CITY OF KEIZER MISSION STATEMENT

KEEP CITY GOVERNMENT COSTS AND SERVICES TO A MINIMUM BY PROVIDING CITY SERVICES TO THE COMMUNITY IN A COORDINATED, EFFICIENT, AND LEAST COST FASHION

AGENDA

KEIZER CITY COUNCIL

REGULAR SESSION

Monday, September 19, 2005

7:00 p.m.

Robert L. Simon Council Chambers

Keizer, Oregon 97303

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **FLAG SALUTE**

4. **PUBLIC TESTIMONY**

   This time is provided for citizens to address the Council on any matters other than those on the agenda scheduled for public hearing

5. **COMMITTEE REPORTS**

   a. Marion County Treasurer Strategic Plan Presentation – Laurie Steele

   b. Appointment to Keizer Parks Advisory Board

6. **PUBLIC HEARINGS**

   a. Permanent Closure of Fourth Place

7. **OTHER BUSINESS**

   This time is provided to allow the Mayor, City Council members, or staff an opportunity to bring new or old matters before the Council that are not on tonight's agenda.

   a. New Business

   - **Windsor Island Road Speed Study**

   b. Old Business

8. ADMINISTRATIVE ACTION

a. Keizer Village Shopping Center Special Event

b. RESOLUTION – Authorizing Loan Payable From Water System Revenues

c. RESOLUTION – Transfer Contingency for Office Expansion

9. CONSENT CALENDAR

10. WRITTEN COMMUNICATIONS

To inform the Council of significant written communications.

11. AGENDA INPUT

October 3, 2005
7:00 p.m. City Council Regular Session

October 10, 2005
5:30 p.m. City Council Work Session
- **2006 Bond Election – Civic Center**

October 17, 2005
7:00 p.m. City Council Regular Session

12. ADJOURN

[redacted]

CITY COUNCIL MEETING:____September 19, 2005

AGENDA ITEM NUMBER:_______________

TO: **MAYOR CHRISTOPHER AND CITY COUNCIL MEMBERS**

FROM: **CHRIS EPPLEY**
CITY MANAGER

SUBJECT: **MARION COUNTY TREASURER STRATEGIC PLAN PRESENTATION**

ISSUE:

Laurie Steele, Marion County Treasurer has requested time on the City Council agenda for a strategic plan presentation.

CITY COUNCIL MEETING: <u>September 19, 2005</u>

AGENDA ITEM NUMBER: ______________

TO: MAYOR CHRISTOPHER AND CITY COUNCIL MEMBERS

THROUGH: CHRIS EPPLEY
CITY MANAGER

FROM: TRACY L. DAVIS, CMC
CITY RECORDER

SUBJECT: KEIZER PARKS ADVISORY BOARD APPOINTMENT

ISSUE:

In August, Marsha Clark resigned from her position on the Keizer Parks Advisory Board. A press release was distributed requesting interested volunteers to submit applications for this opening. At the September 8th meeting of the Volunteer Coordinating Committee, it was unanimously recommended that Clint Holland be appointed to fill the vacancy on the Board.

Mr. Holland has been invited to the meeting to receive a volunteer proclamation.

RECOMMENDATION:

It is hereby recommended the Council accept the recommendation of the Volunteer Coordinating Committee and appoint Clint Holland to fill the vacant position on the Keizer Parks Advisory Board.

CITY COUNCIL MEETING: September 19, 2005

AGENDA ITEM NUMBER:________________

TO: MAYOR CHRISTOPHER AND COUNCIL MEMBERS

THROUGH: CHRISTOPHER C. EPPLEY, CITY MANAGER

FROM: E. SHANNON JOHNSON, CITY ATTORNEY

SUBJECT: PERMANENT BLOCKING OF FOURTH PLACE

At the August 1, 2005 Council meeting, I indicated that the formal resolution permanently blocking Sandy Drive was never adopted. A preliminary resolution had called for review of the matter, but the formal resolution never got put in the books.

