

**To: Various Financial Institutions**

**From: Jim Stricklin, Managing Director**

**Re: REQUEST FOR FUNDING (“RFF”)**

**Date: October 5, 2016**

**Due: October 17, 2016**

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## **City of Coos Bay, Oregon Request for Funding**

### **INTRODUCTION**

The City of Coos Bay, Oregon (the “City”) is seeking bids from Qualified Investors for the direct purchase of its Full Faith and Credit Financing Agreement, Series 2016 (the “2016 Financing Agreement”) in order to refund the City’s Full Faith and Credit Refunding Obligations, Series 2006 (the “2006 Obligations”) and to pay for the costs of execution and delivery of the 2016 Financing Agreement.

The City Council approved Resolution No. 16-20 (the “Authorizing Resolution”) associated with this transaction on October 4, 2016.

This Request for Funding (the “RFF”) is accompanied by a separate attachment containing the major legal documents associated with this transaction (the “Legal Documents”) and includes the following: the adopted Authorizing Resolution and the Forms of the 2016 Financing Agreement, the Investor Letter, and the Legal Opinion.

This RFF does not commit the City to pay any costs incurred by any proposer in the submission of a proposal or in making necessary studies or designs for the preparation thereof, or for procuring or contracting for the services to be furnished under the RFF.

### **KEY DATES AND CONTACTS**

**RFF Due Date:** Proposals are due no later than **1:00 p.m. Pacific Time on Monday, October 17, 2016.**

**Final Credit Approval and Rate Lock:** No later than **2:00 p.m. Pacific Time on Wednesday, October 19, 2016.**

**Closing:** Closing is scheduled for **Thursday, October 27, 2016.**

**RFF Questions/Clarification:** Clarifications on the RFF and questions regarding the preparation of the proposal should be directed to the City’s Financial Advisor **Jim Stricklin**, Wedbush Securities Inc. ([jim.stricklin@wedbush.com](mailto:jim.stricklin@wedbush.com)) or



**480.778.8594) no later than October 12, 2016.** A response in the form of an addendum to the RFF will be provided to all parties if a substantive clarification is in order.

Due diligence/credit related questions should be directed to **Susanne Baker**, Finance Director ([sbaker@coosbay.org](mailto:sbaker@coosbay.org) or **541.269.1181 ext. 2244**).

Questions regarding the legal structure of the transaction should be directed to the City's Special Counsel, **Carol McCoog**, Hawkins Delafield & Wood LLP ([cmccoog@hawkins.com](mailto:cmccoog@hawkins.com) or **503.402.1331**).

## SUBMITTAL

**Proposals for funding, including Exhibit B – Bid Form, must be submitted electronically on or before 1:00 p.m Pacific Time on October 17, 2016** to Susanne Baker ([sbaker@coosbay.org](mailto:sbaker@coosbay.org)), and Jim Stricklin ([jim.stricklin@wedbush.com](mailto:jim.stricklin@wedbush.com)).

## AWARD

The City may select the Lender on a preliminary basis to negotiate final terms, conditions and financing documents.

### Rejection of Proposals

The City will choose a Lender based on the proposal that provides the most favorable terms to the City. The City reserves the right to negotiate terms and provisions with any or all respondents in determining its award. The City also reserve the right to reject any or all responses to the Request for Proposal or to waive any irregularities if found in the City's best interest to do so. In the City's discretion, litigation between the City and a Proposer may be cause for proposal rejection, regardless of when that litigation comes to its attention and regardless how the Proposer's proposal may have been scored. Proposals may also be rejected if they use subcontractors or subconsultants who are involved in litigation with the City.

### Cancellation

The City reserves the right to modify, revise or cancel this RFF. Receipt and evaluation of proposals do not obligate the City to award a contract.

## PROPOSALS

### Purpose

The 2016 Financing Agreement is being executed and delivered for the purpose of providing funds (i) to pay in advance of maturity all of the 2006 Obligations (the "Obligations Being Refunded") and (ii) paying costs of issuance through a Financing Agreement substantially in the form provided separately with the attached Legal Documents.

### Source of Repayment

The City's ad valorem property taxes, subject to the limits of Article XI, Sections 11 and 11b of the Oregon Constitution, and the full faith and credit of the City, including all unobligated revenues in the City's general fund and any other funds that may be available for that purpose, will irrevocably be pledged to the punctual payment of principal and interest. The City will pay the amounts due under the 2016 Financing Agreement from any and all of its legally available taxes, revenues and other funds as authorized by ORS 271.390. In the Resolution, the City pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the amounts due under the 2016 Financing Agreement pursuant to ORS 287A.315.



## Maturity Schedule

The repayment schedule shown below must be used as the basis for any proposal and is based upon the following:

1. **Original Principal Amount:** \$3,205,000\*;
2. **Final Maturity:** December 1, 2024;
3. **Average Life:** Approximately 4.7 years;
4. **Dated Date:** The Date of Delivery, estimated to be October 27, 2016;
5. **Structure:** Level payments;
6. **Interest Payment Dates:** Interest will be payable June 1, 2017 and on each December 1 and June 1 thereafter until maturity;
7. **Interest Rate:** Not to exceed 2.10% for tax-exempt interest rate;
8. **Bank Qualification:** The 2016 Financing Agreement will be designated by the City as a “qualified tax exempt obligation” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended; and
9. **Tax Status:** Special Counsel, Hawkins Delafield & Wood LLP, will, at closing, provide an opinion to the effect that interest on the 2016 Financing Agreement is excludable from gross income for federal income tax purposes and is exempt from State of Oregon personal income tax.

