



CITY COUNCIL NOVEMBER 21, 2016 AGENDA
REGULAR MEETING 7:00 PM
City Hall, 1001 Bridge St. Vernonia OR 97064

Mission Statement

The City of Vernonia pledges to be an ethical and responsive government using community collaboration to foster leadership and a vision for civic improvement while providing a safe, peaceful, economically viable community.

1. Call to Order and Pledge of Allegiance – Mayor Parrow

2. Additions or Removal of Agenda Items

3. Councilor Committee Meeting Reports

4. Topics from the Floor/Audience Participation

5. Consent Agenda for Approval

- A. Planning Commission Meeting Minutes for September 15, 2016 Pg. 1-2
- B. Library Board Meeting Minutes for October 5, 2016 Pg. 3- 4
- C. City Council Meeting minutes for November 7, 2016 Pg. 5- 7

6. Unfinished Business

7. New Business

- A. Library Board Recommendation – Ginger Johns Pg. 8-10

8. Business from Departments

- A. Police Department – Chief Conner
- B. City Administrator Report – J. Mitchell

9. Ordinances/Resolutions

- A. Resolution 07-16 providing for the issuance and sale of revenue bond. Pg. 11-20

10. Correspondence

11. Items from Mayor and Councilors

12. Action Items Summary – City Administrator

Adjournment

AMERICANS WITH DISABILITIES ACT NOTICE

Please contact the City Recorder, Vernonia City Hall, 1001 Bridge Street, Vernonia, OR 97064 (Phone No. 503-429-5291) at least 48 hours prior to the scheduled meeting time if you need an accommodation. TCC users please call Oregon Telecommunications Relay Service at 1-800-735-2900.

PLANNING COMMISSION MEETING
Thursday, September 15, 2016 6:00 PM
City Council Chambers, 1001 Bridge Street, Vernonia OR 97064

REGULAR MEETING

MINUTES

Position #1 - (Exp.2020) – Jeff Walton
Position #4 – (Exp. 2018) – Erika Paleck

Position #2 - (Exp. 2017) - VACANT
Position #5 – (Exp. 2018) – Grant Williams
Position #7 – (Exp. 2019) – Jeff Goodman

Position #3 – (Exp. 2017) – VACANT
Position #6 – (Exp. 2019) – Susan Wagner

Call to Order: Susan Wagner, Chair

Chair Wagner called the meeting to order at 6:05 PM

Approval or Additions to Agenda

Commissioner Williams made a motion to accept the agenda as written. Commissioner Paleck seconded the motion, motion carried.

Topics from the Floor

Consent Agenda

- Planning Commission Minutes from August 18, 2016

Commissioner Paleck made a motion to accept the meeting minutes from August 18, 2016 as written. The motion was seconded by Commissioner Williams, motion carried. Commissioner Goodman abstained from the vote as he was not at the meeting.

Unfinished Business

- Nehalem View Subdivision Planned Development Extension Application

Chair Wagner requested the Agenda title to be corrected as a regular meeting without a public hearing. City Planner Phillips explained that the Planning Commission has the option of approving the extension from February 2016 thru July 19, 2018 (Two years from the date of the request) if they wish. Commissioner Williams made a motion to grant the Extension from February 2016 thru July 30, 2018. The motion was seconded by Commissioner Goodman, motion carried.

New Business

- Planning Commission Application – Jeff Walton

Commissioner Paleck explained that she is the one whom recommended to Mr. Walton that he should apply for the commission.

Commissioner Paleck made a motion to send Mr. Walton’s application to City Council for appointment. Commissioner Goodman seconded the motion, all in favor.

City Planner’s Report

City Planner Phillips explained that for the most part City Administrator Mitchell and GIS Annalist Fousek handle the planning unless they need his assistance or it is Planning Commission related. He added that if the Planning Commission would like, he can prepare a report in the future. City Planner Phillips is also working on putting together potential trainings for the Planning Commissioners. The Commission is in favor of having training incorporated in the regularly scheduled meetings as suggested by Mr. Phillips.

Commissioners Reports

Commissioner Paleck reported that she will be gone October 3rd – 24th.

Commissioner Goodman reported that he will be out of town October 3rd – 14th.

Chairperson Report

Chair Wagner reported that she is running for City Council.

