



CITY OF
JOHN DAY

Request for Bids for:

**Full Faith and Credit Financing Agreement, Series
2022 (Aquatic Center)**

May 25, 2022

Near-final DRAFT as of 5/19/2022



D | A | DAVIDSON

FIXED INCOME CAPITAL MARKETS

D.A. Davidson & Co. member SIPC

City of John Day, Grant County, Oregon

Request for Bids for Full Faith and Credit Financing Agreement, Series 2022 (Aquatic Center)

Overview of Borrower: The City of John Day, Grant County, Oregon (the “City”) is the most populous city in Grant County (the “County”) and is approximately 2 miles north of the County seat of Canyon City. The City was incorporated in 1901 and is located along the John Day River, at the intersection of U.S routes 26 and 395 approximately 70 miles north of the city of Burns and 150 miles east of the City of Bend. The City had a 2021 estimated population of 1,664 and an area of 1.87 square miles.

Project/Purpose for Borrowing: The purpose of the Financing Agreement is to finance the construction of a new aquatic center located in the City (the “Project”), and to pay costs of issuance of the Financing Agreement. The City has received a “Declaration of Official Intent to Reimburse Capital Costs with State of Oregon Lottery Revenue Bonds” from the Oregon Department of Administrative Services via a grant to fund up to \$2,000,000 for the construction of the aquatic center (the “Oregon Lottery Grant”). Proceeds of the Oregon Lottery Grant are expected to be received by the City no later than June 30, 2023 and the City expects to prepay a portion of the Financing Agreement from the proceeds of the Oregon Lottery Grant.

Total funding for the Project is expected to come from proceeds of the Financing Agreement (including partial prepayment from the Oregon Lottery Grant) and may include proceeds from a general obligation bond issued by the John Day Canon City Parks and Recreation District (pending certification of results of the May 17, 2022 election). If the general obligation bond does not proceed, the Project will be sized according to the available funding.

Summary of Proposed Terms:

A summary term sheet for the Request for Bids is below.

Deadline to Submit Bids: 4:00 p.m. PT on Tuesday, June 14, 2022

Issue Description: Full Faith and Credit Financing Agreement, Series 2022 (Aquatic Center) (the “Financing Agreement”)

Security: Pursuant to the terms of the Financing Agreement, the City’s obligation to pay the amounts due under the Financing Agreement is absolute and unconditional.

Pursuant to ORS 287A.315 the City will pledge its full faith and credit and its taxing power, within the limitation of Sections 11 and 11b of Article XI of the Oregon Constitution to make the payments due under the Financing Agreement. This pledge of the City’s full faith and credit and taxing power shall not entitle the Bank to any lien on, or pledge of, specific properties or revenues of the City. The Financing Agreement will not constitute a debt or indebtedness of Crook County, the State of Oregon, or any political subdivision thereof other than the City. The obligation of the City to pay amounts due under the Financing Agreement is not subject to appropriation.

The City expects to prepay the Financing Agreement in part from the proceeds of the Oregon Lottery Grant as described above, however those proceeds are not directly pledged to repayment of the Financing Agreement.

See Attachment 2 for a form of the Financing Agreement.

No Acceleration: The Financing Agreement will not be subject to acceleration.

Amount: \$3,075,000*
**Preliminary, subject to change.*

Anticipated Closing/Dated Date: Tuesday, July 19, 2022

Purpose: Proceeds from the Financing Agreement are expected to provide funds for construction of a new aquatic center and paying associated financing issuance costs.

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Authority for Issuance: The City Council adopted an authorizing resolution for the financing on May 24, 2022 (the “Resolution”). The Financing Agreement will be authorized by the Resolution and ORS Section 271.390. See Attachment 1 for a copy of the form of authorizing resolution.

Tax Status: **Tax-exempt and bank qualified.** Interest paid pursuant to the Financing Agreement will be excluded from gross income for federal income tax purposes and exempt from Oregon personal income tax, as more fully described in the Financing Agreement. The Financing Agreement will be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Rating: The Financing Agreement will be non-rated. The City does not currently carry a rating from any of the major rating agencies.

Principal Payments: Semi-annually on each June 1 and December 1, commencing December 1, 2024 through June 1, 2032.