**The 2016 Financing Agreement may be bid as Serial Maturities or as a single Term maturing on December 1, 2024.**

Maturity Schedule*	
Year (December 1)	Principal
2017	\$ 370,000
2018	385,000
2019	390,000
2020	400,000
2021	405,000
2022	410,000
2023	420,000
2024	425,000
	<u>\$3,205,000</u>

\* Subject to change.

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\* Subject to change.



## Proposal Content

Your proposal must acknowledge and/or address each of the following items:

1. **Legal Structure:** Forms of pertinent Legal Documents associated with this transaction accompany this RFF. Any changes required by a prospective bidder to any of the Legal Documents must be noted clearly in a prospective bidder's proposal and not be subject to further approval by the prospective bidder's credit committee and legal counsel.
2. **Prepayment:**  
  
Alternative I: The City retains the option to prepay the 2016 Financing Agreement maturing on December 1, 2022 through and including December 1, 2024, without penalty or premium, on December 1, 2021 or any date thereafter.  
  
Alternative II: The 2016 Financing Agreement is not subject to early prepayment.
3. **Fees and Expenses:** A detailed list of any fees and expenses prospective bidders expect to charge, including fees and expenses of legal counsel and any other third party. All costs of execution and delivery of the 2016 Financing Agreement will be paid from the proceeds of the 2016 Financing Agreement.
4. **Rating:** The City does not intend to apply for a rating on the 2016 Financing Agreement.
5. **Denominations:** The 2016 Financing Agreement shall be in the denomination of \$1,000 of principal amount or any integral multiples thereof.
6. **Transfers:** Unless otherwise consented to, transfers in interest in the 2016 Financing Agreement are limited as set forth in the Financing Agreement and Investor Letter, forms of which are attached to this RFF.
7. **Disclosure:** No offering document or Official Statement will be prepared.



## APPENDIX A

### CITY OF COOS BAY, OREGON

#### THE CITY'S BACKGROUND

The City was originally founded in 1853 as Marshfield. It is located approximately 270 miles south of Portland near the cities of North Bend, Charleston and the Coos County seat of Coquille. It is one of the leading lumber and wood products shipping centers in the Pacific Northwest. The City is also the medical, education, retail and professional center for Oregon's south coast region.

The City operates under the "Council-Manager" form of government. The day-to-day affairs of the City are managed by the City Manager, Rodger Craddock. Susanne Baker is the Finance Director. The current City Council is set forth below:

Member and Position	First Term Began	Term Ends
Crystal Shoji, Mayor	2010	11/2016
Fred Brick, Councilor	2014	11/2016
Mark Daily, Councilor	2012	11/2016
Jennifer Groth, Councilor	2010	11/2016
Stephanie Kramer, Councilor	2006	11/2016
Mike Vaughan, Councilor	2011	11/2016
Vacant*		

\* Councilman Thomas Leahy resigned effective September 20, 2016.

A snapshot of City of Coos Bay from the American Fact Finder follows:

Description	Measure
Population	
Census 2010 Total Population	15,967
2015 Population Estimate (as of July 1, 2015)	16,182
2014 ACS 5-Year Population Estimate	16,022
Median Age	41.8
Number of Companies	1,217
Educational Attainment Percent High School Graduate or Higher	88.2%
Total Housing Units	7,610
Median Household Income	\$36,360
Individuals Below Poverty Level	21.6%
Veterans	1,524

Source: 2010-2014 American Community Survey 5-Year Estimates and 2014 NAICS codes – 2014 Business Patterns released July 14, 2015.



## CITY INDEBTEDNESS

The City has the following outstanding debt\*:

Description	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
<b>General Obligation Bonds</b>				
Series 2009 (Fire Station)	4/15/2009	6/1/2028	\$6,900,000	\$4,570,000
Total General Obligation Bonds				<u>\$4,570,000</u>
<b>Full Faith &amp; Credit Obligations*</b>				
Series 2006	4/20/2006	12/1/2020	\$5,645,000	\$ 3,395,000
2012 IFA Wastewater Loan	4/17/2012	(a)	4,303,213	2,759,512
2013 IFA Wastewater Loan	12/3/2013	(a)	7,784,025	1,861,294
2013 Economic Development Loan (Pony Creek)	12/1/2013	12/1/2035	5,000,000	4,341,564
2016 Oregon DOT Infrastructure Bank Loan	3/18/2016	3/31/2026	404,000	404,000
Subtotal				<u>\$12,761,370</u>
Less: The Obligations to be Refunded				3,080,000
Plus: The 2016 Financing Agreement	10/27/2016	12/1/2024	\$3,140,000	<u>3,205,000 *</u>
Total Full Faith and Credit Obligations				<u>\$19,046,370 *</u>
<b>Other Obligations</b>				
2005 OECDD Water Loan	6/14/2005	12/1/2029	\$ 125,000	\$ 85,471
2003 URA Downtown	1/24/2003	6/30/2018	5,700,000	740,322
2009 URA Downtown	8/28/2009	6/30/2019	1,402,000	485,283
2011 Land Purchase	10/31/2011	7/17/1905	650,000	303,331
Total Other Obligations				<u>\$1,614,407</u>
<b>Total Long-Term Debt as of 6/30/2016</b>				<u><b>\$25,230,777 *</b></u>

(a) The City's IFA loans are funding wastewater infrastructure projects that are still under construction and the maturity date is set upon completion.

Source: The City.

**Future Financing:** The City is considering a financing for approximately \$27 million through the Oregon Department of Environmental Quality for improvements to the City's wastewater system. Such financing is expected to be secured by a pledge of the wastewater system revenues. The City anticipates making a final decision regarding the financing by December 2016.