Correspondence**Adjournment**

Chair Wagner adjourned the meeting at 6:40 PM.

Vernonia Library Board

Meeting Minutes for

Wednesday, October 5, 2016
701 Weed Ave
Vernonia, OR 97064
6:00 P.M.

- I. Regular meeting was called to order at 6:02 pm by Janelle Cedergreen.
- II. Board members, Audeen Wagner, Myrrinha Kibben, Betty Ann Smith, and Janelle Cedergreen were present. Library Director Shannon Romtvedt was present. Lynn Fulgham and Haley Ayres were excused.
- III. Audeen Wagner made a motion to accept the agenda with an addition to Board Member reports, seconded by Myrrinha Kibben. Motion passed.
- IV. Minutes from September 2016, regular meeting were reviewed. Myrrinha Kibben made a motion to accept the minutes seconded by Audeen Wagner. Motion passed.
- V. No public comments.
- VI. Board member reports on items not on the agenda. Audeen Wagner asked if we could make an exception to our Books on Wheels rules and allow a patron outside of the city limits to access the library through our program. Library Director confirmed that there is no rule against having a patron outside of the city limits as long as the \$25 library fee is paid. And the person is in reasonable driving distance for a volunteer. The Friends of the Library also have an Out of City Limit Sponsorship program that can cover the \$25 fee.
- VII. Old Business
 - a. Library Director confirmed that, aside from cost, there were no other factors keeping the library from upgrading to an actual book drop (rather than a mail slot). Board members agreed to put Book Drop on the list of projects to research. Library Director suggested if the Library Board is looking into a new book drop, an outdoor Elections drop should also be considered.
 - b. Board members reviewed a new draft of the Circulation and Membership Policy. Members suggested minor formatting and wording changes. Library Director asked Board Members to vote on a minimum account balance for patrons to be referred to collections under the Overdue Materials Policy. Board members suggested accounts \$25 and above. Myrrinha Kibben made a motion for the Library Director to make suggested changes to the policy and recommend it to City Council. Betty Ann Smith seconded the motion. Motion passed.
 - c. Janelle Cedergreen suggested including an updated version of the Vernonia Public Library Needs Assessment in the December utility bill. Board members requested the needs assessment be available for the public at the beginning of the new year to be

ready to review with the development of the next fiscal year budget. Board members will review an updated draft of the Needs Assessment at the November meeting.

VIII. New Business

- a. Library Director passed around Board member contact info to update. Once the document is updated info will be sent to the City Recorder.
- b. Library Director announced that long time staff member Susan Knowlton will be retiring at the end of October. Members were interested in donating if a gift was purchased. Library Director will follow-up.
- c. Library Director requested the Behavior Policy be the next policy up for review. A draft will be brought to the next meeting to consider changes.

IX. Director's report

- a. Library Director highlighted statistics from the Oregon State Library Statistics 2015-2016. Large increases were noted in circulation, program attendance, and volunteer time. Statistics will be submitted to City Council for an upcoming meeting.
- b. Library Director attended a Performer Showcase in Salem on Saturday, September 24. The showcase made it very obvious which performers were worth hiring. A very worthwhile event.
- c. Library Director requested Board members continue seeking out new recruits. There is still an open position and more to come open next year.

X. Reports/recommendations to city administrator or city council.

- a. Oregon State Library Statistics 2015-2016
- b. Circulation and Membership Policy
- c. Request to de-ice parking lot after snow

XI. Agenda items suggested for the next meeting on Wednesday, November 2, 6 pm.

- a. Demo of time management software
- b. Books on Wheels
- c. Needs Assessment Questionnaire
- d. Behavior Policy
- e. Book Drop

XII. Betty Ann Smith made a motion to adjourn the meeting. Audeen Wagner seconded. Motion passed. Meeting adjourned at 7:10 pm.



CITY COUNCIL NOVEMBER 07, 2016 **MINUTES**
REGULAR MEETING 7:00 PM
City Hall, 1001 Bridge St. Vernonia OR 97064

Mission Statement

The City of Vernonia pledges to be an ethical and responsive government using community collaboration to foster leadership and a vision for civic improvement while providing a safe, peaceful, economically viable community.

