

RESOLUTION NO. 715

RESOLUTION OF THE CITY OF WILSONVILLE, OREGON,  
AUTHORIZING THE ISSUANCE OF A GENERAL OBLIGATION  
IMPROVEMENT WARRANT.

WHEREAS, the City has previously formed its Local Improvement District Number 7, ("LID 7") and has caused certain public improvements to be constructed in LID 7, and;

WHEREAS, the City has previously issued its Bond Anticipation Note, Series 1988 pursuant to ORS 287.502 in the principal amount of \$330,000 and that Note is due and payable on May 1, 1989.

NOW, THEREFORE, THE CITY RESOLVES AS FOLLOWS:

1. Sufficient Funds Not Available. The City finds that sufficient funds to retire its Bond Anticipation Note, Series 1988 will not be available to the City on May 1, 1989.
2. Warrant Authorized. The City Council authorizes the issuance of its General Obligation Improvement Warrant, Series 1989 in an amount not to exceed \$280,000 pursuant to ORS 287.502 - .515, as amended, for the purpose of refinancing a portion of its Bond Anticipation Note, Series 9188.
3. Warrant Dated, Due, and Interest Rate. The Warrant shall be dated May 1, 1989, shall mature May 1, 1991 and shall bear interest payable monthly on the first day of each month commencing June 1, 1989 at seventy percent of the sum of the fully floating and variable prime lending rate of Security Pacific Bank Oregon and one percent as the rate may, from time to time, vary. In no event shall the Warrant interest rate exceed fifteen percent (15%).
4. Optional Early Redemption. The City may redeem all or any portion of the Warrant on any interest payment date prior to its maturity date upon payment of that

fraction of the Warrant's then outstanding principal amount which the City determines to redeem plus accrued interest through the date of redemption.

5. Mandatory Early Redemption. The City shall, on each interest payment date, redeem not less than the percentage fraction of the original Warrant principal amount described on Attachment A to this resolution.

6. Form. The Warrant shall be a single typewritten warrant in a form acceptable to the City Manager and the Warrant's purchaser. The Warrant shall be executed on behalf of the City with the manual signature of the City Manager and shall be payable at the office of the Recorder of the City of Wilsonville, Oregon.

7. Manner of Sale. The Warrant shall be sold by negotiated, private sale to Security Pacific Bank, Oregon.

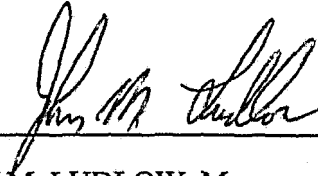
8. Full Faith and Credit. The full faith and credit of the City are hereby irrevocably pledged to the punctual payment of principal of and interest on the Warrant.

9. Authority of City Manager. The City Manager is hereby authorized on behalf of the City to enter into any agreements and to execute any documents and deliver the Warrant in accordance with this Resolution.

10. Bank Purchase. The City hereby designates the Warrant as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. The City covenants not to so designate tax-exempt obligations in the current calendar year in an aggregate amount of more than \$10,000,000. The City does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.

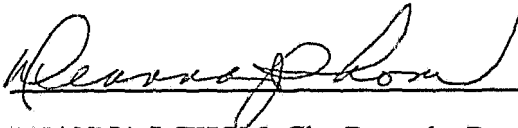
11. Tax-Exempt Status. The City covenants not to take any action or omit any action of the taking or omission would cause interest paid on the Warrant to be includable in gross income of the Warrant holder for federal income tax purposes (except for certain taxes on corporations). The City Manager may enter into covenants on behalf of the City to protect the tax-exempt status of the Warrant.

ADOPTED by the City Council of the City of Wilsonville at a special meeting thereof this 26th day of April, 1989, and filed with the Wilsonville City Recorder this same date.



