



RESOLUTION NO. 2020-19

**A RESOLUTION OF THE CITY OF MOLALLA, OREGON
AUTHORIZING FINANCING OF CAPITAL PROJECTS DESCRIBED IN
THE URBAN RENEWAL PLAN FOR THE MOLALLA URBAN RENEWAL
AREA AND REFINANCING OF CERTAIN OUTSTANDING
BORROWINGS.**

WHEREAS, the City of Molalla, Oregon (the “City”) is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance or refinance real or personal property which the City Council determines is needed; and,

WHEREAS, the City is also authorized by ORS 287A.360 to refund outstanding borrowings; and,

WHEREAS, the City desires to enter into a borrowing to finance projects described in the Molalla Urban Renewal Plan, as it has been and may be amended (the “Plan”) in accordance with its terms (the “Projects”) and to refinance all or a portion of (1) the City’s Clean Water State Revolving Fund Loan Agreement No. R66100 with the State of Oregon, acting by and through its Department of Environmental Quality, dated December 2005 and outstanding in the approximate principal amount of \$1,272,262 (the “2005 Borrowing”), which financed improvements to the City’s wastewater treatment system (the “2005 Project”); and (2) the City’s Sewer Revenue Refunding Bonds, Series 2010, dated May 25, 2010 outstanding in the approximate principal amount of \$1,400,000 (the “2010 Borrowing” and together with the 2005 Borrowing, the “Outstanding Borrowings”), which refunded wastewater projects. (the “2010 Project” and together with the 2005 Project, the “Refundable Projects”); and,

WHEREAS, the Molalla Urban Renewal Agency (the “Agency”) is projected to have sufficient tax increment revenues to pay the amounts due from the City in connection with the financing of the Projects, and will enter into an intergovernmental agreement with the City to use tax increment revenues to pay those amounts; and,

WHEREAS, the City or the Agency may incur expenditures (the “Expenditures”) to pay costs of the Projects prior to the issuance of the financing agreement and the City wishes to declare its official intent to reimburse itself or the Agency for any Expenditures the City or the Agency may make from its own funds on the Projects from the proceeds of the financing agreement, the interest on which may be excluded from gross income under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”);

NOW, THEREFORE, the City of Molalla resolves:

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

Section 1. Financing Agreement Authorized for Refunding Outstanding Borrowings. The City is hereby authorized to enter into one or more financing agreements (the “Refunding Financing Agreements”) to refinance all or any portion of the Outstanding Borrowings pursuant to ORS Section 271.390, ORS 287A.360, and other relevant provisions of ORS Chapter 287A and as provided in this resolution. The Refunding Financing Agreements may be issued in an amount that is sufficient to refund all or any portion of the Outstanding Borrowings and to pay estimated costs related to issuing the Refunding Financing Agreements and refunding the Outstanding Borrowings.

Section 2. Financing Agreement Authorized for Projects. The City is hereby authorized to enter into to one or more financing agreements (the “New Money Financing Agreements”) in an aggregate principal amount of not to exceed \$2,550,000 to finance the Projects and to pay costs related to issuing the New Money Financing Agreements. The New Money Financing Agreements shall be issued pursuant to ORS 271.390 and relevant provisions of ORS Chapter 287A and as provided in this resolution.

Section 3. Delegation. The City Manager or the Finance Director, or the designee of the City Manager or the Finance Director (each of whom is referred to herein as a “City Official”) is hereby authorized, on behalf of the City and without further action by the City Council, to:

- (1) Select all or a portion of the Outstanding Borrowings to be refunded.
- (2) Negotiate, execute, and deliver one or more Refunding Financing Agreements and New Money Financing Agreements (collectively, the “Financing Agreements”). Subject to the limitations of this Resolution, the Financing Agreements may be in such form and contain such terms as the City Official may approve and may contain portions of the new money authority and refunding authority.
- (3) Determine the final principal amount, interest rates, payment dates, prepayment rights and all other terms of the financings.
- (4) Select one or more commercial banks or other lenders with which to negotiate, execute and deliver the Financing Agreements.
- (5) Enter into additional covenants for the benefit of the purchasers of the Financing Agreements that the City Official determines are desirable to obtain more favorable terms for the Financing Agreements;
- (6) Engage the services of a placement agent, bond counsel and any other professionals whose services are desirable for the financings and to achieve the refunding;
- (7) Call, prepay, and fund escrow deposit accounts for the Outstanding Borrowings and take any other action necessary or desirable to accomplish the call and prepayment of the Outstanding Borrowings and to refinance the Refundable Projects.

- (8) Issue the Financing Agreements with interest that is taxable or tax-exempt under the Internal Revenue Code of 1986, as amended.
- (9) Designate any of the Financings Agreements as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code, if applicable;
- (10) Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to carry out this resolution.

Section 4. Payments from Tax Increment Revenues. The City Official is authorized to enter into an intergovernmental agreement (the “2020 IGA”) with the Agency, under which the Agency agrees to provide tax increment revenues in sufficient amounts to pay all amounts due from the City under the New Money Financing Agreements. The 2020 IGA shall be in substantially the form attached to this resolution as Exhibit A, but with any changes the City Official may approve.

Section 5. Security. 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 the amounts due under the Financing Agreements. The City is not authorized to levy additional taxes to pay the amounts due under the Financing Agreements. In addition, the City Official may pledge or assign any amounts that the City receives under the 2020 IGA to pay the amounts due from the City under the New Money Financing Agreements.

Section 6. Reimbursement Declaration. The City hereby declares its official intent to reimburse its or the Agency’s Expenditures with the proceeds of the Financing Agreements pursuant to United States Treasury Regulation 1.150-2.

Section 7. Effective Date. This resolution is effective immediately upon adoption.

Effective this 26th day of August 2020.


Keith Swigart, Mayor

ATTEST:


Christie DeSantis, City Recorder