

RESOLUTION NO. 10-17

**RESOLUTION OF THE CITY OF SCAPPOOSE APPROVING THE PURCHASE
OF REAL PROPERTY AND APPROVING THE FINANCING FOR THE PURCHASE
OF REAL PROPERTY**

WHEREAS, the City of Scappoose ("City") desires to purchase the real property and improvements described in **Exhibit A** attached hereto and incorporated herein (the "Property"), from Scharf Properties, LP ("Scharf"), subject to certain terms and conditions; and

WHEREAS, Scharf desires to sell the Property to the City; and

WHEREAS, the Scappoose City Council finds it in the public interest of the City to purchase the Property from Scharf; and

WHEREAS, the City and Scharf have entered into an agreement to purchase the Property and agreed that the purchase price for the Property shall be \$674,310.00; and

WHEREAS, the City has obtained financing for the purchase of the Property from U.S. Bank, in the form of a loan in the amount of up to \$544,310.00, subject to the terms set forth in the Letter of Interest attached hereto and incorporated herein as **Exhibit B**; and

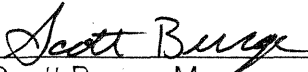
WHEREAS, the Scappoose City Council desires to authorize the City Manager or his designee to undertake all tasks necessary to close the purchase of the Property, including executing all agreements and documents necessary to carry out the intent of this Resolution.

**NOW THEREFORE, THE SCAPPOOSE CITY COUNCIL RESOLVES AS
FOLLOWS:**

1. The purchase of the real property and improvements described in Exhibit A is approved; and
2. The financing arrangement, as set forth in the attached Exhibit B, is approved; and
3. The City Manager is authorized to undertake all tasks and execute any and all documents necessary to close the purchase of the Property, including signing a financing agreement in accordance with the terms of the attached Exhibit B.

PASSED AND ADOPTED by the Scappoose City Council and signed by me, and the City Recorder, in authentication of its passage this 16th day of August, 2010.

CITY OF SCAPPOOSE, OREGON



Scott Burge, Mayor


Attest: 
Susan M. Reeves, CMC
City Recorder

EXHIBIT A

EXHIBIT "ONE"

All that portion of Parcel 2 of Partition Plat Number 2006-11 as recorded May 10, 2006, as Fee Number 2006-006144, Records Columbia County, Oregon, which lies East of 2nd Street (72 feet wide), situated in the Northeast quarter of Section 13, Township 3 North, Range 2 West, Willamette Meridian, City of Scappoose, Columbia County, Oregon, being more particularly described as follows:

Beginning at the most Easterly Northeast corner of said Parcel 2, Partition Plat 2006-11, also being the Southeast corner of Parcel 1, said Partition Plat No. 2006-11; thence along the East line of said Parcel 2, South 03°28'30" East, 160.98 feet to an angle point therein; thence continuing along said East line, South 30°06'48" East 216.87 feet to the North line of that parcel described in Book 72, Page 461, Deed Records of Columbia County, Oregon; thence along said North line, North 86°16'35" West, 401.38 feet to the East right of way line of said 2nd Street (72 feet wide); thence along said East right of way line, North 03°34'48" West, 247.17 feet to the beginning of a 436.00 foot radius curve to the left; thence continuing along said East right of way line along the arc of said curve, through an angle of 12°43'15", (the chord of which bears North 09°56'26" West, 96.60 feet) an arc length of 96.80 feet to the North line of said Parcel 2; thence along said North line the following three courses: North 86°25'30" East 59.92 feet, South 64°46'35" East 81.29 feet, and North 86°26'30" East, 181.08 feet to the point of beginning.

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Government & NonProfits Banking Division
5th Floor (PD-OR-TSGB)
111 SW Fifth Avenue, Suite 550
Portland, OR 97204
(503) 275-3204 direct
(503) 275-7565 fax

EXHIBIT B

August 11, 2010

City of Scappoose
33568 E Columbia Ave
Scappoose, OR 97056

Attn: Jon Hanken, City Manager (jonhanken@ci.scappoose.or.us)
Copy to: Angela Johnson, Jordan Schrader Ramis PC
(angela.johnson@jordanschrader.com)

U.S. Bank National Association ("U.S. Bank") is pleased to consider your request to provide financing to the City of Scappoose ("City"). A summary of some of the terms U.S. Bank is considering for this financing package is as follows:

**Re: up to \$544,310.00 (approximate)
City of Scappoose
Full Faith and Credit Financing ("Financing")**

Purpose: Purchase of property and improvements.

