THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO. 217

A RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF A SERIES OF URBAN RENEWAL BONDS; DELEGATING AUTHORITY TO NEGOTIATE AND EXECUTE ALL DOCUMENTS; AND RELATED MATTERS.

WHEREAS the Urban Renewal Agency of the City of Wilsonville (the "Agency") is authorized to issue bonds payable from the tax increment revenues of the West Side Urban Renewal Area (the "Area"); and,

WHEREAS the Agency previously entered into an intergovernmental agreement with the City of Wilsonville (the "City") most recently amended on April 27, 2011 under which the Agency borrowed $15,000,000 from the City to finance projects in the Area (the "Intergovernmental Agreement"); and,

WHEREAS the City of Wilsonville has approved a maximum indebtedness for the West Side Urban Renewal Area of $40,000,000; and,

WHEREAS the Agency has previously issued $30,000,000 of indebtedness that is subject to that maximum indebtedness limitation; and,

WHEREAS maximum indebtedness limits do not include indebtedness incurred to refund or refinance existing indebtedness; and,

WHEREAS the Agency adopts this resolution to refinance $8,000,000 that is outstanding under the Intergovernmental Agreement; and, WHEREAS the Agency adopted a Bond Declaration dated February 26, 2009 and amended on June 10, 2011 (the "Declaration") related to the Agency's issuance of its West Side Urban Renewal Area, Urban Renewal Bond, Series 2009 and West Side Urban Renewal Area, Urban Renewal Bond, Series 2011 (the "Outstanding Bonds") that outlines the ability of the Agency to issue bonds on parity with the Outstanding Bonds; and, WHEREAS, the Agency adopts this resolution to authorize the issuance of a Bond under the Declaration in a principal amount necessary to refinance $8,000,000 that is outstanding under the Intergovernmental Agreement and to pay costs of issuance of the refinancing Bond; and,

WHEREAS, Bank of America, N.A. provided a favorable proposal to purchase the refinancing Bond from the Agency;

NOW THEREFORE, THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE, RESOLVES AS FOLLOWS:

Section 1. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meaning. Capitalized but undefined terms shall have the meanings in the Declaration.

"Agency" means the Urban Renewal Agency of the City of Wilsonville.

"Agency Official" means the Finance Director of the City or a person designated by the Finance Director to act as Agency Official under this resolution.

"Area" means the City's West Side Urban Renewal Area described in the Plan, and all additions thereto.

"Bank" means Bank of America, N.A.

"City" means the City of Wilsonville, Oregon.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Plan" means the Agency's West Side Urban Renewal Plan which was originally dated November 3, 2003, and as it has been subsequently amended.

"Series 2012 Bond" means the Agency's West Side Urban Renewal Area Urban Renewal Bond, Series 2012 which is authorized by Section 2 of this resolution.

Section 2. Authorization of Series 2012 Bond.

2.1. Pursuant to the authority of ORS Chapter 457, the Agency hereby authorizes the issuance of its Series 2012 Bond in a principal amount sufficient to refinance $8,000,000 of the principal amount outstanding under the Intergovernmental Agreement and to pay costs of issuance of the Series 2012 Bond. The Agency may fund the Reserve Requirement for the Series 2012 Bond from legally available revenues of the Agency.

2.2. The Series 2012 Bond shall be a Bond under the Declaration.

2.3. The Agency also hereby authorizes the execution and delivery of a bond purchase agreement and a supplemental declaration or an amended Declaration, which specify the terms under which the Series 2012 Bond is issued.

Section 3. Security for the Series 2012 Bonds.

The Series 2012 Bond shall be issued as a Parity Bond under the Declaration. The Series 2012 Bond shall not be a general obligation of the City or the Agency and shall be payable solely from the tax increment revenues of the Area and other amounts that are pledged to Bonds under the Declaration.

Section 4. Delegation.