The City prefers to defer the first principal payment until December 1, 2024. If that is not able to be accommodated, please indicate at what latest date a principal payment would be required.

Interest Payments: Semi-annually on each June 1 and December 1, commencing December 1, 2022.

Interest Rate Basis: 30/360 days

Estimated Amortization Structure:	Payment Date	Principal*
	12/1/2022	0
	6/1/2023	0
	12/1/2023	0
	6/1/2024	0
	12/1/2024	175,000
	6/1/2025	175,000
	12/1/2025	175,000
	6/1/2026	185,000
	12/1/2026	185,000
	6/1/2027	185,000
	12/1/2027	190,000
	6/1/2028	190,000
	12/1/2028	190,000
	6/1/2029	195,000
	12/1/2029	200,000
	6/1/2030	200,000
	12/1/2030	205,000
	6/1/2031	205,000
	12/1/2031	210,000
	6/1/2032	210,000

** Preliminary; Subject to change.*

Optional Prepayment: The City prefers that the Financing Agreement be prepayable in part or in full at any date. If that is not able to be accommodated, please indicate at what earliest date the Financing Agreement would be prepayable. Please also indicate if prepayment would include any penalty or other costs or terms.

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Other Bonds and Loans Outstanding: As of May 15, 2022, the City had the following other borrowings outstanding in addition to the Financing Agreement:

Borrowing	Principal Outstanding	Year of Final Maturity
2015 Fire Hall GO Bonds ¹	\$430,000	2030
2017 OBDD SWPF Gateway Project Loan L17011 – Sewer Plant Expansion ²	440,627	2041
2018 WaFd Consolidation System Improvements Loan	1,342,952	2027
2019 OBDD SPWF Loan L18006 – Greenhouse	316,440	2043
2019 OBDD Loan N21005 – Brownfields	506,655	2040
2021 OBDD Loan Y21006 – Water Reclamation Facility ^{2, 3}	1,750,000	2050

1. Secured by and paid from a dedicated ad valorem tax levy.
2. This loan is expected be taken out in Fiscal Year 2024-25 (or earlier) by a pre-approved USDA permanent loan.
3. Authorized in an amount of up to \$1,750,000 but only \$98,000 is currently drawn upon and amortizing. Future repayments will be secured by and paid from sewer system revenues.

Anticipated Future Borrowings: The City anticipates two additional future borrowings as described below:

\$1.85 million URA Loan, expected to close in June 2022 with final maturity anticipated in 2042. It is expected that this loan will be secured by the City’s full faith and credit, but payments will be made from tax increment revenues generated within the John Day urban renewal area.

\$5.0 million interim financing for water treatment plant site improvements, expected to close in Fiscal Year 2022-23. This interim financing is expected be taken out in Fiscal Year 2024-25 (or earlier) by a pre-approved USDA permanent loan that will also refinance and consolidate the 2017 SPWF Loan (L17011) and 2021 OBDD Loan (Y21006) listed above.

Annual Reporting Deadline: 270 days after the end of the City’s fiscal year (presently June 30), commencing with the report for the 2021-2022 fiscal year.

Historical Assessed Value of City: The City’s taxable assessed value is shown in the table below:

Fiscal Year	Assessed Value
2021	\$115,512,817
2020	111,984,149
2019	108,480,758
2018	105,741,768
2017	100,015,746
2016	97,422,307

Source: Grant County Assessor.

Historical Population of the City:

<u>Calendar Year</u>	<u>Population</u>
2021	1,664 ¹
2020	1,750
2019	1,735
2018	1,735
2017	1,735
2016	1,735

¹ 2021 population adjusted per results of Census 2020.

Source: *Portland State University Population Research Center*

COVID-19 Disclosure: As of March 12, 2022, Governor Kate Brown revoked all mask mandates and social distancing requirements for most public places. Prior to this, the City implemented operational changes in an effort to social distance and limit the spread of the novel COVID-19 virus. Currently, the City is back to normal operations with some social distancing protections still in place for employees.

At this time, the City does not anticipate major financial impacts from the economic fallout of COVID-19, largely due to federal stimulus packages that the City has and will continue to utilize. The City does not anticipate major layoffs at any City or regional employers.

