

CITY of CASCADE LOCKS

** AMENDED **

AGENDA

CITY COUNCIL MEETING, Monday, September 14, 2020, 7:00 PM, CITY HALL

Purpose: The City Council meets on the 2nd and 4th Mondays of each month to conduct city business.

1. **Call to Order/Pledge of Allegiance/Roll Call.**
2. **Additions or amendments to the Agenda.** (The Mayor may add items to the agenda after it is printed and distributed only when required by business necessity and only after an explanation has been given. The addition of agenda items after the agenda has been printed is otherwise discouraged.)
3. **Adoption of Consent Agenda.** (Consent Agenda may be approved in its entirety in a single motion. Items are considered to be routine. Any Councilor may make a motion to remove any item from the Consent Agenda for individual discussion.)
 - a. **Approval of August 24, 2020 Minutes.**
 - b. **Ratification of the Bills in the Amount of \$608,690.29**
4. **Public Hearing:**
5. **Action Items:**
 - a. **Appointment to Committees.**
 - b. **Annual Review of Council Rules.**
 - c. **Approve Resolution No. 1442 for the Sale of the Bond for the Water System Improvement Project.**
6. **Appearance of Interested Citizens to Share a Variety of Perspectives on Issues Facing Our Community.** (Comments on matters not on the agenda or previously discussed.)
7. **Reports and Presentations.**
 - a. **City Committees.**
 - b. **City Administrator Zimmerman Report.**
8. **Mayor and City Council Comments.**
9. **Other matters.**
10. **Executive Session as may be required.**
11. **Adjournment.**

Public access to the meeting is available via Free Conference Call.com. The phone number is 978-990-5151 (long distance charges may apply if using your land line phone).

The access code is 2077547.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired, or for other accommodations for person with disabilities, should be made at least 48 hours in advance of the meeting by contacting the City of Cascade Locks office at 541-374-8484.

AGENDA ITEM NO: 5C

CASCADE LOCKS STAFF REPORT

Date Prepared: September 10, 2020

For City Council Meeting on: September 14, 2020

TO: Honorable Mayor and City Council

PREPARED BY: Gordon Zimmerman, City Administrator

SUBJECT: Approve Resolution No. 1442 for the Sale of the Bond for the Water System Improvement Project

SYNOPSIS: Back in September of 2015 we embarked on a project to improve the City's water system by replacing and upgrading the mainline through downtown, building a new reservoir and digging a new well for an adequate supply of water for the future of our community. It has been a long haul, two years longer than anticipated, but we are finally at the end of the project and must now transition to pay for the work that has been done.

The USDA promised \$3,764,515 for this project. Because of delays in engineering and processes the final cost was \$4,020,858.12. The difference of \$256,343.12 is the City's responsibility. The Port of Cascade Locks contributed \$156,160.71 toward the water main installation to the Port's Business Park. The remaining \$100,182.41 will be taken out of the System Development Fund used for new capital projects in the Water system.

This resolution and all of the associated documents will allow the USDA to reimburse our interim lender, Cashmere Valley Bank, and to issue a 40-year bond for the repayment of the cost of the project. Our annual payments will be \$125,848 due every September 25 for the next 40 years and \$7,000 a year set in reserve for those capital items that have a less than 15 year estimated life. We must also maintain a reserve of one year's payment.

Here is the good news. Our original interest rate for this proposed bond was 2.87% percent which is a really good rate. Now we are closing on a bond on September 25 with an interest of 1.5%, almost half of the original. Our original estimate annual payment was almost \$200,000. Our rates were set to collect at this rate. With our growth over the last 5 years, we are collecting an estimated \$217,000 per year for debt service.

The Council has, therefore, two possible directions.

We could lower the \$20 per month for debt service to \$12 per month and pay the bond for the 40-year duration of the bond. The total interest paid over the 40 years would be about \$1.27 million.

The other option is to keep the debt service fee at \$20 which our customers have been paying for three years. By keeping the fee at \$20 with the reduced interest rate of 1.5%, we can pay \$217,000 per year towards the bond. There is no prepayment penalty. With the annual payments of \$125,848 and the additional principal payments of \$91,152, paying the amount already collected over the 1-year reserve amount, we would retire the debt in 19-20 years. This would save the customers almost \$737,000 over the life of the bond.

In any case, the resolution must be approved in order to close the bond on September 25 at the 1.5% interest rate.

The following material is included with this staff report.

1. Resolution No. 1442 to be adopted by the Council on September 14, 2020
2. Bond
3. Receipt for Bond
4. Certificate of Delivery and Payment
5. Signature and Non-Litigation Certificate
6. No Change in Financial Condition Certificate
7. Tax Certificate
8. Special Counsel Opinion

Also attached are:

- A. Index of the Transcript of Documents
- B. Certificate of No Petitions
- C. IRS Form 8038-G
- D. Loan Resolution RD 1780-27 (Page 3 to be completed)

CITY COUNCIL OPTIONS: Approve or reject Resolution No. 1442.

RECOMMENDED MOTION: "I move to approve Resolution No. 1442 to approve the sale of a bond of \$3,764,515 at a 40-year life at 1.5% interest by working with the USDA and Bond Counsel for the bond closing on September 25, 2020."

RESOLUTION NO. 1442

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF CASCADE LOCKS, HOOD RIVER COUNTY, OREGON INSTALLMENT WATER REVENUE BOND IN THE PRINCIPAL SUM OF \$3,764,515 TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL UTILITIES SERVICE, FOR THE PURPOSE OF PROVIDING A PORTION OF THE COSTS OF ACQUISITION, CONTRUCTION, IMPROVEMENT AND EXTENSION OF A WATER SYSTEM WITHIN AND WITHOUT THE BOUNDARIES OF THE CITY OF CASCADE LOCKS, HOOD RIVER COUNTY, OREGON; PROVIDING FOR THE FORM AND TERMS OF SAID BOND; AND AUTHORIZING THE PAYMENT OF SAME.

