

RESOLUTION NO. 2986

A RESOLUTION AUTHORIZING THE FULL FAITH AND CREDIT FINANCING OF THE COSTS OF ACQUIRING FIRE ENGINES AND RELATED EQUIPMENT; AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT, A PROMISSORY NOTE AND RELATED DOCUMENTS; DESIGNATING AUTHORIZED REPRESENTATIVES AND DELEGATING AUTHORITY; APPOINTING SPECIAL COUNSEL AND FINANCIAL ADVISOR; AND RELATED MATTERS.

Findings:

A. The City is authorized by ORS 271.390 and the City Charter to enter into financing agreements, lease-purchase agreements or other contracts of purchase for any real or personal property that the City Council determines is needed, and may provide that the obligations of the City under those contracts are payable out of all or any portion of lawfully available funds of the City, and that lawfully available funds may be pledged to the payment of the obligations.

B. The City finds that it is financially feasible and in the City's best interests to finance and refinance (1) the costs of acquiring fire engines and related equipment, and (2) related financing and issuance costs (collectively, the "Project").

C. The City finds that it is further in the best interests of the City to authorize the execution and delivery of a tax-exempt financing agreement (the "Financing Agreement"), between the City and the Bank of the Cascades (the "Lender"), to finance and refinance the costs of the Project and to evidence the purchase by the Lender of a note evidencing the City's obligations under the Financing Agreement, to be designated the "City of Bend Full Faith and Credit Note, Series 2015B (Fire Engines Financing)" (the "2015 Series B Note"), from the City.

D. The City adopts this Resolution to (i) provide the terms under which the 2015 Series B Note may be issued to finance and refinance the costs of the Project, (ii) to provide for the issuance, execution and delivery of the 2015 Series B Note, and the negotiation, execution and delivery of the 2015 Series B Note, the Financing Agreement, and related documents, agreements or certificates (collectively, the "Financing Documents") by the City; and (iii) to authorize certain officials of the City to take action on the City's behalf and to execute and deliver the Financing Documents.

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

Section 1. Authorization of the 2015 Series B Note and Financing Documents.

(a) 2015 Series B Note. The City authorizes the issuance, execution and delivery of the 2015 Series B Note in a principal amount not exceeding \$3,000,000 for a term not to exceed ten (10) years, including a six (6) month draw down period, for the purposes of financing the costs of the Project. The proceeds of the 2015 Series B Note received by the City pursuant to the terms of the Financing Documents shall be used to

pay all or a portion of the costs of the Project. The true interest cost of the 2015 Series B Note shall not exceed 2.75% per annum.

(b) 2015 Financing Documents. The City authorizes the negotiation, execution and delivery of the Financing Documents with such changes or revisions as approved by the Authorized Representative.

Section 2. Authorized Representative. The City authorizes and delegates authority to the City Manager or 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 Financing Documents.

Section 3. Security. The payment of principal and interest on the 2015 Series B Note shall be payable from the City's general non-restricted revenues and other funds that are from lawfully available sources for that purpose, including, the proceeds of the Financing Agreement and revenues from an ad valorem tax authorized to be levied under the City's permanent rate limit under sections 11 and 11b, Article XI of the Oregon Constitution, and revenues derived from other taxes, if any, levied by the City in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The Owner of the 2015 Series B Note will not have a lien or security interest on the Project or any other property financed with the proceeds of the 2015 Series B Note.

Section 4. Form of 2015 Series B Note. The 2015 Series B Note may be prepared as one or more notes by Special Counsel in substantially the form approved by the Authorized Representative. The 2015 Series B Note shall be subject to payment, exchange and transfer as provided in the Financing Documents.

Section 5. Optional Prepayment. The 2015 Series B Note may be subject to optional prepayment prior to its stated maturity date as determined by the Authorized Representative pursuant to Section 7 and as provided in the Financing Documents.

Section 6. Tax-Exempt Status and Covenant as to Arbitrage.

(a) The City covenants to use the proceeds of 2015 Series B Note and the Project financed with the proceeds of the 2015 Series B Note, and to otherwise comply with the provisions of the Internal Revenue Code of 1986 (the "Code") so that the interest on the 2015 Series B Note will not be includable in gross income of the owners or owners of such 2015 Series B Note for federal income tax purposes. The City specifically covenants:

(1) To comply with "arbitrage" provisions of Section 148 of the Code, and to pay any required rebates and penalties; and

(2) To operate the facilities financed or refinanced with the proceeds of the 2015 Series B Note so that the 2015 Series B Note is not a "private activity bond" under Section 141 of the Code; and

- (3) To comply with all reporting requirements.

Section 7. Delegation for Establishment of Terms and Sale of the 2015 Series B Note. 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 and interest dates, principal amount, optional prepayment provisions, if any, interest amount, premium and/or discount, if any, denominations and all other terms for the 2015 Series B Note and the Financing Documents;

(b) Make any covenants necessary or desirable to obtain good financing terms on the 2015 Series B Note;

(c) Negotiate and approve the terms and form of, and execute and deliver the Financing Documents;

(d) Approve the form of the 2015 Series B Note;

(e) Approve, execute and deliver closing documents and certificates relating to the sale, execution and delivery of the Financing Documents;

(f) Enter into covenants regarding the use of the proceeds of the 2015 Series B Note received by the City and the use of the Project to maintain the tax-exempt status of the 2015 Series B Note, including the execution and delivery of a tax certificate; and

(g) Execute and deliver a certificate specifying the actions taken pursuant to this Section 7, and any other certificates, documents or agreements that an Authorized Representative determines are desirable to sell, execute and deliver the 2015 Series B Note in accordance with this Resolution.

Section 8. 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 2015 Series B Note and Public Financial Management, Inc., as Financial Advisor to the City with respect to the 2015 Series B Note.

Section 9. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the 2015 Series B Note by the Owner, the provisions of this Resolution shall constitute a contract of the City with the Owner pursuant to ORS 287A.315 and ORS 287A.325, or any successor statute. The covenants, pledges, representations and warranties contained in this Resolution, or in the closing documents executed in connection with the 2015 Series B 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 benefit, protection and security of the Owner.

Section 10. Effective Date of Resolution. This Resolution shall take effect immediately upon adoption.



ADOPTED BY ROLL CALL VOTE ON MAY 20, 2015.

Yes: Jim Clinton, Mayor
Victor Chudowsky
Doug Knight
Sally Russell
Nathan Boddie
Casey Roats
Barb Campbell

No: None



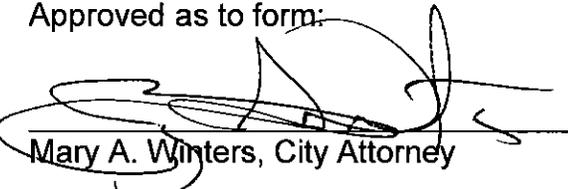
Jim Clinton, Mayor

ATTEST:



Robyn Christie, City Recorder

Approved as to form:



Mary A. Winters, City Attorney