Despite the challenges of the COVID-19 pandemic, the City maintained positive fund balances across all funds in Fiscal Year 2021-22, and an overall increase in net position. The City has budgeted for Fiscal Year 2022-23 with conservative assumptions on property tax collection and other revenue.

Placement Agent Contact: D.A. Davidson & Co.
1300 S.W. 5th Avenue, Suite 1950
Portland, Oregon 97201

Jonas Biery
Vice President, Public Finance Banker
503-863-5089
jbiery@dadco.com

Special Counsel Contact: Hawkins Delafield & Wood LLP
200 SW Market Street, Suite 350
Portland, Oregon 97201

Gulgun Ugur
503-402-1325
gugur@hawkins.com

- Requested Information from Responding Banks:**
1. The interest rate which would be charged based on a 30/360 day basis. Please indicate in your proposal how long the rate in your proposal will be locked and if there would be any additional charges for the lock. Alternatively, identify at what earliest date the final rate could be locked without penalty, assuming a closing date of July 19, 2022. Please indicate what factors or indices would be used to make any changes from the proposed interest rate.
 2. Any penalty or premium for exercising a prepayment option. The City would like to have the option of early redemption with no penalty at any time.
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3. Indicate your willingness to use the attached Financing Agreement and/or other legal documents prepared by the City's Special Counsel. If there are particular documents you need or wish to use, please provide samples of those documents.
 4. The set-up, organization or any other fees and expenses to be incurred when the Financing Agreement is issued or outstanding.
 5. Legal counsel fees, if any. Special Counsel opinions for the City and draft documents will be provided by Hawkins Delafield & Wood LLP. Please indicate if you require further legal opinions or do not require a special counsel opinion on the Financing Agreement. Please provide an estimate of any additional legal fees and the maximum cap upon any additional legal fees.
 6. Credit approval process and document requirements from the City.
 7. All substantive covenants, security requirements, or other terms and conditions not included in the form of Financing Agreement attached hereto.
 8. All reporting requirements during the term of the Financing Agreement.
 9. An estimate of how much time you would require from selection of the bank to closing, assuming timely responses from the City and Special Counsel.
 10. The City desires purchaser to wire certain costs of issuance from proceeds at closing, including the fees for Special Counsel, Placement Agent and other costs of issuance typical to financings of this type. Please specify in your response any restrictions your bank has on the number of closing wires.
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Timing of Acceptance of Proposal:

Expected by Friday, June 17, 2022.

The City reserves the right to reject any and all bids, waive any irregularities and select the bid most favorable to the City.

Bank Acknowledgements:

Bank acknowledges that: (a) no official statement is being prepared; (b) it has undertaken an independent review of the credit and been provided with all information necessary; (c) it intends to hold the Financing Agreement until maturity and does not intend to resell.

List of Attachments:

1. Form of Authorizing Resolution
 2. Form of Financing Agreement
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Additional Information:

City Audited Financial Statements can be found at:

<https://www.cityofjohnday.com/finance>

City Budgets can be found at:

<https://www.cityofjohnday.com/bc-budget>

Questions:

Please direct any questions to the Placement Agent contact listed above.

City of John Day, Grant County, Oregon

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Attachment 1
Form of Authorizing Resolution

RESOLUTION NO. 22-__-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF JOHN DAY, GRANT COUNTY, OREGON AUTHORIZING A FULL FAITH AND CREDIT BORROWING

WHEREAS, the City of John Day located in Grant County, Oregon (the “City”) is authorized by Oregon Revised Statutes Section 271.390 to enter into financing agreements to finance real or personal property which the City Council of the City (the “City Council”) determines is needed so long as the estimated weighted average life of the financing agreement does not exceed the estimated dollar weighted average life of the property that is financed; and

WHEREAS, the City has identified a need to provide a new aquatic center (the “Project”); and

WHEREAS, the City Council hereby determines that the Project is needed, and that it is desirable to finance the Project pursuant to ORS 271.390; and

WHEREAS, the City may make expenditures on the Project (the “Expenditures”) before the City borrows to finance the Project, and the rules of the United States Internal Revenue Service require the City to declare its official intent to reimburse itself for amounts that the City will spend before it borrows, in order for the City to reimburse itself for those Expenditures from the proceeds of a tax-exempt borrowing;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF JOHN DAY, GRANT COUNTY, OREGON HEREBY RESOLVES:

