



AN ORDINANCE AUTHORIZING THE ISSUANCE OF WASTEWATER REVENUE BONDS FOR WASTEWATER PROJECTS AND RELATED MATTERS

WHEREAS, the City of Sandy (the “City”) is authorized to issue revenue bonds for a public purpose under Oregon Revised Statutes (“ORS”) 287A.150 and related statutes (the “Act”); and

WHEREAS, the Act permits the City to authorize revenue bonds by enacting a nonemergency ordinance. Revenue bonds issued under the Act and by nonemergency ordinance may be secured by the revenues or other property of the public body that is described in the nonemergency ordinance; and

WHEREAS, the City may not sell those revenue bonds until the period for referral of the ordinance has expired. If the nonemergency ordinance is referred to a vote during that referral period, the City may not sell those revenue bonds described in the ordinance unless the voters approve issuance of the revenue bonds; and

WHEREAS, the City finds it is in the best interests of the City to authorize the issuance of revenue bonds under the Act in order to provide for planning for and capital improvements to the City’s sewer system, also referred to as the City’s wastewater system (the “Wastewater System”), and related expenditures under the Wastewater System Facilities Plan as may be amended (the “Projects”), fund reserves for borrowings backed by Wastewater System revenues, finance capitalized interest, and to pay costs of issuance of the revenue bonds; and

WHEREAS, on or about August 1, 2017, the City entered into the Clean Water State Revolving Fund Loan Agreement No. R80491 with the State of Oregon acting by and through its Department of Environmental Quality (“DEQ”), as amended January 2, 2019, January 6, 2020, and July 12, 2021, in a final principal amount of \$799,425 as may be amended, which is currently outstanding in the principal amount of \$359,423, and is secured by the net revenues of the Wastewater System (“DEQ Loan R80491”); and

WHEREAS, on or about April 13, 2021, the City entered into the Clean Water State Revolving Fund Loan Agreement No. R80492 with DEQ, as amended August 24, 2021, in a principal amount of \$20,700,000, as may be amended, of which \$19,724,339 has been drawn and is currently outstanding with \$500,000 expected to be forgiven, and is secured by the net revenues of the Wastewater System (“DEQ Loan R80492”); and

WHEREAS, on or about August 2, 2023, the City entered into the Clean Water State Revolving Fund Loan Agreement No. R80493 with DEQ in an expected principal amount not to exceed \$7,300,000, as may be amended, of which none has been drawn, and is secured by the net revenues of the Wastewater System (“DEQ Loan R80493” together with DEQ Loan R80492 and DEQ Loan R80491, the “DEQ Loans”); and

WHEREAS, the DEQ Loans provide that the City may not issue any other obligations which have a parity or superior pledge or lien on the net revenues of the Wastewater System without the written permission of DEQ; and

WHEREAS, the City has applied for a loan from the United States Environmental Protection Agency, an agency of the United States of America, acting by and through the Administrator of the Environmental Protection Agency (the “WIFIA Lender”), under the Water Infrastructure Finance and Innovation Act (“WIFIA”) program to finance costs of the Projects; and

WHEREAS, the City finds it in the best interests of the City to authorize the issuance of revenue bonds under the Act to utilize the WIFIA program financing and/or other sources for the costs of the Projects and enacts this ordinance to authorize the issuance and sale of wastewater revenue bonds as provided herein.

NOW, THEREFORE, THE CITY OF SANDY ORDAINS AS FOLLOWS:

Section 1: Revenue Bonds for Projects Authorized.

- 1.1 The City hereby authorizes the issuance of revenue bonds pursuant to the Act in an amount that is sufficient to provide proceeds of up to \$24,738,640 to pay for costs of the Projects, fund reserves, and to pay costs of issuance of the revenue bonds, plus additional amounts to pay capitalized interest. The City estimates that the total principal amount of revenue bonds required for this purpose will not exceed \$34,738,640. The bonds shall be issued and sold in accordance with the Act.
- 1.2 The bonds authorized by this ordinance shall be special obligations of the City that are secured by and payable solely from the City’s Wastewater System net revenues, a reserve account, and related amounts that the City pledges to pay the bonds. The bonds authorized by this ordinance shall be secured by a lien on the net revenues of the Wastewater System on a parity with the lien on the net revenues of the Wastewater System securing the DEQ Loans.
- 1.3 No bonds authorized by Section 1.1 of this ordinance may be sold and no loan or purchase agreement for any of the bonds authorized by Section 1.1 of this ordinance may be executed until the period for referral of this nonemergency ordinance has expired. If this ordinance is referred, the City may not sell the bonds authorized by Section 1.1 of this ordinance unless the voters approve the issuance of those bonds.

Section 2: Issuance of Refunding Bonds.