WHEREAS, the City Council of the City of Cascade Locks, Hood River County, Oregon (the "City"), has been duly authorized by RUS Bulletin 1780-27 Loan Resolution dated August 24, 2015 and Resolution No. 1338 dated September 28, 2015 to issue an Installment Water Revenue Bond in an aggregate amount not to exceed the sum of \$3,800,000 (the "Bond") in excess of any existing bond issue, for the purpose of financing improvements to the City's water system including, but not limited to: (1) drilling a new well adjacent to existing wells, (2) construct an above ground 480,000 gallon storage tank, (3) installing 1,000 linear-feet of transmission main, (4) 3,900 linear-feet of distribution line, (5) abandoning/replacing approximately 23,500 linear-feet of existing pipe to improve the distribution and fire flow throughout the City's service area, (6) funding of a reserve account, if any, and (7) pay the costs of issuance of the Bond and any interim financing, hereinafter called the "Facility" and,

WHEREAS, Notice of the Revenue Bond authorization was published October 3, 2015 in the Hood River News, a newspaper of general circulation in the City in the same manner as other public notices of the City, and,

WHEREAS, on or about December 14, 2015, the City Council found that no petitions were filed requesting the City to refer the matter to a vote, and

WHEREAS, the City Staff has been directed to proceed in accordance with law to issue the Bond, and concurrently therewith and subsequent thereto the City has commenced negotiations with the United States of America acting through the United States Department of Agriculture, Rural Utilities Service, hereinafter called "Government", for financial assistance to construct said Facility, and,

WHEREAS, said Government has indicated a desire to consider said financial assistance and as a result, it is necessary to cause the execution and delivery of installment bonds or other evidence

of indebtedness to secure any loan or loans made, or insured, by the Government and to comply with any requirements, terms, and conditions prescribed by the Government or by Government regulations and to execute contracts or enter into agreements and to take any and all other action as may be necessary, incidental or appropriate to finance, construct, complete, equip, extend or improve the Facility for and on behalf of the City;

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

Section 1. It is necessary to defray the costs of the acquiring, constructing and equipping the Facility by obtaining a loan made by the Government in accordance with the applicable provisions of the Rural Development Act of 1972, it being determined by the Government that the City is unable to obtain sufficient credit elsewhere to finance the purchase of the Facility taking into consideration prevailing private and cooperative rates and terms concurrently available.

Section 2. That the City borrow in the aggregate amount not to exceed the sum of \$3,764,515 and issue as evidence thereof an Installment Water Revenue Bond (the "Bond") for the full principal amount of the loan. The Bond shall be dated with the date of delivery thereof and shall be in substantially the following form:

NO. 1

\$3,764,515

UNITED STATES OF AMERICA
STATE OF OREGON

CITY OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
INSTALLMENT WATER REVENUE BOND, SERIES 2020

KNOW ALL MEN BY THESE PRESENTS: the City of Cascade Locks, Hood River County, Oregon, hereinafter called the "Borrower," hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, hereinafter called the "Government," the principal sum of Three Million Seven Hundred Sixty Four Thousand Five Hundred Fifteen Dollars (\$3,764,515) plus interest on the unpaid principal balance at the rate of 1.500% per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

The sum of \$125,848.00 commencing September 25, 2020 and annually thereafter on the 25th day of September until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of this Bond.

Prepayments of scheduled installments, or any portion thereof, may be made at any time

at the option of Borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Bond debt, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled in the security instruments.

This Bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book in the office of the City Recorder of the Borrower, each registration to be noted on the Bond Registration Certificate attached hereto by said City Recorder and no transfer hereof shall be valid unless made on said book and similarly noted on the Bond Registration Certificate.

Both the principal and interest shall be paid to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, as such registered holder, electronically by the Pre-Authorized Debt System.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt, and default under any other such instrument shall constitute default hereunder, and upon default the Government, at its option, may declare all or any part of said indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made by the Government pursuant to the Rural Development Act of 1972, as amended, and shall be subject to the present regulations of the United States of America and to its future regulations not inconsistent with the express provisions hereof.

This Bond is authorized by virtue of Resolution No. 1338 adopted by the City Council on September 28, 2015, notice of which was duly published as provided by law, the applicable provisions of Oregon Revised Statutes (“ORS”) Chapter 287A, and Resolution No.1442 of the City adopted by the City Council on September 14, 2020 (the “Resolution”).

This Bond and the interest thereon are payable solely from the unobligated and legally available net revenues of the water utility system of the Borrower and neither the Bond nor the payment of interest impose any general liability upon the said City for the payment thereof out of any monies other than unobligated and legally available net revenues of the water utility system. It is hereby covenanted by the Borrower that so long as this Bond shall be outstanding and unpaid, the City Council of the Borrower shall fix and collect charges for water services, such as to provide revenue sufficient to pay, as the same shall become due, the principal and interest of this Bond, in addition to paying, as the same become due, the necessary expenses of operating, maintaining, renewing and replacing the water utility system of said City, and appropriate reserve funds for such purposes and all other obligations and indebtedness payable out of the legally available revenues of said water utility system.

This Bond is exchangeable at the sole expense of the Borrower at any time, upon ninety (90) days' written notice, at the request of the registered owner hereof, and upon surrender of this Bond to the Borrower at the office of the City Recorder of the Borrower for registered bonds of the denomination of \$5,000 each, or integral multiples thereof, in the aggregate principal amount

equal to the unpaid principal amount of the Bond, and bearing interest on the unpaid principal balances at the rate of 1.500% per annum.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and 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 law, and that the amount of this Bond, together with all obligations of the Borrower, does not exceed any limits prescribed by the Constitution and Statutes of the State of Oregon and the Charter, Ordinances and Resolutions of the Borrower.