In Attendance: Mayor Parrow, Councilor Tierney, Councilor Seager, Councilor Hult, and Councilor McNair

Staff in Attendance: City Administrator Mitchell and City Recorder Borst

Call to Order and Pledge of Allegiance – Mayor Parrow

Mayor Parrow called the meeting to order at 7:01 PM.

Additions or Removal of Agenda Items

Councilor Tierney made a motion to approve the Agenda as written. The motion was seconded by Councilor Hult, motion passes.

Councilor Committee Meeting Reports

Councilor McNair attended the Public Works Committee Meeting. At the meeting, they discussed meter replacement and will be bringing a plan for replacement to Council.

Topics from the Floor/Audience Participation

Consent Agenda for Approval

- A. Public Works Committee Meeting Minutes for August 23, 2016
- B. City Council Meeting Minutes for October 10, 2016
- C. City Council Meeting Minutes for October 17, 2016

Councilor Tierney would like noted in the October 17th City Council Meeting Minutes that she had asked Mr. LaChapelle prior to the meeting to bring a timeline, in writing, for his request.

Councilor Tierney made a motion to approve the meeting minutes as listed above, with the correction. The motion was seconded by Councilor Hult, motion passes.

Unfinished Business

New Business

- D. Purchase and Sale Agreement – Photo Solutions

Dan Brown, Community Action Team, presented the purchase and sale agreement.

Councilor Tierney made a motion to accept Resolution 06-16: A resolution regarding USACE & ODOT consultation for HMGP/FMA acquisition project 2007 flood events. The motion was seconded by Councilor Hult, motion carried.

A motion to approve and authorize City Administrator Mitchell to sign the purchase and sale agreement for 603 California Avenue was made by Councilor Tierney. The motion was seconded by Councilor Seager, motion carried.

Councilor Tierney made a motion to recommend the use of HMGP funds for the purchase as summarized below:

Owner (Address)	TOTAL PROJECT	HMGP	OWNER
Photo Solutions 603 California Avenue	\$400,989.00	\$300,741.75	\$100,247.25
Brad Curtis			

The motion was seconded by Councilor Seager, motion carried.

E. Application to Inhabit a Travel Trailer – Terry Miller

City Administrator Mitchell explained to Council that the property owner no longer wishes for the application to be approved by Council. Council consensus is to disregard the application.

F. Library Policy Update

Library Director Romtvedt explained the policy update to Council. Council consensus is to approve the policy update.

G. Library Statistic Report

Councilor McNair is interested in having staff do a maintenance survey of the Library building. Council consensus is to have staff do a survey of the building.

Library Director Romtvedt inquired as to if Council would like to see the comparison report. Council consensus is that they would like to receive the reports as they become available.

H. CREST Staffing Change

City Administrator Mitchell explained the staffing change to Council. She spoke with the previous City Planner, Carole Connell, and while she is busy working for 6 small cities right now, she is working with another planner and is open to the idea of coming to work for Vernonia. The cities IGA with CREST is still in effect with the staffing change. The city would have to put in a 30-day notice with CREST if they chose to go with a different planner. City staff is preparing to work with the City Planner and Planning Commission to update the City Code and they are unsure a new planner would be efficient.

Staff will bring the discussion back to Council at the November 21st City Council meeting once we hear back from Mrs. Connell.

I. Chamber of Commerce - Ugly Sweater Run Road Closure Request

City Administrator Mitchell explained the request to Council. Council consensus is to approve the request.

J. Chamber of Commerce – Letter of Support Request

City Administrator Mitchell explained the request to Council. Council consensus is to have the City Administrator write the letter of support.

Business from Departments

K. Police Department – Chief Conner

Chief Conner was not in attendance.

L. City Administrator Report – J. Mitchell

Wastewater Treatment Plant: The construction meeting was held on Wednesday, November 2nd. The 10 day test of the DAF will start Wednesday, November 9th. During the 10 day test of the DAF, DEQ will allow us to use the hyporeic channel. The contractor is cleaning up the site, removing unnecessary equipment and preparing for a visit from DEQ. Our current permit allows for us to discharge into the river starting November 15th. There are items still needing to be completed; fencing, misc. spots of riprap, electrical, paving. There was a discussion on extending the timeline to allow the contractor to wait for a good window of weather to put down asphalt, at no additional cost. Staff is waiting to hear from USDA on if they will allow the delay. The ammonia treatment evaluation has been completed, we are waiting to receive pricing from Blue Frog and the chemical treatment. Bio Domes and DEQ have been in contact, staff is waiting to hear what level of treatment DEQ will require. Next construction meeting is scheduled for Nov. 16th.