Fixed Rate financing:

Amount: Maximum: up to \$544,310.00 (approximate)
Length: Term: 5 years (20 year amortization), fully-prepayable
Interest Rate:

5-year term (20 year amortization): A fixed-rate of 2.90% Bank Qualified Tax Exempt, such rate to be adjusted as of the date of funding so as to maintain the same margin over U.S. Bank's cost of funds as that which is included in the above indicated rate. Accrual to be on a 30/360 day basis. This rate assumes that the City will designate the Financing as tax-exempt (bank qualified) under existing federal tax regulations.

Fee: An origination fee of \$1,500 will be due at closing and will be deducted from the proceeds of the Financing.

Payments: Rates, above, assume semi-annual equal principal payments and semi-annual interest payments.

Prepayments: The Financing may be prepaid prior to the stated maturity.

Security: The Financing will be secured by the Full Faith and Credit Pledge of the City and payment of principal and interest will not be subject to annual appropriation.

Costs: Various costs, expenses and fees relating to due diligence and the Financing documentation, including all legal fees and expenses are the responsibility of the City. U.S. Bank may require separate legal counsel ("Bank Counsel") to work with the City's bond counsel ("Bond Counsel") in structuring the documents in accordance with U.S. Bank policies. Bank Counsel will have a significant influence on the structure of the Financing as well as Financing documents. U.S. Bank currently anticipates not requiring separate Bank Counsel.



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EXHIBIT B

Covenant: Documentation will include standard covenants regarding maintenance of business operations, adequate insurance coverage, agreement to take all actions necessary to preserve tax-exempt status of the obligation, and to collect fees, taxes and other revenues in an amount sufficient to meet all the City's obligations, including debt service on this obligation.

Documentation: Documentation for the transaction will be provided by nationally recognized bond counsel of the City's choice at the cost of the City. Documentation will include an appropriate authorizing resolution or ordinance, 8038 filing, attorney opinion that the obligations are a legal, valid, binding, enforceable and properly authorized obligation of the City, and financing agreement. The City will designate the Financing as a "tax-exempt, bank qualified obligation" under section 265(b) of the Internal Revenue Code of 1986, as amended, for investment by financial institutions.

Other: The City will covenant to automatically provide the Government & Nonprofits Banking Division of U.S. Bank with copies of its annual, audited financial statements within 270 days of the end of each fiscal year for the duration of the Financing.

Under Oregon law, most agreements, promises and commitments made by the Purchaser after October 3, 1989, concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the Purchaser to be enforceable.

U.S. Bank's continued involvement with this financing is predicated upon U.S. Bank obtaining credit approval of the various terms, conditions, and creditworthiness of the City. The credit approval process includes the mandatory analysis of the City's most recent three years of audited financial statements. The Bank is in possession of the City's Fiscal Year End Reports for 2007, 2008 and 2009.

This Letter of Interest automatically expires Wednesday, August 25, 2010.

As we obtain more information, additional substantive conditions will be required and terms may be changed or be supplemented. In addition, upon completion of our analysis and due diligence and if we obtain credit approval of this proposal, recognized bond counsel, at the City's expense, will prepare loan documentation which will include terms and conditions customary to U.S. Bank, as well as warranties and covenants specific to this transaction.

To that end, this letter is an expression of interest only, and it is not a contract, commitment nor intent to be bound. U.S. Bank does not intend that this letter or discussions relative to the terms of this letter create any legal rights or obligations, implicit or explicit, in favor of or against the other party. Also, no oral discussions and/or written agreements shall be in place of or supersede written loan agreements executed by your business and accepted by U.S. Bank.

Thank you for discussing your financing needs with U.S. Bank. Should you wish us to continue to consider your credit request, you will be responsible for all of U.S. Bank's out-of-pocket expenses related to this financing request. We look forward to the opportunity to consider your credit request.



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EXHIBIT B

If you have any questions regarding this letter, please contact me at (503) 275-3204.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

Zoe Ann Liggett

Zoe Ann Liggett
Assistant Vice President & Portfolio Manager
Government & Nonprofits Banking Division