The Agency Official may, on behalf of the Agency and without further action by the Agency:

A. establish the final principal amount, reserve amount, maturity schedule, interest rate, sale price, redemption terms, and other terms of the Series 2012 Bond;

B. award the sale of the Series 2012 Bond to the Bank;

C. execute and deliver the Series 2012 Bond;

D. enter into covenants to maintain the excludability of the Series 2012 Bond interest from gross income under the Code;

E. designate the Series 2012 Bond as a "qualified tax-exempt obligation" pursuant to Section 265 of the Code, if applicable;

F. refinance a portion of the outstanding principal amount of the Intergovernmental Agreement with proceeds of the Series 2012 Bond by transferring the proceeds of the Series 2012 Bond to the City to discharge a portion of the credit facility related to the Intergovernmental Agreement; and,

G. execute any documents and take any other action in connection with the Series 2012 Bond which the Agency Official finds will be advantageous to carry out this resolution.

Section 5. Effective Date of Resolution.

This resolution shall take effect immediately upon its adoption.

ADOPTED by the Urban Renewal Agency of the City of Wilsonville at a regular meeting thereof this 21st day of May, 2012 and filed with Wilsonville City Recorder this same date.

Tim Knapp

Tim Knapp, Board Chair

ATTEST:

Sandra C. King

Sandra C. King, MMC, City Recorder

SUMMARY OF VOTES:

Board Chair Knapp	Yes
Board Member Núñez	Yes
Board Member Starr	Yes
Board Member Hurst	Yes
Board Member Goddard	Yes

Bank of America Merrill Lynch

Bank of America, N.A.
Government Banking
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121 SW Morrison Street
Suite 1700
Portland, OR 97204-3117

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February 23, 2012

Gary Wallis
Finance Director
City of Wilsonville
29799 SW Town Center Loop E
Wilsonville, OR 97070

Re: $8,000,000 Series 2012 Urban Renewal Bond (West Side Urban Renewal Area)

Dear Gary:

Attached is a proposal for Bank of America to provide a credit facility to the Urban Renewal Agency of the City of Wilsonville, Oregon. Please call me at 503-795-6459, or Sharon Capizzo at 503-795-6395, to discuss any questions or comments you may have regarding the proposal.

We look forward to working with you on this transaction.

Very truly yours,

BANK OF AMERICA, N.A.

Douglas Bowlsby
Senior Vice President

Sharon Capizzo
Senior Vice President

Cc: Alan Schulkin, Schulkin Rein PLLC
Merlean Locke, Bank of America

SUMMARY OF TERMS AND CONDITIONS
URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE, OREGON
February 23, 2012

This Term Sheet Proposal is presented for discussion purposes only. It is not a commitment to lend by Bank of America or any of its affiliates. Bank of America may withdraw or amend it at any time in its sole discretion. If Bank of America does extend a loan commitment, the actual terms and conditions (including pricing and financial covenants) will be subject to completion of due diligence, Bank of America's credit and documentation standards, necessary credit approval, market conditions and other considerations determined by Bank of America in its sole discretion.

BORROWER:	Urban Renewal Agency of the City of Wilsonville, Oregon (the "Borrower").
LENDER:	Bank of America, N.A. ("Bank of America" or "Bank").
CREDIT FACILITY:	$8,000,000 Tax-Exempt Urban Renewal Refunding Bond (the "Credit Facility").
PURPOSE:	The proceeds of the Credit Facility shall be used to refund a portion of principal outstanding on the City of Wilsonville's $15,000,000 Amended 2005 Tax-Exempt Non-Revolving Bond Anticipation Note.
INTEREST RATE:	Fixed rate at 3.40%. This is an indicative rate as of today's date. The final rate will be locked one week prior to closing upon mutual consent by Borrower and Bank of America, based on market rates for municipal loans prevailing at that time. The Credit Facility is to be certified as a tax-exempt bank qualified obligation. All calculations of interest shall be made on the basis of a 30-day month and a 360-day year.
ORIGINATION FEE:	$5,000 payable at closing.
REPAYMENT/MATURITY:	Interest on the Credit Facility shall be paid semi-annually. Principal on the Credit Facility shall be repaid annually each year, based on 20-year amortization and approximately level annual debt service. The Credit Facility will mature, and all unpaid principal and interest will be due and payable, 15 years after closing.
SECURITY:	Bank of America shall receive a perfected security interest in the following: • First lien parity pledge of all Tax Increment Revenues from Borrower's West Side Urban Renewal Area (including amounts held in the Tax Increment Revenue Account, and earnings thereon); and • First lien parity pledge of all amounts in the Debt Reserve Account.
PREPAYMENTS:	Any prepayment of a fixed rate loan under this Credit Facility prior to its scheduled maturity shall result in the imposition of a prepayment fee. The calculation of such prepayment fee shall include any loss or expense which Bank of America may incur or sustain as a result of such prepayment, calculated in the manner set forth in the attached Exhibit A.

