

RESOLUTION NO. 18-5 URA

AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF THE RIVERFRONT-DOWNTOWN URBAN RENEWAL AREA SHORT-TERM SUBORDINATE URBAN RENEWAL BOND, SERIES 2018

WHEREAS the Urban Renewal Agency of the City of Salem (the “Agency”) finds it desirable to issue an urban renewal bond to pay for the costs of urban renewal projects in the Riverfront-Downtown Urban Renewal Area; and

WHEREAS the Agency finds it desirable to sell such bond to U.S. Bank National Association;

NOW, THEREFORE, THE BOARD OF THE URBAN RENEWAL AGENCY OF THE CITY OF SALEM, OREGON RESOLVES AS FOLLOWS:

Section 1. **Definitions.** For purposes of this Resolution, the following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

“Agency” means the Urban Renewal Agency of the City.

“Agency Official” means the Financial Operations Manager of the City, the City Manager of the City, or the person designated in writing by the City Manager to act as Agency Official under this Resolution.

“Area” means the Riverfront-Downtown Urban Renewal Area which is described in the Plan, and all additions thereto.

“Bank” means U.S. Bank National Association or its successors.

“Bond” means the Agency's Riverfront-Downtown Urban Renewal Area Short-Term Subordinate Urban Renewal Bond, Series 2018 which is issued pursuant to Section 2 of this Resolution.

“City” means the City of Salem, Oregon, a city duly organized and existing under and by virtue of the laws of the State of Oregon and the Charter of the City.

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

“Project Fund” means the account for the Riverfront-Downtown Urban Renewal Area within the Agency’s Tax Allocation Improvements Fund, which is a separate fund or account from the Tax Increment Fund and is used to hold the proceeds of the Bond.

“Plan” means the Agency's Urban Renewal Plan for the Riverfront-Downtown Urban Renewal Area, which was approved by Ordinance No. 75-95 by the City of Salem on May 5, 1975, as that plan has been and may be amended from time to time.

“Resolution” means this Resolution authorizing the Bond.

“Senior Lien Bonds” means any indebtedness which is payable from the Tax Increment Revenues of the Area and which is outstanding on the date the Bond is issued.

“Tax Increment Fund” means the account for the Riverfront-Downtown Urban Renewal Area within the Agency’s Tax Allocation Bond Debt Fund established under ORS 457.440(6)(b) to hold the Tax Increment Revenues.

“Tax Increment Revenues” means all ad valorem tax revenues from property within the Area which are attributable to the increase in assessed value of property within the Area pursuant to Section 1c, Article IX of the Oregon Constitution and the Oregon Revised Statutes, Chapter 457, all taxes levied in connection with the Plan pursuant to Article XI, Section 11(16) of the Oregon Constitution, and all earnings thereon while the Tax Increment Revenues are held in the Tax Increment Fund.

Section 2. Authorization of the Bond. The Agency hereby authorizes the issuance of the Bond in an aggregate principal which does not exceed the lesser of \$6,500,000 or the amount of Tax Increment Revenues available in the Tax Increment Fund on the date the Bond is issued. The Bond shall be payable solely from the Tax Increment Revenues which are available in the Tax Increment Fund to pay the Bond on the date the Bond is issued. Tax Increment Revenues shall be considered available to pay the Bond only if those Tax Increment Revenues are not required to be maintained in a debt service fund, reserve fund or similar fund, or as part of a minimum balance or similar requirement, for any Senior Lien Bonds. The Bond shall bear interest which is includable in gross income under the Code. The Bond shall bear interest at the rate or rates approved by the Agency Official pursuant to Section 8 of this Resolution. The interest rate or rates may be fixed or variable. The Bond shall mature and shall be issued on the terms established by the Agency Official pursuant to Section 8 of this Resolution.

Section 3. Security for the Bond. The Bond shall not be a general obligation of the City of Salem or the Agency. The principal of and the interest on the Bond shall be payable solely from the Tax Increment Revenues and from the proceeds of the Bond. The Agency hereby irrevocably pledges the Tax Increment Revenues, including all amounts deposited in the Tax Increment Fund, to pay the Bond. The lien on, and pledge of the Tax Increment Revenues to pay the Bond shall be superior to all other claims against the Tax Increment Revenues except that the lien of the Bond shall be subordinate to the lien of the Senior Lien Bonds. Proceeds of the Bond deposited in the Project Fund are also pledged to pay the Bond until such time as they have been spent in accordance with Section 5 of this Resolution.

Section 4. The Tax Increment Fund. The Agency covenants to deposit the Tax Increment Revenues into the Tax Increment Fund, and, so long as the Bond is outstanding, to expend the Tax Increment Revenues from that Area only for the following purposes, in the following order of priority:

- (a) To pay principal, interest or premium on Senior Lien Bonds and to make deposits to maintain or replenish reserves for Senior Lien Bonds;
- (b) To pay the Bond; and;

- (c) For any other lawful purpose.

