

RESOLUTION NO. 1119

A RESOLUTION AUTHORIZING THE REFINANCING OF OUTSTANDING SEWER SYSTEM OBLIGATIONS OF THE CITY.

WHEREAS:

1. The City has entered into the following obligations (the "Refundable Obligations") to finance costs of the following real and personal property:

<u>Name of Obligation</u>	<u>Financed Facilities</u>	<u>Approximate Principal Outstanding</u>
Sewer Revenue Refunding Bonds, Series 1998	Sewer System Improvements	\$755,000
Clean Water State Revolving Fund Loan	Sewer Treatment System Improvements	\$611,555
Oregon Special Public Works Fund Loan #229-01-01	Sewer Treatment System Improvements	\$234,569

2. Current interest rates are lower than the interest rates that are payable on the Refundable Obligations, and the City may be able to reduce debt service costs by refunding the Refundable Obligations.

3. ORS 271.390 authorizes the City to enter into financing agreements to finance costs of real and personal property that the City Council determines is needed.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Prineville:

Section 1. Determination of Need. The Council hereby determines that the facilities that were financed with the Refundable Obligations are needed.

Section 2. Authorization. The City is hereby authorized to refinance the Refundable Obligations and the facilities that were financed with the Refundable Obligations pursuant to ORS 271.390.

Section 3. Security for Refunding. The City Manager, the Finance Manager, or any person designated in writing by 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 pledge all or any portion of the City's sewer system revenues to pay the refinancing authorized by this resolution. In addition, the City Manager may enter into a "subject to appropriation" commitment to pay the refinancing from any or all of the City's legally available funds.

Section 4. Delegation. The City Official is hereby authorized, on behalf of the City and without further action by the Council, to:

(1) Negotiate, execute and deliver one or more financing agreements (the "Financing Agreements") in an aggregate principal amount that provides net proceeds sufficient to refinance all or any portion of the Refundable Obligations and to pay the

estimated costs of the refinancing. Subject to the limitations of this resolution and order, the Financing Agreements may be in such form and contain such terms as the City Official may approve.

(2) Provide that one or more Financing Agreements will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code") and covenant for the benefit of the owners of tax-exempt Obligations to comply with all provisions of the Code that are required for the interest component of loan payments payable under the related Financing Agreements to be excluded from gross income for federal income tax purposes.

(3) Enter into additional covenants for the benefit of the purchasers of the Financing Agreements which the City Official determines are desirable to sell the Financing Agreements on favorable terms, including covenants to raise and maintain sewer system rates at levels sufficient to pay the costs of operating and maintaining the sewer system and paying debt service on all borrowings for the sewer system, including the Financing Agreements.

(4) Engage the services of any verification agents, escrow agents, paying agents and any other professionals whose services are desirable for the financings.

(5) Enter into one or more escrow deposit agreements and take actions to refund, call, defease and redeem all or any portion of the Refundable Obligations.

(6) Determine the final principal amount of each Financing Agreement, the interest rate or rates which each Financing Agreement shall bear, the City's prepayment rights and other terms of each Financing Agreement and each series of Obligations, subject to the limitations of this resolution.

(7) Enter into the Financing Agreements with United States National Bank of Oregon, or with one or more other lenders if the City is unable to agree on acceptable final terms with United States National Bank of Oregon.

(8) Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to refund the Refundable Obligations or to carry out this resolution and order.

Section 5. Effective Date. This resolution shall take effect on its date of approval by the Council.

Passed by the Council this 24th day of November, 2009.

City of Prineville

Crook County, Oregon

Mike Wendel, Mayor

ATTEST:

Steve Forrester
City Manager / Recorder