LEGAL OPINION: Borrower to provide a legal opinion of nationally recognized bond counsel, in form and substance acceptable to Bank and its legal counsel, that (i) the resolution and all documents related to the Credit Facility have been properly adopted, authorized and executed; (ii) the resolution and all documents related to the Credit Facility constitute a legally binding obligation of the Borrower, payable from the Security and enforceable according to their terms (subject to standard exceptions); and, if applicable, (iii) interest payable on the Credit Facility is excludable from net income for purposes of federal and state income taxes; and (iv) Borrower has designated the Credit Facility as a "qualified tax-exempt obligation".

REPRESENTATIONS AND WARRANTIES: Usual and customary for transactions of this type.

COVENANTS: Usual and customary for transactions of this type, to include without limitation:

- **Collection Covenant**: Borrower will agree to certify for collection each fiscal year an amount of Tax Increment Revenues equal to the full amount of the Divide the Taxes Revenues available to Borrower.
- **Reserve Requirement** - Borrower to maintain funds in a Debt Reserve Account in an amount not less than the lesser of the following:
  a) Maximum annual debt service due on the Credit Facility; or
  b) 125% of the average amount of principal, interest and premium due on the Credit Facility, or
  c) 10% of the proceeds of the Credit Facility.
- Borrower would agree not to issue additional debt obligations with a lien on the Security that is senior to Bank of America.
- **Additional Bonds Test**: Borrower may issue additional debt obligations with a lien on the Security on a parity with the Credit Facility, subject to the following terms and conditions:
  a) No event of default has occurred for any Outstanding Parity Bond or any other obligations with a lien on the Security issued on a parity with the Credit Facility; and
  b) No deficiencies exist in a Bond Account or a Debt Service Reserve Account for any Outstanding Parity Bonds or any other obligations with a lien on the Security issued on a parity with the Credit Facility; and either
  c) Available Tax Increment Revenues during the 12 months immediately preceding the issuance of the Additional Parity Bonds were not less than 1.25 times of the actual total debt service that is scheduled to be paid (including all Outstanding Parity Bonds and any Additional Parity Bonds) during each fiscal year that the Additional Parity Bonds are outstanding; or
  d) Available Tax Increment Revenues projected by an Independent Consultant will not be less than 1.35 times the actual total debt service that is scheduled to be paid (including all Outstanding Parity Bonds and any Additional Parity Bonds) during each fiscal year that the Additional Parity Bonds are outstanding.

  For purposes of the tests in subsections c) and d) above, "actual debt service" for the Credit Facility will be calculated as if the Credit Facility were a fully-amortizing 20-year obligation.

- Borrower may reduce the size of the Urban Renewal Area, subject to the following conditions
  a) After taking into consideration the effects of the reduction, actual Tax Revenues during the fiscal year in which the reduction occurs are no less than 150% of the combined maximum annual debt service for all Outstanding Parity Bonds; or
  b) Based on the report of an independent professional consultant with experience and expertise in urban renewal financing, after taking into consideration the effects of the reduction projected Tax Increment Revenues are no less than 150% of the combined maximum annual debt service for all Outstanding Parity Bonds.

  For purposes of the tests in subsections a) and b) above, "maximum annual debt service" for the Credit Facility will be calculated as if the Credit Facility were a fully-amortizing 20-year obligation.

FINANCIAL REPORTING REQUIREMENTS:

Financial Information from Borrower. Borrower to provide financial information and statements in form and content acceptable to Bank of America indicated below:

- Within 210 days of fiscal year end, Borrower's audited annual financial statements.
- Within 45 days of adoption, Borrower's annual budget.
- Borrower to notify Bank of America promptly of any material adverse development, which might reduce or retard Borrower's receipt of resources pledged to the repayment of the Credit Facility.

