

**BEFORE THE BOARD OF DIRECTORS
OF
OAK LODGE WATER SERVICES DISTRICT**

**In the Matter of Authorizing a Full
Faith and Credit Borrowing and
Related Matters**

RESOLUTION NO. 18-13

THIS MATTER came before the Board of Directors of Oak Lodge Water Services District, a sanitary and water district organized under Oregon Revised Statute (ORS) Chapter 450 and Chapter 264, regarding Full Faith and Credit Borrowing and Related Matters.

WHEREAS, Oak Lodge Water Services District, Oregon (the "District") is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance real or personal property which the Board of Directors determines is needed so long as the estimated weighted average life of the financing agreement does not exceed the estimated dollar weighted average life of the property that is financed; and

WHEREAS, the District has identified a need to finance improvements to its water system, including replacing all non-updated water meters with radio read meters (collectively, the "Project"); and

WHEREAS, pursuant to ORS 450.640, the applicable debt limit for the District is governed by ORS 450.900(3), which limits the amount of the District's outstanding bonds of all types, including improvement, revenue and general obligation bonds, to thirteen percent (13%) of the real market value ("RMV") of taxable property within the District. The District's RMV in fiscal year 2019 is \$4,038,993,748 and thirteen percent of the District's RMV is \$525,069,187. The total amount of outstanding borrowings of the District, after issuance of the borrowing authorized by this Resolution, is estimated to be \$39,941,797, which does not exceed thirteen percent of the District's RMV; and

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

NOW, THEREFORE, the District resolves as follows:

SECTION 1. Finding of Need. The Board of Directors hereby determines that the Project is needed.

SECTION 2. Financing Agreement Authorized. The District is hereby authorized to enter into a Resolution No. 18-13

financing agreement (the "Financing Agreement") pursuant to ORS 271.390 in an aggregate principal amount that is sufficient to provide no more than \$1,300,000 to finance the Project, 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 the Project and costs associated with the Financing Agreement. The General Manager or the Finance Director, or the person designated by the General Manager (each of whom is referred to herein as a "District Official") are hereby authorized, on behalf of the District and without further action by the Board of Directors, to:

Determine the final principal amount, interest rates, payment dates, prepayment rights and all other terms of the financing;

Negotiate the final terms of, and execute and deliver the Financing Agreement and any related documents;

Select a commercial bank or other lender to provide the financing authorized by this resolution;

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;

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

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

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

SECTION 3. Security. The Financing Agreement may constitute an unconditional obligation of the District, which is payable from all legally available funds of the District. Pursuant to ORS 287A.315, the District 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 District is not authorized to levy additional taxes to pay the amounts due under the Financing Agreement.

The District does not currently have the authority to levy property taxes.

SECTION 4. Declaration of Intent to Reimburse. The District 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 5. Effective Date. This resolution is effective immediately upon its passage.

Adopted by the Board of Directors on this 20th day of November 2018.

OAK LODGE WATER SERVICES
DISTRICT

By: 
Nancy Gibson, Chair

By: 
Susan Keil, Secretary