

# MOLALLA AQUATIC DISTRICT

## RESOLUTION NO. [ 24-02 ]

---

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MOLALLA AQUATIC DISTRICT, AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE PURCHASE AND FINANCING AGREEMENT, AND THE RELATED NEGOTIATED SALE AND DELIVERY OF FULL FAITH AND CREDIT BANK QUALIFIED TAX-EXEMPT NOTE, SERIES 2024, IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$520,000 TO FINANCE THE DISTRICT'S PURCHASE OF PROPERTY ADJACENT TO THE DISTRICT'S AQUATIC CENTER AND PAY COSTS OF ISSUANCE; DESIGNATING AUTHORIZED REPRESENTATIVES AND DELEGATING RESPONSIBILITIES AND RELATED MATTERS.**

WHEREAS, the Board of Directors of the Molalla Aquatic District, a legally constituted special district organized and existing under the laws of the State of Oregon, including Oregon Revised Statutes ("ORS") Chapter 266 ("the District"), is authorized pursuant to ORS 271.390 and the laws of the State of Oregon to enter into contracts for financing real or personal property that the Directors of the District (the "Board") determines is needed; and

WHEREAS, the Board has determined that it is in the best interests of the District to issue the District's Full Faith and Credit Bank Qualified Tax-Exempt Note, Series 2024 (the "Series 2024 Note") to provide funds to the District to purchase property adjacent to the District's aquatic center, and to pay costs of issuance of the Series 2024 Note and other permitted costs and expenses of the District; and

WHEREAS, the Board has determined to use the proceeds of the Series 2024 Note to finance the costs associated with the purchase of property adjacent to the District's aquatic center, and to pay costs of issuance of the Series 2024 Note (collectively, the "Project"); and

WHEREAS, the Board has determined that it is in the best interests of the District to authorize and direct its President or their designee (each, an "Authorized Representative"), to act on behalf of the District in connection with the issuance of the Series 2024 Note, including the selection and designation of the financing parties as described in Section 2 hereof; and

WHEREAS, the Board has determined that it is in the best interest of the District to authorize the Authorized Representative to execute and deliver those documents that are necessary and appropriate in connection with the issuance of the Series 2024 Note, including but not limited to: (i) the Series 2024 Note, (ii) a Note Purchase and Financing Agreement, if necessary (the "Purchase Agreement") between the District and a purchaser of the Series 2024 Note to be selected by the Authorized Representative (the "Purchaser") that provides the terms

for the execution, delivery, sale and issuance of the Series 2024 Note and (iii) a Tax Certificate; and

WHEREAS, the Board adopts this Resolution to provide the terms under which the District may enter into any necessary and appropriate financing documents, including but not limited to, the Purchase Agreement, to provide the terms of execution, delivery, sale and issuance of the Series 2024 Note and to authorize the Authorized Representative of the District to take action on the District's behalf.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Molalla Aquatic District, that:

**Section 1. Authorization of Full Faith and Credit Note and Related Agreements.**

The District hereby authorizes the execution and delivery of the Series 2024 Note and such other necessary financing documents, including but not limited to the Purchase Agreement, the Tax Certificate and any related documents for the execution, delivery, sale and issuance of the Series 2024 Note, in an aggregate principal amount not to exceed Five Hundred Twenty Thousand Dollars (\$520,000). The proceeds of the Series 2024 Note received by the District pursuant to the Purchase Agreement shall be used to pay all or a portion of the costs of the Project and to pay costs of issuance of the Series 2024 Note and other permitted costs and expenses of the District. The initial true interest cost of the Series 2024 Note shall not exceed 6.00%.

The remaining terms of the Series 2024 Note, the Purchase Agreement and the various other documents relating to the execution, delivery, sale and issuance of the Series 2024 Note shall be established as provided in Section 6 hereof.

The District hereby authorizes the negotiated sale of the Series 2024 Note to the Purchaser on terms to be established as provided in Section 6 hereof.

**Section 2. Authorized Representative.** The District authorizes and directs the Authorized Representative to act on behalf of the District to select and designate such financing parties as are necessary and appropriate in connection with the execution, delivery, sale and issuance of the Series 2024 Note, including without limitation, the Purchaser, and to execute and deliver the Purchase Agreement and other documents related to the execution, delivery, sale and issuance of the Series 2024 Note and to determine the remaining terms of the Series 2024 Note to be established as provided in Section 5 hereof.