The City is also considering an Urban Renewal Agency financing for approximately \$500,000 to purchase a building. Urban Renewal loans are secured by tax increment revenues based on the amount of property taxes generated by the increase in total assessed values in the urban renewal area from the time the financing plan is adopted.

\* Subject to change.



## PLAN OF REFUNDING

### SCHEDULE OF OBLIGATIONS BEING REFUNDED

Issue Series	Maturity Date (December 1)	Coupon	Principal Amount Outstanding and to be Refunded	Redemption Date (December 1)	Redemption Price	CUSIP® No. 217021
2006	2017	4.25%	\$ 330,000	2016	100.00%	SJ4
	2018	4.25	345,000	2016	100.00	SK1
	2019	4.25	360,000	2016	100.00	SL9
	2020	4.25	375,000	2016	100.00	SM7
	2021	4.15	390,000	2016	100.00	SN5
	2022	4.20	410,000	2016	100.00	SP0
	2023	4.20	425,000	2016	100.00	SQ8
	2024	4.25	445,000	2016	100.00	SR6
			<u>\$3,080,000</u>			

## PROPERTY TAXES AND VALUES

Historic property values and taxes for the City follow:

Fiscal Year	M5 Real Market Value	Assessed Value	Urban Renewal Excess	Assessed Value Used to Compute Tax Rate
2011	\$1,174,566,724	\$ 954,221,863	\$104,223,454	\$849,998,409
2012	1,083,513,569	955,934,516	106,603,946	849,330,570
2013	1,077,738,895	967,404,380	109,423,220	857,981,160
2014	1,097,912,498	988,319,190	111,936,930	866,382,260
2015	1,101,007,196	998,456,195	106,264,192	892,192,003

Source: The annual *Summary of Assessment and Tax Roll Information Booklets* are updated every October and can be found on the Coos County, Oregon website at <http://www.co.coos.or.us/Departments/Assessors/Assessment-Taxation.aspx>.



## CITY FINANCES

**City Financial Statements:** The City's current budget and comprehensive annual financial statements for each of the past five fiscal years are available on-line at <http://www.coosbay.org/departments/finance>.

### City of Coos Bay – General Fund Balance Sheet (Fiscal Years Ended June 30)

Assets	2011	2012	Audited 2013	2014	2015
Cash and Investments	\$ 10,915,844	\$ 10,834,882	\$ 16,656,304	\$ 17,572,826	\$ 19,966,153
Inventory	172	282	727	633	815
Receivables, Net					
Taxes	641,664	686,740	875,402	793,415	746,842
Accounts	816,748	1,707,557	634,392	614,900	765,693
Assessments	342,562	715,459	708,015	698,708	355,388
Interfund Receivable	-		658,094	656,249	567,272
Due from	22,413		-	2,650	24,340
Prepaid Expenses	10,334	2,419	7,673		8,852
Total Assets	<u>\$ 12,749,737</u>	<u>\$ 13,947,339</u>	<u>\$ 19,540,607</u>	<u>\$ 20,339,381</u>	<u>\$ 22,435,355</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Equity</b>					
Liabilities:					
Accounts Payable	\$ 155,902	\$ 194,647	\$ 131,224	\$ 229,943	\$ 123,339
Payroll and Payroll Taxes Payable	140,210	165,734	184,763	180,019	197,081
Interfund Payable	-	-	658,094	656,249	567,272
Due to	22,413			-	24,340
Total Liabilities	<u>318,525</u>	<u>360,381</u>	<u>974,081</u>	<u>1,066,211</u>	<u>912,032</u>
Deferred Inflows of Resources					
Unavailable Revenue-Property Taxes	352,562	715,459	875,005	542,189	459,272
Unavailable Revenue - Special Assessments	529,888	586,808	608,185	846,797	480,959
Total Deferred Inflows of Resources	<u>882,450</u>	<u>1,302,267</u>	<u>1,483,190</u>	<u>1,388,986</u>	<u>940,231</u>
Fund Equity					
Fund Balances:					
Nonspendable	4,810,506	4,802,419	4,808,400	4,803,283	4,809,667
Restricted	1,330,192	2,421,983	4,629,844	5,429,738	6,133,686
Assigned	1,550,157	1,535,974	5,465,703	5,453,002	6,491,116
Unassigned	3,857,907	3,524,315	2,179,389	2,198,161	3,148,623
Total Fund Balance	<u>11,548,762</u>	<u>12,284,691</u>	<u>17,083,336</u>	<u>17,884,184</u>	<u>20,583,092</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 12,749,737</u>	<u>\$ 13,947,339</u>	<u>\$ 19,540,607</u>	<u>\$ 20,339,381</u>	<u>\$ 22,435,355</u>





