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*The City of Salem ordains as follows:*

- (a) In 2009 the City of Salem (the “City”) borrowed money by entering into a loan agreement (the “2009 Loan Agreement”) in the original principal amount of \$100,075,000 and authorizing issuance by the City’s escrow agent of its Full Faith and Credit Obligations, Series 2009 (the “2009 Obligations”) to finance and refinance improvements to the City’s water and sewer system.
- (b) Approximately \$60,725,000 of the outstanding principal amount of the 2009 Loan Agreement is callable and the City may reduce its debt service expense by issuing refunding bonds to refund all or a portion of the callable portion of the 2009 Loan Agreement.
- (c) the City desires to issue the refunding bonds as parity bonds under the City’s Master Water and Sewer System Revenue Bond Declaration dated as of October 16, 2012 (the “Master Declaration”).
- (d) The City is authorized to issue revenue bonds for a public purpose under ORS 287A.150 and related statutes (the “Act”) by nonemergency ordinance but may not sell those revenue bonds until the period for referral of the nonemergency ordinance authorizing the revenue bonds has expired.
- (e) If a nonemergency ordinance authorizing the revenue bonds is referred, the City may not sell the revenue bonds authorized by that ordinance unless the voters approve the revenue bonds.

**Section 2.** The City is hereby authorized to issue revenue bonds under the Act and other applicable provisions of ORS Chapter 287A to refund all or a portion of the callable portion of the 2009 Loan Agreement. The revenue bonds authorized by this Section 1 (the “Bonds”) may be issued in an amount sufficient to pay and redeem the portion of the 2009 Loan Agreement and related 2009 Obligations being refunded plus an amount sufficient to pay estimated costs related

1 to the refunding and issuance of the Bonds. The Bonds are estimated to be issued in a principal  
2 amount not to exceed \$67,000,000.

3 **Section 3.** The Bonds shall be special limited obligations of the City that are payable solely  
4 from the Net Revenues of the City's water and sewer system and related amounts pledged to pay  
5 Parity Bonds under the Master Declaration. The Bonds may be issued as Parity Bonds under the  
6 Master Declaration.

7 **Section 4.** The Bonds shall not be general obligations of the City and neither the authorization  
8 nor the issuance of the Bonds shall authorize the City to levy any additional ad valorem property  
9 taxes.

10 **Section 5.** No Bonds may be sold and no purchase agreement for any Bonds may be executed  
11 until the period for referral of this nonemergency ordinance has expired and this ordinance takes  
12 effect. If this ordinance is referred, the City may not sell the Bonds authorized by this ordinance  
13 unless the voters approve this ordinance.

14 **Section 6.** After the effective date of this ordinance the City Manager or the City Manager's  
15 designee (each of whom is referred to in this ordinance as a "City Official") may, on behalf of  
16 the City and without further action by the Council:

- 17 (a) Issue all or a portion of the Bonds in one or more series, which may be sold at different  
18 times.
  - 19 (b) Participate in the preparation of, authorize the distribution of, and deem final preliminary  
20 and final official statements or other disclosure documents for each series of the Bonds.
  - 21 (c) Subject to the limits in this ordinance, establish the final principal amounts, maturity  
22 schedules, interest rates, sale prices, redemption terms, payment terms and dates, record  
23 dates and other terms for each series of the Bonds, and select one or more underwriters or  
24 lenders and negotiate the sale of any series with those underwriters or lenders.
  - 25 (d) Undertake to provide continuing disclosure for any series of the Bonds in accordance  
26 with Rule 15c2-12 of the United States Securities and Exchange Commission.
  - 27 (e) Appoint and enter into agreements with service providers for the Bonds, including  
28 verification agents and escrow agents to accomplish the refunding.
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- 1 (f) Determine whether the savings produced by the refunding are adequate to justify the  
2 refunding, and select the portion of the 2009 Loan Agreement and related 2009  
3 Obligations to be refunded.
- 4 (g) Take any actions to call, prepay, redeem and defease the portion of the 2009 Loan  
5 Agreement and the related 2009 Obligations being refunded.
- 6 (h) Finalize the terms of, execute and deliver a supplemental bond declaration or similar  
7 document for each series of the Bonds, which memorializes the terms under which the  
8 series is issued and which may contain additional covenants that the City Official  
9 determines are desirable to facilitate the sale of the Bonds or obtain more favorable terms  
10 for the City, including establishing a reserve requirement for the Bonds and amending the  
11 Master Declaration.
- 12 (i) Make any contributions to the Bond Reserve Account that the City Official determines is  
13 desirable and determine the Reserve Requirement, if any, for each series of the Bonds.
- 14 (j) Execute and deliver each series of the 2017 Bonds to their purchaser.
- 15 (k) Apply for ratings for each series of Bonds, determine whether to purchase municipal  
16 bond insurance or obtain other forms of credit enhancements for each series of Bonds,  
17 enter into agreements with the providers of credit enhancement, and execute and deliver  
18 related documents.
- 19 (l) Issue any qualifying series of Bonds as “tax-exempt bonds” bearing interest that is  
20 excludable from gross income under the Internal Revenue Code of 1986, as amended,  
21 (the “Code”) and enter into covenants for the benefit of the owners of those series to  
22 maintain the excludability of interest on those series from gross income under the Code.
- 23 (m) Issue any series of Bonds as “taxable bonds” bearing interest that is includable in gross  
24 income under the Code.
- 25 (n) Execute any documents and take any other action in connection with the Bonds that the  
26 City Official finds will be advantageous to the City.

27 **Section 7.** The City Official is hereby authorized to file any required advance refunding plans  
28 related to the 2009 Loan Agreement and 2009 Obligations with the State of Oregon.  
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**Section 8. Codification.** In preparing this ordinance for publication and distribution, the City Recorder shall not alter the sense, meaning, effect or substance of this ordinance, but within such limitations, may:

- (a) Renumber sections and parts of sections of the ordinance;
- (b) Rearrange sections;
- (c) Change reference numbers to agree with renumbered chapters, sections or other parts;
- (d) Delete references to repealed sections;
- (e) Substitute the proper subsection, section or chapter, or other division numbers;
- (f) Change capitalization and spelling for the purpose of uniformity;
- (g) Add headings for purposes of grouping like sections together for ease of reference; and
- (h) Correct manifest clerical, grammatical or typographical errors.

**Section 9. Severability.** Each section of this ordinance, and any part thereof, is severable, and if any part of this ordinance is held invalid by a court of competent jurisdiction, the remainder of this ordinance shall remain in full force and effect.

PASSED by the City Council this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

ATTEST:

City Recorder

Approved by City Attorney: \_\_\_\_\_

Checked by: D.Lacy