

**A RESOLUTION APPROVING A LOAN AGREEMENT AND PROMISSORY NOTE
BETWEEN THE CITY OF McMinnville AND THE McMinnville Urban
Renewal Agency**

WHEREAS, on April 14, 2015, the City of McMinnville (the "City") and the McMinnville Urban Renewal Agency (the "Agency") entered into an intergovernmental agreement (the "IGA") authorizing the City to assist the Agency in the planning and carrying out of the Urban Renewal Plan (the "Plan") by providing all administrative and development services necessary and proper for carrying out the Agency's functions and the Plan, pursuant to ORS 457.320; and

WHEREAS, the IGA provides that the City may loan money and provide other forms of financial assistance to the Agency in order to assist in carrying out the Plan; and

WHEREAS, the McMinnville Urban Renewal Agency recently identified an opportunity to advance a street improvement project along Alpine Avenue in the Urban Renewal District (the "Project"); and

WHEREAS, the Urban Renewal Agency does not currently have sufficient funding to pay for capital construction design services related to the Project; and

WHEREAS, the City and Urban Renewal Agency desire to execute a loan agreement and promissory note, which will allow the Urban Renewal Agency to proceed with capital construction design services related to the Project;

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MCMINNVILLE, OREGON AS FOLLOWS:

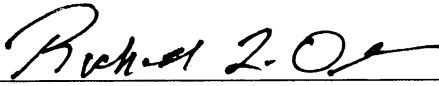
1. The Loan Agreement and Promissory Note (the "Note"), attached hereto as Exhibit A, is entered into by and between the City and the Agency (the "Parties") for the purpose of financing the capital construction design services related to the Project.
2. The City Manager is hereby authorized and directed to execute the Note in duplicate and to deliver one executed copy thereof to the Agency and to retain one executed copy thereof to be kept on file in the office of the City Recorder.
3. This Resolution shall take effect immediately upon passage and shall continue in full force and effect until revoked or replaced.

ADOPTED by the City Council this 9th day of February, 2016.

AYES: Drabkin, Hill, Jeffries, Menke, Ruden, Yoder

NAYS: _____

Approved this 9th day of February 2016.



MAYOR

Approved as to form:



CITY ATTORNEY

LOAN AGREEMENT AND PROMISSORY NOTE

This Loan Agreement and Promissory Note (the "Note") is entered into as of the 9th day of February 2016, between the City of McMinnville (the "City") and the McMinnville Urban Renewal Agency (the "Agency").

For value received, the Agency promises to pay to the order of the City of McMinnville at 230 NE 2nd Street, McMinnville, Oregon 97128, ("City"), the principal sum of one hundred sixty three thousand and xx/100 dollars (\$163,000), or as much as may be advanced under this Note, together with interest, payable in the manner and on the terms set forth in this Note:

1. *Advance of Funds.* The Agency shall be allowed to draw funds under this Note in an aggregate amount not to exceed \$163,000, for the limited purpose of paying for capital construction design services related to the Alpine Avenue Improvement Project, and for no other purpose. The final draw under this note shall be made not later than June 30, 2016.

2. *Interest Rate.* The outstanding principal balance will bear interest from the date of disbursement at a rate of 1.6474 percent per annum from the date of this Note, until January 31, 2017 ("Initial Rate of Interest"). Beginning February 1, 2017, and thereafter on the first day of February of each successive year ("Interest Rate Adjustment Date"), the interest rate will be adjusted to be equal to one percent above the average annualized Local Government Investment Pool rate at January 31 of the calculation year. Notwithstanding the preceding sentence, at no time will the interest rate be less than one percent below or five percent above the Initial Rate of Interest.

3. *Payments.* Borrower will make annual installments. The first installment must be paid on or before January 31, 2017, and subsequent installments must be paid on or before the 31st day of January of each successive year until the entire note is paid in full. Each payment will be applied first to the interest on the principal as of the date of payment and the balance to the principal. Checks will constitute payment only when collected. On July 1, 2016, and upon any adjustment to the interest rate, the annual payment will be calculated and/or adjusted to an amount that would result in the full payment of the outstanding principal and interest of this Note at the then-current interest rate by January 31, 2019. Each payment adjustment will be effective for the subsequent annual installment.

4. *Partial Payments.* The acceptance by the City of any payment which is less than the entire amount then due hereunder shall be on account only and shall not constitute a waiver of the obligation of Agency to pay such entire amount.

5. *Prepayments.* Agency has the right to prepay this Note, in whole or in part, at any time with no prepayment penalties.

6. *General Provisions.*

a) *Governing Law; Severability.* This Note is to be governed by and construed in accordance with the laws of Oregon. If any provision or clause of this Note is construed by a court of competent jurisdiction to be void, invalid, or unenforceable, that construction will not affect other provisions of this Note that can be given effect without the void, invalid, or unenforceable provision, and to this end the provisions of this Note are declared to be severable.

b) *Waiver of Protest.* Agency and each present or future maker, surety, endorser and signatory to this Note, in whatever capacity, waives presentment, demand, protest, notice of dishonor, and all suretyship defenses, and agrees that the City may exercise its rights under the Note in any order and at any time. Without notice to any such person (except for any notice to Agency specified in this Note and without the need to obtain further consent from any party), and without in any way diminishing the obligations of any person, City may (a) deal with any such person with reference to this Note by way of forbearance, extension, modification, compromise, or otherwise; and (b) extend, release, surrender, exchange, compromise, discharge, or modify any right or obligation secured by or provided in this Note.

c) *Time of Essence.* Time is of the essence with respect to all obligations of the parties hereunder.

d) *No Implied Waiver or Release.* City may delay or forego enforcing any of its rights or remedies under this Note without losing them. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, Agency shall not be released from liability.


IN WITNESS WHEREOF, the execution of which having been first duly authorized according to law.

CITY OF McMinnville


McMINNVILLE URBAN RENEWAL AGENCY

 2/18/16

City Manager Date

 _____
Chair of Board Date

Approved as to form:

 2/9/16

City Attorney Date