

RESOLUTION NO. 1022

**A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF PRINEVILLE, CROOK COUNTY, OREGON REVENUE INSTALLMENT COMMUNITY FACILITIES BOND NO. 1 IN THE PRINCIPAL SUM OF NOT TO EXCEED \$1,760,700 TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE FOR THE PURPOSE OF FINANCING RENOVATIONS TO THE CITY HALL, POLICE DEPARTMENT AND CIVIC PLAZA, PROVIDING FOR THE FORM AND TERMS OF SAID BOND AND AUTHORIZING THE PAYMENT OF SAME.**

WHEREAS, the City Council (the "Council") of the City of Prineville, Crook County, Oregon (the "City" or "Borrower"), pursuant to the authority of Oregon Revised Statutes Chapters 287 and 288 (particularly, ORS 288.805 to 288.945 (the Uniform Revenue Bond Act)), the Constitution and Laws of the State of Oregon and laws amendatory thereof and supplemental thereto, adopted Resolution No. 951 on October 14, 2003, duly authorizing the City to issue revenue bonds in an amount not to exceed \$2,500,000 to finance renovations to the city hall, police department and civic plaza, including to fund any necessary reserves and costs of issuance. Collectively, the development, construction, improvements and repairs to the city hall, police department and civic plaza and facilities within the boundaries of the City, are referred to herein as the "Project" and the facilities are collectively referred to herein as the "Facility"; and

WHEREAS, notice of Resolution 951 was given as provided by law on October 21, 2003 and no petitions were filed by the electors of the City on or before December 22, 2003, the 61st day after the date of publication; and,

WHEREAS, the United States of America, acting through the United States Department of Agriculture (the "Government") appropriated \$1,760,700, as set forth in a Letter of Conditions dated May 8, 2003, as amended by a letter dated February 5, 2004, to loan that amount to the City at an interest rate of 4.25% per annum for the Project; and,

WHEREAS, the City has been directed to proceed in accordance with law to issue the bond, and concurrently therewith and subsequent thereto the City has commenced negotiations with the Government for financial assistance to improve the Facility; and,

WHEREAS, the Government has indicated a desire to consider financial assistance and as a result, it is necessary to cause the execution and delivery of an installment bond or other evidence of indebtedness to secure any loan or loans made, or insured by the Government and to comply with any requirements, terms, and conditions prescribed by the Government or by Government regulations and to execute contracts or enter into agreements and to take any and all other action as may be necessary, incidental or appropriate to improve the Facility for and on behalf of the City; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PRINEVILLE:

SECTION 1. It is necessary to defray a portion of the costs of improving the Facility by obtaining a loan made by the Government in accordance with the applicable provisions of the Rural Development Act of 1972, and the Government has acknowledged that the City is unable to obtain sufficient credit elsewhere to finance the Facility taking into consideration prevailing private and cooperative rates and terms concurrently available.

SECTION 2. The City shall borrow \$1,760,700 and issue as evidence thereof a Revenue Installment Community Facilities Bond No. 1 (the "Bond") for the full principal amount of the loan. The Bond shall be dated with the date of delivery thereof, and shall be in substantially the following form:

**UNITED STATES OF AMERICA  
STATE OF OREGON  
COUNTY OF CROOK  
CITY OF PRINEVILLE  
REVENUE INSTALLMENT COMMUNITY FACILITIES BOND NO. 1**

KNOW ALL MEN BY THESE PRESENTS: The City of Prineville, Crook County, Oregon, hereinafter called the "Borrower," hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through United States Department of Agriculture, hereinafter called the "Government," the principal sum of One Million Seven Hundred Sixty Thousand Seven Hundred Dollars (\$1,760,700) plus interest on the unpaid principal balance at the rate of 4.25% per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

The sum of \$104,938 on the 15<sup>th</sup> day of December, 2006, and the sum of \$104,938 annually thereafter on the 15<sup>th</sup> day of December until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable thirty (30) years from the date of this Bond.

All or part of the outstanding bond installments may be paid in inverse order on any date without premiums.

This Bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book in the Office of the Borrower, each registration to be noted on the Bond Registration Certificate attached hereto by the City Manager of the Borrower and no transfer hereof shall be valid unless made on said book and similarly noted on the Bond Registration Certificate.

