

**RESOLUTION NO. 1306**

**A RESOLUTION AUTHORIZING A FULL FAITH AND CREDIT  
BORROWING AND RELATED MATTERS**

WHEREAS, the City of Prineville, Crook County, Oregon (the "City") is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance real or personal property which the City Council determines is needed; and

WHEREAS, the City has identified a need to purchase real property from the Brooks Resource Development Company that is located directly north of the Ironhorse Development and that is expected to be used for surface water rights, roads, and open space (collectively, the "Property"); and

WHEREAS, the City Council hereby determines that the Property is needed, and that it is desirable to finance the Property pursuant to ORS 271.390; and

WHEREAS, the City may purchase the Property (the "Expenditures") before the City borrows to finance the Property, and the rules of the United States Internal Revenue Service require the City to declare its official intent to reimburse itself for amounts that the City will spend before it borrows, in order for the City to reimburse itself for those Expenditures from the proceeds of a tax-exempt borrowing;

NOW, THEREFORE, the City of Prineville resolves as follows:

SECTION 1. Financing Agreement Authorized. The City is hereby authorized to enter into a financing agreement (the "Financing Agreement") pursuant to ORS 271.390 in an aggregate principal amount that is sufficient to provide no more than \$750,000 to acquire the Property, plus additional amounts estimated to be sufficient to pay costs associated with the Financing Agreement. Proceeds of the Financing Agreement shall be used to pay costs of acquiring the Property and costs associated with the Financing Agreement. The City Manager or the Finance Director, or the person designated by the City Manager (each of whom is referred to herein as a "City Official") are hereby authorized, on behalf of the City and without further action by the City Council, to:

- A. Determine the final principal amount, interest rates, payment dates, prepayment rights and all other terms of the financing;
- B. Negotiate the final terms of, and execute and deliver the Financing Agreement and any related documents;
- C. Select Bank of the Cascades, another commercial bank or another lender to provide the financing authorized by this resolution;

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D. Covenant for the benefit of the lender to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for the interest paid under the Financing Agreement to be excluded from gross income for federal income tax purposes;

E. Designate the borrowing as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code, if applicable;

F. Appoint and enter into agreements with Hawkins Delafield & Wood LLP as bond counsel, and other service providers for the Financing Agreement; and

G. Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to carry out this resolution.

SECTION 2. Security. Pursuant to ORS 287A.315, the City is authorized to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the amounts due under the Financing Agreement. The City is not authorized to levy additional taxes to pay the amounts due under the Financing Agreement. The City is also authorized to pledge its gross revenues to pay the amounts due under the Financing Agreement, to enter into covenants with the lender to maintain a minimum level of ending fund balance, and to make other financial covenants that are requested by the lender.

SECTION 3. Declaration of Intent to Reimburse. The City hereby declares its official intent pursuant to Section 1.150-2 of the Treasury Regulations to reimburse itself with the proceeds of the Financing Agreement for any Expenditures paid before the Financing Agreement is issued.

SECTION 4. Effective Date. This resolution is effective immediately upon its passage.

Approved by the City Council on this 21st day of December, 2016.

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Betty J. Roppe, Mayor

ATTEST:

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Lisa Morgan, City Recorder