The City hereby authorizes the issuance of refunding bonds pursuant to applicable Oregon statutes to refinance any bonds that are issued pursuant to Section 1.1 of this ordinance to provide interim financing. The refunding bonds authorized by this Section 2 may be issued in an aggregate principal amount sufficient to refund any bonds selected by the Authorized Officer (defined below), plus amounts required to pay costs related to the refunding bonds.

Section 3: Delegation.

When and if this ordinance takes effect, the City Manager, the Deputy City Manager, the Public Works Director, the Finance Director, a designee of either of those officials, or other designee of the City Council (each of whom is referred to in this ordinance as an “Authorized Officer”) is designated by the City Council to act on behalf of the City under this ordinance, including to:

- 3.1 Issue the revenue bonds authorized by this ordinance (the “Wastewater Bonds”) in one or more

series, which may be sold at different times, with lien on the net revenues of the Wastewater System on a parity with the lien on the net revenues of the Wastewater System securing the DEQ Loans.

- 3.2 Issue the Wastewater Bonds as long term bonds, or short or intermediate term bonds to provide interim financing for the Projects, and enter into documents which permit the City to draw Wastewater Bonds over time.
- 3.3 Determine the method of sale and negotiate, execute and deliver the Wastewater Bonds, term sheets, purchase agreements and/or loan agreements in connection with such sale, including as may be appropriate for borrowings under the WIFIA Lender's WIFIA program.
- 3.4 Establish the final principal amounts, lien status, maturity schedules, interest rates, sale prices, capitalized interest, redemption terms, payment terms and dates, record dates, fees, costs, covenants, lien status, draw-down provisions, amortization schedules, and other terms for each series of Wastewater Bonds.
- 3.5 Prepare, execute and deliver one or more documents that specify the terms under which Wastewater Bonds are issued and the administrative provisions that apply to the Wastewater Bonds.
- 3.6 Enter into covenants with owners, trustees, lenders, or credit enhancement providers, including covenants required by the WIFIA Lender.
- 3.7 Make contributions to Wastewater Bond reserve accounts from the proceeds of the Wastewater Bond and/or other funds of the City, and determine the reserve requirement, if any, for each series of Wastewater Bonds.
- 3.8 Select bonds to be refunded, refund any Wastewater Bonds that are issued to provide interim financing or other short, intermediate, or long-term bonds.
- 3.9 Select one or more purchasers, lenders and underwriters, approve and execute term sheets, and approve, execute, and deliver a bond purchase and/or loan agreement and any additional documents necessary or convenient to accomplish the issuance of the Wastewater Bonds.
- 3.10 Appoint and enter into agreements with paying agents, trustees and other professionals and service providers.
- 3.11 Issue any of the Wastewater Bonds as "taxable bonds" bearing interest that is includable in gross income under the Code. Issue any of the qualifying Wastewater Bonds as "tax-exempt bonds" bearing interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code"), enter into covenants to maintain the excludability of interest on those series from gross income under the Code, and designate any qualifying series of Wastewater Bonds as "qualified tax-exempt obligations" pursuant to section 265(b)(3) of the Code, if applicable.
- 3.12 Apply for and obtain one or more credit ratings for any series of the Wastewater Bonds.

- 3.13 Apply for and purchase municipal bond insurance, reserve sureties or other credit enhancement, negotiate and enter into agreements with providers of credit enhancers.
- 3.14 If the federal government approves subsidy payments or tax credits for municipal bonds and those subsidies or tax credits are estimated to reduce the net debt service payments for the Wastewater Bonds, issue any series of Wastewater Bonds as eligible for those federal subsidies or tax credits, and enter into related covenants to maintain the eligibility of such series of Wastewater Bonds for those subsidies or tax credits.
- 3.15 Appoint and enter into agreement with paying agents, trustees, and other professionals and service providers for the Wastewater Bonds.
- 3.16 Execute and deliver any documents and amendments and take any other action in connection with the Wastewater Bonds, which the Authorized Officer finds will be advantageous to the City.

Section 4: DEQ Loans.

The Authorized Representative is authorized to negotiate, determine, and execute amendments, agreements, and any other documents in connection with the DEQ Loans, obtain required consents for the Wastewater Bonds, and take any other action in connection with the DEQ Loans that the Authorized Representative determines to be advantageous to the City.

Section 5: Appointment of Bond Counsel.

The City appoints Foster Garvey P.C. to serve as bond counsel to the City in connection with the issuance of the Wastewater Bonds.

Section 6: Effective Date.

This ordinance shall take effect on the 30th day after its enactment.

This ordinance is enacted by the City Council of the City of Sandy this ___ day of _____, 2024.

Stan Pulliam, Mayor

ATTEST:

Jeffrey Aprati, City Recorder