

**RESOLUTION NO 6667**

A RESOLUTION AUTHORIZING AND APPROVING A LOAN AGREEMENT BETWEEN THE CITY OF ALBANY AND THE OREGON DEPARTMENT OF ENVIRONMENTAL QUALITY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,000,000, 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 (DEQ) 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 DEQ has provided the Clean Water State Revolving Fund Loan Agreement No R10514 for the amount of \$13,000,000; and

WHEREAS, the revenue secured loan has been approved at One and 00/100 percent (1 00%) per annum, and

WHEREAS, the Obligation requires an annual fee of 0.5% of the outstanding loan amount (as determined prior to the posting of the payment due on that date) to be paid during the repayment period commencing with the second payment date and annually thereafter; and

WHEREAS, the Obligation requires a loan reserve requirement of \$242,083, and

WHEREAS, the loan will end no later than (a) twenty (20) years after the earlier of the completion date or the estimated completion date set forth in loan documents ARTICLE 3(A)(10) or (b) February 1, 2040, whichever date is earlier; and

WHEREAS, an interest-only payment will be due within six months after the estimated project completion date set forth in ARTICLE 3(A)(10) and thereafter semi-annual payments of principal and interest in accordance with the loan agreement; and

WHEREAS, the City grants to DEQ a security interest in and irrevocably pledges its net operating revenues to secure payment of and to pay the amounts due under the loan agreement; and

WHEREAS, as a condition of the loan, the City debt service coverage requirement provides the City shall maintain wastewater rates and charge fees in connection with the operation of the facility that are adequate to generate net revenues in each fiscal year sufficient to pay (i) all debt service (excluding debt service on the loan), (ii) all other financial obligations imposed in connection with prior lien obligations, and (iii) an amount equal to the debt service coverage factor of 105% multiplied by the debt service payments due under the loan agreement in that fiscal year

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

SECTION 1 APPROVAL OF LOAN AGREEMENT AUTHORIZED

- a. The Council hereby authorizes the City Manager, or his/her designee, to approve the Obligation in an aggregate principal amount not to exceed \$13,000,000 to finance the Project.
- b. The City Manager, or his/her designee, is authorized to approve the 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 funding of a reserve account dedicated to the repayment of the Obligation, pursuant to the terms of the Obligation.

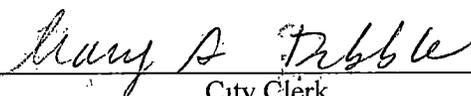
SECTION 3 OBLIGATION PAYABLE SOLELY FROM REVENUES

- 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 28TH DAY OF FEBRUARY 2018.

  
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Mayor

ATTEST

  
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City Clerk