

A RESOLUTION AUTHORIZING AN INTERIM FINANCING LOAN AMENDMENT FROM THE WATER FUND

BY ENTERING INTO AN INTERIM FINANCING LOAN CONTRACT AMENDMENT
WITH THE OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT

WHEREAS, the City Council (the "Governing Body") of the City of Sweet Home (the "Municipality") finds:

A. The Municipality is a "municipality" within the meaning of Oregon Revised Statutes 285B.410(4).

B. Oregon Revised Statutes 285B.560 through 285B.599 (the "Act") authorize any municipality to file an application with the Oregon Economic and Community Development Department ("the Department") to obtain financial assistance from the Water Fund.

C. The Municipality has filed an application with the Department to obtain additional financial assistance for a "water project" within the meaning of the Act.

D. The Department has approved the Municipality's application for additional financial assistance from the Water Fund pursuant to the Act.

E. The Municipality is required, as a prerequisite to the receipt of financial assistance from the Department, to enter into a Financial Assistance Award Contract for Interim Financing and an Interim Financing Loan Agreement with the Department in substantially the form attached hereto as Exhibits "A" and "B."

F. The project described in Exhibit "A" to the Interim Financing Loan Agreement (the "Project") is a "water project" within the meaning of the Act, which is needed by and is in the public interest of the Municipality.

G. Notice relating to the Municipality's consideration of the adoption of this Resolution was published at least once in a newspaper of general circulation within the City of Sweet Home. Such notice was published in full accordance with the City of Sweet Home's charter and laws for public notification.

NOW THEREFORE, BE IT RESOLVED by the Governing Body of the Municipality as follows:

1. Interim Financing Loan Authorized. The Governing Body authorizes the Mayor to execute the "Amended" Financial Assistance Award Contract for Interim Financing, Interim Financing Loan Agreement, the Promissory Note attached as Exhibit "F" to the Interim Financing Loan Agreement (the "Financing Documents") and such other documents as may be required to obtain financial assistance including an interim financing loan from the Department on the condition that the principal amount of the loan from the Department to the Municipality is increased to but not in excess of \$4,030,000 and the interest rate is a percent deemed reasonable by the Mayor and in the best interest of the City of Sweet Home. The proceeds of the loan from the Department shall be applied solely to the "Costs of the Project" as such term is defined in the Interim Financing Loan Agreement.

2. Security. Amounts payable by the Municipality shall be payable from the sources described in Section 2.06 of the Interim Financing Loan Agreement and the Oregon Revised Statutes Section 285B.581(2) which include:

- a. any sources of funds that are legally available to the Municipality,
- b. the revenues, if any, of the Project, including special assessment revenues, if any, and
- c. the Municipality's general fund including the general revenues of the Municipality, other funds which may be available for such purpose and a pledge of the Municipality's taxing power within the restrictions of Article XI, Section 11 and 11b of the Constitution of the State of Oregon. The obligation of the Municipality to make payments pursuant to the Loan Agreement is a full faith and credit obligation of the Municipality that is not subject to annual appropriation.

3. Additional Documents. The Mayor is hereby authorized to enter into any agreements and to execute any documents or certificates, which may be required to obtain financial assistance from the Department for the Project pursuant to the Financial Assistance Award Contract for Interim Financing and the Interim Financing Loan Agreement.

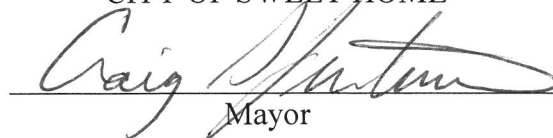
4. Tax-Exempt Status. The Municipality covenants not to take any action or omit to take any action if the taking or omission would cause interest paid by the Municipality pursuant to the Interim Financing Loan Agreement not to qualify for the exclusion from gross income provided by Section 103(a) of the Internal Revenue Code of 1986, as amended. The Mayor of the Municipality may enter into covenants on behalf of the Municipality to protect the tax-exempt status of the interest paid by the Municipality pursuant to the Interim Financing Loan Agreement and may execute any Tax Certificate, Internal Revenue Service forms or other documents as shall be required by the Department or their bond counsel to protect the tax-exempt status of such interest.

5. Reimbursement Bonds. The Municipality may reimburse expenditures for the Project with amounts received from the Department pursuant to the Financing Documents. Additionally, the Municipality understands that the Department may fund or reimburse itself for the funding of amounts paid to the Municipality pursuant to the Financing Documents with the proceeds of bonds issued by the State of Oregon pursuant to the Act. This Resolution shall constitute "official intent" within the meaning of Section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury with respect to the funding or the reimbursement for the funding of the costs of the Project with the proceeds of the Municipality's loan pursuant to the Financing Documents and with the proceeds of any bonds issued by the State of Oregon pursuant to the Act.

6. Declaration of Emergency. The Governing Body declares than an emergency exists in order that there be no delay in financing the Project as provided in this Resolution. Therefore, this Resolution shall be in force and effect from and after passage by the Governing Body.

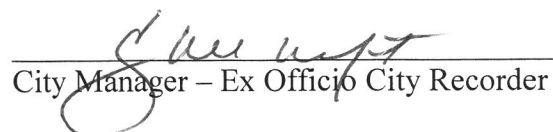
PASSED by the City Council and approved by the Mayor this 14th day of August, 2007.

CITY OF SWEET HOME



Mayor

ATTEST:



City Manager – Ex Officio City Recorder