**City of Coos Bay – General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance  
(Fiscal Years Ended June 30)**

	2011	2012	Audited 2013	2014	2015
<b>Revenues:</b>					
Property Taxes	\$ 5,732,738	\$ 5,787,492	\$ 7,355,802	\$ 7,633,771	\$ 8,277,753
Other Taxes	1,609,415	2,315,880	2,340,504	2,443,973	2,584,733
Franchise Fees	1,513,892	1,619,008	1,625,620	1,624,054	1,623,979
Licenses and Permits	106,014	140,705	110,210	153,079	155,508
Intergovernmental	1,929,111	1,189,790	1,195,670	1,406,033	1,424,432
Grants	202,547	1,393,391	697,247	899,041	246,052
Other - Timber Sales	585,958	150,000	418,918	30,000	1,300,369
Charges for Services	585,224	576,333	637,690	611,945	648,682
Charges for Use of Money and Property	196,195	195,519	176,870	176,108	194,837
Fines and Forfeitures	80,529	76,354	76,822	70,080	69,797
Miscellaneous	191,359	144,659	217,566	207,691	391,321
Total Revenues	<u>\$12,732,982</u>	<u>\$13,589,131</u>	<u>\$14,852,919</u>	<u>\$15,255,775</u>	<u>\$16,917,463</u>
<b>Expenditures:</b>					
Current:					
General Government	1,161,830	1,156,201	2,064,825	1,803,765	1,409,100
Public Safety	6,175,394	6,389,716	6,580,512	6,675,252	6,717,288
Public Works	2,480,032	6,205,386	3,190,818	2,333,564	2,466,842
Culture and Recreation	1,172,417	996,572	1,070,196	974,697	1,473,210
Capital Outlay	911,833	2,210,840	1,223,508	1,332,568	403,285
Debt Service:			1,485,768		
Principal Retirement	591,954	686,363	791,418	1,743,561	1,642,600
Interest and Fiscal Charges	477,745	504,234		634,208	705,700
Total Expenditures	<u>\$12,971,205</u>	<u>\$18,149,312</u>	<u>\$16,407,045</u>	<u>\$15,497,615</u>	<u>\$14,818,025</u>
Excess of Revenues Over (Under) Expenditures	(238,223)	(4,560,181)	(1,554,126)	(241,840)	2,099,438
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	-	3,712	10,032	57,506	183,395
Bond Proceeds		-	36,767		
Transfers In	926,493	2,757,574	3,472,682	2,622,308	2,156,863
Transfers Out	(835,695)	(2,048,880)	(2,399,213)	(1,637,126)	(1,740,788)
Insurance Recovery	(1,904)	106,493	32,130	-	-
CBNBWB Water Project Loan	354,502	3,877,081	768,407	-	-
City Hall Seismic Project Loan - URA	-	600,000	-	-	-
Du Jour Financing - URA	2,295,000	1,557,794	1,116,170	760,913	619,712
Du Jour Financing - URA	(2,294,426)	(1,557,664)	(1,116,170)	(760,913)	(619,712)
Total Other Financing Sources (Uses)	<u>443,970</u>	<u>5,296,110</u>	<u>1,920,805</u>	<u>1,042,688</u>	<u>599,470</u>
Net Change in Fund Balance	205,747	735,929	366,679	800,848	2,698,908
Fund Balance - Beginning of Year	<u>11,343,015</u>	<u>11,548,762</u>	<u>16,716,657</u>	<u>17,083,336</u>	<u>17,884,184</u>
Fund Balance - End of Year	<u>\$11,548,762</u>	<u>\$12,284,691</u>	<u>\$17,083,336</u>	<u>\$17,884,184</u>	<u>\$20,583,092</u>



**APPENDIX B**

**BID FORM**

**\$3,205,000\***  
**City of Coos Bay, Oregon**  
**Full Faith and Credit Financing Agreement, Series 2016**

Company Name: \_\_\_\_\_

**The City Council approved the Authorizing Resolution for this transaction on October 4, 2016. Terms and conditions of the 2016 Financing Agreement will be finalized by October 19, 2016. Closing is scheduled for October 27, 2016.**

Interest Rate Bid Option I: % \_\_\_\_\_

Interest Rate Bid Option II: % \_\_\_\_\_

Total additional costs or fees of the Bidder to be paid from the proceeds of the 2016 Financing Agreement:  
\$ \_\_\_\_\_

**Bidder acknowledges receipt and acceptance of the transaction documents pertaining to the 2016 Financing Agreement and that the Interest Rate Bid is valid through the date the 2016 Financing Agreement is executed.**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
\* Subject to change.



**City of Coos Bay, Oregon  
Request for Funding**

**Additional Documents:**

**Authorizing Resolution**

**Forms of:  
2016 Financing Agreement  
Investor Letter  
Legal Opinion**

## **City of Coos Bay**

### **Resolution 16 – 20**

#### **A RESOLUTION OF THE CITY OF COOS BAY, OREGON AUTHORIZING FULL FAITH AND CREDIT BORROWINGS TO REFINANCE OUTSTANDING OBLIGATIONS OF THE CITY.**

WHEREAS, the City of Coos Bay, Oregon (the “City”) is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance or refinance real or personal property which the City Council determines is needed; and,

WHEREAS, in April 2000 the City obtained a loan through the Oregon Economic and Community Development Department’s Oregon Bond Bank Program (the “2000 Obligations”) for the long-term financing of water system improvements; and,

WHEREAS, the City entered into a Financing Agreement dated April 26, 2006 and authorized the issuance of its Full Faith and Credit Refunding Obligations, Series 2006 (the “2006 Obligations”) to refund the 2000 Obligations; and,

WHEREAS, current interest rates may be lower than the interest rates that are payable on all or a portion of the 2006 Obligations and the City may be able to reduce debt service costs or favorably restructure its 2006 Obligations by refunding all or a portion of the 2006 Obligations;

NOW, THEREFORE, BE IT RESOLVED by the Coos Bay City Council that:

#### **1. Authorization of Financing Agreements.**

- 1.1 The City is hereby authorized to enter into one or more financing agreements to refinance all or any portion of the real property and personal property that was refinanced with the 2006 Obligations pursuant to Oregon Revised Statutes Section 271.390 and other relevant provisions of Oregon Revised Statutes Chapter 287A. The net proceeds of the financing agreements that are executed to refinance this property shall not exceed the amount required to pay the principal amount of the 2006 Obligations, accrued interest through the date the 2006 Obligations are redeemed, any redemption or prepayment premium and other estimated costs of the refinancing.
- 1.2 The financing agreements authorized by this Section 1 are referred to in this Resolution as the “Financing Agreements.”