IN WITNESS WHEREOF, the City of Cascade Locks, Hood River County, Oregon has caused this Bond to be signed by the Mayor of the Borrower and attested by the City Recorder of the Borrower, all on the 25th day of September, 2020.

CITY OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

By _____
Tom Cramblett, Mayor

ATTEST:

Kathy Woosley, City Recorder

BOND REGISTRATION

DATE: September 25, 2020

Registered in the name of:

United States of America, acting through the
United States Department of Agriculture, Rural Utilities Service

Kathy Woosley, City Recorder

Section 3. The unobligated and legally available net revenues of the Facility, after payment of the ordinary operation and maintenance expenses thereof, hereby are pledged to the payment of the principal of and interest upon the said bond.

The funds derived from such sources shall be carried by the Recorder of the City in a separate book account to be designated CITY OF CASCADE LOCKS WATER BOND FUND and shall be expended only in the payment of the principal of and interest on said City of Cascade Locks, Oregon Water Revenue Bond No. 1 until all of said obligations and any that may be issued to refund them have been fully paid and redeemed or until the provisions for the payment or redemption thereof have been made.

Section 4. The City Administrator shall be the custodian of all funds of the Facility and all funds shall be deposited in a bank which is a member of the Federal Deposit Insurance Corporation. The City Administrator shall execute a Fidelity Bond in an amount not less than \$125,848.00 with a surety company approved by the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, and the amount thereof shall not be reduced without the prior written consent of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service. The City Administrator is hereby directed to establish the following accounts into which the current funds of the Facility, the Revenues from the Facility and other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the Bond hereby authorized remains unpaid.

(a) Construction Account. The proceeds of the bonds hereby authorized and any interim financing acquired shall be deposited in the Construction Account. Amounts in the Construction Account exceeding \$100,000.00 shall either be secured by the depository bank in advance in accordance with State and Federal law or deposited in the Oregon Local Government Investment Pool.

Withdrawal from the Construction Account shall be made only on checks signed by the City Administrator of the City as authorized by the City Council, countersigned by the Mayor or other authorized City Official and only for the purposes for which said bonds were issued as specified in the estimate of costs. The City's share of any liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the project. When the construction of the Facility has been completed or all construction costs have been paid in full, any balance remaining in the Construction Account shall be used to pay outstanding installments on the bond in inverse order without premiums. The Construction Account shall then be closed.

(b) Revenue Account. The gross revenues shall be set aside into a separate account to be designated the Revenue Account, and monies so deposited therein shall be expended and used only in the manner and order as follows:

1. Operation and Maintenance Account (bookkeeping account). There shall be set aside and deposited each month, before any other expenditures therefrom, a sufficient portion of the monies in the Revenue Account to pay the reasonable and necessary current expenses of operating and maintaining the Facility for the current month.

2. Debt Service Account (bookkeeping account). After the transfer required in item 1 above, there shall be transferred each month from the Revenue Account, before any other expenditures or transfer therefrom, and deposited in the Debt Service Account for payment of the annual installment of the bond, a sum equal to at least one-twelfth of the annual installment becoming due on the next succeeding 25th day of September. If the City for any reason shall fail to make such monthly deposit, then an amount equal to the deficiency shall be set apart and deposited in the Debt Service Account out of the gross revenues in the ensuing month or months, which amount shall be in addition to the regular monthly deposit required during each succeeding month or months.

Whenever there shall accumulate in the Debt Service Account amounts in excess of the requirements during the next twelve months for paying principal and interest on outstanding bond installments, and in the Operation and Maintenance Account and the Reserve Account hereinafter established amounts in excess of the requirements thereof, such excess may be used by the City to make prepayments on the bond.

3. Reserve Account (bookkeeping account). Out of the balance of income and revenue in the Revenue Account remaining after the transfers required in items 1 and 2 above have been made, there shall be set aside and deposited in the Reserve Account the sum of \$12,584.80 annually until there is accumulated in that fund the sum of \$125,848.00, after which no further deposits need to be made into said account except to replace withdrawals. The Reserve Account shall be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the Facility which may be caused by any unforeseen catastrophe and when necessary for the purpose of making payments of principal and interest on the bonds hereby authorized in the event the amount of the Debt Service Account is insufficient to meet such payments. Approval by Rural Utilities Service is required prior to the use of the Reserve Account funds.

4. Short Lived Asset Replacement Account (bookkeeping account). There shall be set aside and deposited in the Short Lived Asset Replacement Account the sum of \$7,000.00 annually. The Short Lived Asset Replacement Account shall be used and disbursed only for the purpose of replacing facility assets with an estimate life of less than fifteen years. Government concurrence is not required to use the funds in the Short Lived Asset Replacement Account for the stated purpose.

Section 5. The City covenants and agrees that so long as the Bond hereby authorized remains unpaid:

(a) It will indemnify the Government for any payments made or losses suffered by the Government as a result of or in connection with the Facility.

(b) It will comply with applicable state laws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect sufficient rates and charges for use of the Facility to provide for the operation and maintenance thereof and the payments on the bond hereby authorized and the maintenance of the various funds herein created; that all use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the City; and that no free use of the Facility will be permitted.

(d) It will maintain complete books and records relating to the operation of the Facility and its financial affairs and will cause such books and records to be audited annually at the end of each fiscal year and an audit report prepared, and will furnish the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, without request, a copy of each annual audit report. At all reasonable times the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, shall have the right to inspect the Facility and the records, accounts and data of the City relating thereto.

