

**RESOLUTION 2017-04-01**

**A RESOLUTION OF THE CITY OF YACHATS  
AUTHORIZING A LOAN FROM  
THE SAFE DRINKING WATER REVOLVING LOAN FUND  
BY ENTERING INTO A FINANCING CONTRACT  
WITH THE OREGON INFRASTRUCTURE FINANCE AUTHORITY**

The City Council (the “Governing Body”) of the City of Yachats (the “Recipient”) finds:

- A. Recipient is a community or non-profit non-community water system as defined in Oregon Administrative Rule 123-049-0010.
- B. The Safe Drinking Water Act Amendments of 1996, Pub.L. 104-182, as amended (the “Act”), authorize any community or non-profit non-community water system to file an application with the Oregon Infrastructure Finance Authority of the Business Development Department (“the IFA”) to obtain financial assistance from the Safe Drinking Water Revolving Loan Fund.
- C. Recipient previously entered into a Financing Contract with IFA for the project described in Exhibit D to the Financing Contract (the “Project”), project number S16018, in the principal loan amount of \$1,400,000, effective 9 March 2016.
- D. IFA has approved Recipient’s application for additional financial assistance from the Safe Drinking Water Revolving Loan /Fund.
- E. Recipient is required, as a prerequisite to the receipt of additional financial assistance from IFA, to enter into Amendment 1 to the Financing Contract with IFA, substantially in the form attached hereto as Exhibit A.
- F. Notice relating to Recipient’s consideration of the adoption of this Resolution was published in full accordance with Recipient’s charter and laws for public notification.

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

1. Financing Loan Authorized. The Governing Body authorizes the Mayor to execute Amendment 1 to the Financing Contract and the Replacement Promissory Note (the “Financing Documents”) and such other documents as may be required to obtain additional financial assistance, including a loan from the IFA on the condition that the principal amount of the loan from IFA to Recipient is not more than \$1,415,000 (with \$655,000 eligible for principal forgiveness if contract conditions are met) and the interest rate is not more than one (1) per cent if contract conditions are met (and 2.2 per cent if not met). The proceeds of the loan from IFA must be applied solely to the “Costs of the Project” as such term is defined in the Financing Contract.

2. Security. Amounts payable by the Recipient are payable from the sources described

in Section 4 of the Financing Contract and the Oregon Revised Statutes Section 285A.213(5) which include:

- (a) Revenue from any water system project of the Recipient, including special assessment revenue;
- (b) Amounts withheld under subsection 2845A.213(6);
- (c) The General fund of Recipient;
- (d) Any combination of sources listed in paragraphs (a) to (c) of this subsection;
- or
- (e) Any other source.

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 IFA for the Project pursuant to the Financing Documents.

4. Tax-Exempt Status. Recipient covenants not to take any action or omit to take any action if the taking or omission would cause interest paid by Recipient pursuant to the Financing Documents 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 Recipient may enter into covenants on behalf of Recipient to protect the tax-exempt status of the interest paid by Recipient pursuant to the Financing Documents and may execute any Tax Certificate, Internal Revenue Service forms or other documents as may be required by IFA or their bond counsel to protect the tax-exempt status of such interest.

5. Reimbursement Bonds. Recipient may make certain expenditures on the Project prior to the date the Financing Contract is executed with IFA or the date the State of Oregon issues any bonds to fund the loan. Recipient hereby declares its intent to seek reimbursement of such expenditures with amounts received from IFA pursuant to the Financing Contract, but only as permitted by IFA policy, the Financing Contract, and federal tax regulations. Additionally, Recipient understands that IFA may fund or reimburse itself for the funding of amounts paid to Recipient pursuant to the Financing Documents with the proceeds of bonds issued by the State of Oregon pursuant to the Act. This Resolution constitutes "official intent" within the meaning of Section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury.

DATED this \_\_\_\_ day pf April, 2017.

CITY OF YACHATS

By: \_\_\_\_\_  
GERALD F. STANLEY, Mayor

ATTEST:

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Joan Davies, City Manager