#### **2. Determination of Need.**

The City hereby determines that the projects originally financed by the 2000 Obligations and re financed with the 2006 Obligations are needed.

#### **3. Delegation.**

The City Manager, Finance Director or the person designated by the City Manager or Finance Director to act on behalf of the City under this resolution (each of whom is referred to in this resolution as a “City Official”) may, on behalf of the City and without further action by the Council:

- 3.1 Select one or more commercial banks or financing institutions with which to negotiate and execute each Financing Agreement.
- 3.2 Take actions to prepay, call, defease and redeem the 2006 Obligations.

- 3.3 Engage the services of escrow agents or trustees and any other professionals whose services are desirable for the financing.
- 3.4 Determine the final principal amount, interest rates, payment dates, prepayment rights and all other terms of each Financing Agreement. Subject to the limitations of this resolution, each Financing Agreement may be in such form and contain such terms as the City Official may approve.
- 3.5 Negotiate, execute and deliver notes to evidence amounts due under the Financing Agreements.
- 3.6 Issue any qualifying Financing Agreement as a “tax-exempt bond” bearing interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, (the “Code”) and enter into covenants to maintain the excludability of interest on those Financing Agreements from gross income under the Code.
- 3.7 Issue any Financing Agreement as a “taxable bond” bearing interest that is includable in gross income under the Code.
- 3.8 Designate any qualifying Financing Agreement as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code, if applicable.
- 3.9 Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to carry out this resolution.

#### **4. Security.**

Each Financing Agreement shall constitute an unconditional obligation of the City, which is payable from all legally available funds of the City. The City Official may pledge the City’s full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution.

#### **5. Effective Date.**

This resolution is effective upon its adoption.

The foregoing resolution was duly adopted by the City Council of the City of Coos Bay, Oregon, this 4<sup>th</sup> day of October 2016.

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Crystal Shoji, Mayor

ATTEST:

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Susanne Baker, City Recorder

## FINANCING AGREEMENT

\$ \_\_\_\_\_  
**City of Coos Bay, Oregon**  
**Financing Agreement**  
**Dated \_\_\_\_\_, 2016**  
**(2006 Refinancing)**

This Financing Agreement is entered into between the City of Coos Bay, Oregon (the “Borrower”) and \_\_\_\_\_ Bank (the “Lender”) as of the \_\_\_\_\_ day of \_\_\_\_\_, 2016.

### 1. Definitions.

For purposes of this Financing Agreement, the following capitalized terms shall have the following meanings, unless the context clearly requires otherwise:

“Banking Day” means any day except a Saturday, a Sunday or any other day on which commercial banks in Oregon are authorized or required by law to close.

“Borrower” means the City of Coos Bay, Oregon.

“City Official” means the City Manager, the Finance Director or the person designated by the City Manager or the Finance Director to act as City Official under the Resolution defined below.

“Closing Date” means \_\_\_\_\_, 2016.

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

“Default Rate” means the Interest Rate plus \_\_\_\_\_ basis points (\_\_\_\_\_%).

“Event of Default” means the occurrence of any of the following: (i) a failure to pay within 10 days after the due date thereof any principal or interest that is required to be paid under this Financing Agreement; (ii) a final determination by the Internal Revenue Service that interest on this Financing Agreement is includable in gross income under the Code; (iii) a failure by the Borrower to comply with any of its obligations or to perform any of its duties under this Financing Agreement, other than a failure described in clauses (i) or (ii) of this definition, which failure continues and is not cured for a period of more than 60 days after the Lender has made written demand on the Borrower to cure such failure.

“Financing Agreement” means this Financing Agreement between the Borrower and the Lender dated \_\_\_\_\_, 2016.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by Oregon Law.

“Government Obligations” means direct obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“Interest Rate” means a fixed annual interest rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum, calculated on [an actual/360 day] basis.

“Lender” means \_\_\_\_\_ Bank, or its successors.

“Maturity Date” means December 1, 2024.

“Outstanding Balance” means, at any time, the Principal Amount, less the sum of all principal repayments which have been received by the Lender.

“Principal Amount” means \$\_\_\_\_\_.

“Projects” means the Projects defined in the Resolution.

“Resolution” means the Borrower’s Resolution No. 16-20 adopted October 4, 2016, authorizing this Financing Agreement.

“Securities Act” means the Securities Act of 1933, as amended.

“Special Counsel” means Hawkins Delafield & Wood LLP.

## **2. Loan.**

2.1. The Lender shall advance the Principal Amount to the Borrower on the date of this Financing Agreement.

2.2. Except as provided in Section 11.2, the Outstanding Balance shall bear interest at the Interest Rate from the date of this Financing Agreement. Interest is payable semiannually on June 1 and December 1 of each year, commencing June 1, 2017.

2.3. The Borrower shall repay the Principal Amount in the following installments on the following dates:

Payment Date <u>(December 1)</u>	Principal <u>Amount (\$)</u>
-------------------------------------	---------------------------------

2.4. All unpaid principal, plus accrued interest, shall be paid no later than the Maturity Date.

### **3. Prepayment.**

- 3.1. The Borrower may prepay all or any portion of the Outstanding Balance without premium on any principal payment date by giving not less than \_\_\_\_\_ days' prior notice to the Lender and by paying the Lender the portion of the Outstanding Balance that is to be prepaid, plus accrued interest, to the date of prepayment.
- 3.2. Prepayments by the Borrower to the Lender shall be applied first, to pay accrued interest on the principal amount that is prepaid, and second to reduce the Outstanding Balance.

