

RESOLUTION NO. 1979

A RESOLUTION OF THE CITY OF WILSONVILLE, OREGON AUTHORIZING THE REFINANCING OF OREGON BOND BANK LOANS AND THE ISSUANCE OF REFUNDING OBLIGATIONS.

WHEREAS, the City of Wilsonville is authorized by ORS 271.390 and ORS 288.605 to 288.695 (the "Act") to enter into financing agreements to refinance real or personal property that the City Council determines is needed; and,

WHEREAS, in March of 1996, the City obtained a loan from the Oregon Economic and Community Development Department's Oregon Bond Bank Program (the "1996 Loan") for the long-term financing of wastewater system improvements (the "Sewer Project"); and,

WHEREAS, in October of 2000, the City obtained a loan through the Oregon Economic and Community Development Department's Oregon Bond Bank Program (the "2000 Loan" and collectively, with the 1996 Loan, the "OECDD Loans") for the long-term financing of water system improvements (the "Water Project" and collectively, with the Sewer Project, the "Projects"); and,

WHEREAS, the 1996 Loan is secured by a pledge of the City's full faith and credit and the net revenues of the City's wastewater system; and,

WHEREAS, the 2000 Loan is secured by a pledge of the City's full faith and credit and the net revenues of the City's water system; and,

WHEREAS, based on current market conditions, the City may be able to reduce its debt service costs by refinancing all or a portion of the OECDD Loans; and,

WHEREAS, the City may reduce the costs of the refinancing if the City participates in a pooled transaction with other Oregon local governments that wish to refinance their Oregon Economic and Community Development Department Bond Bank Program loans; and,

WHEREAS, the refinancing may be structured to only require the pledge of the City's full faith and credit and the City may be able to release the lien on the net revenues of the City's wastewater system and water system; and,

WHEREAS, the pooled transaction does not require the City to pay any portion of another government's financing agreement; and,

WHEREAS, pursuant to ORS 288.620 the approval of the State Treasurer is required before refunding obligations may be issued to refinance the 2000 Loan because the refunding of the 2000 Loan constitutes an advance refunding under Oregon law; and,

WHEREAS, a refunding plan must be submitted to the State Treasurer demonstrating that the refunding will produce debt service savings before the State Treasurer may approve the refunding of the 2000 Loan; now therefore,

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

Section 1. Authorization.

The City Council hereby determines that the Projects are needed, and the City Manager or the Finance Director of the City, or the person designated by the City Manager or the Finance Director to act as City Official under this Resolution (the "City Official") is hereby authorized on behalf of the City without further action of the City Council, to:

- (1) Negotiate, execute and deliver one or more financing agreements, credit facilities or other financing documents (the "Financing Agreement") in an aggregate principal amount that provides net proceeds sufficient to refinance all or a portion of the 1996 Loan or the 2000 Loan and to pay costs of the refinancing. 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.
- (2) Negotiate, execute and deliver one or more escrow agreements or similar documents (the "Escrow Agreement") which provide for the issuance of "certificates of participation" or "full faith and credit obligations" (the "Obligations") which represent undivided

ownership interests in the financing payment due from the City under the Financing Agreement (the "Financing Payments") and the financing payments due from other Oregon local governments participating in the pooled transaction to refinance their Oregon Economic and Community Development Department Bond Bank Program loans. Subject to the limitations of this Resolution, the Escrow Agreement and the Obligations may be in such form and contain such terms as the City Official may approve; however, neither the Escrow Agreement nor the Obligations may require the City to pay any portion of another government's financing agreement.

- (3) Deem final and authorize the distribution of a preliminary official statement for the Obligations, authorize the preparation and distribution of a final official statement or other disclosure document for the Obligations, and enter into agreements to provide continuing disclosure for owners of the Obligations.
- (4) Engage the services of escrow agents, paying agents, verification agents, and any other professionals whose services are desirable for the financing.
- (5) Determine the final principal amount of the Financing Agreement, the interest rate or rates which the Financing Payments shall bear, the City's prepayment rights and other terms of the Financing Agreement and the Obligations;
- (6) Determine whether to pledge net revenues of the City's wastewater system or water system, enter into covenants regarding the levels of wastewater system and water system fees and charges that the City must impose, and establish the terms under which future obligations may be issued on a parity with the Financing Agreement with respect to such pledge;
- (7) Apply for ratings for the Obligations, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancement for the Financing Agreements or the Obligations, including a reserve surety policy, enter into agreements with the providers of credit enhancement, and execute, deliver and acquire related documents, if applicable.

- (8) Cause an advance refunding plan to be prepared and submitted.
- (9) Call, defease, redeem and prepay all or a portion of the OECDD Loans.
- (10) Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to refinance the OECDD Loans in accordance with this Resolution.

Section 2. Security.

The City Official may pledge the City's full faith and credit and taxing power within the limitations of Section 11 and 11b of Article XI of the Oregon Constitution, the net revenues of the City's wastewater system, and/or the net revenues of the City's water system to pay the Financing Payments, and the Financing Payments may be payable from any and all of the City legally available funds.

Section 3. Maintenance of Tax-Exempt Status.

- (1) The City covenants to comply with all provisions of the Code which are required for interest paid on the Financing Agreement to be excluded from gross income for federal income tax purposes. The City makes the following specific covenants with respect to the Code:
 - (A) The shall not take any action or omit any action, if it would cause the Financing Agreement to become an "arbitrage bond" under Section 148 of the Code and shall pay any rebates or penalties to the United States which are required by Section 148(f) of the Code.
 - (B) The City shall operate the Projects so that the Financing Agreement is not a "private activity bond" within the meaning of Section 141 of the Code.
- (2) The covenants contained in this Section 3 and any covenants in the closing documents for the Financing Agreement shall constitute contracts with the lenders, and shall be enforceable by them.

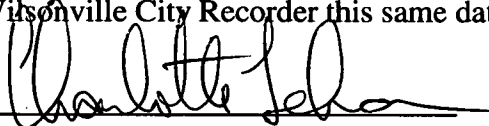
Section 4. Appointment of Underwriter, Special Counsel and Financial Advisor.

The City hereby appoints Stone & Youngberg LLC as the Underwriter of the Obligations, Preston Gates & Ellis LLP as special counsel to the City for the issuance of the Obligations and Western Financial Group, LLC as financial advisor to the City for the issuance of the Obligations.

Section 5. Effective Date.

This resolution shall take effect on the date of its passage by the City Council.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof this 6TH day of February, 2006 and filed with Wilsonville City Recorder this same date.


CHARLOTTE LEHAN, MAYOR

ATTEST:


Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Mayor Lehan	Yes
Council President Kirk	Yes
Councilor Holt	Yes
Councilor Ripple	Yes
Councilor Knapp	Yes