

RESOLUTION NO. 5833

A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE CITY OF ALBANY AND THE OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,000,000, AUTHORIZING THE CREATION OF A RESERVE FUND, AND RELATED MATTERS.

WHEREAS, the City Council (the "Council") of the City of Albany, Oregon (the "City"), a municipal corporation of the state of Oregon, finds that it is financially feasible for the City and that it is in the City's best interests to borrow money to finance the improvements to the City's sewer system, including but not limited to improvements required to comply with state and federal environmental regulations, and all equipment and appurtenances necessary, useful or convenient thereto (collectively, the "Project"), and to fund a reserve fund, and pay costs associated with the issuance of such debt; and

WHEREAS, the City is authorized to borrow money from the Water Pollution Control Revolving Fund of the Department of Environmental Quality by entering into a loan agreement with the Department of Environmental Quality (the "Obligation") pursuant to Oregon Revised Statutes Section 468.439; and

WHEREAS, the cost of the Project, including issuance costs and debt service reserve funds, is estimated to not exceed \$12,930,000; and

WHEREAS, the Obligation will not be a general obligation of the City, nor a charge upon its tax revenues, but will be payable solely from revenues received from the operation of the City's sewer system, reserves established for the Obligation, and the right of the State to offset amounts otherwise due from the State to the City as provided in the Obligation.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ALBANY, OREGON, HEREBY RESOLVES:

SECTION 1: EXECUTION AND DELIVERY OF LOAN AGREEMENT AUTHORIZED

- a. The Council hereby authorizes the City Manager, or his/her designee, to execute and deliver the Obligation in an aggregate principal amount not to exceed \$4,000,000 to finance the Project. The loan agreement authorized by this resolution shall include a loan principal forgiveness of 50 percent of the actual loan amount, not to exceed \$2,000,000.
- b. The City Manager, or his/her designee, are authorized to determine interest rate, maturity date, and any other terms, conditions, or covenants regarding the Obligation, the Project, or the revenues which are necessary or desirable to obtain the financing for the Project, subject to applicable requirements of law and the limitations set forth in this resolution.

SECTION 2: CREATION OF RESERVE FUND AUTHORIZED

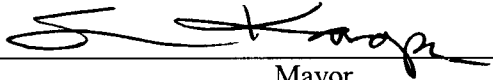
- a. The Council hereby authorizes the creation of a reserve fund dedicated to the repayment of the Obligation, pursuant to the terms of the Obligation.

SECTION 3: OBLIGATION PAYABLE SOLELY FROM REVENUES

- a. The Obligation shall not be a general obligation of the City, nor a charge upon its tax revenues, but shall be payable solely from net revenues received from the operation of the City's sewer system, which the City pledges to payment of the Obligation pursuant to its terms, reserves established for the Obligation, and the right of the State to offset amounts

otherwise due from the State to the City as provided in the Obligation. The City's payment obligations under the Obligation shall be subordinate to any future senior lien revenue bonds issued by the City as more fully provided in the Obligation.

DATED AND EFFECTIVE THIS 26TH DAY OF AUGUST 2009.



Mayor

ATTEST:



City Clerk