Rose Avenue Project: The RFQ for architecture was published on Nov. 2nd and Nov. 4th in the DJC Daily Journal of Commerce, we have since sent the RFP packet to 10 architecture firms and plan centers. The deadline for submittal of the Proposals is 3:00pm Thursday, Dec. 1st at which time the proposals will be opened and the names read aloud and documented. The review and scoring of proposals will happen the following week with the panel of participants; Senior Center and Food Bank representatives, city staff, city engineer, and Council representative.

Nickerson Ridge Estates: Since the meeting last month we have had a few email exchanges with the owners of Nickerson Ridge Estate vacant lots, otherwise no significant movement. The owners are claiming that the city is requiring them to dedicate the street in order to build. Staff has clarified that the street improvements are not required, only the storm water drainage issues.

WOEC: We have heard nothing since the issuing of the City's letter stating we cannot afford to purchase the property and the maintenance of the property is the responsibility of WOEC.

Photo Solutions: You have before you tonight the Purchase and Sales Agreement for the FEMA buyout of Photo Solutions.

FEMA Reimbursement: The City has received 2 of the 4 payments from FEMA for reimbursement of the December 2015 high water event. We are awaiting the 2 remaining payments to complete the project worksheets we applied for after the event.

Cemetery: The cemetery bollards have been delivered. The replat for the Urn Garden is in process.

Ordinances/Resolutions

M. Ordinance 911 - Amending Ordinance 881 (Second Reading)

City Recorder Borst read the second reading of Ordinance 911 by title only. The ordinance passed unanimously.

Correspondence

Items from Mayor and Councilors

Councilor Tierney would like to reschedule the November 14th Work Session as she has a conflict. Council consensus is to reschedule the Work Session for November 28th at 6:30 PM.

Action Item Summary – City Administrator

Staff will bring a recommendation to the street tree work session on November 28.

Staff will do a maintenance survey at the Library.

City Administrator Mitchell will write a letter of support for Chamber

Staff will look into when to expect the marijuana tax money

Adjournment

Mayor Parrow adjourned the meeting at 8:09 PM

These minutes were approved at the November 21st, 2016 City Council Meeting.

Stephanie Borst, City Recorder

Randall J. Parrow, Mayor

Date: November 3, 2016

To: Vernonia City Council

From: Library Board

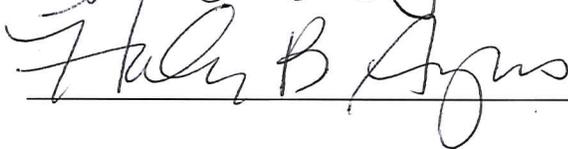
Re: Recommendation to Library Board

The Library Board, at the November 2, 2016 committee meeting, recommended by majority vote Ginger Johns for the Library Board. The Library Board made a motion on this recommendation after reviewing the application and the applicant's qualifications.

Signed,



(Shannon Romtvedt, Committee Secretary)



(Haley Ayres, Vice Chair)



Application for Appointment to Library Board
(Committee or Planning Commission)

PLEASE PRINT

Name Johns Ginger
Last First

Home Address 687 Lakeview Vernonia 97064
Street City Zip

Occupation Retired 1
Place of Employment

Business Address _____

Phone No. 503-429-7821 Cell Phone No. 503-706-7702

E-mail _____

1. Do you reside within the Vernonia city limits? ✓ _____
Yes No

2. Are you a registered voter? ✓ _____
Yes No

3. How did you learn about this vacancy?

Newspaper _____ Word of Mouth ✓
Notice in the Mail _____ Other (Specify) _____

4. At least two meetings a month or more are required plus significant time reading agenda material. Will you be able to attend these meetings? ✓ _____
Yes No

5. Attendance is important for committee work. Do you think you could meet the goal of a 75% minimum attendance rate of each calendar year. ✓ _____
Yes No

6. What experience/training do you have that qualifies you for this particular appointment and what specific contributions do you hope to make?