(e) It will maintain such insurance coverage as may be required by the Government.

(f) It will not borrow money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility exclusive of normal maintenance without obtaining the prior written consent of the Government.

(g) It will not dispose of or transfer its title to the Facility or any part thereof, including lands and interest in lands, by sale, mortgage, lease or other encumbrance, without obtaining the prior written consent of the Government.

(h) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet payments on the bonds when the same become due if, for any reason, gross revenues are insufficient

Section 6. If at any time it shall appear to the Government that the City is able to refinance the amount of the Bond then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the City will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 7. The City hereby designates the Bond for purposes of paragraph (3) of Section 265(b) of the Code as a "qualified tax-exempt obligation" and covenants that the Bond does not constitute a private activity bond as defined in Section 141 of the Code, and that not more than \$10,000,000 aggregate principal amount of obligations, the interest on which is excludable under Section 103(a) of the Code from gross income for federal income tax purposes (excluding, however, private activity bonds other than qualified 501(c)(3) bonds) including the Bond, have been or shall be issued by the City, including all subordinate entities of the City, if any, during the calendar year 2020.

Section 8. The City Administrator of the City is hereby authorized and directed to execute for and on behalf of the City Form RD 400-1, "Equal Opportunity Agreement", Form RD 400-4, "Assurance Agreement", as required by the provisions of Title VI of the Civil Rights Act of 1964, Form RD 1942-47, "Loan Resolution", Form RD 442-21, "Right-of-Way Certificate", Form RD 1942-46, "Letter of Intent to Meet Conditions", Form RD 1910-11, "Applicant Certification Federal Collection Policies for Consumer or Commercial Debts", Form RD 1924-18, "Partial Payment Estimate", Form AD-1047, "Certification Regarding Debarment, Suspension, and Other Responsibility Matters B Primary Covered Transactions", Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transactions", and if RUS development grant is involved, RUS Bulletin 1780-12, "Water or Waste System Grant Agreement", and Form AD-1049, Certification Regarding Drug-Free Workplace Requirements (Grants)".

ADOPTED by the City Council of the City of Cascade Locks, Hood River County, Oregon this 14th day of September, 2020.

CITY OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

By _____
Tom Cramblett, Mayor

ATTEST:

Kathy Woosley, City Recorder

NO. 1

\$3,764,515

UNITED STATES OF AMERICA
STATE OF OREGON

CITY OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON
INSTALLMENT WATER REVENUE BOND, SERIES 2020

KNOW ALL MEN BY THESE PRESENTS: the City of Cascade Locks, Hood River County, Oregon, hereinafter called the "Borrower," hereby acknowledges itself indebted and for value received promises to pay to the order of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, hereinafter called the "Government," the principal sum of Three Million Seven Hundred Sixty Four Thousand Five Hundred Fifteen Dollars (\$3,764,515) plus interest on the unpaid principal balance at the rate of 1.500% per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

The sum of \$125,848.00 commencing September 25, 2021 and annually thereafter on the 25th day of September until the principal and said interest are fully paid, except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable forty (40) years from the date of this Bond.

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Bond debt, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled in the security instruments.

This Bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book in the office of the City Recorder of the Borrower, each registration to be noted on the Bond Registration Certificate attached hereto by said City Recorder and no transfer hereof shall be valid unless made on said book and similarly noted on the Bond Registration Certificate.

Both the principal and interest shall be paid to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service as such registered holder, electronically by the Pre-Authorized Debt System.

Default hereunder shall constitute default under any other instrument evidencing a debt of Borrower owing to or insured by the Government or securing or otherwise relating to such a debt, and default under any other such instrument shall constitute default hereunder, and upon default the Government, at its option, may declare all or any part of said indebtedness immediately due and payable.

This Bond is given as evidence of a loan to Borrower made by the Government pursuant to the Rural Development Act of 1972, as amended, and shall be subject to the present

regulations of the United States of America and to its future regulations not inconsistent with the express provisions hereof.

This Bond is authorized by virtue of Resolution No. 1338 adopted by the City Council on September 28, 2015, notice of which was duly published as provided by law, the applicable provisions of Oregon Revised Statutes (“ORS”) Chapter 287A, and Resolution No. 1442 of the City adopted by the City Council on September 14, 2020 (the “Resolution”).

This Bond and the interest thereon are payable solely from the unobligated and legally available net revenues of the water utility system of the Borrower and neither the Bond nor the payment of interest impose any general liability upon the said City for the payment thereof out of any monies other than unobligated and legally available net revenues of the water utility system. It is hereby covenanted by the Borrower that so long as this Bond shall be outstanding and unpaid, the City Council of the Borrower shall fix and collect charges for water services, such as to provide revenue sufficient to pay, as the same shall become due, the principal and interest of this Bond, in addition to paying, as the same become due, the necessary expenses of operating, maintaining, renewing and replacing the water utility system of said City, and appropriate reserve funds for such purposes and all other obligations and indebtedness payable out of the legally available revenues of said water utility system.

This Bond is exchangeable at the sole expense of the Borrower at any time, upon ninety (90) days’ written notice, at the request of the registered owner hereof, and upon surrender of this Bond to the Borrower at the office of the City Recorder of the Borrower for registered bonds of the denomination of \$5,000 each, or integral multiples thereof, in the aggregate principal amount equal to the unpaid principal amount of the Bond, and bearing interest on the unpaid principal balances at the rate of 1.500% per annum.

It is hereby certified, recited and declared that all acts, conditions and things required to exist, happen and 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 law, and that the amount of this Bond, together with all obligations of the Borrower, does not exceed any limits prescribed by the Constitution and Statutes of the State of Oregon and the Charter, Ordinances and Resolutions of the Borrower.

