

RESOLUTION NO. 2878

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BEND, OREGON, AUTHORIZING THE ISSUANCE, EXECUTION AND DELIVERY OF A PROMISSORY NOTE TO THE BANK OF THE CASCADES IN A PRINCIPAL AMOUNT NOT EXCEEDING \$3,000,000 TO PAY INTERIM COSTS OF STREET AND SURFACE TRANSPORTATION CAPITAL IMPROVEMENTS; AUTHORIZING EXECUTION AND DELIVERY OF RELATED LOAN DOCUMENTS; DESIGNATING AUTHORIZED REPRESENTATIVES AND DELEGATING AUTHORITY; PROVIDING FOR NOTICE OF ADOPTION OF THIS RESOLUTION; AND RELATED MATTERS.

Findings:

(a) At an election held within the City of Bend ("City") on May 17, 2011, the voters of the City approved up to \$30,000,000 in general obligation bonded indebtedness ("GO Debt") to finance capital construction and capital improvements to City streets, including new construction and improvements and repairs to streets, bicycle lanes, sidewalks and related capital costs and to pay bond issuance costs ("Project"). The principal and interest due on the GO Debt is to be paid from ad valorem taxes that is not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

(b) The City has not issued the approved general obligations bonds to finance the Project; however, the City has started the Project and wishes to acquire interim financing.

(c) The City is authorized pursuant to Oregon Revised Statutes Section 287A.180, or any successor statute, to enter into a short-term financing in anticipation of tax revenues or other moneys available for a long-term financing, and to pledge all or part of the tax revenues lawfully available for the long-term financing.

(d) It is in the best interests of the City to issue a taxable, short-term promissory Note ("Note") payable to the Bank of the Cascades ("Purchaser"), and to execute and deliver any additional agreements, certificates or documents that the Purchaser may require ("Purchaser Documents") to finance the costs of the Project on an interim basis and to repay the principal and interest due on the Note from the ad valorem taxes levied to repay GO Debt and the proceeds of long-term general obligation bonds ("Bonds") to be issued by the City pursuant to a Resolution ("GO Bond Resolution") that is being adopted simultaneously with this Resolution.

(e) The City anticipates incurring expenditures ("Expenditures") in connection with the Project and wishes to declare its official intent to reimburse itself with the proceeds of the Note, the Bonds or proceeds of other financings for Expenditures incurred in connection with the Project in conformity with the requirements of United States Treasury Regulations Section 1.150-2.

(f) The City adopts this Resolution (i) to provide the terms under which the City may issue, execute and deliver the Note to the Purchaser; (ii) to authorize the

execution and delivery of Purchaser Documents; (iii) to authorize certain officials and employees of the City to take action on the City's behalf and to execute and deliver the Note and any related Purchaser Documents; and (iv) to classify the ad valorem taxes levied to pay debt service on the Note and the Bonds as not being subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution.

Based on these findings, the Bend City Council resolves as follows:

Section 1. Authorization of the Note and Purchaser Documents. The City authorizes the issuance, execution and delivery of the Note in an amount not exceeding \$3,000,000 (Three Million Dollars) to finance the interim costs of the Project. The Note shall be payable to the Purchaser. The City authorizes the execution and delivery of any Purchaser Documents relating to the issuance of the Note.

Section 2. Authorized Representative. The City authorizes and directs the City Manager, the Finance Director, or their respective designees (each, an "Authorized Representative"), each acting individually, to act on behalf of the City and execute and deliver the Note and any required Purchaser Documents.

Section 3. Security. The Note is a general obligation of the City. The full faith and credit and taxing powers of the City are pledged to the Purchaser for the punctual payment of such obligations when due. The City covenants to levy a direct ad valorem tax upon all of the taxable property within the City without limitation as to rate or amount, and outside of the limitations of sections 11 and 11b, Article XI of the Oregon Constitution, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, promptly when and as they become due to pay the principal and interest on the Note.

Section 4. Form of Note. The Note shall be prepared by Special Counsel in substantially the form approved by the Authorized Representative and the Purchaser.

Section 5. Taxable Note. Interest on the Note will be included in gross income for federal income tax purposes. The City declares its official intent to use proceeds of the Note, the Bonds or proceeds of other financings to reimburse Expenditures. This declaration is made solely for purposes of establishing compliance with the requirements of Section 1.150-2 of the Treasury Regulations. This declaration does not obligate the City to make any expenditure, incur any indebtedness or proceed with the Project.

