

RESOLUTION NO. 1654

A RESOLUTION AUTHORIZING INTERIM FINANCING FOR THE CITY'S WATER TREATMENT PLANT IN THE AMOUNT OF \$7,000,000.

WHEREAS, the City is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance costs of real or personal property and to pledge all or any portion of its legally available funds to pay the amounts due under those financing agreements; and,

WHEREAS, the City Charter authorizes the City to use the Willamette River as a drinking water source for its citizens if the question of so using Willamette River water as a drinking water source has been approved by the voters (the "Voter Approval Requirement"); and,

WHEREAS, the City's voters approved a ballot measure authorizing the issuance of \$25 million of revenue bonds to finance a Willamette River water treatment plant (the "Project") to treat and use the Willamette River for a long-term water supply; and,

WHEREAS, the City determined that this ballot measure satisfied the Voter Approval Requirement; and,

WHEREAS, litigation has been filed against the city claiming that the Voter Approval Requirement has not been satisfied; and,

WHEREAS, the City Attorney has advised the City Council that the City has satisfied the Voter Approval Requirement and that the City should prevail in the litigation or in any appeal thereof; and,

WHEREAS, the cost of the Willamette River treatment plant will increase substantially if construction is not started this summer, increasing the cost of water service to all ratepayers; and,

WHEREAS, the City Council does not wish to allow the cost of water service to its citizens and ratepayers to be increased by litigation which the City Council does not believe will succeed; and,

WHEREAS, it is in the best interests of the City and the ratepayers of the City's water system to authorize the City to obtain interim financing for a portion of the costs of beginning the Project, including costs of design, engineering, and initial construction in a principal amount of not more than \$7,000,000 pursuant to ORS 271.390; so that this Project may be started this summer;

NOW THEREFORE, THE CITY OF WILSONVILLE HEREBY RESOLVES AS FOLLOWS:

1. Authorization and Delegation. The City Manager, the Finance Director or the person designated by the City Manager to act on behalf of the City pursuant to this resolution (the "City Official") are hereby authorized, on behalf of the City and without further action by the City Council, to:
 - (a) Negotiate with, execute and deliver to Bank of America, N.A. (the "Bank") a financing agreement, which may be in the form of a line of credit, a credit facility or a loan agreement (the "Financing Agreement"). The Financing Agreement shall permit the City to make draws as amounts are required for the Project, but not to exceed the principal amount of the financing agreement. The principal amount of the Financing Agreement shall not exceed Seven Million Dollars (\$7,000,000.00). The Financing Agreement shall permit the City to pay all amounts due under the Financing Agreement no later than February 1, 2002, or the date on which the City expects to issue long term financing for the Project. However, because an initiative petition may appear on the November, 2000, ballot which could preclude the City from refinancing the Financing Agreement with its previously authorized revenue bonds, the Financing Agreement may mature over a period of up to twenty years. Until February 1, 2002,

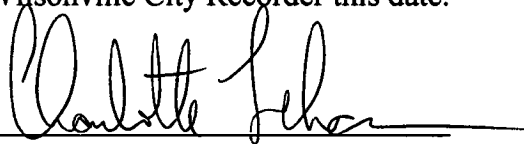
the principal amount due under the Financing Agreement shall bear interest at a rate which adjusts every one, three or six months (as selected by the City) and does not exceed the United States Treasury constant maturity index rate for the adjustment period. After February 1, 2002, the principal due under the Financing Agreement shall bear interest at a fixed rate which does not exceed the prime rate of the Bank on February 1, 2002. The Financing Agreement may require the City to make substantially equal annual payments of principal and interest which are sufficient to pay all amounts due under the Financing Agreement over the remaining term of the Financing Agreement; these payments shall be in amounts which the City Official reasonably projects may be paid from water system revenues. The obligation of the City to make loan payments under the Financing Agreement shall be unconditional, and the City Official may pledge the City's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution. In addition, the City shall pledge the proceeds of its previously authorized revenue bonds and of any other long term financing for the project, and the revenues from the City's water system, to make the payments due under the Financing Agreement. Subject to the limitations of this Resolution, the Financing Agreement may be in such form and contain such terms as the City Official may approve.

- (b) Enter into a rate covenant pursuant to ORS 288.594(2) which obligates the City, beginning on February 1, 2002 and continuing until all amounts due under the Financing Agreement are paid, to impose water rates and charges sufficient to pay all operating expenses of the City's water system, plus the principal and interest due on the financing agreement.
- (c) Covenant for the benefit of the owners of the Obligations to comply with all provisions of the Internal Revenue Code of 1986, as amended, which are required for the interest component of loan payments payable under the

Financing Agreement to be excluded from gross income for federal income tax purposes.


- (d) Determine the final principal amount of the Financing Agreement, the interest rate or rates which will be due under the Financing Agreement, the City's prepayment rights and other terms of the Financing Agreement and the Obligations, within the limitations established by this resolution;
- (e) Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to finance the Project with the Financing Agreement in accordance with this Resolution.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 19th day of June, 2000, and filed with the Wilsonville City Recorder this date.



CHARLOTTE LEHAN, MAYOR

ATTEST:



Sandra C. King, CMC, City Recorder

SUMMARY OF VOTES:

Mayor Charlotte Lehan	Yes
Councilor John Helser	Yes
Councilor Bruce Barton	Excused
Councilor Alan Kirk	Yes
Councilor Benny Holt	Yes