

**RESOLUTION NO. 2017-15**

**A RESOLUTION OF THE CITY OF HOOD RIVER, OREGON AUTHORIZING  
FULL FAITH AND CREDIT BORROWINGS TO REFINANCE  
OUTSTANDING OBLIGATIONS OF THE CITY**

**WHEREAS**, on March 24, 2011 the City issued its Revenue Installment Water Bond No. 1 outstanding on the date of this resolution in the approximate principal amount of \$2,923,435.47 and held by the United States Department of Agriculture (the “USDA Water Bond No. 1”) that financed water system improvements (the “Projects”); and

**WHEREAS**, ORS 271.390 authorizes Oregon governments to refund outstanding borrowings that financed projects that the City Council determines are needed, as long as the estimated weighted average life of the borrowing does not exceed the estimated dollar weighted average life of the real or personal property that is refinanced with the borrowing; and

**WHEREAS**, ORS Sections 287A.360 through 287A.375 authorize Oregon cities to refund outstanding bonds, such as the USDA Water Bond No. 1; and

**WHEREAS**, current interest rates may be lower than the interest rates that are payable on the USDA Water Bond No. 1 and the City may be able to reduce debt service costs by refunding all or a portion of the USDA Water Bond No. 1;

**WHEREAS**, the City has received a proposal from Columbia State Bank to provide financing, which is attached to this resolution as Exhibit A (the “Columbia Bank Term Sheet”).

**NOW, THEREFORE, THE CITY OF HOOD RIVER RESOLVES AS FOLLOWS:**

**Section 1. Determination of Need.** The City Council hereby determines that the Projects were needed at the time they were financed and that they remain needed.

**Section 2. Financing Authorized.** The City is hereby authorized to enter into a financing agreement (the “Financing Agreement”) with Columbia State Bank pursuant to terms and conditions outlined in the Columbia Bank Term Sheet to refinance all or any portion of the Projects pursuant to ORS Section 271.390 and the relevant provisions of ORS Chapter 287A. The Financing Agreement may be issued in an amount that is sufficient to refund all or any portion of the USDA Water Bond No. 1 and to pay estimated costs related to issuing the Financing Agreement and refunding the USDA Water Bond No. 1.

**Section 3. Delegation.** The Finance Director, the City Manager, or the person designated by either the Finance Director or the City Manager to act on behalf of the City under this resolution (each of whom is referred to in this resolution as a “City Official”) may, on behalf of the City and without further action by the City Council, subject to limitations of this Resolution and the terms and conditions described in the Columbia Bank Term Sheet:

- a. Determine the final principal amount, payment dates and other terms of the Financing Agreement and negotiate, execute and deliver the Financing

Agreement and a promissory note to evidence amounts due under the Financing Agreement;

- b. Covenant to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code"), that are required for the interest paid under the Financing Agreement to be excluded from gross income for federal income tax purposes;
- c. Designate the Financing Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code, if applicable;
- d. Execute and deliver any other certificates or documents and take any other actions that the City Official determines are desirable to carry out this Resolution.

**Section 4. Security.** The Financing Agreement may constitute unconditional obligations of the City, which are payable from all legally available funds of the City. Pursuant to ORS 287A.315 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 to pay amounts due under the Financing Agreement.

**Section 5. Effective Date.** This resolution is effective upon its adoption.

Adopted by the City Council this 23<sup>rd</sup> day of October, 2017.

Approved as to form:

By: \_\_\_\_\_  
City Attorney

By: \_\_\_\_\_  
Mayor

Attest:

By: \_\_\_\_\_  
City Recorder

## EXHIBIT A

### COLUMBIA BANK TERM SHEET



#### LOAN COMMITMENT

<b>Borrower:</b>	City of Hood River (City)
<b>Purpose:</b>	Refinance of USDA loan for present value interest savings and pay the cost of issuance.
<b>Loan Type</b>	Full Faith and Credit of the City, not subject to annual appropriation.
<b>Amount:</b>	\$2,940,935.47.
<b>Maturity:</b>	March 24, 2027.
<b>Rate:</b>	Tax-exempt Bank Qualified fixed rate at 2.30%, based on a 30/360 day.
<b>Type:</b>	Single advance at closing.
<b>Repayment:</b>	Principal due annually on March 24, beginning March 24, 2018 and Interest due semi-annually on March 24 and September 24, beginning March 24, 2018.
<b>Prepayment:</b>	Prepayment allowed without penalty on any payment date.
<b>Fees:</b>	loan fee <b>\$2,500.00</b> , and Bank's out of pocket expenses for documentation review by Bank's Counsel. Bank's counsel review fees not to exceed <b>\$3,000.00</b> , and assumes Borrower's Counsel prepares all documents. Borrower shall pay the fees and costs of its counsel. All Bank fees are due at closing. Borrower may use proceeds of this financing to pay fees/cost of this financing.
<b>Collateral:</b>	The full faith and credit of the City is pledged for payment of the obligation, when due.
<b>Disclosure:</b>	Not required.
<b>Conditions:</b>	
<b>Representations and</b>	
<b>Warranties:</b>	Usual and customary for transactions of this type.
<b>Covenants:</b>	Usual and customary covenants for transactions of this type will include but are not limited to the following.  The City will pledge its Full Faith and Credit and taxing power within the limitations of Section 11 and 11b of Article XI of the Oregon Constitution to pay the principal and interest due. The City shall pay the amount due under this Financing from any and all of its legally available taxes, revenues and other funds. Pledge is not subject to appropriation.

- 2 -

**Events of Default:** Usual and customary in transactions of this type. In addition to other legal remedies, if an event of default occurs due to (i) nonpayment of principal, interest, fees or other amounts when due, or (ii) failure to maintain the tax-exempt status of the obligation, then the Bank may increase the interest rate to an additional 5%.

**Reporting**

**Requirements:** Annually:  
CPA prepared Audited fiscal yearend financial statements for the City. Statements are due no later than 180-days after fiscal year end.  
Copy of the City's annual budget once approved but no later than 90-days after fiscal year end.  
Such other financial information as may be reasonably requested by the Bank from time to time.

**Other requirements:**

Loan subject to documentation acceptable to Bank, Bank Counsel, and Borrower's Counsel.  
Borrower's Bond Counsel to provide validity and enforceability opinions and resolution authorizing debt issuance and Tax Opinion acceptable to the Bank and Bank Counsel.

**This Loan Commitment will expire on November 1, 2017, unless extended in writing by the Bank.**

This Summary of Terms and Conditions contain confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this summary of Terms and Conditions or as may be required by law, the contents of the Summary of Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

**Under Oregon law, most agreements, promises, and commitments made by us, Columbia State Bank concerning loans and other credit extensions which are not tied to personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by us to be enforceable.**