Section 6. Delegation for Establishment of Terms and Sale of the Obligations. Each Authorized Representative, acting singly, is authorized and directed, on behalf of the City without further approval of the City Council to:

(a) Establish the principal amount of the Note, the interest rate, prepayment provisions and all other terms for the Note; and

(b) Negotiate, execute and deliver any necessary Purchaser Documents related to the Note.

Section 7. Appointment of Special Counsel and Financial Advisor. The City appoints Orrick, Herrington & Sutcliffe LLP of Portland, Oregon, as special counsel to the City with respect to the Note and Western Financial Group, LLC as financial advisor.

Section 8. Resolution Classifying Taxes. The City hereby classifies the taxes levied to pay principal and interest on the Note and the Bonds as not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution. This Resolution and the GO Bond Resolution, each constitute a resolution authorizing issuance of bonded indebtedness in the form of the Note and the Bonds that includes a classification of bonded indebtedness, in the form of the Note and the Bonds, as not subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution for purposes of ORS 305.583 and ORS 310.145. The Authorized Representative is hereby authorized to cause to be published an advertisement in a newspaper of general circulation in the City of the City's adoption of this Resolution and the GO Bond Resolution, and classification of taxes levied to pay principal and interest on the Note and the Bonds as not being subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution in substantially the form of the notice as shown on Exhibit A attached hereto, within 15 days after passage of this Resolution and the GO Bond Resolution and which meets the requirements of ORS 305.583.

Section 9. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the Note by the Purchaser, the provisions of this Resolution shall be part of the contract of the City with the Purchaser and shall be deemed to be and shall constitute a contract between the City and the Purchaser pursuant to ORS 287A.315 and ORS 287A.325, or any successor statute. The covenants, pledges, representations and agreements contained in this Resolution, or in the closing documents executed in connection with the Note, including without limitation the City's covenants and pledges contained in Section 3, and the other covenants and agreements to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Purchaser.

Section 10. Effective Date of Resolution. This Resolution shall take effect immediately upon adoption by the City Council.

Adopted by roll call vote of the Bend City Council on June 6, 2012.

YES: Tom Greene NO: None
 Scott Ramsay
 Mark Capell
 Jodie Barram
 Jim Clinton
 Kathie Eckman
 Mayor Jeff Eager

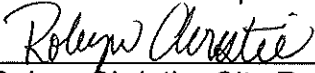


Jeff Eager, Mayor

6/20/12

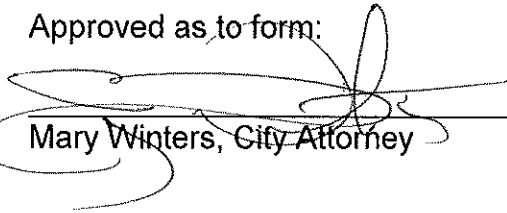
dated

ATTEST:



Robyn Christie, City Recorder

Approved as to form:



Mary Winters, City Attorney

EXHIBIT A

**NOTICE OF ADOPTION
OF RESOLUTION CLASSIFYING TAXES AND
SPECIFYING THE AUTHORIZED USES OF NOTE PROCEEDS**

The City of Bend, Oregon (the "City") hereby gives notice that on June 6, 2012 the City Council of the City adopted its Resolution No. _____ (the "Resolution") and Resolution No. _____ (the "Note Resolution"). The Resolution and the Note Resolution classify the ad valorem taxes to be levied upon all of the taxable property within the City for the purpose of paying principal and interest on the City's \$30,000,000 aggregate principal amount of its general obligation bonded indebtedness to be issued in one or more series, approved by the legal voters of the City at the election held May 17, 2011, as not being subject to the limits of sections 11 and 11b, Article XI of the Oregon Constitution. Complete copies of the Resolution and the Note Resolution may be obtained by contacting Ms. Sonia Andrews, Finance Director/CFO, City of Bend, Oregon, 710 N.W. Wall Street, Bend, Oregon 97701, Telephone: (541) 312-4902. Judicial review of the City's classification of such taxes and specification of authorized uses may be sought within 60 days of the date of the Resolution and the Note Resolution pursuant to ORS 305.583.

This Notice is published pursuant to ORS 305.583 and ORS 310.145.

CITY OF BEND, OREGON

Published: June __, 2012, in *The Bulletin*.

