Ordinance No. _328_____

AN ORDINANCE PROVIDING FOR THE RECYCLING
OF ECONOMIC DEVELOPMENT LOAN FUNDS

RECITALS

A.   The City has obtained an Oregon Community Development grant
     from the State of Oregon, in the sum of $362,000, #84-309-
     ED.

B.   A condition of this grant is that program income obtained
     for this grant be used for other economic development
     projects in the City of Drain.

NOW, THEREFORE, the City of Drain ordains as follows:

Section One. All program income received by the City of Drain
as a result of Oregon Community Development grants shall be
placed in a fund which shall be known as the Economic Development
Revolving Loan Fund.

Section Two. The Economic Development Revolving Loan Fund shall
be maintained as a separate fund, independent of other City
income or funds.

Section Three. The City Council may authorize the use of the
Economic Development Revolving Loan Fund for economic development
projects in addition to those for which it received the initial
grant on the following conditions:

   1.   That the funds be used for business loans or grants to
        assist businesses to commence, expand or continue
        operations;

   2.   That the use of the funds meet all federal, state and
        local requirements for the use of economic development
        funds;

   3.   That the funds further economic development of the City
        of Drain by assisting businesses within the City of
        Drain urban growth boundary.

Section Four. The Economic Development Fund shall not be used
for purposes other than those set forth in Section Three above.

1 - Ordinance No. _____

Section Five. The provisions contained herein affect the public
welfare and safety and, therefore, an emergency is hereby
declared to exist, and this ordinance shall be effective
immediately upon its passage by the Council and approval of the
Mayor.

Passed by the City Council this _10TH_ day of November, 1987.

Signed by the Mayor this _10th_ day of November, 1987.

ATTEST

Bill Ewing 11/10/87   _Thomas A. Myers_
City Administrator   Mayor
                                             Council Pres.

2 - Ordinance No. ____