### **4. Security for Financing Agreement.**

- 4.1 Pursuant to ORS 287A.315, the Borrower hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the principal and interest due to the Lender under this Financing Agreement. The Borrower shall pay the amounts due under this Financing Agreement from any and all of its legally available taxes, revenues and other funds. This pledge of the Borrower's full faith and credit and taxing power shall not entitle the Lender to any lien on, or pledge of, specific properties or revenues of the Borrower. The Borrower covenants to budget and appropriate in each of its Fiscal Years, in accordance with the law, sums sufficient to pay when due amounts due under this Financing Agreement.
- 4.2. The pledge of the Borrower's full faith and credit and taxing power shall not entitle the Lender to any lien on, or pledge of, specific properties or revenues of the Borrower.

### **5. Accounting and Billing.**

The Lender shall provide the Borrower with a written accounting of all payments and other transactions relating to this Financing Agreement quarterly. The Lender shall send the Borrower a bill for the amount due on each Financing Agreement payment date not later than seven Banking Days prior to that payment date.

### **6. Use of Financing Agreement Proceeds.**

The Borrower shall apply the amount it receives under this Financing Agreement to refund the Borrower's outstanding Full Faith and Credit Refunding Obligations, Series 2006, and to pay costs related to this Financing Agreement.

### **7. Tax-Exemption.**

- 7.1. The Borrower agrees to comply with all representations in the Tax Certificate for this Financing Agreement. The Borrower further covenants for the benefit of the Lender to comply with all provisions of the Code which are required for interest paid pursuant to this Financing Agreement to be excluded from gross income for federal income tax purposes.
- 7.2. The Borrower hereby designates this Financing Agreement as a "qualified tax-exempt obligation" under Section 265(b) of the Code.



- 7.3. Interest paid pursuant to this Financing Agreement is exempt from State of Oregon personal income taxes.

## **8. Representations of the Borrower.**

By executing this Financing Agreement in the space provided below, the Borrower represents to the Lender that:

- 8.1. The Borrower is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Financing Agreement and perform its duties under this Financing Agreement.
- 8.2. The adoption of the Resolution, the execution of this Financing Agreement and the performance of the Borrower's obligations under this Financing Agreement does not conflict in any material respect with, or constitute a material breach of or default under, any law, court decree, administrative regulation, resolution or other agreement to which the Borrower is a party or by which it is bound.
- 8.3. There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency having jurisdiction over the Borrower that is pending or, to the best of the knowledge of the Borrower, is threatened against the Borrower to restrain or enjoin the execution of this Financing Agreement, the adoption of the Resolution, or the collection and application of the funds as contemplated by the Resolution and this Financing Agreement, which, if such matter were adversely decided against the Borrower would, in the reasonable judgment of the Borrower, have a material and adverse effect on the ability of the Borrower to pay the amounts due under this Financing Agreement.
- 8.4. The Borrower hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and by this Financing Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the Borrower which is enforceable against the Borrower in accordance with its terms, except to the extent that enforceability may be limited by i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally; (ii) the application of equitable principles and 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 Borrower.

## **9. Covenants of the Borrower.**

The Borrower covenants for the benefit of the Lender that while this Financing Agreement is in effect and until full payment of the Outstanding Balance and all accrued and unpaid interest and fees:

- 9.1. The Borrower shall levy against all taxable property within the Borrower the permanent rate it is authorized to levy within constitutional, statutory and charter limits to cover debt service on this Financing Agreement should other funds not be sufficient to service such debt.
- 9.2. The Borrower shall provide the Lender with:
- (a) A complete copy of the Borrower's audited annual financial statements for each Fiscal Year, within 270 days following the end of each Fiscal Year.
  - (b) A complete copy of the Borrower's budget for each Fiscal Year promptly after it is adopted by the Borrower's Council, but no later than 90 days after the beginning of the Fiscal Year.
  - (c) Such additional information as the Lender may reasonably request.

## **10. Fees, Costs and Expenses.**

- 10.1. Lender Fees and charges.
- (a) The Borrower will pay the Lender a loan fee of \$\_\_\_\_\_.
  - (b) The Borrower will pay up to \$\_\_\_\_\_ for fees and costs of the Lender's counsel in connection with this Financing Agreement.
  - (c) The Lender will not charge the Borrower any other fees or costs in connection the closing of with this Financing Agreement.
- 10.2. Costs of Enforcement. If either party incurs any expenses in connection with enforcing this Financing Agreement, or if the Lender takes collection action under this Financing Agreement, the losing party shall pay to the prevailing party, on demand, the prevailing party's reasonable costs and reasonable attorneys' fees, whether at trial, on appeal or otherwise, including any allocated costs of in-house counsel.
- 10.3. Other Fees and Costs. The Borrower shall pay the fees and costs of Special Counsel, and any other expenses and costs which the Borrower incurs in connection with this Financing Agreement.

## **11. Default.**

- 11.1. Upon the occurrence of any Event of Default the Lender may exercise any remedy available at law or in equity. However, the amounts due from the Borrower under this Financing Agreement shall not be subject to acceleration.
- 11.2. In addition, and upon the occurrence of an Event of Default described in clause (i) or clause (ii) of the definition of "Event of Default," the Outstanding Balance shall bear interest at the Default Rate until such Event of Default is remedied.

- 11.3. All rights, powers and remedies of the Lender may be exercised at any time after the occurrence of an Event of Default, are cumulative and shall not be exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.
- 11.4. The Lender may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default.

