

RESOLUTION NO. 915

A RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF FULL FAITH AND CREDIT OBLIGATIONS TO REFUND THE CITY'S WATER REVENUE BOND - PHASE 1, SERIES 2000 AND WATER REVENUE BOND - PHASE 2, SERIES 2000; DESIGNATING AN AUTHORIZED REPRESENTATIVE, ESCROW AGENT, AND SPECIAL COUNSEL; AUTHORIZING THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT, ESCROW AGREEMENT AND ESCROW DEPOSIT AGREEMENT; AND RELATED MATTERS.

WHEREAS, the City of Phoenix, Jackson County, Oregon (the "City") is authorized pursuant to the Constitution and laws of the State of Oregon, namely, Oregon Revised Statutes Sections 271.390, 287A.315 and 287A.360, to (1) enter into financing agreements to finance and refinance improvements to the facilities of the City, (2) pledge its full faith and credit and taxing power in connection with such financing agreements, and (3) pay the costs of issuance of such financing agreements; and

WHEREAS, the City has determined that interest rates may have declined sufficiently that it is desirable to refund all of the City's outstanding Water Revenue Bond – Phase 1, Series 2000 (the "Phase 1 Bond") and Water Revenue Bond – Phase 2, Series 2000 (the "Phase 2 Bond"). The Phase 1 Bond and the Phase 2 Bonds are collectively referred to herein as the "Series 2000 Bond"; and

WHEREAS, the Phase 1 Bond is dated November 16, 2000 and was issued in the original principal amount of \$1,104,900. The Phase 1 Bond is subject to prepayment prior to maturity, at the option of the City, in whole or in part, on any date without premium; and

WHEREAS, the Phase 2 Bond is dated November 16, 2000 and was issued in the original principal amount of \$1,089,000. The Phase 1 Bond is subject to prepayment prior to maturity, at the option of the City, in whole or in part, on any date without premium; and

WHEREAS, the proceeds of the Series 2000 Bond was expended to pay a portion of the costs needed to finance the costs of additions, replacements, expansions or improvements to the City's water system and all equipment and appurtenances necessary, useful or convenient thereto, and (b) pay costs associated with issuing the Series 2000 Bond; and

WHEREAS, the proceeds of the Full Faith and Credit Obligations, Series 2015 (the "Series 2015 Obligations") will be for the purpose of providing funds sufficient to (1) refund all of the Series 2000 Bond, and (2) pay the costs of issuance of the Series 2015 Obligations (collectively, the "Project"). The Series 2015 Obligations will be issued as full faith and credit obligations of the City, payable from the general, non-restricted revenues of the City, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution, the Charter of the City and statutes of the State of Oregon; and

WHEREAS, it is advantageous for the City to authorize and enter into a financing agreement to finance the Project. In addition, the City may enter into an escrow agreement which will authorize the escrow agent to issue full faith and credit obligations evidencing undivided proportionate interests in the amounts payable by the City under the financing agreement.

Section 1. Authorization. The Council hereby authorizes:

a. Issuance and Sale of Series 2015 Obligations. The City authorizes the issuance and negotiated sale of the Series 2015 Obligations in an amount not greater than the amount necessary to (1) refund all of the outstanding Series 2000 Bond, and (2) pay costs of issuance of the Series 2015 Obligations. The Series 2015 Obligations shall be issued as a single obligation or in multiple obligations in denominations of \$5,000 each, or integral multiples, as negotiable full faith and credit obligations City and shall bear interest at a true effective rate that provides significant savings as determined by the Authorized Representative, as defined below. The Series 2015 Obligations may be issued as taxable or tax-exempt obligations and shall mature on a date set by the Authorized Representative, as defined below.

b. Financing Agreement. The City authorizes the execution and delivery of a financing agreement (the "Financing Agreement") to finance the Project, in a form satisfactory to the Authorized Representative, as defined below.

c. Escrow Agreement. The City authorizes the execution and delivery of an escrow agreement between the City and the escrow agent (the "Escrow Agreement"), in a form satisfactory to the Authorized Representative, pursuant to which the escrow agent shall execute obligations representing the principal amount payable under the Financing Agreement, and evidencing the right of the escrow agent to receive the City's Financing Payments under the Financing Agreement.