Section 5. Project Fund; Use of Proceeds. The Project Fund shall be held by the Agency. Proceeds of the Bond shall be deposited in the Project Fund. Amounts in the Project Fund may be used by the Agency at any time, but only to pay for costs of carrying out the Plan, including costs of issuing the Bond, and if the pledged Tax Increment Revenues are not sufficient, to pay the Bond.

Section 6. Superior, Parity and Subordinate Obligations. As long as the Bond is outstanding:

- (a) The Agency covenants not to issue any obligations payable from the Tax Increment Revenues which have a lien or claim on the Tax Increment Revenues which is superior to the lien of the Bond.
- (b) The Agency covenants not to issue obligations which have a lien on the Tax Increment Revenues which is equal to the lien of the Bond without the prior written consent of the Bank.
- (c) The Agency may issue subordinate obligations which have a lien on the Tax Increment Revenues which is subordinate to the lien of the Bond, but only if the documents authorizing the subordinate obligations clearly indicate that no Tax Increment Revenues shall be used to pay those subordinate obligations until the Bond has been paid in full.

Section 7. Execution of the Bond. The Bond shall be signed with the manual or facsimile signature of an Agency Official. The Bond shall be in substantially the form attached hereto as Exhibit A.

Section 8. Sale of Bond. The Bond shall be sold to the Bank in accordance with a purchase agreement approved by the Agency Official. The Agency Official is hereby authorized on behalf of the Agency, and without further action by the Agency:

- (a) to establish the terms of the Bond, including the maturity date and interest rate;
- (b) to redeem the Bond on or prior to its stated maturity date;
- (c) to approve and execute a purchase agreement establishing the terms under which the Bond is sold to the Bank; and
- (d) to take any other action and execute any other documents which are desirable in order to issue, sell, and deliver the Bond in accordance with this Resolution.

Section 9. Effective Date of Resolution. This Resolution is effective upon adoption.

ADOPTED by the Board this 12th day of March, 2018.

ATTEST:

City Recorder

Approved by the City Attorney

Checked by: D. Lacy

Exhibit A

No. R-1

\$6,500,000

United States of America
Urban Renewal Agency of the City of Salem
State of Oregon
Riverfront-Downtown Urban Renewal Area
Short-Term Subordinate Urban Renewal Bond
Series 2018

The Urban Renewal Agency of the City of Salem, Oregon (the "Agency"), for value received, acknowledges itself indebted and hereby promises to pay, but solely from the Tax Increment Revenues of the Riverfront-Downtown Urban Renewal Area and the proceeds of this Bond, to U.S. Bank National Association (the "Owner"), on _____, 2018, the principal amount of Six Million Five Hundred Thousand Dollars (\$6,500,000) with interest thereon from the date hereof at the Prime Rate in effect from time to time minus two percent (2.00%). Interest is payable at maturity.

This Bond is authorized by Agency Resolution No. 18-5 URA which was adopted on March 12, 2018 (the "Resolution"), and was sold and delivered pursuant to a Bond Purchase Agreement dated _____, 2018, between the Agency and the Owner (the "Bond Purchase Agreement").

This Bond is subject to redemption at the option of the Agency on any date, in whole or in part, and is subject to mandatory redemption in whole on any date upon the occurrence, and declaration of an Event of Default (as defined in the Bond Purchase Agreement) by the Owner, at a price of par plus accrued interest.

THIS BOND IS NOT A GENERAL OBLIGATION OF THE AGENCY OR THE CITY OF SALEM, OREGON, AND IS PAYABLE SOLELY FROM THE TAX INCREMENT REVENUES OF THE Riverfront-Downtown URBAN RENEWAL AREA AND PROCEEDS OF THIS BOND, AS PROVIDED IN THE RESOLUTION AND THE BOND PURCHASE AGREEMENT.

This Bond is issued by the Agency for the purpose of financing the costs of urban renewal projects within the Riverfront-Downtown Urban Renewal Area in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The Agency has pledged the Tax Increment Revenues of the Area and the proceeds of this Bond to pay this Bond. The lien of this Bond on the Tax Increment Revenues is subordinate to the lien of the Agency's outstanding Senior Lien Bonds and the requirement to fund reserves for those Senior Lien Bonds, as provided in the Resolution.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to 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 the Constitution and Statutes of the State of Oregon; and that the issue of which this Bond is a part, and all other obligations of the Agency, are within every debt limitation and other limit prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the Agency has caused this Bond to be executed with the manual signature of its Agency Official as of the date indicated above.

Urban Renewal Agency of the City of Salem, Oregon

Agency Official