

These meetings will be available via phone, internet using Zoom and in person. If attending in person, masks and social distancing will be required. Members of the public wishing to attend these meetings electronically can call in or attend virtually by following the directions below. This information can also be found on the City's website.

AGENDA

SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY (SEDA)

Council Chambers with COVID-19 Precautions Required

or

Virtual Attendance

Registration Required:

Attend from your computer, tablet or smartphone:

Zoom

UPDATED ZOOM LINK AND MEETING INFORMATION BELOW

Meeting ID: 864 2519 7046

https://us06web.zoom.us/webinar/register/WN_kvBDI7a8QJqo5egEn9GB9Q

To dial in using your phone in Listen Only Mode:

Dial 1 (971) 247-1195

Toll Free 1 (877) 853-5247

Oregon Relay/TTY: 711 or 800-735-1232

225 Fifth Street, Springfield, OR 97477

September 26, 2022

The meeting location is wheelchair-accessible. For the hearing-impaired, an interpreter can be provided with 48 hours notice prior to the meeting.

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SEDA REGULAR MEETING **7:00 p.m. (Approximate Time)**

CALL TO ORDER & ROLL CALL

Sean VanGordon___, Damien Pitts___, Steve Moe___, Kori Rodley___, Leonard Stoehr___, Marilee Woodrow___, Joe Pishioneri___, and Joe Berney___.

CONSENT CALENDAR

1. **MINUTES**
2. **RESOLUTIONS**

COMMUNICATIONS

1. Business from the Audience: **Please limit comments to 3 minutes. Request to Speak cards are available at the entrance. Please present cards to City Recorder. Speakers may not yield their time to others.**
2. Correspondence
3. Business from the Staff

REPORT OF CHAIR

REPORTS OF COMMITTEES

PUBLIC HEARINGS

NEW BUSINESS

1. SEDA Glenwood Urban Renewal Borrowing
[Nathan Bell]

(10 Minutes)

RESOLUTION NO. 1 - A RESOLUTION AUTHORIZING INDEBTEDNESS FOR CAPITAL PROJECTS DESCRIBED IN THE URBAN RENEWAL PLAN FOR THE GLENWOOD URBAN RENEWAL AREA.

MOTION: ADOPT/NOT ADOPT RESOLUTION NO. 1

OLD BUSINESS

ADJOURNMENT

AGENDA ITEM SUMMARY

Meeting Date: 9/26/2022
Meeting Type: Regular Meeting
Staff Contact/Dept.: Nathan Bell/Finance
Staff Phone No: 541-726-2364
Estimated Time: 10 minutes

**SPRINGFIELD ECONOMIC
DEVELOPMENT AGENCY**

ITEM TITLE: SEDA GLENWOOD URBAN RENEWAL BORROWING

**ACTION
REQUESTED:** ADOPT/NOT ADOPT A RESOLUTION AUTHORIZING INDEBTEDNESS
FOR CAPITAL PROJECTS DESCRIBED IN THE URBAN RENEWAL PLAN
FOR THE GLENWOOD URBAN RENEWAL AREA.

**ISSUE
STATEMENT:** As part of a continued strategy to stimulate public and private development
within the Glenwood Urban Renewal Area, City staff request authorization to
borrow \$5,000,000 and renegotiate the potential payoff of the remaining balances
on the 2016 and 2018 Glenwood Borrowings.

ATTACHMENTS: Attachment 1 – Resolution Authorizing Indebtedness for Capital Projects
Described in the Urban Renewal Plan for the Glenwood Urban Renewal Area
Attachment 2 – Master Borrowing Declaration

**DISCUSSION/
FINANCIAL
IMPACT:**

At the September 26th, 2016 SEDA Board Meeting, the SEDA board authorized the Finance Director to sign a Master Borrowing Declaration that described the terms and covenants under which the 2016 Borrowing and future borrowings on parity with the 2016 Borrowing may be issued. SEDA then authorized a second borrowing at the January 8th, 2018 SEDA Board Meeting.

Now, staff is asking for authorization to borrow an additional \$5,000,000 for the purpose of supporting projects in the Glenwood Urban Renewal Area including property acquisitions, tenant relocation expenses resulting from the aforementioned property acquisitions and Master Planning expenses for Glenwood Riverfront Development with the Edlen and Company and deChase Miksis team.

The Board is asked to adopt a resolution authorizing additional indebtedness of \$5,000,000 and potentially the retirement of the remaining balances of approximately \$1,800,000 on the 2016 and 2018 Glenwood Borrowings if required to secure the most favorable terms on the new borrowing.

**SPRINGFIELD ECONOMIC DEVELOPMENT AGENCY
RESOLUTION NO. _____**

**A RESOLUTION AUTHORIZING INDEBTEDNESS FOR CAPITAL PROJECTS
DESCRIBED IN THE URBAN RENEWAL PLAN FOR THE GLENWOOD URBAN
RENEWAL AREA.**

WHEREAS, the Springfield Economic Development SEDA (“SEDA”) is authorized to enter into borrowings that are payable from the tax increment revenues of the Glenwood Urban Renewal Area (the “Area”); and

WHEREAS, SEDA desires to borrow up to \$5,000,000 to finance urban renewal projects in the Area; and

WHEREAS, the City has approved a maximum indebtedness for the Area of \$32,860,000 and SEDA has the capacity and is willing to use \$5,000,000 of that maximum indebtedness to finance urban renewal projects in the Area; and

WHEREAS, in 2016 SEDA entered into a borrowing in the original amount of \$2,000,000 to finance urban renewal projects in the Area (the “2016 Borrowing”); and

WHEREAS, in 2018 SEDA entered into a borrowing in the original amount of \$2,729,248.49 to finance urban renewal projects in the Area (the “2018 Borrowing”, and together with the 2016 Borrowing, the “Refundable Borrowings”); and

WHEREAS, the Agency has determined that it is in the best interest of the Agency to refund all or any portion of the Refundable Borrowings; and

NOW THEREFORE BE IT RESOLVED, by the Board of Directors of SEDA, an Urban Renewal Agency in the State of Oregon, as follows:

Section 1. Definitions.