## **12. Conditions to the Obligations of the Lender.**

- 12.1. The Lender may refuse to advance funds under this Financing Agreement unless the Lender has received:
- (a) an opinion of Special Counsel to the effect that:
    - (i) this Financing Agreement is a valid and legally binding full faith and credit obligation of the Borrower that is enforceable against the Borrower in accordance with its terms subject to customary exceptions; and,
    - (ii) interest paid pursuant to this Financing Agreement is excludable from gross income under the Code; and,
    - (iii) the Borrower has designated this Financing Agreement as a qualified tax-exempt obligation under Section 265(b) of the Code; and,
    - (iv) interest paid pursuant to this Financing Agreement is exempt from State of Oregon personal income tax.
  - (b) the certificate of a City Official to the effect that:
    - (i) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency having jurisdiction over the Borrower that is pending or, to the best of the knowledge of the Borrower, is threatened against the Borrower to restrain or enjoin the execution of this Financing Agreement, the adoption of the Resolution, or the collection and application of the funds as contemplated by the Resolution and this Financing Agreement, which, if such matter were adversely decided against the Borrower would, in the reasonable judgment of the Borrower, have a material and adverse effect on the ability of the Borrower to pay the amounts due under this Financing Agreement.
    - (ii) The adoption of the Resolution and the execution and delivery of this Financing Agreement do not and will not conflict in any material respect with or constitute on the part of the Borrower a breach of or default under any law, charter provision, court decree, administrative regulation, resolution or other agreement or instrument to which the Borrower is a party or by which it is bound.

(c) an executed copy of the duly authorized Resolution and a signed original of this Financing Agreement; and

(d) such additional legal opinions, certificates, proceedings, instruments or other documents as the Lender, its counsel or Special Counsel may reasonably request to evidence compliance by the Borrower with the legal requirements for execution and delivery of this Financing Agreement and the due performance or satisfaction by the Borrower of all agreements then to be performed and all conditions then to be satisfied by the Borrower.

### **13. Disclosure; Assignment.**

- 13.1. No official statement or other disclosure document has been prepared in connection with this Financing Agreement and the Borrower has no obligation in connection with this Financing Agreement to provide any disclosure regarding operating information or material events to the Municipal Securities Rulemaking Board or any dissemination agent. The Borrower is obligated to provide information to the Lender in connection with this Financing Agreement only as specifically stated in this Financing Agreement.
- 13.2. The Lender may not assign its rights and obligations under this Financing Agreement without the prior, written consent of the Borrower.
- 13.3. The Borrower may not assign its rights and obligations under this Financing Agreement without the prior written consent of the Lender.

### **14. Defeasance.**

- 14.1. The Borrower shall be obligated to pay any Financing Agreement principal or interest payments that are defeased pursuant to this Section 14.1 solely from the money and Government Obligations deposited in escrow in accordance with this Section 14.1 with an escrow agent or independent trustee as provided in this section, and the Borrower shall have no further obligation to make those payments from any source except the amounts deposited in the escrow. This Financing Agreement shall be deemed defeased if the Borrower:
  - (a) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent that are calculated to be sufficient for the payment of the portion of this Financing Agreement that is to be defeased without reinvestment;
  - (b) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation, described above, is correct;
  - (c) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest due under this Financing Agreement to be includable in gross income under the Code.

The Borrower shall give prior written notice to the Lender of its intention to defease this Financing Agreement.

### **15. [Waiver of Trial by Jury.**

To the extent permitted by applicable law, each of the parties waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise between the parties arising out of, connected with, related to, or incidental to the relationship between any of them in connection with this Financing Agreement or the transactions contemplated hereby. Instead, any such dispute resolved in court will be resolved in a bench trial without a jury.]

### **16. Miscellaneous.**

16.1. Any notices required to be given pursuant to this commitment letter or this Financing Agreement shall be given to the following addresses:

Borrower: City of Coos Bay  
500 Central Avenue  
Coos Bay, Oregon 97420  
Attn: Finance Director

Lender: \_\_\_\_\_ Bank  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

16.2. All representations, warranties, and agreements contained in this Financing Agreement shall survive the execution, delivery and payment of this Financing Agreement. This Financing Agreement shall constitute a contract between the Borrower and the Lender. The Lender's extension of credit hereunder is expressly made in reliance on such contract.

16.3. This Financing Agreement shall be governed and interpreted in accordance with the laws of the State of Oregon.

16.4. The Lender and the Borrower each irrevocably consents to the personal jurisdiction of the state and federal courts located in the State of Oregon in any action brought under this Financing Agreement, and in any action based upon the transactions encompassed by this Financing Agreement, whether or not based in contract. Venue for any such action shall be in Coos County, Oregon.

### **17. Severability and Waivers.**

If any part of this Financing Agreement is not enforceable, the rest of this Financing Agreement may be enforced. The Lender retains all rights, even if it makes a loan after default. If the Lender waives a default, it may enforce a later default. Any consent or waiver under this Financing Agreement must be in writing.