SECTION 1. Financing Agreement Authorized. The City is hereby authorized to enter into one or more financing agreements (collectively, the “Financing Agreement”) pursuant to ORS 271.390 in a combined principal amount sufficient to provide up to \$3,000,000 for the Project, plus additional amounts estimated to be sufficient to pay costs of issuance of the Financing Agreement. Proceeds of the Financing Agreement shall be used to pay costs of the Project and costs associated with the Financing Agreement. The Mayor or City Manager or the person designated by the Mayor or City Manager (each of whom is referred to herein as a “City Official”) are hereby authorized, on behalf of the City and without further action by the City Council, to:

- A. Determine the final principal amount, interest rate, payment dates, prepayment rights and all other terms of the financing;
- B. Negotiate the final terms of, and execute and deliver the Financing Agreement, which may be in the form of a draw down borrowing or fully amortizing loan, and any related documents;
- C. Select a commercial bank or another lender to fund the Financing Agreement;

D. Enter into covenants which the City Official determines are desirable to obtain more favorable terms for the Financing Agreement, including pledging proceeds of grants the City may receive for the Project to secure the Financing Agreement;

E. Covenant for the benefit of the lender to comply with all provisions of the Internal Revenue Code of 1986, as amended (the “Code”) which are required for the interest paid under the Financing Agreement to be excluded from gross income for federal income tax purposes;

F. Designate the borrowing as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code, if applicable;

G. Appoint and enter into agreements with bond counsel, financial advisor and other service providers for the Financing Agreement; and

H. Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to carry out this resolution.

SECTION 2. Security. Pursuant to ORS 287A.315, the City is authorized to pledge its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the amounts due under the Financing Agreement. The City is not authorized to levy additional taxes to pay the amounts due under the Financing Agreement.

SECTION 3. Declaration of Intent to Reimburse. The City hereby declares its official intent pursuant to Section 1.150-2 of the Treasury Regulations to reimburse itself with the proceeds of the Financing Agreement for any Expenditures paid before the Financing Agreement is issued.

SECTION 4. Effective Date. This resolution is effective immediately upon adoption.

ADOPTED by the City Council of the City of John Day, Grant County, Oregon this 24th day of May, 2022.

**CITY OF JOHN DAY
GRANT COUNTY, OREGON**

Ron Lundborn, Mayor

ATTEST:

Nicholas Green, City Manager

City of John Day, Grant County, Oregon

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Attachment 2
Form of Financing Agreement

FORM OF
FULL FAITH AND CREDIT FINANCING AGREEMENT

[\$[Principal Amount]
City of John Day, Grant County, Oregon
Full Faith and Credit Financing Agreement
Series 2022

This Full Faith and Credit Financing Agreement is entered into between City of John Day, Grant County, Oregon (the “Borrower”) and [Name of Bank] (the “Lender”) as of the ____ day of _____, 2022.

1. Definitions.

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

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

“Bond Counsel” means Hawkins Delafield & Wood LLP.

“Borrower” means City of John Day, Grant County, Oregon.

“Borrower Official” means [_____] to act as City Official under the Resolution.

“Closing Date” means _____, 2022.

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

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

“Financing Agreement” means this Full Faith and Credit Financing Agreement, Series 2022.

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

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

“Interest Rate” means a fixed annual interest rate of _____ percent (_____ %) per annum, calculated on a 30/360 day basis.

“Lender” means [Name of Bank], or its successors.

“Maturity Date” means _____, 20__.

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

“Principal Amount” means \$[Principal Amount].

“Project” means the Project defined in the Resolution.

“Resolution” means the Borrower’s Resolution No. _____ adopted _____, authorizing this Financing Agreement.

“Sources of Payment” means State lottery grant funds allocated to the Borrower in Oregon House Bill 5534 section 31.

2. Loan.

- 2.1. The Lender shall advance the Principal Amount to the Borrower on the date of this Financing Agreement.
- 2.2. The Outstanding Balance shall bear interest at the Interest Rate from the date of this Financing Agreement. Interest is payable semiannually on [June 1] and [December 1] of each year, commencing [December 1, 2022].
- 2.3. The Borrower shall repay the Principal Amount in the following installments on the following dates:

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

3. Prepayment.

- 3.1. [To be determined.]
- 3.2. [Prepayments by the Borrower to the Lender shall be applied first, to pay accrued interest on the principal amount that is prepaid, and second to reduce the Outstanding Balance.]
- 3.3. [The Lender will apply the prepayments to the final payments or pro rata as directed by the Borrower. The Lender will provide the updated payment schedule promptly to the Borrower.]