Unless the context clearly requires otherwise capitalized terms that are used in this Resolution shall have the following meanings:

“Area” means SEDA’s Glenwood Urban Renewal Area.

“City” means the City of Springfield, Oregon.

“Projects” means projects described in SEDA’s Glenwood Urban Renewal Plan, as it has been and may be amended pursuant to its terms.

“SEDA” means the Springfield Economic Development Agency.

“SEDA Official” means the City Manager, the Finance Director or the person designated by the City Manager to act on behalf of SEDA under this Resolution.

Section 2. The New Money and Refunding Borrowing.

2.1 Authorization.

(A) New Money Authorization. SEDA hereby authorizes the sale and delivery of a borrowing in a principal amount not to exceed five million dollars (\$5,000,000) pursuant to the applicable provisions of ORS Chapters 287A and 457 (the “New Money Borrowing”). The proceeds of the New Money Borrowing shall be used to finance Projects, to fund a debt service reserve, if necessary, and to pay estimated costs of issuing the New Money Borrowing.

(B) Refunding Authorization. SEDA hereby authorizes the sale and delivery of a borrowing (the “Refunding Borrowing” and together with the New Money Borrowing, the “Borrowings”) for the Area in a principal amount sufficient to refund the Refundable Borrowings that are being refunded, plus an amount sufficient to fund a debt service reserve, if necessary, and to pay estimated costs of issuing the Refunding Borrowing, pursuant to the applicable provisions of ORS Chapters 287A and 457.

2.2 Delegation. A SEDA Official may, on behalf of SEDA and without further action by the Board of Directors:

(A) Select a commercial bank or other lender with which to negotiate, execute and deliver the Borrowings, purchase agreement and related documents. Subject to the limitations of this Resolution, the Borrowings, purchase agreement and related documents may be in such form and contain such terms (including but not limited to covenants, events of and remedies for default and financial reporting requirements) as a SEDA Official may approve and the SEDA Official may determine whether to finance the Projects and refinance the Refundable Borrowings under one or multiple series of Borrowings.

(B) Provide that the Borrowings be issued under the existing Master Borrowing Declaration for the Area dated October 12, 2016 (“the Master Bond Declaration”) or amend that document or enter into a new first lien master borrowing declaration.

(C) Provide that the Borrowings will be secured by a lien on the tax increment revenues of the Area that is subordinate to the lien that secures Senior Lien Borrowings under the Master Bond Declaration and prepare and execute a subordinate master borrowing declaration that describes the terms under which the Borrowings and future subordinate lien borrowings (“Subordinate Borrowings”) may be issued.

(D) Make covenants for the benefit of the owner of the Borrowings, including but not limited to covenants that: (i) require SEDA not to reduce collection of tax increment levels below specified amounts; (ii) prohibit borrowings that have a lien on the tax increment revenues of the Area that is superior to the lien that secures the Borrowings; (iii) limit the amount of borrowings that may be done with lien on the tax increment revenues of the Area that is equal to the lien securing the Borrowings; (iv) restrict the deposit and application of the tax increment revenues of the Area to insure timely payment of the Borrowings; and (v) limit SEDA’s ability to remove property from the Area.

(E) Enter into covenants to maintain the tax-exempt status of the Borrowings under the Internal Revenue Code of 1986, as amended (the “Code”) or issue the Borrowings as taxable borrowings.

(F) Enter into additional covenants for the benefit of the purchasers of the Borrowings which a SEDA Official determines are desirable to sell the Borrowings on favorable terms.

(G) Establish the final principal amounts, maturity schedules, interest rates, and other terms of the Borrowings.

(H) Pledge the tax increment revenues of the Area and the proceeds of the Borrowings to secure the Borrowings.

(I) Issue, sell and deliver the Borrowings.

(J) Amend the existing Intergovernmental Agreement between the City and Agency related to the Area to, if necessary, subordinate the lien on tax increment revenues of the Area that secures that agreement and to facilitate the issuance of the Borrowings on favorable terms.

(K) Determine what portion of the Refundable Borrowings to refund; prepay the Refundable Borrowings being refunded and take any other action necessary or desirable to accomplish the prepayment of the Refundable Borrowings.

(L) Execute any documents and take any other action which a SEDA Official finds is desirable to carry out this Resolution.

Adopted by the Board of Directors of SEDA, an Urban Renewal Agency of the City of Springfield by a vote of ___ for and ___ against this 26th day of September, 2022. (___ absent)

THIS RESOLUTION is effective immediately upon adoption.