### **18. Counterparts.**

This Financing Agreement may be executed simultaneously in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

### **19. Written Agreements.**

**Under Oregon law, most agreements, promises and commitments made by the Lender 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 Lender to be enforceable.**

*[The remainder of this page is left blank intentionally.]*

DATED as of the \_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_ **Bank**

By: \_\_\_\_\_  
Authorized Officer

**City of Coos Bay, Oregon**

By: \_\_\_\_\_  
City Official

## QUALIFIED INVESTOR LETTER

\$ \_\_\_\_\_  
**City of Coos Bay, Oregon**  
**Financing Agreement**  
**Dated \_\_\_\_\_, 2016**  
**(2006 Refinancing)**

The undersigned, a duly authorized representative of [Name of Bank] (the “Lender”), hereby certifies as follows with respect to the Lender’s loan, pursuant to the above-captioned Financing Agreement dated \_\_\_\_\_, 2016 (the “Financing Agreement”), entered into between the City of Coos Bay, Oregon (the “Issuer”):

1. The Lender is an organization that falls within one of the following categories:
  - (a) a bank as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the “Securities Act”);
  - (b) a savings and loan association or other institution described in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; or
  - (c) a “Qualified Institutional Buyer” as that term is defined in Rule 144A under the Securities Act.
2. The Lender has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Financing Agreement.
3. The Lender has made its own independent and satisfactory inquiry of the financial condition of the Issuer, including inquiry into financial statements and other information relating to the financial condition of the Issuer to which a reasonable investor would attach significance in making investment decisions, and of any other matters deemed to be relevant to a reasonably informed decision to enter into the Financing Agreement.
4. The Lender has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer and the Financing Agreement, all so that as a reasonable investor the Lender has been able to make a reasonably informed decision to make a loan pursuant to the Financing Agreement.
5. The Lender is primarily lending under the Financing Agreement for investment purposes only (and not as an “underwriter” or “Participating Underwriter” as defined in the Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and does not presently intend to transfer, otherwise distribute or sell the Financing Agreement or any portion thereof to the general public.
6. The Lender acknowledges that the Financing Agreement (a) has not been registered under the Securities Act of 1933, as amended, and has not been registered or otherwise qualified for sale under the securities laws of any state, (b) will not be listed on any securities exchange, and (c) will carry no rating from any rating service. The Lender acknowledges that there



is no established market for the Financing Agreement and that none is likely to develop. The Lender understands and acknowledges that (i) the Financing Agreement is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and (ii) in connection with its purchase of the Financing Agreement, the Issuer has not prepared or caused to be prepared, any official statement, private placement memorandum or other offering document in connection with the Financing Agreement.

7. The Lender agrees that it will comply with any applicable state and federal securities law in effect with respect to the initial purchase of the Financing Agreement and in effect with respect to any disposition of the Financing Agreement by it.

8. Hawkins Delafield & Wood LLP (“Special Counsel”) will have no responsibility to the Lender for the accuracy or completeness of information obtained by the Lender from any source regarding the Issuer or its financial condition, or regarding the ability of the Issuer to pay the Financing Agreement, or the sufficiency of any security therefor. The Lender acknowledges that, as between the Lender and Special Counsel, the Lender has assumed responsibility for obtaining such information and making such review as the Lender deemed necessary or desirable in connection with its decision to make a loan pursuant to the Financing Agreement.

Dated as of the \_\_\_\_ day of \_\_\_\_\_, 2016.

**[Name of Bank]**

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

*[Qualified Investor Letter]*

\_\_\_\_\_, 2016

City of Coos Bay, Oregon  
\_\_\_\_ 500 Central Avenue  
Coos Bay, Oregon 97420

Subject: \$ \_\_\_\_\_ City of Coos Bay, Oregon,  
Financing Agreement dated \_\_\_\_\_, 2016 (2006 Refinancing)

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery by the City of Coos Bay, Oregon (the "City") of its \$ \_\_\_\_\_ Financing Agreement (the "Financing Agreement") between the City and \_\_\_\_\_ (the "Lender") dated \_\_\_\_\_, 2016. The Financing Agreement is issued pursuant to Oregon Revised Statutes Section 271.390 and the other relevant provisions of Oregon Revised Statutes Chapter 287A, and City Resolution No. 16-20 adopted October 4, 2016 (the "Resolution").

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

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of any offering materials which have been or may be supplied to the Lender relating to the Financing Agreement, and we express no opinion relating thereto.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Resolution and the Financing Agreement and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Resolution has been duly adopted. The Financing Agreement has been legally authorized, executed and delivered by the City under and pursuant to the Constitution and Statutes of the State of Oregon, the City Charter, and the Resolution. The Financing Agreement is a valid and legally binding obligation of the City that is enforceable in accordance with its terms.

2. Pursuant to Oregon Revised Statutes Section 287A.315, the City has pledged its full faith and credit and taxing power within the limits of Sections 11 and 11b of Article XI of the Oregon Constitution, and any and all of the City's legally available funds to pay the amounts due under the Financing Agreement.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) interest on the Financing Agreement is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Financing Agreement is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the City and others in connection with the Financing Agreement, and we have assumed compliance by the City with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Financing Agreement from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the execution of the Financing Agreement in order that, for federal income tax purposes, interest on the Financing Agreement not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Financing Agreement, restrictions on the investment of proceeds of the Financing Agreement prior to expenditure and the requirement that certain earnings be

rebated to the federal government. Noncompliance with such requirements may cause interest on the Financing Agreement to become subject to federal income taxation retroactive to its date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of execution of the Financing Agreement, the City will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the City covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things required by the Code to assure that interest on the Financing Agreement will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest on the Financing Agreement, and (ii) compliance by the City with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest on the Financing Agreement is exempt from Oregon personal income tax.

We note that the City has designated the Financing Agreement as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code.

Except as expressly stated in paragraphs 3 and 4 above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Financing Agreement or the ownership or disposition thereof. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Financing Agreement.

The portion of this opinion that is set forth in paragraph 1 above is qualified only to the extent that enforceability of the Financing Agreement may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and 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.

We render this opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion.

We have served as special counsel only to the City in connection with the Financing Agreement and have not represented and are not representing any other party in connection with the Financing Agreement. This opinion is given solely for your benefit in connection with the Financing Agreement and may not be relied on in any manner or for any purpose by any person or entity other than the City and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,