4. Security for Financing Agreement.

Pursuant to ORS 287A.315, the Borrower hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the amounts due to the Lender under this Financing Agreement. The Borrower shall pay the amounts due under this Financing Agreement from any and all of its legally available taxes, revenues and other funds. This pledge of the Borrower's full faith and credit and taxing power shall not entitle the Lender to any lien on, or pledge of, specific properties or revenues of the Borrower.

5. Accounting and Billing.

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

6. Use of Financing Agreement Proceeds.

The Borrower shall apply the amount it receives under this Financing Agreement to finance the Project and to pay costs related to this Financing Agreement.

7. Tax-Exemption.

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

8. Representations of the Borrower.

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

- 8.1. The Borrower is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Financing Agreement and perform its duties under this Financing Agreement.
- 8.2. The adoption of the Resolution, the execution of this Financing Agreement and the performance of the Borrower's obligations under this Financing Agreement does not conflict in any material respect with, or constitute on the part of the Borrower a material

breach of or default under, any law, charter provision, court decree, administrative regulation, resolution or other agreement or instrument to which the Borrower is a party or by which it is bound.

- 8.3. There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency having jurisdiction over the Borrower that is pending or, to the best of the knowledge of the Borrower, is threatened against the Borrower to restrain or enjoin the execution of this Financing Agreement, the adoption of the Resolution, or the collection and application of the funds as contemplated by the Resolution and this Financing Agreement, which, if such matter were adversely decided against the Borrower would, in the reasonable judgment of the Borrower, have a material and adverse effect on the ability of the Borrower to pay the amounts due under this Financing Agreement.

9. Covenants of the Borrower.

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

- 9.1. The Borrower shall make its audited annual financial statements available on the Borrower's website or the Electronic Municipal Market Access system ("EMMA") not later than 270 days after the end of each Fiscal Year. So long as not otherwise available publicly on the Borrower's website or EMMA, the Borrower shall provide the Lender a complete copy of its audited annual financial statements within 270 days after the end of each Fiscal Year. However, if the Borrower's audited annual financial statements are not available within 270 days after the end of a Fiscal Year, the Borrower shall file its unaudited annual financial statements for that Fiscal Year with the Lender not later than 270 days after the end of that Fiscal Year, and shall make the audited annual financial statements for that Fiscal Year available on the Borrower's website or EMMA promptly after the audited annual financial statements become available.
- 9.2. The Borrower shall provide the Lender with such additional information as the Lender may reasonably request, to the extent permitted by law.
- 9.3. The Borrower expects to use the Sources of Payment to prepay a portion of the Financing Agreement, however the Sources of Payment are not pledged to secure this Financing Agreement. The Borrower will not pledge any lien upon the Sources of Payment while there remains any Outstanding Balances.

10. Fees, Costs and Expenses.

10.1. Lender Fees and Charges.

- (a) [The Borrower will pay the Lender a loan fee of \$_____.]
- (b) The Lender will not charge the Borrower any other fees or costs in connection with this Financing Agreement.

(c) The Borrower may use proceeds of this Financing Agreement to pay the fees described in subsection (a), above. All fees are due and payable on the Closing Date.

- 10.2. Costs of Enforcement. If either party incurs any expenses in connection with enforcing this Financing Agreement, or if the Lender takes collection action under this Financing Agreement, the losing party shall pay to the prevailing party, on demand, the prevailing party's reasonable costs and reasonable attorneys' fees, whether at trial, on appeal or otherwise, including any allocated costs of in-house counsel.
- 10.3. Other Fees and Costs. The Borrower shall pay the fees and costs of Bond Counsel, and any other expenses and costs which the Borrower incurs in connection with this Financing Agreement.