**Section 3. Security.** The payment of the principal of and interest on the Series 2024 Note, together with any other amounts due and payable with respect to the Note or any related documents (collectively, the "Note Payments") shall be payable from the District's general non-restricted revenues and other funds that are lawfully available for that purpose, including revenues derived from other taxes, if any, levied by the District in accordance with and subject to limitations and restrictions imposed under applicable law or contract, that are not dedicated, restricted or obligated by law or contract to an inconsistent expenditure or use. The District pledges its full faith and credit and taxing powers to the repayment of the Note Payments as contemplated by ORS 287A.315. The registered owner of the Series 2024 Note will not have a

lien or security interest on any property or other assets of the District or the proceeds of the Series 2024 Note.

**Section 4. Form of Note.** The Series 2024 Note shall be prepared by Orrick, Herrington & Sutcliffe LLP as Special Counsel to the District (“Special Counsel”) in substantially the form approved by the Authorized Representative. The Series 2024 Note may be printed or typewritten.

**Section 5. Tax-Exempt Status and Covenant as to Arbitrage.** The District covenants to use the proceeds of the Series 2024 Note to comply with the provisions of the Internal Revenue Code (the “Code”) so that interest paid on the Series 2024 Note and designated as tax-exempt pursuant to Section 6 hereof will not be includable in gross income of the owner of such Series 2024 Note for federal income tax purposes. The District specifically covenants:

- (a) To comply with “arbitrage” provisions of Section 148 of the Code, and to pay any required rebates and penalties;
- (b) To utilize the Project so that the Series 2024 Note designated as tax-exempt is not a “private activity bond” under Section 141 of the Code; and
- (c) To comply with all reporting requirements.

The Authorized Representative may enter into covenants on behalf of the District to protect the tax-exempt status of the Series 2024 Note.

**Section 6. Delegation for Establishment of Terms and Sale of the Series 2024 Note.** Each Authorized Representative is hereby authorized and directed, on behalf of the District without further approval of the District to:

- (a) establish the principal and interest payment dates, principal amounts, optional and mandatory prepayment provisions, if any, interest amounts, premium and/or discount, if any, denominations and all other terms for the Series 2024 Note;
- (b) make any covenants necessary or desirable to obtain good financing terms on the Series 2024 Note with respect to the pledge of the District’s full faith and credit to secure the Series 2024 Note;
- (c) negotiate the terms under which the Series 2024 Note shall be sold and execute and deliver the Purchase Agreement, if determined by the Authorized Representative to be necessary and appropriate in connection with the Series 2024 Note;
- (d) designate interest on the Series 2024 Note to be excluded from gross income for federal income tax purposes;
- (e) designate the Series 2024 Note as a “qualified tax-exempt obligation” under Section 265(b) of the Code, if determined by the Authorized Representative to be in the best interest of the District and to the extent permitted under the Code;

- (f) approve the form of the Series 2024 Note;
- (g) approve, execute and deliver closing documents and certificates relating to the execution, delivery, sale and issuance of the Series 2024 Note; and
- (h) enter into covenants regarding the use of the proceeds of the Series 2024 Note received by the District pursuant to the Note Purchase and Financing Agreement and the use of the Project to maintain the tax-exempt status of the Series 2024 Note;
- (i) execute and deliver a certificate specifying the action taken pursuant to this Section 5, and any other certificates, documents or agreements that an Authorized Representative determines are desirable execute, deliver, sell and issue the Series 2024 Note in accordance with this Resolution.

**Section 7. Appointment of Special Counsel and Municipal Advisor.** The District hereby appoints Orrick, Herrington & Sutcliffe LLP of Portland, Oregon, as special counsel to the District with respect to the Series 2024 Note, and SDAO Advisory Services LLC as Municipal Advisor to the District with respect to the Series 2024 Note .

**Section 8. Resolution to Constitute Contract.** In consideration of the purchase, delivery and acceptance of the Series 2024 Note by the Purchaser (the “Noteholder”), the provisions of this Resolution shall be part of the contract of the District with the Noteholder and shall be deemed to be and shall constitute a contract between the District and the Noteholder pursuant to ORS 287A.180 and 287A.315. The covenants, pledges, representations and warranties contained in this Resolution, or in the closing documents executed in connection with the Series 2024 Note, including without limitation the District’s covenants and pledges contained in Section 3 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the District shall be contracts for the benefit, protection and security of the Noteholder.

**Section 9. Effective Date of Resolution.** This Resolution shall take effect immediately upon its adoption by the District.

ADOPTED by the Board of Directors of the Molalla Aquatic District this [ ]<sup>th</sup> day of June 2024.

**MOLALLA AQUATIC DISTRICT**

By: \_\_\_\_\_  
Paula Beck,  
President

ATTEST:

By: \_\_\_\_\_  
[            ]  
[            ]