\_\_\_\_\_  
JOHN M. LUDLOW, Mayor

ATTEST:



\_\_\_\_\_  
DEANNA J. THOM, City Recorder Pro-Tem

SUMMARY of Votes:

Mayor Ludlow	<u>AYE</u>
Councilor Chandler	<u>AYE</u>
Councilor Clarke	<u>AYE</u>
Councilor Dant	<u>AYE</u>
Councilor Edwards	<u>AYE</u>

City of Wilsonville

Warrant Resolution for LID #7

ATTACHMENT A

<u>Date Due</u> =====	<u>Percent Original</u> <u>Warrant Amount Due</u> =====
01-Jun-89	1.3 %
01-Jul-89	1.3
01-Aug-89	1.4
01-Sep-89	1.4
01-Oct-89	1.4
01-Nov-89	1.4
01-Dec-89	1.4
01-Jan-90	1.4
01-Feb-90	1.4
01-Mar-90	1.4
01-Apr-90	1.4
01-May-90	1.4
01-Jun-90	1.5
01-Jul-90	1.5
01-Aug-90	1.5
01-Sep-90	1.5
01-Oct-90	1.5
01-Nov-90	1.5
01-Dec-90	1.5
01-Jan-91	1.5
01-Feb-91	1.5
01-Mar-91	1.6
01-Apr-91	1.6
01-May-91	1.6

**Municipal Credit Agreement**  
**between Security Pacific Bank Oregon and**  
**the City of Wilsonville, Oregon**  
**Relating to a General Obligation Improvement Warrant**  
**Dated: May 1, 1989**

This Municipal Credit Agreement ("Agreement") is made between the City of Wilsonville, Oregon ("the City") and Security Pacific Bank Oregon ("Bank") and sets forth the agreements and understandings of the parties respecting extensions of credit from the Bank to the City:

The City hereby covenants that:

- (1) the City has a legally adopted budget for Fiscal Year 1988-89;
- (2) the City's budget makes provision for warrant issuance;
- (3) the City has duly established its Local Improvement District # 7 in the manner prescribed by law;
- (4) the City knows of no current or pending litigation which does or would challenge the City's legal authority to enter into this Credit Agreement or repay monies due under a Warrant to be purchased by the Bank pursuant to this Agreement, and;
- (5) Proceeds from the sale of the City's Warrant to the Bank will be expended for lawful, budgeted purposes only.

Now, therefore, the City elects to enter into this Municipal Credit Agreement with the Bank and agrees to the following terms:

1. Bank to Purchase Warrant;

On May 1, 1989 the Bank will purchase the City's General Obligation Improvement Warrant ("the Warrant"), in an amount of TWO HUNDRED SIXTY NINE THOUSAND FOUR HUNDRED TWENTY FOUR AND 92/100 dollars (\$269,424.92).

2. City to Redeem Warrant and to Pay Interest Thereon

The City agrees to pay interest on the outstanding principal amount of the Warrant from the date thereof at the rate of seventy percent (70%) of the sum of the fully floating and variable prime lending rate of Security Pacific Bank Oregon plus one percent as that rate may, from time to time, vary, until the Warrant is fully redeemed. Interest on outstanding Warrant principal amounts is due and payable on each date of mandatory monthly partial redemption date as described below commencing on the 1st day of June, 1989, and a like payment on the 1st day of each month thereafter. In no event shall the Warrant interest rate exceed fifteen percent (15%) per annum. The interest on this Warrant shall be computed on an actual days elapsed over a 360 day basis.

The original principal amount of the Warrant is subject to mandatory monthly partial redemption in 24 installments of not less than the percentage fraction of the original Warrant principal amount described on Attachment A to the Warrant. On May 1, 1991 any then outstanding principal balance of the Warrant shall be due and payable together with accrued interest thereon.

Warrant principal and interest are payable in lawful money of the United States of America at the office of the City Recorder of the City of Wilsonville.

The City may redeem all or any portion of the advance on any interest payment date prior to its maturity date upon payment of that fraction of the advance's then outstanding principal amount which the City determines to redeem plus accrued interest through the date of redemption to the Bank on any Monday, Tuesday, Wednesday, Thursday or Friday when the Bank is open for business.

3. Full Faith and Credit Pledged

The full faith and credit of the City of Wilsonville are irrevocably pledged to the full and punctual payment of all amounts due under the Warrant.

4. Manner of Warrant Purchase

The Bank may purchase the Warrant by direct remittance to the City by means of a credit, in the name of the City, to a portion of the City's currently outstanding Bond Anticipation Note, Series 1988.

5. City to Indemnify Bank for Taxability of Warrant Interest Amounts or for Changes in Composite Effective Tax Rate.

In the event that the Internal Revenue Service determines that the interest paid or payable on all or any portion of the Warrant is wholly includable for federal income tax purposes in the gross income of the Bank for any reason whatever, including without limitation the promulgation of any ruling or regulation of the United States Treasury, then loan principal amounts advanced by the Bank shall bear interest at the Bank's fully floating and variable prime rate plus one percent from the effective date of such determination.