7. Please give a brief description of your involvement in community groups and activities.

*None at this time.
Served on library board in the past.*

4. Please list community topics of particular concern to you that relate to this appointment.

Continuation of our already library.

5. Please list your reasons for wishing to be appointed.

#4

Return completed application to City Hall, 1001 Bridge Street, Vernonia, OR 97064. Applications accepted until positions are filled. Immediate application recommended.

If applicable, you will be advised when the City Council or Planning Commission will conduct interviews of the applicants. The Planning Commission will make a recommendation to the Council. Plan to be present to discuss your application with the Council or Planning Commission. The Council will endeavor to make its selection at that meeting; however, it may wish to take more time to deliberate before making the appointment.

Information on this form is public information.
Thank you for your expression of interest in serving the community.

Virginia B. Johns
Signature of Applicant

10-31-16
Date

CITY OF VERNONIA
CITY COUNCIL AGENDA ITEM

November 21, 2016

From: Angie Handegard, Finance Director
To: Mayor and City Council
Re: Resolution for Wastewater Revenue Bond

Agenda Item Summary:

In order to close out the loan portion of funding from USDA for the Wastewater Treatment Plant project, a resolution must be passed by the Council to provide issuance of the revenue bond. Issuance at this time will lock in a rate of 1.875% per annum, much lower than originally quoted, providing a savings of \$51,699 annually. The bond amount is \$5,577,000 and annual payments of \$199,434 will be paid to USDA for a term of 40 years. \$2,700,000 of this bond will be paid to DEQ in order to pay down the current debt. \$2,877,000 was used to pay for construction of the new sewer facility in addition to grant funds received from USDA.

Attachments:

Resolution 07-16 providing for the issuance and sale of revenue bond.

Motion:

-“I move that the City Council adopt Resolution 07-16, A Resolution providing for the issuance and sale of the City of Vernonia, Columbia County, Oregon, wastewater Revenue Bond in the principal sum of not to exceed \$5,577,000 to the United States of America, acting through the United States Department of Agriculture, rural development for the purpose of providing a portion of the costs to finance and refinance capital construction and improvements to the City’s wastewater system and related improvements, providing for the form and terms of said bond and authorizing the payment of same. ”

RESOLUTION NO. 07-16

A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF THE CITY OF VERNONIA, COLUMBIA COUNTY, OREGON, WASTEWATER REVENUE BOND IN THE PRINCIPAL SUM OF NOT TO EXCEED \$5,577,000 TO THE UNITED STATES OF AMERICA, ACTING THROUGH THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT FOR THE PURPOSE OF PROVIDING A PORTION OF THE COSTS TO FINANCE AND REFINANCE CAPITAL CONSTRUCTION AND IMPROVEMENTS TO THE CITY'S WASTEWATER SYSTEM AND RELATED IMPROVEMENTS, PROVIDING FOR THE FORM AND TERMS OF SAID BOND AND AUTHORIZING THE PAYMENT OF SAME.

WHEREAS, the City Council (the "City Council") of the City of Vernonia, Columbia County, Oregon (the "City" or "Borrower"), pursuant to the authority of Oregon Revised Statutes Chapter 287A, the Constitution and Laws of the State of Oregon and laws amendatory thereof and supplemental thereto, adopted Loan Resolution No. 20-14 on October 6, 2014 and adopted Ordinance No. 899 on December 15, 2014 (the "Ordinance") duly authorizing the City to issue revenue bonds in an amount not to exceed \$5,577,000 to finance and refinance a portion of the costs of capital construction and improvements to the City's wastewater system and related improvements, and to fund any necessary reserves and costs of issuance. Collectively, the development, construction, improvements and repairs to the City's wastewater system and related facilities within the boundaries of the City, are referred to herein as the "Project" and the facilities are collectively referred to herein as the "Facility"; and

WHEREAS, the Ordinance was duly passed as a non-emergency ordinance and no petitions were filed by the electors of the City on or before January 15, 2015, the 30th day after the Ordinance was enacted; and

WHEREAS, the United States of America, acting through the United States Department of Agriculture, Rural Development (the "Government") appropriated \$5,577,000, as set forth in a Letter of Conditions dated September 3, 2014 as amended by Amendment No. 1 dated September 27, 2016 to loan that amount to the City at an interest rate of 1.875% per annum for the Project; and