At the August 1, 2005 meeting, the Council directed staff to set the matter for a public hearing and such hearing is scheduled for tonight. The purpose of the hearing is to gather input on whether Fourth Place should continue to be blocked near the intersection of Fourth Place and Sandy Drive.

Neither the public works nor police department have specific concerns with the closure. Rob Kissler indicated that if Council wished to open Fourth Place, the student "drop-off" traffic may increase on Elizabeth, Kestrel and Fourth Place, based on experience. There is no specific formal traffic information with regard to this.

The police chief reported that they have no concerns with continuing the closure and that it appears to be working fine.

RECOMMENDATION:

Open the public hearing and accept testimony. If there are no further questions, close the public hearing and direct staff to take appropriate action. I have enclosed the resolution from the August 1, 2005 for your review and possible use.

Please let me know if you have any questions in this regard. Thank you.

ESJ/tmh
attachments

CITY COUNCIL, CITY OF KEIZER, STATE OF OREGON

Resolution R2005-_____

IN THE MATTER OF THE PERMANENT CLOSURE OF
FOURTH PLACE

WHEREAS, by Resolution R93-616 the City Council of the City of Keizer determined that a temporary blocking of Fourth Place at Sandy Drive was necessary and appropriate;

WHEREAS, such Resolution indicated that a further review was appropriate;

WHEREAS, for some time the closure of Fourth Place has operated to reduce traffic on that local street without hindering access to McNary High School;

NOW, THEREFORE,

BE IT RESOLVED by the City Council of the City of Keizer that Fourth Place shall be permanently blocked at Sandy Drive.

///

///

///

///

///

Lien & Johnson
Attorneys at Law
4855 River Road North
Keizer, Oregon 97303
503-390-1635

BE IT FURTHER RESOLVED that the City Council determines that this action does not constitute a land use decision under state or local law in that it involves no interpretation of the statewide land use goals or guidelines or local land use regulations and does not significantly impact land uses in the area.

PASSED this __________ day of _________________, 2005.

SIGNED this __________ day of _________________, 2005.

____
Mayor

____
City Recorder

Lien & Johnson
Attorneys at Law
4855 River Road North
Keizer, Oregon 97303
503-390-1635

KEEP OUR NEIGHBORHOOD SAFE   PETITION TO CITY OF KEIZER CITY COUNCIL

THE UNDERSIGNED RESIDENTS OF THE CITY OF KEIZER, Fernwood Park neighborhood are united in their support of the current closure of 4th Place North and are strongly oppose any plan to reopen 4th Place to through traffic from Sandy Drive. The barricade of 4th Place has been successful in controlling traffic, noise and vandalism on the exclusively residential streets of 4th Place, Kestrel, Chemawa Way and the two northern blocks of Elizabeth, none of which are through streets. These four residential streets contain 31 private residences and 2 apartment complexes. If is home to a number of young children and retired persons. A large number of McNary students use the streets and sidewalks of this neighborhood for pedestrian access to and from school. Opening 4th Place to traffic from Sandy Drive would create a route for an unofficial drop-off and pick-up zone behind McNary High School. The residents of this neighborhood and students who now walk through it will be placed at greater risk. Sandy Drive will also be adversely impacted. The current street closure has proven safe and effective for over 12 years and should not be altered. We urge the Keizer City Council to recognize that the resolution passed in 1993 has had a positive effect for an entire neighborhood and ask that this street closure be made permanent.