11. Default.

- 11.1. Upon the occurrence of any Event of Default the Lender may exercise any remedy available at law or in equity. However, the amounts due from the Borrower under this Financing Agreement shall not be subject to acceleration.
- 11.2. All rights, powers and remedies of the Lender may be exercised at any time after the occurrence of an Event of Default, are cumulative and shall not be exclusive, and shall be in addition to any other rights, powers or remedies provided by law or equity.
- 11.3. The Lender may waive any Event of Default, but no such waiver shall extend to a subsequent Event of Default.

12. Conditions to the Obligations of the Lender.

- 12.1. The Lender may refuse to advance funds under this Financing Agreement unless the Lender has received:
- (a) an opinion of Bond Counsel, with a reliance letter to the Lender, to the effect that:
 - (i) this Financing Agreement is a valid and legally binding full faith and credit obligation of the Borrower that is enforceable against the Borrower in accordance with its terms subject to customary exceptions;
 - (ii) interest paid pursuant to this Financing Agreement is excludable from gross income under the Code;
 - (iii) the Borrower has designated this Financing Agreement as a qualified tax-exempt obligation under Section 265(b) of the Code; and,
 - (iv) interest paid pursuant to this Financing Agreement is exempt from State of Oregon personal income tax.
 - (b) the certificate of a Borrower Official to the effect that:

- (i) There is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency having jurisdiction over the Borrower that is pending or, to the best of the knowledge of the Borrower, is threatened against the Borrower to restrain or enjoin the execution of this Financing Agreement, the adoption of the Resolution, or the collection and application of the funds as contemplated by the Resolution and this Financing Agreement, which, if such matter were adversely decided against the Borrower would, in the reasonable judgment of the Borrower, have a material and adverse effect on the ability of the Borrower to pay the amounts due under this Financing Agreement.
 - (ii) The adoption of the Resolution and the execution and delivery of this Financing Agreement do not and will not conflict in any material respect with or constitute on the part of the Borrower a material breach of or default under any law, charter provision, court decree, administrative regulation, resolution or other agreement or instrument to which the Borrower is a party or by which it is bound.
- (c) such additional legal opinions, certificates, proceedings, instruments or other documents as the Lender, its counsel or Bond Counsel may reasonably request to evidence compliance by the Borrower with the legal requirements for execution and delivery of this Financing Agreement and the due performance or satisfaction by the Borrower of all agreements then to be performed and all conditions then to be satisfied by the Borrower.

13. Disclosure; Assignment.

- 13.1. No official statement or other disclosure document has been prepared in connection with this Financing Agreement and the Borrower has no obligation in connection with this Financing Agreement to provide any disclosure regarding operating information or material events to the Municipal Securities Rulemaking Board or any dissemination agent. The Borrower is obligated to provide information to the Lender in connection with this Financing Agreement only as specifically stated in this Financing Agreement.
- 13.2. The Lender may not assign its rights and obligations under this Financing Agreement unless the transferee delivers an investor letter in substantially the form attached hereto as Exhibit A which the Lender has also delivered on the Closing Date.
- 13.3. The Borrower may not assign its rights and obligations under this Financing Agreement without the prior written consent of the Lender.

14. Defeasance.

- 14.1. The Borrower shall be obligated to pay any Financing Agreement principal or interest payments that are defeased pursuant to this Section 14.1 solely from the money and Government Obligations deposited in escrow in accordance with this Section 14.1 with an escrow agent or independent trustee as provided in this section, and the Borrower shall

have no further obligation to make those payments from any source except the amounts deposited in the escrow. This Financing Agreement shall be deemed defeased if the Borrower:

(a) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent that are calculated to be sufficient for the payment of the portion of this Financing Agreement that is to be defeased without reinvestment; and

(b) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation, described above, is correct.

15. [Dispute Resolution Provisions].

16. Miscellaneous.

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

Borrower: City of John Day
450 East Main St
John Day, OR, 97845
Attn: City Manager

Lender: [Name of Bank]

Attn: _____

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

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

16.4. The Lender and the Borrower each irrevocably consents to the personal jurisdiction of the state and federal courts located in the State of Oregon in any action brought under this Financing Agreement, and in any action based upon the transactions encompassed by this Financing Agreement, whether or not based in contract. Venue for any actions brought in state court shall be brought only in the Circuit Court of Grant County for the State of Oregon. If a claim is brought in a federal court, it must be brought only in the United States District Court for the District of Oregon; provided, however, that this Section shall not be construed as a waiver by the Borrower of any defense available to it regarding the jurisdiction of the federal court.