Chair
Springfield Economic Development Agency

ATTEST:

_____, City Recorder

ATTACHMENT 2

MASTER BORROWING DECLARATION

Springfield Economic Development Agency

**Urban Renewal Note
(Glenwood Urban Renewal Area)
Series 2016**

Executed by the Agency Official of the Springfield Economic Development Agency, Oregon

As of the __ day of _____, 2016

TABLE OF CONTENTS

SECTION 1.	FINDINGS.	1
SECTION 2.	DEFINITIONS.	1
SECTION 3.	SECURITY FOR SENIOR LIEN BORROWINGS.	5
SECTION 4.	THE TAX INCREMENT ACCOUNT.	5
SECTION 5.	PARITY SENIOR LIEN INDEBTEDNESS.	7
SECTION 6.	SUBORDINATE LIEN BORROWINGS.	8
SECTION 7.	GENERAL COVENANTS.	9
SECTION 8.	AMENDMENT OF DECLARATION.	9
SECTION 9.	DEFAULT AND REMEDIES.	10
SECTION 10.	OWNERSHIP OF SENIOR LIEN BORROWINGS.	11
SECTION 11.	DEFEASANCE.	12
SECTION 12.	RULES OF CONSTRUCTION.	12
SECTION 13.	THE 2016 NOTE AS PARITY SENIOR LIEN INDEBTEDNESS.	12
SECTION 14.	THE 2016 NOTE.	12
Appendix A	Form of Note	

This table of contents is not a part of the bond declaration but is provided for reference only.

MASTER BORROWING DECLARATION

THIS MASTER BORROWING DECLARATION is executed as of _____, 2016, by the Agency Official of the Springfield Economic Development Agency, Oregon pursuant to the authority granted to the Agency Official by Agency Resolution No. SEDA2016-07 (the “Resolution”) to establish the terms under which the Agency’s Urban Renewal Note (Glenwood Urban Renewal Area), Series 2016 (the “2016 Note”), and future Parity Senior Lien Indebtedness may be issued.

Section 1. Findings.

The Agency finds:

- 1.1. The Agency is authorized to issue borrowings which are payable from the tax increment revenues of the Glenwood Urban Renewal Area.
- 1.2. The Agency has an intergovernmental agreement with the City of Springfield outstanding which is paid from the tax increment revenues of the Glenwood Urban Renewal Area and which is subordinate to the lien that secures the 2016 Note and Parity Senior Lien Indebtedness. The Agency has no other obligations outstanding that are secured by a pledge of or lien on the tax increment revenues of the Glenwood Urban Renewal Area.
- 1.3. The Agency now desires to issue borrowings that have a senior lien on the tax increment revenues from the Glenwood Urban Renewal Area.
- 1.4. The Agency executes this Master Borrowing Declaration to establish the terms under which the 2016 Note is issued and the terms under which any Parity Senior Lien Indebtedness may be issued.

Section 2. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

“2016 Note” means the Agency’s Urban Renewal Note (Glenwood Urban Renewal Area), Series 2016 which is described in Section 14 of this Master Borrowing Declaration.

“Account” or “Fund” means one or more funds, accounts, or accounting entities that are used to account for revenues under this Master Borrowing Declaration.

“Agency” means the Springfield Economic Development Agency, Oregon.

“Agency Official” means the City Manager, the Finance Director or the person designated by the City Manager to act on behalf of the Agency under the Resolution.

“Annual Debt Service” means the amount required to pay principal and interest on Outstanding Senior Lien Borrowings in a Fiscal Year, calculated as follows:

- (i) Interest which is to be paid from proceeds of Senior Lien Borrowings shall be subtracted.
- (ii) Senior Lien Borrowings which are subject to scheduled, noncontingent redemption or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory

redemption or tender, and only the amount scheduled to be Outstanding on the final maturity date shall be treated as maturing on that date.

(iii) Senior Lien Borrowings which are subject to contingent redemption or tender shall be treated as maturing on their stated maturity dates.

(iv) If the Agency issues Senior Lien Borrowings that qualify for federal interest subsidies, such as the subsidies for “Build America Bonds,” and commits to use the subsidies to pay those Senior Lien Borrowings, then the subsidies that the Agency receives, or reasonably expects to receive, may be deducted from Annual Debt Service for purposes of making the calculations and determining compliance with the tests for issuing Additional Parity Senior Lien Indebtedness, meeting a Reserve Funding Requirement, releasing property and any other tests affected by “Annual Debt Service.”

(v) Each Balloon Payment shall be assumed to be paid according to its Estimated Debt Service Requirement.

“Area” means the Glenwood Urban Renewal Area which is described in the Plan, and all additions thereto.

“Balloon Payment” means any principal payment for a Series of Senior Lien Borrowings that is part of an interim financing which the Agency expects to refinance prior to maturity, or which causes debt service on a Series to be significantly greater than the average debt service on the portion of the Series that does not consist of Balloon Payments, but only if that principal payment is designated as a Balloon Payment in the closing documents for the Series.

“Bank” means Bank of the Cascades, as owner of the 2016 Note.

“Base Period” means any 12 consecutive months from the 24 full months preceding the issuance of a series of Parity Senior Lien Indebtedness.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“City” means Springfield, Oregon, a duly organized and existing city under and by virtue of the laws of the State of Oregon.

“Closing” means the date on which a Series of Senior Lien Borrowings is delivered in exchange for payment.

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

“Debt Service” means Senior Lien Borrowing principal, interest and any redemption premium.

“Divide the Taxes Revenues” means the taxes which are divided based on the increase in value of property in the Area and which are payable to the Agency under the provisions of Article IX, Section 1c of the Oregon Constitution and ORS Chapter 457, as those provisions exist on the date of this Master Borrowing Declaration.

“Estimated Debt Service Requirement” is calculated as provided in Section 5.4.