IN WITNESS WHEREOF, the City of Cascade Locks, Hood River County, Oregon has caused this Bond to be signed by the Mayor of the Borrower and attested by the City Recorder of the Borrower, all on the 25th day of September, 2020.

CITY OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

By _____
Tom Cramblett, Mayor

ATTEST:

Kathy Woosley, City Recorder

BOND REGISTRATION

DATE: September 25, 2020

Registered in the name of:

United States of America, acting through the
United States Department of Agriculture, Rural Utilities Service

Kathy Woosley, City Recorder

RECEIPT FOR BOND

**City of Cascade Locks
Hood River County, Oregon
Installment Water Revenue Bond
Series 2020
\$3,764,515**

For and on behalf of the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, receipt is hereby acknowledged of the delivery to it of City of Cascade Locks, Hood River County, Oregon Installment Water Revenue Bond No. 1, Series 2020 in the amount of \$3,764,515 dated September 25, 2020. This Bond is manually executed by the Tom Cramblett, Mayor, and Kathy Woosley, City Recorder, of the City of Cascade Locks, Hood River County, Oregon.

DATED this 25th day of September, 2020.

UNITED STATES OF AMERICA, acting through
the United States Department of Agriculture, Rural
Utilities Service

By _____
Ella Nichols
Community Programs State Specialist

CERTIFICATE OF DELIVERY AND PAYMENT

City of Cascade Locks
Hood River County, Oregon
Installment Water Revenue Bond
Series 2020
\$3,764,515

I, Gordon Zimmerman, City Administrator of the City of Cascade Locks, Hood River County, Oregon (the "City"), certify as of the date of this certificate as follows:

1. Tom Cramblett is the Mayor of the City;
2. Kathy Woosley is the City Recorder of the City;
3. The signatures of the Mayor and the City Recorder of the City appear below:

Tom Cramblett, Mayor

Kathy Woosley, City Recorder

4. Pursuant to the authority of the City Council of the City, the Mayor and the City Recorder have executed, on behalf of the City and in its corporate name, its Installment Water Revenue Bond, Series 2020 No. 1 in the amount of \$3,764,515 dated September 25, 2020.
5. On behalf of the City, the Bond is delivered to the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service and receipt of the purchase price thereof is hereby acknowledged.

DATED this 25th day of September, 2020.

CITY OF CASCADE LOCKS,
HOOD RIVER COUNTY, OREGON

By _____
Gordon Zimmerman, City Administrator

SIGNATURE AND NON-LITIGATION CERTIFICATE

**City of Cascade Locks
Hood River County, Oregon
Installment Water Revenue Bond
Series 2020
\$3,764,515**

We, the undersigned Tom Cramblett, Mayor, and Kathy Woosley, City Recorder, of the City of Cascade Locks, Hood River County, Oregon (the "City"), hereby certify that on the 25th day of September, 2020, we officially signed the City of Cascade Locks, Hood River County, Oregon Installment Water Revenue Bond No. 1, Series 2020 in the amount of \$3,764,515, being dated September 25, 2020 (the "Bond").

We certify that on the date of signing the Bond, we were the duly chosen, elected, qualified and acting officers indicated thereon and that we were authorized to execute the Bond.

We further certify that no litigation of any nature is now pending or threatened affecting the validity of the issuance of the Bond or restricting or enjoining the issuance and delivery thereof to the purchaser, or restricting or enjoining the payment of principal and interest thereon, nor in any way questioning the proceedings and the authority of the City to issue and pay the Bond in accordance with its tenure and terms; that neither the corporate existence nor the titles of the present officers to their respective offices are being contested and no change has occurred in the organization of the City since the date of the certification thereof affecting the issuance of the Bond, or the pledge of security therefor, and that no authority or proceedings for the issuance of the Bond has been repealed, revoked, rescinded or enjoined.

Executed this 25th day of September, 2020.

CITY OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON

By _____
Tom Cramblett, Mayor

By _____
Kathy Woosley, City Recorder

NO CHANGE IN FINANCIAL CONDITION CERTIFICATE

**City of Cascade Locks
Hood River County, Oregon
Installment Water Revenue Bond
Series 2020
\$3,764,515**

It is hereby certified by Tom Cramblett, Mayor of the City of Cascade Locks, Hood River County, Oregon (the "City") and Kathy Woosley, City Recorder of the City, that no adverse change has occurred in the financial condition of the City since the approval of the loan by the United States of America, acting through the United States Department of Agriculture, Rural Utilities Service, pursuant to its bid for the purchase of the \$3,764,515 City of Cascade Locks, Hood River County, Oregon Installment Water Revenue Bond, Series 2020 No. 1, dated September 25, 2020.

DATED this 25 day of September, 2020.

CITY OF CASCADE LOCKS,
HOOD RIVER COUNTY, OREGON

By _____
Tom Cramblett, Mayor

By _____
Kathy Woosley, City Recorder

TAX CERTIFICATE

City of Cascade Locks
Hood River County, Oregon
Installment Water Revenue Bond
Series 2020
\$3,764,515

A. In General.

A.1. The undersigned is an officer of the City of Cascade Locks, Hood River County, Oregon, (the "Issuer") who is charged, with others, with responsibility for issuing the City of Cascade Locks, Hood River County, Oregon Installment Water Revenue Bond No. 1, Series 2020, which is dated September 25, 2020 and is in the principal amount of Three Million Seven Hundred Sixty Four Thousand Five Hundred Fifteen Dollars (\$3,764,515) (the "Bond").

A.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer regarding the use of the proceeds of the Bond, and the facilities financed with those proceeds.

A.3. The Issuer has not been notified of any listing or proposed listing of the Issuer by the Internal Revenue Service as an Issuer that may not certify its bonds or notes.