Section 2. Financing Payments. The Financing Payments for the Series 2015 Obligations shall be payable from the general, non-restricted revenues of the City, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution, the Charter of the City and statutes of the State of Oregon. The obligation of the City to make Financing Payments shall be a full faith and credit obligation of the City, and is not subject to appropriation. The Registered Owners of the Series 2015 Obligations shall not have a lien or security interest on the property financed with the proceeds of the Series 2015 Obligations.

Section 3. Designation of Authorized Representative. The City hereby authorizes the City Manager or Mayor or any designee of the Council (the "Authorized Representative") to act as the authorized representative on behalf of the City and determine the remaining terms of the Series 2015 Obligations as delegated in Section 4 below.

Section 4. Delegation of Final Terms and Sale of Series 2015 Obligations and Additional Documents. The Authorized Representative is authorized, on behalf of the City, to:

a. Determine whether it is desirable to refinance the Series 2000 Bond;

b. approve of and authorize the distribution of the preliminary and final Official Statements, if any, to prospective purchasers of the Series 2015 Obligations;

c. negotiate the terms under which the Series 2015 Obligations shall be sold, to enter into a Purchase Agreement for sale of the Series 2015 Obligations, and to execute and deliver the Purchase Agreement;

d. establish the maturity and interest payment dates, dated date, principal amount, capitalized interest (if any), optional and/or mandatory redemption provisions, interest rates, denominations, serial and term maturities, and other terms under which the Series 2015 Obligations shall be issued, sold, executed, and delivered;

e. negotiate the terms, approve of, execute and deliver the Financing Agreement and the Escrow Agreement, if any, as the Authorized Representative determines to be in the best interest of the City and appoint an escrow agent;

f. determine which fund or funds are available to pay the Financing Payments;

g. determine whether the Series 2015 Obligations shall be Book-Entry certificates and to take such actions as are necessary to qualify the Series 2015 Obligations for the Book-Entry System of DTC, including the execution of a Blanket Issuer Letter of Representations;

h. seek to obtain a rating on the Series 2015 Obligations, if determined by the Authorized Representative to be in the best interest of the City;

i. apply for municipal bond insurance for the Series 2015 Obligations, and expend proceeds to pay the insurance premium, if determined by the Authorized Representative to be in the best interest of the City;

j. designate the Financing Agreement and the Series 2015 Obligations as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code so long as the City and all subordinate entities do not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the calendar year in which the Series 2015 Obligations are issued;

k. approve, execute and deliver a Tax Certificate; and execute and deliver a Certificate specifying the action taken pursuant to this Resolution, and any other documents, agreements or certificates that the Authorized Representative determines are necessary and desirable to issue, sell and deliver the Series 2015 Obligations in accordance with this Resolution; and

l. approve, execute and deliver a continuing disclosure certificate pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) for the Series 2015

Obligations.

Section 5. Maintenance of Tax-Exempt Status. The City hereby covenants for the benefit of the Owners of the Series 2015 Obligations to use the Series 2015 Obligation proceeds and the projects refinanced with Series 2015 Obligation proceeds in the manner required, and to otherwise comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which are required so that interest paid on the Series 2015 Obligations will not be includable in gross income of the Owners of such Series 2015 Obligations for federal income tax purposes. The City makes the following specific covenants with respect to the Code:

a. The City will not take any action or omit any action if it would cause the Financing Agreement or Series 2015 Obligations to become arbitrage bonds under Section 148 of the Code.

b. The City shall operate the projects refinanced with the Series 2015 Obligations so that the Series 2015 Obligations do not become "private activity bonds" within the meaning of Section 141 of the Code.

c. The City shall comply with appropriate Code reporting requirements.

d. The City shall pay, when due, all rebates and penalties with respect to the Series 2015 Obligations which are required by Section 148(f) of the Code.

The covenants contained in this Section 5 and any covenants in the closing documents for the Series 2015 Obligations shall constitute contracts with the owners of the Series 2015 Obligations, and shall be enforceable by them. The Authorized Representative may enter into covenants on behalf of the City to protect the tax-exempt status of the Financing Agreement and the Series 2015 Obligations.

Section 6. Appointment of Escrow Agent. The Authorized Representative is authorized to appoint an Escrow Agent for the issuance of the Series 2015 Obligations and to administer the Escrow Deposit Fund.