The Bank's Composite Effective Tax Rate, "T", is 34%. Should the Bank's Chief Financial Officer certify that the Bank's Composite Effective Tax Rate has decreased from 34% to some lower value as a result of a legislative act of the State of Oregon and / or the United States, then advances shall bear interest from the effect date of that decrease at a new percentage fraction, "F", of the Bank's fully floating and variable prime rate given by:

$$F = [ ((1.02 + (4.5 T)) / (1 - T)) + 7.5 ] [ (1 - T) / 9 ]$$

6. City to Pay Fees and Charges

The City agrees to reimburse the Bank for any out-of-pocket expenses incurred by the Bank with respect to this transaction promptly upon acceptance of this Agreement.

7. Events of Default.

The occurrence of one or more of the following events shall constitute an event of default hereunder, whether occurring voluntarily or involuntarily, by operation of law or pursuant to any order of any court or governmental agency:

- a) City failure to pay any amount owed under the terms of this Agreement and the Warrant when due;
- b) The City's failure to comply in any material aspect with any covenant, condition, or agreement of the City hereunder;
- c) A finding by a competent court of law with proper jurisdiction that any representation or warranty made by the City hereunder shall be untrue in any material respect as of the date made;
- d) The City becomes insolvent or admits in writing an inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee or receiver for the City or a substantial portion of its property, or in the absence of such application, consent, or acquiescence, a trustee or receiver is appointed for the City of a substantial part of its property and is not discharged within (60) days; or any bankruptcy, reorganization, debt arrangement, moratorium, or any proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding is instituted by or against the City and, if instituted against the City, is consented to or acquiesced in by the City or is not dismissed within (90) ninety days.

Upon the occurrence of any Event of Default specified herein, then, at the option of the Bank, all obligations owing to the Bank by the City shall be immediately due and payable without presentment, demand, protest or notice of any kind, all of which are waived by the City, and the Bank may proceed with collection of such obligations and enforcement and realization upon all security which it may hold and to the enforcement of all rights hereunder or at law.

8. Term of Agreement

The term of this Agreement shall be from the date of its acceptance by the Bank and by the City through the later of May 1, 1991 or the date of full redemption of the Warrant.

9. Miscellaneous.

Final and Integrated Agreement. This Agreement and the other documents attached hereto or referred to herein comprise the complete, exclusive and final expression of the integrated agreement between the Bank and the City pertaining to the transactions described herein.

Severability. In case one or more of the provisions contained in this Agreement should be invalid, illegal, or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

Binding Effect. This Agreement is binding upon and shall inure to the benefit of the respective parties, and their heirs, personal representatives, successors and assigns, except the City shall not assign its rights hereunder.

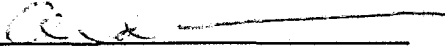
Modification of Agreement. No addition, modification, amendment or alteration to this Agreement or any other agreement or instrument entered into pursuant hereto shall be effective as against the Bank unless specifically agreed upon in a writing signed by both the Bank and the City.



The City agrees to pay all costs and expenses incurred by the Bank in enforcing the collection of all amounts due to the Bank pursuant to this Agreement, including reasonable attorneys' fees, even if no writ, action or other proceeding is commenced, and, if commenced, such costs and fees at trial, on appeal or otherwise.

Dated this 1st day of May, 1989.

Security Pacific Bank Oregon

By: 

Title: VP

City

By: 

Title: CITY MANAGER

**City of Wilsonville  
Clackamas and Washington Counties  
State of Oregon**

**Source and Use Schedule  
May 1, 1989**

Sources:

Cash, City of Wilsonville	\$ 71,300.00
GO Improvement Warrant, Series 1989	<u>269,424.92</u>
	\$ 340,724.92
	=====

Uses:

Bond Anticipation Note, Series 1988	\$ 330,000.00
Bond Anticipation Note, Interest	10,709.42
Costs	<u>15.50</u>
	\$ 340,724.92
	=====

Note: Costs are what is known as of May 1, 1989 and is subject to change at a later date. Anticipated amount of costs to be further incurred by Bank and reimbursed by City is approximately \$100.00.