A.4. This Certificate is made on behalf of the Issuer pursuant to Sections 1.148-1 through 1.148-11 and Sections 1.150-1 through 1.150.2 of the Income Tax Regulations (the "Regulations") of the Internal Water Revenue Service, and Section 148 of the Internal Water Revenue Code of 1986, as amended (the "Code"); the words and phrases used herein have the same meanings as defined and used in the Regulations.

A.5. This Certificate is based on facts, estimates and circumstances in existence on the date of this Certificate, which is the date of issue of the Bond, and, to the best knowledge, information and belief of the undersigned, the expectations set forth in this Certificate are reasonable.

B. The Purpose of the Bond. The Bond is issued to finance a portion of the cost of improvements to the City's water system including, but not limited to: (1) drilling a new well adjacent to existing wells, (2) construct an above ground 480,000 gallon storage tank, (3) installing 1,000 linear-feet of transmission main, (4) 3,900 linear-feet of distribution line, (5) abandoning/replacing approximately 23,500 linear-feet of existing pipe to improve the distribution and fire flow throughout the City's service area, (6) funding of a reserve account, if any, and (7) pay the costs of issuance of the Bond and any interim financing (the "Project") and to reimburse the Issuer for such costs.

C. General Expectations. The Issuer expects:

C.1. None of the proceeds of the Bond will be used directly or indirectly (i) to make or finance loans to any person, or (ii) in any trade or business carried on by any person (other than use as a member of the general public). The Project will be owned and operated by the Issuer, and no part of the Project will be leased or rented to any person. For purposes of this subsection, the term “person” does not include a government unit other than the United States or any agency or instrumentality thereof, and the term “trade or business” means any activity carried on by a person other than a natural person. Accordingly, the Bond is not a “private activity bond” within the meaning of Section 141 of the Code.

C.2. The Issuer has covenanted with the owner of the Bond not to make any use of the proceeds of the Bond or the facilities financed with the proceeds of the bond that would result in the interest on the Bond being includable in gross income of taxpayers (other than corporations) for federal income tax purposes.

C.3. The Issuer has general taxing powers. The Bond is not a “private activity bond” under Section 141 of the Code, and 95% or more of the net proceeds of the Bond are to be used for local governmental activities of the Issuer. The Issuer has no subordinate entities.

D. Temporary Period.

The Bond proceeds will be used to immediately redeem the City’s outstanding Bond Anticipation Note, Series 2016.

E. Yield Limitation; Temporary Periods.

E.1. Except as provided below in this Section E, none of the gross proceeds of the Bond will be invested in any security, any obligation, any annuity contract or any investment-type property that has a yield that exceeds the yield on the Bond by more than one-eighth of one percentage point. The term “yield” means that yield which, when used in computing the present worth of all payments of Bond principal and interest to be paid in the obligation produces an amount equal to the issue price of the Bond to the general public. Any underwriters’ discount, issuance costs or costs of carrying or repaying the Bond shall not be taken into account in calculating Bond yield. “Gross proceeds” includes the proceeds from the sale of the Bond, earnings thereon, and taxes levied or other money collected to pay Bond debt service.

E.2. The first exception is for proceeds of the Bond that are invested for the temporary period described in Section D.4 of this Certificate.

E.3. The second exception is for proceeds of the Bond that are deposited in a “bona fide debt service fund” described in Section F.1 of this Certificate.

E.4. The third exception is for proceeds of the Bond that are part of a “minor portion” which is equal to the lesser of five percent (5%) of the Bond or \$100,000; the minor portion for the Bond is \$100,000.

F. Reserves and Sinking Funds.

F.1. The Issuer has provided for the establishment of a debt service account which will hold funds to be used to pay Bond debt service. The debt service account is intended to be used primarily to achieve a proper matching of revenues and debt service within each Bond year, and is a “bona fide debt service fund” within the meaning of Income Tax Regulation Section 1.103-13(b)(12). Any money deposited in this account will be spent within a twelve-month period beginning on the date of deposit (and any amount received from investment of money held in this account will be spent within a one-year period beginning on the date of receipt), except for a reasonable carryover amount (not to exceed the greater of one year’s earnings on the debt service account or one-twelfth of annual debt service on the Bond). The money in this account is expected to be completely depleted once each year, except for the carryover amount described above.

F.2. Except as stated in the next sentence, there are no reserve funds or other funds or accounts which the Issuer reasonably expects to be available to pay the principal of or interest on the Bond. At the direction of the United States of America acting through the United States Department of Agriculture, Rural Utilities Service, the Issuer has created a reserve fund from which moneys may be withdrawn, with the consent of the United States of America acting through the United States Department of Agriculture, Rural Utilities Service, to pay debt service on the Bonds and expenses of the Issuer for which other funds are not available. No proceeds of the Bonds have been deposited in such fund. Moneys in such fund will not be treated as replacement proceeds of the Bonds, as there is no reasonable assurance that moneys in such fund will be available to pay debt service on the Bonds in the event the Issuer encounters financial difficulties.

F.3. The Bond is payable solely from the revenues of the City’s water system and such funds are pledged to the payment of principal of and interest on the Bond.

G. Reimbursement Bond Representation.

None of the Proceeds of the Bond will be applied to reimburse the Issuer for any expenditure paid prior to the date of delivery of the Bond other than expenditures described in paragraphs (a), (b), (c) or (d) below:

(a) Preliminary expenditures such as architectural, engineering, surveying, soil testing, Bond issuance costs and similar costs that, in the aggregate are not in excess

of 20 percent of the proceeds of the Bond. The costs of land acquisition, site preparation and similar costs incident to commencement of construction are not preliminary expenditures.

