as provided in the Supplemental Bond Declaration and the Bond Purchase Agreement.

Section 5. Tax-Exempt Status and Covenant. The Agency covenants to use the Projects financed with tax-exempt proceeds of the 2009 Credit Facility and refinanced with the Series 2013 Tax-Exempt Bond (the "Tax-Exempt Projects"), and to otherwise comply with the provisions of the Code, so that the interest paid on the Series 2013 Tax-Exempt Bond will not be includable in gross income for federal income tax purposes. The Agency specifically covenants to:

- (i) Comply with "arbitrage" provisions of Section 148 of the Code, and to pay any required rebates;

(ii) Operate the Tax-Exempt Projects or to cause the Tax-Exempt Projects to be operated so that the Series 2013 Tax-Exempt Bond is not a "private activity bond" under Section 141 of the Code; and

(iii) Comply with all reporting requirements under the Code.

Section 6. Collection of Tax Increment Revenues. The Agency agrees to certify for collection each fiscal year an amount of Tax Increment Revenues equal to the full amount of the divide the taxes revenues available to the Agency.

Section 7. Delegation for Establishment of Terms of the Series 2013 Bonds. The Authorized Representative is hereby authorized and directed, on behalf of the Agency without further approval to:

(a) Establish principal and interest payment dates, final maturity dates, principal amounts, optional prepayment provisions, if any, fixed interest rates, premiums and discounts, if any, origination fees, reserve requirements, if any, priority of payment of all obligations issued under the Supplemental Bond Declaration and all other terms for the Series 2013 Bonds, provided the aggregate principal amount of the Series 2013 Bonds shall not exceed \$3,500,000 and the interest rates shall not exceed the maximum rate limits set forth in Section 2 above;

(b) Negotiate the terms of and execute and deliver the Supplemental Bond Declaration that establishes the terms, covenants and provisions for the Series 2013 Bonds secured by Tax Increment Revenues under the Master Bond Declaration and Supplemental Bond Declaration as Parity Obligations;

(c) Negotiate the terms of and execute and deliver the Series 2013 Bonds, and the Bond Purchase Agreement with the Bank;

(d) Pledge the Tax Increment Revenues to the repayment of the Series 2013 Bonds and any other obligations with respect to the Series 2013 Bonds on a parity basis to the Series 2008A Bonds and any other Parity Obligations;

(e) Make any covenants necessary or desirable to obtain favorable financing terms with respect to the Series 2013 Bonds and agreements to provide required financial reporting information;

(f) Enter into covenants regarding the use of the Tax-Exempt Projects and to maintain the tax-exempt status of interest on the Series 2013 Tax-Exempt Bonds;

(g) Under Section 265(b) of the Code, designate all or any portion of the Series 2013 Tax-Exempt Bonds as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code, if determined by the Authorized Representative to be in the best interest of the Agency and to the extent permitted under the Code; and

(h) Execute and deliver a certificate specifying the action taken pursuant to this Section 8, and any other certificates, documents or agreements that the Authorized Representative determines are desirable to execute and deliver the Series 2013 Bonds in accordance with this Resolution.

Section 8. Appointment of Bond Counsel. The Agency hereby appoints Orrick, Herrington & Sutcliffe LLP as bond counsel in connection with the issuance of the Series 2013 Bonds.

Section 9. Selection and Approval of Bank. U.S. Bank National Association is hereby selected and approved as the financial institution that will purchase the Series 2013 Bonds.

Section 10. Resolution to Constitute Contract. In consideration of the purchase of the Series 2013 Bonds, the provisions of this Resolution shall be part of the contract of the Agency with the Bank and shall be deemed to be and shall constitute a contract between the Agency and the Bank. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the issuance of the Series 2013 Bonds, including without limitation the Agency's covenants and pledges contained in Section 3 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the Agency shall be contracts for the equal benefit, protection and security of the Bank, all of which shall be of equal rank without preference, priority or distinction of any of such obligations over any other thereof, except as expressly provided in or pursuant to this Resolution.

Section 11. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption by the Agency.

***[Remainder of Page Intentionally Left Blank]***

DATED AND EFFECTIVE this 16<sup>th</sup> day of January 2013.

---

Chair of the Urban Renewal Commission

Attested to this 16th day of January 2013:

Approved as to legal sufficiency:

---

Nancy Ide, City Recorder

---

City Attorney