Both the principal and interest shall be paid to the United States of America (as such registered holder) at the Office of Community Programs, serving Crook County, Oregon.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt, and default under any other such instrument shall constitute default hereunder. Upon default the Government, at its option, may declare all or any part of the indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made by the Government pursuant to the Rural Development Act of 1972, as amended, and shall be subject to the present regulations of the United States Department of Agriculture or its successor agency not inconsistent with the express provisions hereof.

This Bond is authorized and issued by virtue of Resolution No. 951 adopted by the City Council of the Borrower on October 14, 2003, notice of which was duly published as provided by law on October 21, 2003, and by Resolution No. 1022 adopted by the City Council of the Borrower on December 13, 2005, and pursuant to the Constitution and Laws of the State of Oregon, and laws amendatory thereof and supplemental thereto.

This Bond and the interest thereon are payable solely from the net revenues of the city hall, police department and civic plaza of the Borrower and neither the Bond nor the payment of interest impose any general liability upon the Borrower for the payment thereof out of any monies other than net revenues of the city hall, police department and civic plaza. It is hereby covenanted by the Borrower that so long as this Bond shall be outstanding and unpaid, or until there shall have been set apart solely for that purpose sums sufficient to pay when due the entire principal sum hereof together with interest accrued, or to accrue thereon, the Borrower shall fix and collect charges for the use of the city hall, police department and civic plaza, such as to provide revenue sufficient to pay, as the same shall become due, the principal and interest of this Bond, and in addition, to pay, as the same become due, the necessary expenses of operating, maintaining, renewing and replacing the city hall, police department and civic plaza of the Borrower, from appropriate reserve funds for such purposes and all other obligations and indebtedness payable out of the revenues of the city hall, police department and civic plaza.

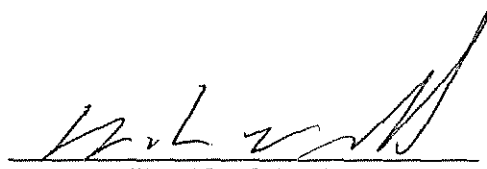
This Bond is exchangeable at the sole expense of the Borrower at any time, upon ninety (90) days written notice, at the request of the registered owner hereof, and upon surrender of this Bond to the Borrower at the Office of the Borrower for registered bonds of the denomination of \$5,000.00 each, or integral multiples thereof, in the aggregate principal amount equal to the unpaid principal amount of the Bond, and bearing interest on the unpaid principal balances at the rate of 4.25% per annum.

It is hereby certified, recited, and declared that all acts, conditions and things required to exist, happen, and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as

required by law, that the amount of this Bond, together with all obligations of the Borrower, does not exceed any limits prescribed by the Constitution and Statutes of the State of Oregon and the resolution of the Borrower.

IN WITNESS WHEREOF, the City of Prineville, Crook County, Oregon has caused this Bond to be signed by its Mayor and attested by its City Manager, all on the 15<sup>th</sup> day of December, 2005.

**City of Prineville  
Crook County, Oregon**



\_\_\_\_\_  
Mike Wendel, Mayor

ATTEST:



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Robb Corbett, City Manager

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**BOND REGISTRATION CERTIFICATE**

**CITY OF PRINEVILLE  
CROOK COUNTY, OREGON**

**REVENUE INSTALLMENT COMMUNITY FACILITIES BOND NO. 1**

**DATE: December 15, 2005**

**Registered in the name of:  
United States of America**

By:   
City Manager

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SECTION 3. The unobligated net revenues of the city hall, police department and civic plaza, after payment of the ordinary operation and maintenance expenses thereof, are pledged to the payment of the principal of and interest upon the Bond.

SECTION 4. The City Manager shall be the custodian of all funds of the Facility and all funds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation or in the Local Government Investment Pool. The City Manager shall execute a Fidelity Bond in an amount not less than \$104,938 with a surety company approved by the Government and the amount thereof shall not be reduced without the prior written consent of the Government. The City Manager is hereby directed to establish the following accounts into which the current funds of the Bond proceeds, the revenues from the city hall, police department and civic plaza and other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the Bond hereby authorized remains unpaid.

(a) Construction Account. The proceeds of the Bond hereby authorized shall be deposited in the Construction Account. Amounts in the Construction Account exceeding \$100,000.00 shall either be secured by the depository bank in advance in accordance with State and Federal law or deposited in the Oregon Local Government Investment Pool. Withdrawal from the Construction Account shall be made only on checks signed by any of the following City officials: the City Manager or the Mayor, as authorized by the City Council, and only for the purposes for which said Bond was issued as specified in the estimate of costs. The City's share of any liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Project. When the construction of the Facility has been completed or all construction costs have been paid in full, any balance remaining in the Construction Account shall be used to pay outstanding installments on

the Bond in inverse order without premiums; provided, however, that the proceeds of the Bond deposited in the Construction Account shall be used to retire any interim financing. The Construction Account shall then be closed.

