

ORDINANCE No. 377
of the
City of Drain
Authorizing a Loan from the Water Fund
by Entering into a Loan Contract
with the Oregon Economic Development Department

The City Council (the “Governing Body”) of the City of Drain (the “Municipality”) Ordains as Follows:

- A. The Municipality is a “municipality” within the meaning of Oregon Revised Statutes 285B.560(3).
- B. Oregon Revised Statutes 285B.560 through 285.599 (the “Act”) authorizes any municipality to file an application with the Oregon Economic Development Department (“the Department”) to obtain financial assistance from the Water Fund.
- C. The Municipality has filed an application with the Department to obtain financial assistance for a “water project” within the meaning of the Act.
- D. The Department has approved the Municipality’s application for 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 and a 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 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 Ordinance was published at least once in a newspaper of general circulation within the City of Drain. Such notice was published at least 14 days in advance of the adoption of this Ordinance.

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

1. Loan Authorized. The Governing Body authorizes the Mayor to execute the Financial Assistance Award Contract, Loan Agreement, the Promissory Note attached as Exhibit “F” to the Loan Agreement (the “Financing Documents”) and such other documents as may be required to obtain financial assistance including a loan from the Department on the condition

that the principal amount of the loan from the Department to the Municipality is not in excess of \$20,000.00 and the interest rate on such loan is not in excess of 6 percent per annum. 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 Loan Agreement.


2. Security. Amounts payable by the Municipality shall be payable from the sources described in Section 2.05 of the Loan Agreement and Oregon Revised Statutes 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 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 and the 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 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 Loan Agreement and may execute any Tax Certificate, Internal Revenue Service forms or other documents as shall be required by the Department of 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 Ordinance 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 by the municipality or the State 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 that an emergency exists in order that there be no delay in financing the Project as provided in this Ordinance. Therefore, this Ordinance shall be in force and effect from and after passage by the Governing Body.

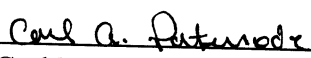
DATED this 12 day of April, 1999.

City of Drain



Brad Borigo, Drain City Mayor

ATTEST:



Carl Patenode, Drain City Administrator