WHEREAS, the City has been directed to proceed in accordance with law to issue the bonds, and concurrently therewith and subsequent thereto the City has commenced negotiations with the Government for financial assistance to improve the Facility; and,

WHEREAS, the Government has indicated a willingness to consider 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 improve the Facility for and on behalf of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNONIA:

SECTION 1. It is necessary to defray a portion of the costs of improving the Facility by obtaining a loan made by the Government in accordance with the applicable provisions of the Rural Development Act of 1972, and the Government has acknowledged that the City is unable to obtain sufficient credit elsewhere to finance the Facility taking into consideration prevailing private and cooperative rates and terms concurrently available.

SECTION 2. The City shall borrow \$5,577,000 and issue as evidence thereof an installment Wastewater 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 form attached as Exhibit A.

SECTION 3. The unobligated net revenues of the wastewater system (the "Wastewater Revenues"), after payment of the ordinary operation and maintenance expenses thereof, are pledged to the payment of the principal of and interest upon the Bond. This pledge is on a subordinate basis to the pledge that secures the Borrower's Clean Water State Revolving Loan Agreement No. R93642, as amended (the "Loan").

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 or in the Local Government Investment Pool. The City Administrator shall execute a Fidelity Bond in an amount not less than \$199,434.00 with a surety company approved by the Government and the amount thereof shall not be reduced without the prior written consent of the Government. The City Administrator is hereby directed to establish the following accounts into which the current funds of the Bond proceeds, 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 Bond hereby authorized and any interim financing acquired shall be deposited in the Construction Account and used to finance and refinance the Facility. 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 any of the following City officials: the Mayor or the City Administrator, as authorized by the City Council, and only for the purposes for which said bond was 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; provided, however, that the proceeds of the Bond deposited in the

Construction Account shall be used to retire any interim financing. The Construction Account shall then be closed.

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

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

ii. Debt Service Account (bookkeeping account). After the transfer required in item (i) above, there shall be transferred each month from the Revenue Account or other available funds pledged to the Bond, before any other expenditures or transfer therefrom (other than payments on the Loan), 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 ___ day of _____ for the Bond. 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 Wastewater 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.

iii. Other Debt Service and Reserve Accounts (bookkeeping account). After the transfers required in items (i) and (ii) above, and after the transfer required in 4(c) below, the City may transfer funds from the Revenue Account to accounts designated for the payment of other debt associated with the construction of the Wastewater System, and for debt reserve accounts. City may use funds accrued to the Revenue Account in excess of the required amounts for transfer, and in any account established for that purpose, to make payments on any of the debt approved by the Government for the purposes of wastewater system construction.

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 the outstanding Bond installments, and in 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.

(c) Reserve Accounts (bookkeeping account).

i. Debt Service Reserve Account. The Borrower shall establish and maintain a Debt Service Reserve Account. There shall be set aside and deposited in the Debt Service Reserve Account the sum of \$19,943.00 annually until there is accumulated

in that fund the sum of \$199,434.00 after which no further deposits need be made into said account except to replace withdrawals.

The Debt Service 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 Bond hereby authorized in the event the amount of the Debt Service Account is insufficient to meet such payments. Approval by the Government is required prior to the use of the Reserve Account funds. Whenever disbursements are made from the Reserve Account, the deposits shall be resumed until there is again accumulated the amount of \$199,434.00 at which time deposits may be again discontinued.

ii. Short-Lived Asset Replacement Reserve Account. The Borrower shall establish and maintain a Short-Lived Asset Replacement Reserve Account ("SLARRA"). The Borrower shall set aside and deposit in the SLARRA the aggregate sum of not less than \$1,640 annually. Amounts in the SLARRA shall be used and disbursed only for the purpose of replacing Facility assets with an estimated life of less than fifteen years. Approval by the Government is not required prior to the use of amounts in the SLARRA.

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

(a) The Borrower 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) The Borrower will comply with applicable State laws and regulations and continually operate and maintain the Facility in good condition.

(c) The Borrower 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 and the maintenance of the various funds created for such bonds and payment of any other borrowings secured by the revenues of the Facility; that all use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Borrower; and that no free use of the Facility will be permitted.