“Event of Default” refers to an Event of Default listed in Section 9.1 of this Master Borrowing Declaration.

“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 noncallable obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“Incremental Assessed Value” means the difference between the assessed value of property in the Area for a Fiscal Year and the assessed value of property in the Area which is specified in the certified statement for the Area which is filed with the assessor pursuant to ORS 457.430.

“Master Borrowing Declaration” means this Master Borrowing Declaration establishing the terms of the 2016 Note, and prescribing the conditions under which the Agency may issue Parity Senior Lien Indebtedness, as it may be amended from time to time pursuant to Section 8.

“Maximum Annual Debt Service” means the greatest amount of Annual Debt Service, calculated on all Senior Lien Borrowings which are Outstanding on the date of calculation, that is due in any Fiscal Year, beginning with the Fiscal Year for which the calculation is made, and ending with the last Fiscal Year in which Outstanding Senior Lien Borrowings are scheduled to be paid.

“Maximum Tax Increment Revenues” means the maximum amount of Tax Increment Revenues that the Agency is permitted to collect for a Fiscal Year.

“Outstanding” refers to all Senior Lien Borrowings except those which have been paid, canceled, or defeased, and, or, for Senior Lien Borrowings which must be presented to be paid, Senior Lien Borrowings which have matured but have not been presented for payment, but for the payment of which adequate money has been transferred to their Paying Agent.

“Owner” means the Bank as owner of the 2016 Note, and the registered owner of any Parity Senior Lien Indebtedness.

“Parity Senior Lien Indebtedness” means obligations issued in compliance with Section 5 of this Master Borrowing Declaration which are secured by a lien on, and pledge of, the Security which is on a parity with the lien on, and pledge of, the Security which secures the 2016 Note.

“Paying Agent” means the paying agent for any Senior Lien Borrowings issued in book-entry system.

“Payment Date” means a date on which Senior Lien Borrowing principal or interest is due, whether at maturity or prior redemption.

“Permitted Investments” means any investments in which the Agency is authorized to invest surplus funds under the laws of the State of Oregon.

“Plan” means the Agency's Urban Renewal Plan for the Glenwood Urban Renewal Area dated November 15, 2004, together with existing and future amendments.

“Qualified Consultant” means an independent engineer, an independent auditor, an independent municipal advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the area for which such person or firm is retained by the Agency for purposes of performing activities specified in this Master Borrowing Declaration.

“Reserve Funding Requirement” means a set of rules for funding a subaccount in the Senior Lien Reserve Account. Each Reserve Funding Requirement shall indicate the amount that is required to be credited to the subaccount, the dates by which that amount must be credited to the subaccount, and the requirements for restoring amounts to the subaccount if amounts are withdrawn to pay Borrowings that are secured by the subaccount.

“Security” means the Tax Increment Revenues and any additional amounts credited to the Senior Lien Account or the Senior Lien Reserve Account. Security also includes, for each Series of Senior Lien Borrowings, the unspent proceeds of that Series.

“Senior Lien Account” means the fund of that name described in Section 4. The Senior Lien Account is a part of the “Tax Increment Account.”

“Senior Lien Borrowings” means the 2016 Note and any Parity Senior Lien Indebtedness.

“Senior Lien Debt Service Account” means the account of that name in the Senior Lien Account described in Section 4.2.

“Senior Lien Reserve Account” means the account of that name in the Senior Lien Account described in Section 4.3.

“Series” or “Series of Senior Lien Borrowings” refers to all Senior Lien Borrowings which are issued at one time, pursuant to a single resolution, ordinance, declaration or other authorizing document of the issuer, regardless of variations in maturity, interest rate or other provisions, unless the documents authorizing the Senior Lien Borrowings declares them to be part of a separate Series.

“Subordinate Lien Account” means the account of that name in the Tax Increment Account established in Section 4.4.

“Subordinate Lien Borrowings” means obligations that are issued in compliance with Section 6 of this Master Borrowing Declaration and that are not payable from or secured by any Tax Increment Revenues except Tax Increment Revenues that are available to be deposited in the Subordinate Lien Account.

“Supplemental Declaration” means any declaration amending or supplementing this Master Borrowing Declaration, which is adopted in accordance with Section 8.

“Tax Increment Account” means the special fund established under ORS 457.440(6)(b) to hold the Tax Increment Revenues. The Tax Increment Account may consist of one or more funds and accounts for budget purposes.

“Tax Increment Revenues” means the Divide the Taxes Revenues and all earnings on the Divide the Taxes Revenues prior to their expenditure.

“Tax Maximum” means, for any Series of Senior Lien Borrowings, the lesser of: the Maximum Annual Debt Service on such Series; 125% of average Annual Debt Service on such Series during all Fiscal Years in which such Series will be Outstanding, calculated as of the date of issuance of such Series; or, ten percent of the proceeds of such Series, as “proceeds” is defined for purposes of Section 148(d) of the Code.

Section 3. Security for Senior Lien Borrowings.

3.1. The Senior Lien Borrowings shall not be general obligations of the Agency or the City. The Agency shall be obligated to pay the Senior Lien Borrowings solely from the Security as provided in this Master Borrowing Declaration.

3.2. The Agency hereby irrevocably pledges the Security to pay the Senior Lien Borrowings. Pursuant to ORS 287A.310, this pledge shall be valid and binding from the time of execution of this Master Borrowing Declaration. The amounts so pledged and hereafter received by the Agency shall immediately be subject to the lien of this pledge without any physical delivery or further act, and the lien of this pledge shall be superior to all other claims and liens to the fullest extent permitted by ORS 287A.310.