Section 7. Escrow Deposit Agreement and Escrow Agent. The City may enter into an Escrow Deposit Agreement for the establishment of an Escrow Deposit Fund to which shall be deposited sufficient proceeds from the Series 2015 Obligations to acquire Government Obligations to provide funds sufficient to pay the principal of and interest on the Series 2000 Bond to the date of optional redemption. The Authorized Representative is authorized to execute the Escrow Deposit Agreement for and on behalf of the City.

Section 8. Irrevocable Call and Redemption of Series 2000 Bond.

The City does irrevocably call for redemption at par value the principal of the Series 2000 Bond being refunded on a date to be determined by the Authorized Representative. The irrevocable call and redemption of the Series 2000 Bond is subject to the sale and delivery of the Series 2015 Obligations.

Section 9. Effect of Refunding on Series 2000 Bond. The City determines that, upon payment in full of the Series 2000 Bond or the deposit into the Escrow Deposit Fund of Government Obligations in an amount calculated to be sufficient to pay the principal of and interest on the Series 2000 Bond being refunded, such deposit shall fully defease the Series 2000 Bond being refunded.

Section 10. Appointment of Special Counsel. The City appoints Mersereau Shannon LLP as special counsel to the City for the issuance of the Series 2015 Obligations.

Section 11. Appointment of Underwriter/Placement Agent/Financial Advisor. The Authorized Representative is authorized to appoint an underwriter, placement agent and/or financial advisor for the issuance of the Series 2015 Obligations.

Section 12. Continuing Disclosure. The City covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Agreement, if any, to be negotiated in connection with the Series 2015 Obligations. Notwithstanding any other provision of this Resolution, failure by the City to comply with the Continuing Disclosure Agreement will not constitute an event of default; however, any Registered Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section and the Continuing Disclosure Certificate.

Section 13. Preliminary and Final Official Statement. If required, the City shall prepare or cause to be prepared a preliminary official statement for the Series 2015 Obligations which shall be available for distribution to prospective purchasers. In addition, if required, an official statement shall be prepared and ready for delivery to the purchasers of the Series 2015 Obligations no later than the seventh (7th) business day after the sale of the Series 2015 Obligations. When the City determines that the final official statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the official statement not misleading in the light of the circumstances under which they are made, the Authorized Representative is authorized to certify the accuracy of the official statement on behalf of the City.

Section 14. Closing of the Sale and Delivery of the Series 2015 Obligations. The Authorized Representative is authorized to negotiate with the purchaser as to the terms and conditions of a Purchase Agreement providing for the private negotiated sale of the Series 2015 Obligations. The Authorized Representative is authorized to execute the Purchase Agreement for and on behalf of the City and to execute such additional documents, including a Tax Certificate, and to perform any and all other things or acts necessary for the sale and delivery of the Series 2015 Obligations and redemption of the Series 2000 Bond as herein authorized. Such acts of the

Authorized Representative are for and on behalf of and are authorized by the Council of the City.

Section 15. Resolution to Constitute Contract. In consideration of the purchase and acceptance of any or all of the Series 2015 Obligations by those who shall own the same from time to time (the "Owners"), the provisions of this Resolution shall be part of the contract of the City with the Owners and shall be deemed to be and shall constitute a contract between the City and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Series 2015 Obligations, including without limitation the City's covenants and pledges contained in Section 2 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Series 2015 Obligations over any other thereof, except as expressly provided in or pursuant to this Resolution.

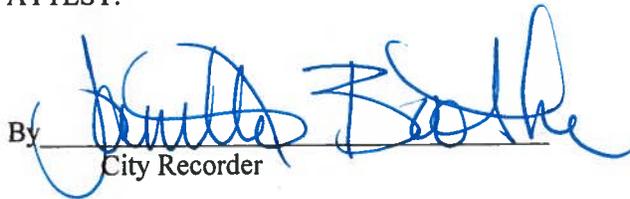
Section 16. Effective Date. This resolution takes effect upon adoption by the City Council.

PASSED by the Council of the City of Phoenix this 6th day of April, 2015.

**CITY OF PHOENIX
JACKSON COUNTY, OREGON**

By 
Mayor

ATTEST:

By 
City Recorder