(b) Expenditures for issuance costs or for an amount of expenditures that is not in excess of the lesser of (i) five percent of the proceeds of the Bond, or (ii) \$100,000.

(c) Expenditures that are described in a reimbursement resolution or other declaration of official intent that satisfy the requirements of Section 1.1.50-2 of the Regulations and are paid no earlier than 60 days prior to adoption by the Issuer of such resolution or declaration of official intent can be reimbursed with the proceeds of the Bond if the date of delivery of the Bond is not later than 18 months after the later of (i) the date on which the expenditure was paid, or (ii) the date on which the property financed in whole or in part by the expenditure was placed in service. Expenditures do not qualify for reimbursement under this paragraph (c) if the period of time between the date on which an expenditure is made and the date of delivery of the Bonds exceeds 3 years.

(d) Expenditures, grant that are paid within 60 days prior to the date of delivery of the Bond.

H. Miscellaneous.

H.1. The Bond proceeds and expected earnings thereon do not exceed the amount required by the Issuer to pay the estimated cost of the Project and the costs of Issuing the Bond.

H.2. The Project is not expected to be sold while the Bond is outstanding.

H.3. The Bond is not being issued in order to permit the Issuer to invest other funds at a materially higher yield than the Bond.

DATED this 25th day of September, 2020.

CITY OF CASCASDE LOCKS
HOOD RIVER COUNTY, OREGON

By _____
Gordon Zimmerman, City Administrator

MERSEREAU ■ SHANNON^{LLP}

Attorneys at Law | Founded in 1885

September 25, 2020

City of Cascade Locks
PO Box 308
140 SW WaNaPa
Cascade Locks, Oregon 97014

Re: City of Cascade Locks, Hood River County, Oregon Revenue Installment Water Bond, Series 2020 - \$3,764,515

We have acted as bond counsel in connection with the issuance by the City of Cascade Locks, Hood River County, Oregon (the “Issuer”) of a \$3,764,515 Installment Water Revenue Bond, Series 2020 dated September 25, 2020 (the “Bond”). The Bond is issued pursuant to Resolution No. 1338 of the City adopted by the City Council (the “Council”) on September 28, 2015, Resolution No. 1442 of the City adopted by the Council on September 14, 2020 (collectively, the “Resolution”), and the applicable provisions of Oregon Revised Statutes (“ORS”) Chapter 287A. Capitalized terms not defined herein shall have the meanings defined for such terms in the Resolution.

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of an Official Statement or any other offering material relating to the Bond and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, as of the date hereof and under existing law, as follows:

1. The Bond has been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the Resolution, and the Bond is a valid and legally binding obligation of the Issuer enforceable in accordance with its terms.
2. The Bond and interest thereon are payable from the unobligated and legally available revenues of the Water System of the Issuer.
3. Assuming compliance with certain covenants of the Issuer concerning the tax status of interest on the Bond, the interest on the Bond is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that for the

purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. The opinions set forth in the preceding sentence are subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bond in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bond in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bond. We express no opinion regarding other federal tax consequences arising with respect to the Bond.

4. The City has designated the Bond as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code.

5. The interest on the Bond is exempt from present State of Oregon personal income taxes.

6. No defeasance clause exists either in the bond or the certified proceedings relating thereto.

It is to be understood that the rights of the Registered Owner of the Bond and the enforceability thereof are subject to (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable, (ii) the application of equitable principles and to the exercise of judicial discretion in appropriate cases, (iii) common law and statutes affecting the enforceability of contractual obligations generally, and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

Our opinions are limited to matters of current Oregon law and applicable federal law, and we assume no responsibility for the applicability or effect of laws of other jurisdictions.

Respectfully submitted,

INDEX

City of Cascade Locks
Hood River County, Oregon
Installment Water Revenue Bond
Series 2020
\$3,764,515

Document
Number

Document

1 Specimen Bond

2 Receipt for Bond

USDA COMMITMENT LETTERS

3 Letter of Conditions dated July 31, 2015, Amendment No. 1 dated July 7, 2017, Amendment No. 2 dated November 28, 2017, Amendment No. 3 dated April 27, 2020 and Amendment No. 4 dated September 8, 2020

ISSUER DOCUMENTS

4 Certificate of Delivery and Payment

5 Signature and Non-Litigation Certificate

6 No Change in Financial Condition Certificate

7 Tax Certificate

8 Resolution No. 1338 adopted by the City Council on September 28, 2015

9 Affidavit of Publication of Notice of Intent to Issue Revenue Bond

10 Certificate of No Petitions Filed

11 Resolution No. 1442 adopted by the City Council on September 14, 2020

12 RUS Bulletin 1780-27 Loan Resolution No. 1335 adopted by the City Council on August 24, 2015

13 IRS Form 8038-G -- Information Report for Tax-Exempt Governmental Bond Issues and Affidavit of Filing

14 MDAC Form 2

OPINIONS

15 Preliminary Special Counsel Opinion

16 Special Counsel Opinion

**CERTIFICATE THAT NO PETITIONS WERE FILED
WITHIN 60-DAY PERIOD FOLLOWING
PUBLICATION OF THE NOTICE OF INTENT**

**City of Cascade Locks
Hood River County, Oregon
Installment Water Revenue Bond
Series 2020
\$3,764,515**

We, Gordon Zimmerman, City Administrator, and Kathy Woosley, City Recorder, of the City of Cascade Locks, Oregon (the "City") certify that no petitions were filed within the 60-day period following the publication of the Notice of Intent to Issue a Revenue Bond, a copy of the affidavit of publication is attached hereto, which was published on October 3, 2015 in the Hood River News, pursuant to Resolution No, 1338 of the City adopted on September 28, 2015.

DATED this 25th day of September, 2020.