3.3. So long as any Senior Lien Borrowings are Outstanding, the Agency shall instruct the Assessor to collect at least the lesser of: a) the full amount of Divide the Taxes Revenues each Fiscal Year; or b) enough Divide the Taxes Revenues to result in collection of one hundred ten percent (110.00%) of the Annual Debt Service that is scheduled to be paid during that Fiscal Year.

3.4. The provisions of this Master Borrowing Declaration shall constitute a contract with the Owners, and shall be enforceable by them.

3.5. The Agency acknowledges that the covenants contained in Section 3.3 and the collection each year of the amounts described in that Section, are required to obtain favorable terms for the 2016 Note and to protect the rights of the Owners, and that the Owners will rely on that covenant. The Agency enters into that covenant pursuant to ORS 287A.325(4), which authorizes the Agency to enter into covenants to maintain levels of pledged revenues at least equal to operations and maintenance expenses of the system that produces the pledged revenues, plus debt service on a borrowing, plus an additional amount that is reasonably required to obtain favorable terms for the borrowing. The Area and the Plan are the system which produces the Tax Increment Revenues. The system does not have operations and maintenance expenses.

Section 4. The Tax Increment Account.

The Agency has previously established the Tax Increment Account. The Tax Increment Account shall contain the following funds: the Senior Lien Account and the Subordinate Lien Account. The Senior Lien Account shall contain the Senior Lien Debt Service Account and may contain the Senior Lien Reserve Account.

4.1. Beginning with the closing of the 2016 Note and continuing until all Senior Lien Borrowings are paid or defeased, the Agency shall deposit all Tax Increment Revenues in the Tax Increment Account, and shall credit each deposit to the following accounts within the Tax Increment Account in the following order of priority:

- (A) To the Senior Lien Debt Service Account, until the Senior Lien Debt Service Account contains an amount sufficient to pay the Annual Debt Service for that Fiscal Year;
- (B) To the subaccounts in the Senior Lien Reserve Account as provided in Section 4.3, and in any documents authorizing a series of Parity Senior Lien Indebtedness that is secured by

a subaccount in the Senior Lien Reserve Account in connection with Parity Senior Lien Indebtedness, pro rata if the Tax Increment Revenues available for deposit are not sufficient to make all required deposits to those subaccounts; and,

- (C) To the Subordinate Lien Account, any amounts which remain after the foregoing deposits have been made.

4.2. The Senior Lien Debt Service Account.

- (A) Money in the Senior Lien Debt Service Account shall be used only to pay Senior Lien Borrowing principal, interest and premium.
- (B) Amounts credited to the Senior Lien Debt Service Account may be invested in Permitted Investments which mature within one year or in the Agency's investment pool. Earnings shall be credited as provided in Section 4.5.
- (C) Five (5) days before any payment of principal, premium or interest on the Senior Lien Borrowings is due, if the balance in the Senior Lien Debt Service Account is less than the amount due, the Agency shall credit an amount equal to the deficiency from Tax Increment Revenues in the Subordinate Lien Account.
- (D) If the balance in the Senior Lien Debt Service Account after the transfer described in Section 4.2(C) is not sufficient to pay all Senior Lien Borrowings, the Agency shall allocate the balance among outstanding Series of Senior Lien Borrowings pro rata based on the debt service that is next due on each Series and calculate the remaining deficiency for each Series. If any Senior Lien Borrowings are secured by a subaccount in the Senior Lien Reserve Account, the Agency shall transfer the remaining deficiency from that subaccount to the Senior Lien Debt Service Account and apply it solely to pay Senior Lien Borrowings that are secured by that subaccount.

4.3. Senior Lien Reserve Account.

- (A) The Agency shall create the Senior Lien Reserve Account, and may create subaccounts in that account to secure Senior Lien Borrowings. When each subaccount is created, the Agency shall determine whether the subaccount will secure one or more Series of Senior Lien Borrowings. If the Agency creates a subaccount in the Senior Lien Reserve Account, the Agency shall, before it issues the first Series of Senior Lien Borrowings that is secured by that subaccount, establish the Senior Lien Reserve Funding Requirement, withdrawal procedures, replenishment requirements, permitted investments, valuation provisions, and other terms and conditions for that subaccount and pledge amounts credited to that subaccount to pay the Borrowings that are secured by that subaccount.
- (B) The Agency shall not create any subaccounts in the Senior Lien Reserve Account for any purpose except securing Senior Lien Borrowings in accordance with this Master Borrowing Declaration.
- (C) The 2016 Notes are not secured by the Senior Lien Reserve Account or any subaccount therein.

4.4.Subordinate Lien Account. Tax Increment Revenues in the Subordinate Lien Account may be used at any time for any legal purpose permitted under Chapter 457 of the Oregon Revised Statutes. The Agency may create subaccounts in the Subordinate Lien Account.

4.5.Earnings. Earnings on all funds in the Senior Lien Debt Service Account shall be credited to that account. Earnings on each subaccount in the Senior Lien Reserve Account shall be credited to that subaccount whenever the balance in that subaccount is less than that subaccount's Reserve Funding Requirement. If earnings would cause the balance in a subaccount to exceed its Reserve Funding Requirement the earnings shall be credited first, to any subaccount in the Senior Lien Reserve Account having a balance that is less than its Reserve Funding Requirement, and second, to the Senior Lien Debt Service Account.