(b) Debt Service Account (bookkeeping account). The City shall maintain the Debt Service Account in the City's Debt Service Fund for the payment of principal, premium, if any, and interest on the Bond as they become due. All accrued interest, if any, and all taxes levied and other moneys available for the payment of the Bond shall be deposited to the Debt Service Account.

(c) Reserve Account (bookkeeping account). The Borrower shall establish and maintain a Reserve Account. There shall be set aside and deposited in the Reserve Account the sum of \$10,494 annually until there is accumulated in that fund the sum of \$104,938 after which no further deposits need be made into said account except to replace withdrawals.

The Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the Facility which may be caused by any unforeseen catastrophe and when necessary for the purpose of making payments of principal and interest on the Bond hereby authorized in the event the amount of the Debt Service Account is insufficient to meet such payments. Approval by the Government is required prior to the use of the Reserve Account funds. Whenever disbursements are made from the Debt Service Account, the deposits shall be resumed until there is again accumulated the amount of \$104,938 at which time deposits may be again discontinued.

SECTION 5. Borrower covenants and agrees that so long as the Bond hereby authorized remains unpaid:

(a) Borrower will indemnify the Government for any payments made or losses suffered by the Government as a result of or in connection with the Facility.

(b) Borrower will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.

(c) Borrower will impose and collect sufficient rates and charges for use of the Facility to provide for the operation and maintenance thereof and the payments on the Bond hereby authorized and the maintenance of the various funds herein created; that all use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Borrower; and that no free use of the Facility will be permitted.

(d) Borrower will maintain complete books and records relating to the operation of the Facility and its financial affairs and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish the Government, without request, a copy of each annual audit report. At all reasonable times the Government shall have the right to inspect the Facility and the records, accounts and data of Borrower relating thereto.

(e) Borrower will maintain such insurance coverage as may be required by the Government.

(f) Borrower will not borrow money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(g) Borrower will not dispose of or transfer its title to the Facility or any part thereof, including lands and interest in lands, by sale, mortgage, lease, or other encumbrance, without prior written consent of the Government.

(h) Borrower will cause to be collected such revenues as may be necessary to operate and maintain the Facility in good condition and meet payments on the Bond when the same become due if, for any reason, gross revenues are insufficient.

(i) Borrower will comply with all federal laws and regulations to maintain the tax-exempt status of Bond interest from Federal income taxation and Oregon personal income taxation.

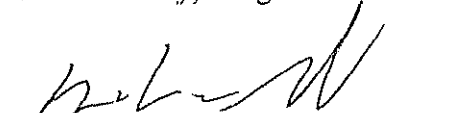
SECTION 6. If at any time it shall appear to the Government that Borrower is able to refinance the amount of the Bond then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, Borrower will, upon request of the Government, apply for and accept such loan in an amount sufficient to repay the Government and will take all such actions as may be required in connection with such loan.

SECTION 7. The Mayor and the City Manager or such officers' designee (the "Authorized Representative") are hereby authorized and directed to execute for and on behalf of Borrower Form RD 400-1, "Equal Opportunity Agreement," Form RD 400-4, "Assurance Agreement," as required by the provisions of Title VI of the Civil Rights Act of 1964, Form RD 1942-47, "Loan Resolution," Form RD 442-21, "Right-of-Way Certificate," Form RD 1942-46, "Letter of Intent to Meet Conditions," Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts," Form RD 1924-18, "Partial Payment Estimate," Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters - Primary Covered Transactions," Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," and if an RHS development grant is involved, RUS Bulletin 1780-12, "Water or Waste System Grant Agreement," and Form AD-1049, "Certification Regarding Drug-Free Workplace Requirements (Grants)".

SECTION 8. The Council designates the Authorized Representative to act on behalf of the City and determine the terms of the Bond and to execute any certificates, documents or agreements that the Authorized Representative determines are desirable to issue, sell and deliver the Bond in accordance with this resolution.

ADOPTED by the Council of the City of Prineville, Crook County, Oregon this  
13<sup>th</sup> day of December, 2005.


**City of Prineville**  
Crook County, Oregon



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Mike Wendel, Mayor

ATTEST:



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Robb Corbett, City Manager