**CITY OF CASCADE LOCKS
HOOD RIVER COUNTY, OREGON**

By _____
Gordon Zimmerman
City Administrator

By _____
Kathy Woosley
City Recorder

Form **8038-G**

Information Return for Tax-Exempt Governmental Bonds

(Rev. September 2018)
Department of the Treasury
Internal Revenue Service

► Under Internal Revenue Code section 149(e)
► See separate instructions.
Caution: If the issue price is under \$100,000, use Form 8038-GC.
► Go to www.irs.gov/F8038G for instructions and the latest information.

OMB No. 1545-0720

Part I Reporting Authority If Amended Return, check here

1 Issuer's name City of Cascade Locks		2 Issuer's employer identification number (EIN) 93-6002134	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a	
4 Number and street (or P.O. box if mail is not delivered to street address) P.O. Box 308	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code Cascade Locks, Oregon 97014		7 Date of issue 09/25/2020	
8 Name of issue Installment Water Revenue Bond, Series 2020		9 CUSIP number NA	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Gordon Zimmerman, City Administrator		10b Telephone number of officer or other employee shown on 10a (541) 374-8484	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.

11 Education	11		
12 Health and hospital	12		
13 Transportation	13		
14 Public safety	14		
15 Environment (including sewage bonds)	15		
16 Housing	16		
17 Utilities	17	3,764,515	
18 Other. Describe ►	18		
19a If bonds are TANs or RANs, check only box 19a <input type="checkbox"/>			
b If bonds are BANs, check only box 19b <input type="checkbox"/>			
20 If bonds are in the form of a lease or installment sale, check box <input type="checkbox"/>			

Part III Description of Bonds. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	09/25/2061	\$ 3,764,515	\$ 3,764,515	years	1.5000 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22 Proceeds used for accrued interest	22		
23 Issue price of entire issue (enter amount from line 21, column (b))	23	3,764,515	
24 Proceeds used for bond issuance costs (including underwriters' discount)	24	9,500	
25 Proceeds used for credit enhancement	25		
26 Proceeds allocated to reasonably required reserve or replacement fund	26		
27 Proceeds used to refund prior tax-exempt bonds. Complete Part V	27		
28 Proceeds used to refund prior taxable bonds. Complete Part V	28		
29 Total (add lines 24 through 28)	29	9,500	
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	3,755,015	

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the tax-exempt bonds to be refunded	►	_____ years
32 Enter the remaining weighted average maturity of the taxable bonds to be refunded	►	_____ years
33 Enter the last date on which the refunded tax-exempt bonds will be called (MM/DD/YYYY)	►	09/25/2020
34 Enter the date(s) the refunded bonds were issued (MM/DD/YYYY)	►	02/15/2018

Part VI Miscellaneous

35 Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35		
36a Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC). See instructions	36a		
b Enter the final maturity date of the GIC ▶ (MM/DD/YYYY) _____			
c Enter the name of the GIC provider ▶ _____			
37 Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37		
38a If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ <input type="checkbox"/> and enter the following information:			
b Enter the date of the master pool bond ▶ (MM/DD/YYYY) _____			
c Enter the EIN of the issuer of the master pool bond ▶ _____			
d Enter the name of the issuer of the master pool bond ▶ _____			
39 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ <input checked="" type="checkbox"/>			
40 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ <input type="checkbox"/>			
41a If the issuer has identified a hedge, check here ▶ <input type="checkbox"/> and enter the following information:			
b Name of hedge provider ▶ _____			
c Type of hedge ▶ _____			
d Term of hedge ▶ _____			
42 If the issuer has superintegrated the hedge, check box ▶ <input type="checkbox"/>			
43 If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box ▶ <input type="checkbox"/>			
44 If the issuer has established written procedures to monitor the requirements of section 148, check box ▶ <input type="checkbox"/>			
45a If some portion of the proceeds was used to reimburse expenditures, check here ▶ <input type="checkbox"/> and enter the amount of reimbursement ▶ _____			
b Enter the date the official intent was adopted ▶ (MM/DD/YYYY) _____			

Signature and Consent

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.

▶ _____ Signature of issuer's authorized representative	09/25/2020 Date	▶ Gordon Zimmerman, City Administrator Type or print name and title
--	--------------------	---

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	James P Shannon		09/25/2020		P01083442
	Firm's name ▶ Mersereau Shannon LLP	Firm's EIN ▶ 93-1036465		Phone no.	
	Firm's address ▶ 111 SW Columbia, Suite 1100, Portland, Oregon 97201				

LOAN RESOLUTION No. 1335
(Public Bodies)

A RESOLUTION OF THE City Council

OF THE Cascade Locks City of

AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS

Municipality

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Cascade Locks City of

(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

Three Million Seven Hundred Sixty-Four Thousand Five Hundred Fifteen & 00/100

pursuant to the provisions of _____; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legal ly permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0121. The time required to complete this information collection is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the Government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities and replacement of short lived assets.
15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
17. To accept a grant in an amount not to exceed \$ 0

under the terms offered by the Government; that the _____

and _____ of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

The vote was: Yeas 5 Nays 0 Absent 1

IN WITNESS WHEREOF, the City Council _____ of the

Cascade Locks City of _____ has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this MONDAY 24th day of MAY 2015

(SEAL)

By Tom Cramblitt THE COMMISSIONER

Attest:

Title Mayor

Title CITY ADMINISTRATOR

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as _____ of the _____
hereby certify that the _____ of such Association is composed of
_____ members, of whom , _____ constituting a quorum, were present at a meeting thereof duly called and
held on the _____ day of _____ ; and that the foregoing resolution was adopted at such meeting
by the vote shown above, I further certify that as of _____ ,
the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
rescinded or amended in any way.

Dated, this _____ day of _____

Title _____