Section 5. Parity Senior Lien Indebtedness.

5.1.Except as provided in Section 5.2 the Agency may issue Parity Senior Lien Indebtedness only if all of the following conditions are met:

- (A) As of the date of Closing of the Parity Senior Lien Indebtedness, no Event of Default under this Master Borrowing Declaration or any Supplemental Declaration has occurred and is continuing.
- (B) No deficiency exists in the Senior Lien Debt Service Account or the Senior Lien Reserve Account.
- (C) On or before the date of Closing of the Parity Senior Lien Indebtedness the Agency provides either:
 - (1) a certificate of the Agency Official stating that the Tax Increment Revenues for the Base Period at least equaled one hundred twenty-five percent (125.00%) of the average Annual Debt Service that is scheduled to be paid during each Fiscal Year that the Parity Senior Lien Indebtedness will be Outstanding, calculated with the proposed Parity Senior Lien Indebtedness treated as Outstanding; or,
 - (2) a report from an Qualified Consultant projecting that the Tax Increment Revenues will be at least one hundred thirty five percent (135.00%) of the average Annual Debt Service in the current Fiscal Year and the five subsequent Fiscal Years, calculated with the proposed Parity Senior Lien Indebtedness treated as Outstanding.

5.2.The Agency may issue Parity Senior Lien Indebtedness to refund Outstanding Senior Lien Borrowings without complying with Section 5.1 if:

- (A) the refunded Senior Lien Borrowings are defeased on the date of delivery of the refunding Parity Senior Lien Indebtedness; and,
- (B) the Annual Debt Service on the refunding Parity Senior Lien Indebtedness does not exceed the Annual Debt Service on the refunded Senior Lien Borrowings in any Fiscal Year by more than \$5,000.

In addition to allowing refunding of maturities of Outstanding Senior Lien Borrowings which are not Balloon Payments, this Section 5.2 is intended to allow Outstanding Senior Lien Borrowings which comprise a Balloon Payment to be refunded with Parity Senior Lien Indebtedness when the Annual Debt Service on the refunding Parity Senior Lien Indebtedness does not exceed the Estimated Debt Service Requirement for the refunded Outstanding Senior Lien Borrowings in any Fiscal Year by more than \$5,000.

5.3. All Parity Senior Lien Indebtedness issued in accordance with this Section 5 shall have a lien on the Security which is equal to the lien of all other Outstanding Senior Lien Borrowings.

5.4. The Estimated Debt Service Requirement for Balloon Payments shall be calculated in accordance with this Section 5.4.

- (A) Whenever a Balloon Payment is part of a new issue of Series of Parity Senior Lien Indebtedness, the Agency Official shall prepare a schedule of principal and interest payments for a hypothetical Series of Parity Senior Lien Indebtedness that refunds each Outstanding Balloon Payment in accordance with this Section 5.4. The Agency Official shall prepare that schedule as of the date the Parity Senior Lien Indebtedness is sold, and that schedule shall be used to determine compliance with the tests for Parity Senior Lien Indebtedness, the Senior Lien Reserve Account, the release covenant and any other applicable test in this Master Borrowing Declaration.
- (B) Each hypothetical Series of refunding Parity Senior Lien Indebtedness shall be assumed to be paid in equal annual installments of principal and interest sufficient to amortize the principal amount of the Balloon Payment over the term specified in the closing documents for the Balloon Payment or, if those documents do not specify a term, for the term selected by the Agency Official. However, the Agency Official shall not select a term that exceeds: a) the difference between the date the Balloon Payment is due and 20 years from the date on which the Series of Parity Senior Lien Indebtedness containing the Balloon Payment was issued, or b) the Agency's estimate of the remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment. The first annual installment shall be assumed to be due on the date the Balloon Payment is due.
- (C) The hypothetical Series of refunding Parity Senior Lien Indebtedness shall be assumed to bear interest at the rate the Balloon Payment bears interest.
- (D) For the tests for issuing Parity Senior Lien Indebtedness in Section 5.1, the covenants in Section 7.6, and any other applicable tests in this Master Borrowing Declaration: The schedule described in this Section 5.4 shall be used to calculate each Estimated Debt Service Requirement.

Section 6. Subordinate Lien Borrowings.

The Agency may issue Subordinate Lien Borrowings only if the Subordinate Lien Borrowings comply with the requirements of this Section 6. Subordinate Lien Borrowings shall not be payable from any account of the Tax Increment Account except the Subordinate Lien Account or

a subaccount of the Subordinate Lien Account. All Subordinate Lien Borrowings shall state clearly that:

6.1.They are secured by a lien on or pledge of the Tax Increment Revenues which is subordinate to the lien on, and pledge of, the Tax Increment Revenues for the Senior Lien Borrowings; and,

6.2.They are not payable from any account of the Tax Increment Account except the Subordinate Lien Account or a subaccount of the Subordinate Lien Account.

Section 7. General Covenants.

The Agency hereby covenants and agrees with the Owners of all Outstanding Senior Lien Borrowings as follows:

7.1.The Agency shall promptly cause the principal, premium, if any, and interest on the Senior Lien Borrowings to be paid as they become due in accordance with the provisions of this Master Borrowing Declaration and any Supplemental Declaration, but solely from the Security pledged under this Master Borrowing Declaration.

7.2.The Agency shall refinance or otherwise provide for the payment of any Balloon Payments not later than the date on which the Balloon Payments are actually due.