17. Severability and Waivers.

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

18. Counterparts.

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

19. Written Agreements.

Under Oregon law, most agreements, promises and commitments made by the Lender concerning loans and other credit extensions which are not for personal, family or household purposes or secured solely by the Borrower's residence must be in writing, express consideration and be signed by the Lender to be enforceable.

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

DATED as of the _____ day of _____, 2022.

[Name of Bank]

By: _____
Authorized Officer

City of John Day, Grant County, Oregon

By: _____
Borrower Official

EXHIBIT A

QUALIFIED INVESTOR LETTER

[\$[Principal Amount]
City of John Day, Grant County, Oregon
Full Faith and Credit Financing Agreement
Series 2022

The undersigned, a duly authorized representative of [Name of Bank] (the “Lender”), hereby certifies as follows with respect to the Lender’s purchase of the above-captioned Financing Agreement dated [Date of Closing] (the “Financing Agreement”), entered into between City of John Day, Grant County, Oregon (the “Issuer”) and [Name of Bank]:

1. The Lender is an organization that falls within one of the following categories:
 - (a) a bank as defined in Section 3(a)(2) of the Securities Act of 1933 as amended (the “Securities Act”);
 - (b) a savings and loan association or other institution described in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; or
 - (c) a “Qualified Institutional Buyer” as that term is defined in Rule 144A under the Securities Act.
2. The Lender has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the loan represented by the Financing Agreement.
3. The Lender has made its own independent and satisfactory inquiry of the financial condition of the Issuer, including inquiry into financial statements and other information relating to the financial condition of the Issuer to which a reasonable lender would attach significance in making lending decisions, and of any other matters deemed to be relevant to a reasonably informed decision to enter into the Financing Agreement.
4. The Lender has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the Issuer and the Financing Agreement, all so that as a reasonable lender the Lender has been able to make a reasonably informed decision to make a loan pursuant to the Financing Agreement.
5. The Lender confirms that its investment in the Financing Agreement constitutes an investment that is suitable for and consistent with its investment program and that the Lender is able to bear the economic risk of an investment in the Financing Agreement, including a complete loss of such investment.
6. The Lender is primarily lending under the Financing Agreement for lending purposes only (and not as an “underwriter” or “Participating Underwriter” as defined in the Securities and Exchange Commission Rule 15c2-12, as amended, replaced or supplemented) and does not presently intend to transfer, otherwise distribute or sell the Financing Agreement or any portion thereof to the general public.

7. The Lender acknowledges that the Financing Agreement (a) has not been registered under the Securities Act of 1933, as amended, and has not been registered or otherwise qualified for sale under the securities laws of any state, (b) will not be listed on any securities exchange, and (c) will carry no rating from any rating service. The Lender acknowledges that there is no established market for the Financing Agreement and that none is likely to develop. The Lender understands and acknowledges that (i) the Financing Agreement is not intended to be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended and (ii) in connection with its purchase of the Financing Agreement, the Issuer has not prepared or caused to be prepared, any official statement, private placement memorandum or other offering document in connection with the Financing Agreement.

8. The Lender is purchasing the Financing Agreement solely for its own account for investment purposes only, with a present intent to hold the Financing Agreement until maturity, early redemption or mandatory tender, and not with a view to, or in connection with, any distribution, resale, pledging, fractionalization, subdivision or other disposition thereof (subject to the understanding that disposition of Lender's property will remain at all times within its control).

9. The Lender has been furnished with and has examined the Financing Agreement, the Resolution and other documents, certificates and the legal opinions delivered in connection with the issuance of the Financing Agreement.

10. The Lender agrees that it will comply with any applicable state and federal securities law in effect with respect to the initial purchase of the Financing Agreement and in effect with respect to any disposition of the Financing Agreement by it, and further acknowledges that any current exemption from registration of the Financing Agreement does not affect or diminish such requirements.

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

12. The Lender understands that the Issuer and Bond Counsel will rely upon the accuracy and truthfulness of the representations and warranties contained herein and hereby consents to such reliance.

Dated as of the ___ day of _____, 20__.

[Name of Bank]

By: _____
[Authorized Official]

[Qualified Investor Letter]