EVENTS OF DEFAULT:

Usual and customary in transactions of this type.

If an event of default occurs due to (i) nonpayment of principal, interest, fees or other amounts when due, or (ii) failure to maintain the tax exempt status of the Credit Facility (if applicable), then Bank of America may increase the interest rate spread by three percent (3.0%).

GOVERNING LAW/ARBITRATION:

State of Oregon. Any dispute arising out of or related to this letter or the final loan documentation shall be determined by binding arbitration in accordance with the Federal Arbitration Act. All arbitration proceedings shall be conducted through the American Arbitration Association (an independent, alternative dispute resolution service).

EXPENSES:

Borrower will pay all reasonable costs and expenses associated with the preparation, due diligence, administration and enforcement of all documentation executed in connection with the Credit Facility, including Bank of America's attorneys' fees. Bank of America's attorneys' fees for initial review and approval of documentation are subject to a cap of $1,200.

EXPIRATION OF PROPOSAL:

The terms proposed herein lapse if the subject transaction is not closed by June 30, 2012.

This Summary of Terms and Conditions contains confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this Summary of Terms and Conditions or as may be required by law, the contents of the Summary of Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

<u>Under Oregon law, most agreements, promises, and commitments made by Bank concerning loans and other credit extensions which are not for personal, family, or household purposes or secured solely by the borrower's residence must be in writing, express consideration, and be signed by Lender to be enforceable.</u>

Exhibit A:
Prepayment Fee

Prior to (Maturity/the Par Call Date), the Credit Facility may be prepaid in whole, or in part, on any date, with three (3) days prior written notice to Bank of America by payment of an amount equal to the principal amount to be prepaid plus accrued interest thereon to the date of prepayment plus the Prepayment Fee. For purposes hereof, the Prepayment Fee will be the sum of fees calculated separately for each Prepaid Installment, as follows:

(i) The Bank will first determine the amount of interest which would have accrued each month for the Prepaid Installment had it remained outstanding until the applicable Original Payment Date at the Initial Cost of Funds Rate applicable to the Prepaid Installment under this Agreement.

(ii) The Bank will then subtract from each monthly interest amount determined in (i), above, the amount of interest which would accrue for that Prepaid Installment if it were reinvested from the date of prepayment or redemption through the Original Payment Date, using the Treasury Rate.

(iii) If (i) minus (ii) for the Prepaid Installment is greater than zero, the Bank will discount the monthly differences to the date of prepayment or redemption by the Treasury Rate. The Bank will then add together all of the discounted monthly differences for the Prepaid Installment.

The following definitions will apply to the calculation of the Prepayment Fee:

(i) “Initial Cost of Funds Rate” means he fixed interest rate of interest per annum representing, in Bank’s sole and absolute discretion, Bank’s cost of purchasing funds, or the cost of purchasing and exchanging funds through swaps or other derivative products, for an amount and under terms reflecting the characteristics of the Prepaid Installment from the date the Loan shall begin to bear interest at the Note Rate through Maturity.

(ii) "Original Payment Dates" mean the dates on which the prepaid or redeemed principal would have been paid if there had been no prepayment or redemption. If any of the principal would have been paid later than the end of the fixed rate interest period in effect at the time of prepayment or redemption, then the Original Payment Date for that amount will be the last day of the interest period.

(iii) "Prepaid Installment" means the amount of the prepaid or redeemed principal which would have been paid on a single Original Payment Date.

(iv) "Treasury Rate" means the yield on the Treasury Constant Maturity Series with maturity equal to the Original Payment Date of the Prepaid Installment which are principal payments (calculated as of the prepayment in accordance with accepted financial practice and rounded to the nearest quarter-year), as reported in Federal Reserve Statistical Release H.15, Selected Interest Rates of the Board of Governors of the Federal Reserve System, or any successor publication. If no maturity exactly corresponding to such Original Payment Date appears in Release H.15, the Treasury Rate will be determined by linear interpolation between the yields reported in Release H.15. If for any reason Release H.15 is no longer published, the Bank of America shall select a comparable publication to determine the Treasury Rate.