7.3.The Agency shall maintain complete books and records relating to the Tax Increment Account, the Tax Increment Revenues and the Senior Lien Borrowings in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each Fiscal Year, and an audit report prepared by the an independent auditor and made available for the inspection of Owners.

7.4.The Agency shall not issue any obligations which have a lien or claim on the Security, which is superior to the lien or claim of the Owners so long as any Senior Lien Borrowings are Outstanding.

7.5.The Agency shall issue obligations which have a lien or claim on the Security which is on a parity with the lien and claim of the Owners only as provided in Section 5.

7.6.The Agency covenants that it shall not remove property from the Area unless the Agency first provides to all Paying Agents for Senior Lien Borrowings (and to any commercial bank which purchased Senior Lien Borrowings directly from the Agency) a certification that the Maximum Tax Increment Revenues for the Fiscal Year in which the removal occurs would have been no less than 135% of Maximum Annual Debt Service after taking into account the reasonable effects of the removal.

Section 8. Amendment of Declaration.

8.1.The Agency may enact a Supplemental Declaration to amend this Master Borrowing Declaration without the consent of any Owner for any one or more of the following purposes:

- (A) To cure any ambiguity or formal defect or omission in this Master Borrowing Declaration;

- (B) To add to the covenants and agreements of the Agency in this Master Borrowing Declaration other covenants and agreements to be observed by the Agency which are not contrary to or inconsistent with this Master Borrowing Declaration as theretofore in effect;
- (C) To confirm, as further assurance, any security interest or pledge created under this Master Borrowing Declaration or any Supplemental Declaration;
- (D) To issue Parity Senior Lien Indebtedness or Subordinate Lien Borrowings pursuant to this Master Borrowing Declaration; or,
- (E) To make any change which, in the reasonable judgment of the Agency, does not materially and adversely affect the rights of the Owners of Senior Lien Borrowings.

8.2. The Agency may amend this Master Borrowing Declaration for any other purpose, but only if the Agency obtains the consent of Owners representing not less than fifty one percent (51%) in aggregate principal amount of the adversely affected Senior Lien Borrowings then Outstanding in accordance with Section 10. However, no amendment shall be valid which:

- (A) extends the maturity of any Senior Lien Borrowings,
- (B) except as specifically authorized in this Master Borrowing Declaration, grants to some Owners preferential rights to be paid from Tax Increment Revenues that is not granted to all Owners,
- (C) reduces the rate of interest on any Senior Lien Borrowings,
- (D) extends the time of payment of interest on any Senior Lien Borrowings,
- (E) reduces the amount of principal payable on any Senior Lien Borrowings,
- (F) reduces any premium payable on any Senior Lien Borrowings, without the consent of all affected Owners;
- (G) reduces the percent of Owners required to approve amendments to this Master Borrowing Declaration; or

amends this Section 8.2.

Section 9. Default and Remedies.

9.1. The occurrence of one or more of the following shall constitute an Event of Default under this Master Borrowing Declaration:

- (A) Failure by the Agency to pay Senior Lien Borrowing principal, interest or premium when due (whether at maturity, or upon redemption after a Senior Lien Borrowing has been properly called for redemption) as required by this Master Borrowing Declaration;
- (B) Failure by the Agency to observe and perform any covenant, condition or agreement which this Master Borrowing Declaration requires the Agency to observe or perform for the benefit of Owners of Senior Lien Borrowings, which failure continues for a period of 60 days after written notice to the Agency by the Owners of ten percent or more of the

principal amount of Senior Lien Borrowings then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the Agency within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this paragraph (B); or,

- (C) The Agency is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for Tax Increment Revenues.

9.2. The Owners of fifty-one percent (51%) or more of the principal amount of Senior Lien Borrowings then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 9.1(A)

9.3. Upon the occurrence and continuance of any Event of Default, that has not been waived pursuant to Section 9.2, hereunder the Owners of fifty-one percent (51%) or more of the principal amount of affected Senior Lien Borrowings then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of Senior Lien Borrowings, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Master Borrowing Declaration or in aid of the exercise of any power granted in this Master Borrowing Declaration or for the enforcement of any other legal or equitable right vested in the Owners of Senior Lien Borrowings by this Master Borrowing Declaration or by law. However: the Senior Lien Borrowings shall not be subject to acceleration; and, neither the Agency nor the City shall be required to pay any amounts to Owners (other than Tax Increment Revenues, unspent proceeds of Senior Lien Borrowings, amounts in the Tax Increment Account and amounts available under Reserve Equivalents) because of an Event of Default described in Section 9.1(A) which occurs because of an insufficiency of Tax Increment Revenues, amounts in the Tax Increment Account and amounts available under Reserve Equivalents.

9.4. No remedy in this Master Borrowing Declaration conferred upon or reserved to Owners of Senior Lien Borrowings is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Borrowing Declaration, and now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of Senior Lien Borrowings to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Master Borrowing Declaration or by law.

Section 10. Ownership of Senior Lien Borrowings.

10.1. For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Master Borrowing Declaration:

- (A) the initial purchaser of a Series of Senior Lien Borrowings may be treated as the Owner of that Series at the time that Series is delivered in exchange for payment; and,

- (B) the issuer of a municipal bond insurance policy which insures payment of all principal and interest due on one or more Series of Senior Lien Borrowings may be treated as the Owner of all Senior Lien Borrowings insured by that policy.