(d) The Borrower 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 Government, without request, a copy of each annual audit report. At all reasonable times the Government shall have the right to inspect the Facility and the records, accounts and data of the Borrower relating thereto.

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

(f) The Borrower 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) The Borrower 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 the prior written consent of the Government.

(h) The Borrower will comply with all federal laws and regulations to maintain the tax-exempt status of Bond interest from Federal income taxation and Oregon personal income taxation.

SECTION 6. If at any time it shall appear to the Government that the Borrower 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 Borrower will, upon request of the Government, apply for and accept such loan in an amount sufficient to repay the Government and will take all such actions as may be required in connection with such loan.

SECTION 7. The Mayor, City Council President, City Administrator or his or her designee is hereby appointed as the "Authorized Representative" of the Borrower. The Authorized Representative is hereby authorized and directed to execute for and on behalf of the Borrower, where required by the Government, 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 - Primary Covered Transactions", Form AD-1048, "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions", and to act on behalf of the Borrower and determine the terms of and execute the Bond and to execute any other certificates, documents or agreements that the Authorized Representative determines are desirable to issue, sell and deliver the Bond in accordance with this Resolution.

This resolution shall become effective upon adoption by the Vernonia City Council

Introduced and adopted the 21st day of November, 2016 by the following vote:

Ayes: _____ Nays: _____ Abstain: _____ Absent: _____

Signed by me, Randall J. Parrow, Mayor, in authentication of its adoption this 21st day of November, 2016.

Randall J. Parrow, Mayor

Attest: _____
Stephanie Borst, City Recorder

EXHIBIT A

UNITED STATES OF AMERICA

STATE OF OREGON

**CITY OF VERNONIA
COLUMBIA COUNTY, OREGON**

REVENUE BOND

KNOW ALL MEN BY THESE PRESENTS: The City of Vernonia, Columbia County, Oregon, hereinafter called the "City", 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 Development, hereinafter called the "Government", the principal sum of Five Million Five Hundred Seventy-Seven Thousand Dollars (\$5,577,000.00) plus interest on the unpaid principal balance at the rate of 1.875% per annum. The said principal and interest shall be payable in the following installments on or before the following dates:

The sum of \$199,434.00 shall be paid on the ____ day of _____, 2017, and annually thereafter on the ____ day of _____, with the final payment of \$_____ due on the ____ day of _____, 2057 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 the Borrower. Refunds, extra payments and loan proceeds obtained from outside sources for the purpose of paying down the Bond shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of the Borrower to pay the remaining installments as scheduled herein.

This bond shall be registered as to principal and interest in the name of the United States of America in an appropriate book of the City, each registration to be noted on the Bond Registration Certificate attached hereto by the _____ of the City 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 annually to the United States of America (as such registered holder) and shall be made electronically by the Preauthorized Debit (PAD) payment method.

Default hereunder shall constitute default under any other instrument evidencing a debt of the City 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. Upon default the Government, at its option, may declare all or any part of the indebtedness immediately due and payable.

This bond is given as evidence of a loan to the City 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 Department of Agriculture or its successor agency not inconsistent with the express provisions hereof.

This bond is authorized and issued by virtue of Ordinance No. 899 adopted by the City Council of the City on December 15, 2014 which was duly enacted as a non-emergency ordinance as provided by

law and pursuant to the Constitution and Laws of the State of Oregon, and laws amendatory thereof and supplemental thereto and by Resolution No. ___ adopted by the City Council of the City on November 21, 2016.

This bond is exchangeable at the sole expense of the City 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 City at the office of the City for registered bonds of the denomination of \$5,000.00 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 1.875% 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, that the amount of this bond, together with all obligations of the City, does not exceed any limits prescribed by the Constitution and Statutes of the State of Oregon and the Ordinance of the City.

IN WITNESS WHEREOF, the City of Vernonia, Columbia County, Oregon has caused this Bond to be signed by its _____ and attested to by its _____, as of the ____ day of _____, 2016.

**CITY OF VERNONIA
COLUMBIA COUNTY, OREGON**

By: _____
_____, _____

ATTEST:

By: _____
_____, _____

BOND REGISTRATION CERTIFICATE

**CITY OF VERNONIA
COLUMBIA COUNTY, OREGON**

WASTEWATER REVENUE BOND

DATE:

Registered in name of: United States of America

By: _____
_____, _____