10.2. For purposes of determining the percentage of Owners taking action under this Master Borrowing Declaration, the Owners of Senior Lien Borrowings which pay interest only at maturity, and mature more than one year after they are issued shall be treated as Owners of Senior Lien Borrowings in an aggregate principal amount equal to the accreted value of such Senior Lien Borrowings as of the date the Paying Agent sends out notice of requesting consent, waiver or other action as provided herein.

Section 11. Defeasance.

The Agency shall be obligated to pay any Senior Lien Borrowings which are defeased in accordance with this Section 11 solely from the cash and Government Obligations which are deposited in escrow pursuant to this Section 11. Senior Lien Borrowings shall be deemed defeased if the Agency:

11.1. irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient without reinvestment for the payment of the Senior Lien Borrowings which are to be defeased; and,

11.2. files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Senior Lien Borrowings when due.

Section 12. Rules of Construction.

In determining the meaning of provisions of this Master Borrowing Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

12.1. References to section numbers shall be construed as references to sections of this Master Borrowing Declaration.

12.2. References to one gender shall include all genders.

12.3. References to the singular include the plural, and references to the plural include the singular.

Section 13. The 2016 Note as Parity Senior Lien Indebtedness.

13.1. The 2016 Note is the first Senior Lien Borrowing issued under this Master Borrowing Declaration, and the tests for Parity Senior Lien Indebtedness under Section 5 of this Master Borrowing Declaration do not apply to issuance of the 2016 Note.

Section 14. The 2016 Note.

14.1. The Agency shall issue the 2016 Note pursuant to the Resolution and this Master Borrowing Declaration. The 2016 Note shall be Parity Senior Lien Indebtedness. The 2016 Note is not secured by the Senior Lien Reserve Account or any subaccount therein.

14.2. The 2016 Note shall be issued in the principal amount of \$[Principal Amount], shall be dated _____, 2016 and shall bear interest computed on a 30/360 basis which is payable on _____, commencing _____, and shall be payable as follows:

[Insert schedule]

- (A) The 2016 Note may be prepaid as described in the purchase agreement between the Bank and the Agency for the 2016 Note.
- (B) The 2016 Note shall be in substantially the form attached hereto as Appendix A, with such changes as may be approved by the Agency Official.

Dated as of the ___ day of _____, 2016.

Springfield Economic Development Agency, Oregon

By: _____
_____, as Agency Official

Appendix A

No. R-1

[\$Principal Amount]

United States of America
Springfield Economic Development Agency
Lane County
State of Oregon
Urban Renewal Note (Glenwood Urban Renewal Area)
Series 2016

The Springfield Economic Development Agency, Oregon (the "Agency"), for value received, acknowledges itself indebted and hereby promises to pay, but solely from the Tax Increment Revenues and amounts described in the Resolution defined below, to Bank of the Cascades (the "Bank"), the aggregate principal amount of \$[Principal Amount] in the following installments, together with interest on those installments, as follows:

[Insert schedule]

Interest is payable _____ commencing _____, and shall be computed on the basis of a 360-day year of twelve 30-day months.

This Series 2016 Note is issued pursuant to Agency Resolution No. SEDA2016-07, which was adopted on July 20, 2016, and a Master Borrowing Declaration dated as of _____, 2016 (collectively, the "Resolution"). Capitalized terms used in this Series 2016 Note have the meanings defined for such terms in the Resolution.

This Series 2016 Note is issued by the Agency for the purpose of financing the costs of urban renewal projects within the Glenwood Urban Renewal Area (the "Area") including _____, which will be located in the Area in full and strict accordance and compliance with all of the provisions of the Constitution and statutes of the State of Oregon.

This Series 2016 Note is a special obligation of the Agency, payable solely from the Tax Increment Revenues received by the Agency from the Glenwood Urban Renewal Area and unexpended Series 2016 Note proceeds as defined and provided in the Resolution. The Series 2016 Note has a senior lien on the Tax Increment Revenues. The Agency has reserved the right to issue obligations on a parity lien with the Series 2016 Note in the future, as provided in the Resolution. The Agency also has the right to issue obligations which have a subordinate lien on the Tax Increment Revenues. This 2016 Note is not secured by the Senior Lien Reserve Account or any subaccount therein.

The Agency has pledged the Tax Increment Revenues of the Area, as defined and described in the Resolution, to pay this Series 2016 Note.

THIS SERIES 2016 NOTE IS NOT A GENERAL OBLIGATION OF THE AGENCY OR THE CITY OF SPRINGFIELD, OREGON AND IS PAYABLE SOLELY FROM THE TAX INCREMENT REVENUES AND UNEXPENDED SERIES 2016 NOTE PROCEEDS, AS PROVIDED IN THE RESOLUTION.

This Series 2016 Note may be prepaid as provided in the Purchase Agreement between the Agency and the Bank dated _____.

Any transfer of this Series 2016 Note must be registered with the Agency and the Agency may treat the person in whose name this Series 2016 Note is registered as its absolute owner for all purposes, as provided in the Resolution.

The Owner may exchange or transfer any Series 2016 Note only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Agency and duly executed by the Owner or his or her duly authorized attorney.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Series 2016 Note have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and statutes of the State of Oregon; and that the issue of which this Series 2016 Note is a part, and all other obligations of such Agency, are within every debt limitation and other limit prescribed by such Constitution and statutes.

IN WITNESS WHEREOF, the Agency has caused this Series 2016 Note to be signed by the manual signature of the _____, as Agency Official, as of the __ day of _____, 2016.

Springfield Economic Development Agency, Oregon

Agency Official