SIGNATURE	PRINT NAME	ADDRESS
1. James Marmie	JAMES MARMIE	5029 4TH PL N. KEIZER 97303
2. Harve Wilburn	HARVE WILBURN	5056 Elizabeth St Keizer
3. Frances Stebba	Frances Stebba	5066 Elizabeth ST N Keizer 97303
4. Ray C Clark	RAY C. CLARK	306 KESTREL ST. N. KEIZER, OR 97303
5. [illegible]	David Lapp	352 Kestrel St. N Keizer OR 97303
6. David McDermott	David McDermott	417 kestrel St N keizer OR 97303
7. Beverly L. Munson	Beverly L. Munson	426 Kestrel St. N. Keizer OR 97303
8. June Leonard	June Leonard	5036 Elizabeth ST N. Keizer 9730[illegible]
9. Gene Camenisch	GENE CAMENISCH	5027 ELIZABETH ST N. KEIZER 97303
10. Kellie Valarida	Kellie Valarida	403 Chemawa Way N Keizer 97303
11. [illegible]	RONALD VALARIDA	403 CHEMAWA WAY Keizer 97303
12. [illegible]	DARRYL R. DUCHARME	423 CHEMAWA WAY KEIZER 97302
13. [illegible]	JAMES BOOTH	5026 ELIZABETH St N. Keizer

14. Sandra L. Booth	Sandra R. Booth	5026 Elizabeth St. N. KEIZER
15. Richard M. Labarthe	RICHARD & JENIFER Labarthe	407 Kestrel St. N Keizer
16. [illegible]	PAT & CONNIE FARAER	356 KESTREL STAND KEIZER
17. Cindy Rossrup	Cindy Rossrup	5067 Elizabeth St Keizer 97303
18. Genny Mitchell	Genny Mitchell	434 Chemawa Way N 97303
19. [illegible]	Jack Ruiz.	433 Chemawa Way E 97303
20. Camie M. Cassidy	Camie M. Cassidy	5049 4th Pl. N.
21. Robert B. Sayer	Rob Sayer	5059 4th Pl N
22. Dorothy R. Noyes	Dorothy R. Noyes	5060 4th Pl N
23. Les Williamson	Les Williamson	5088 4th PL N
24. Lester D. Mudgett	L D Mudgett	5069 4th Place, N
25. Mary J Thorp	Mary Thorp	5089 4th Pl N, Keizer
26. Randy N King	Randy King	5089 4th PL. N Keizer
27. Jerry M. Jackson	JERRY M. JACKSON	5108 4TH PL. N. KEIZER
28. Jon Spickerman	Jon Spickerman	5099 4th PL N Keizer
29. Jaymee Workman	JAYMEE WORKMAN	427 KESTREL ST N. KEIZER
30. Lee Vaughn	LEE Vaughn	5097 ELIZABETH st. N.
31. Amanda L McNeely	Amanda McNeely	424 Chemawa Way N. Keizer
32. Yvette Labarthe	YVETTE LABARTHE	5001 Elizabeth Street-Keizer
33.		

CITY COUNCIL MEETING:____________________

AGENDA ITEM NUMBER:________________

TO: MAYOR CHRISTOPHER AND CITY COUNCIL MEMBERS

THROUGH: CHRIS EPPLEY
CITY MANAGER

FROM: ROB KISSLER
DIRECTOR OF PUBLIC WORKS

SUBJECT: WINDSOR ISLAND SPEED STUDY

DATE: SEPTEMBER 14, 2005

BACKGROUND:

Keizer Police Department Traffic Division recently conducted a speed analysis along Windsor Island Road between Chemawa and Lockhaven responding to a citizen complaint during a recent Traffic Safety Commission meeting. Data collected by KPD indicates that 85% of the traffic travels at or below the current posted speed. The section of roadway studied has two posted speed limits. One posted at 30 mile per hour (mph) between Chemawa and Orchard Street with the remaining portion of Windsor Island Road North to Lockhaven posted at 40 miles per hour.

City staff working with the Traffic Safety Commission has determined that additional data along Windsor Island Road is necessary to perform a thorough analysis specifically north of Lockhaven to the North City Limits. Addition residential, retail and industrial growth both inside the City and Marion County have substantially increased average daily trips counts and vehicle turning movements the entire length of Windsor Island Rd. Current posted speed on Windsor Island Road north of Lockhaven is 55 mph.

Traffic Safety Commission past a motion at the August 25, 2005, requesting staff contact the Oregon Speed Control Board to perform a speed study on Windsor Island Road from Lockhaven to the North City Limits.

Public Works Staff is interested in expanding the proposed speed study to cover all of Windsor Island Road located in the City limits.

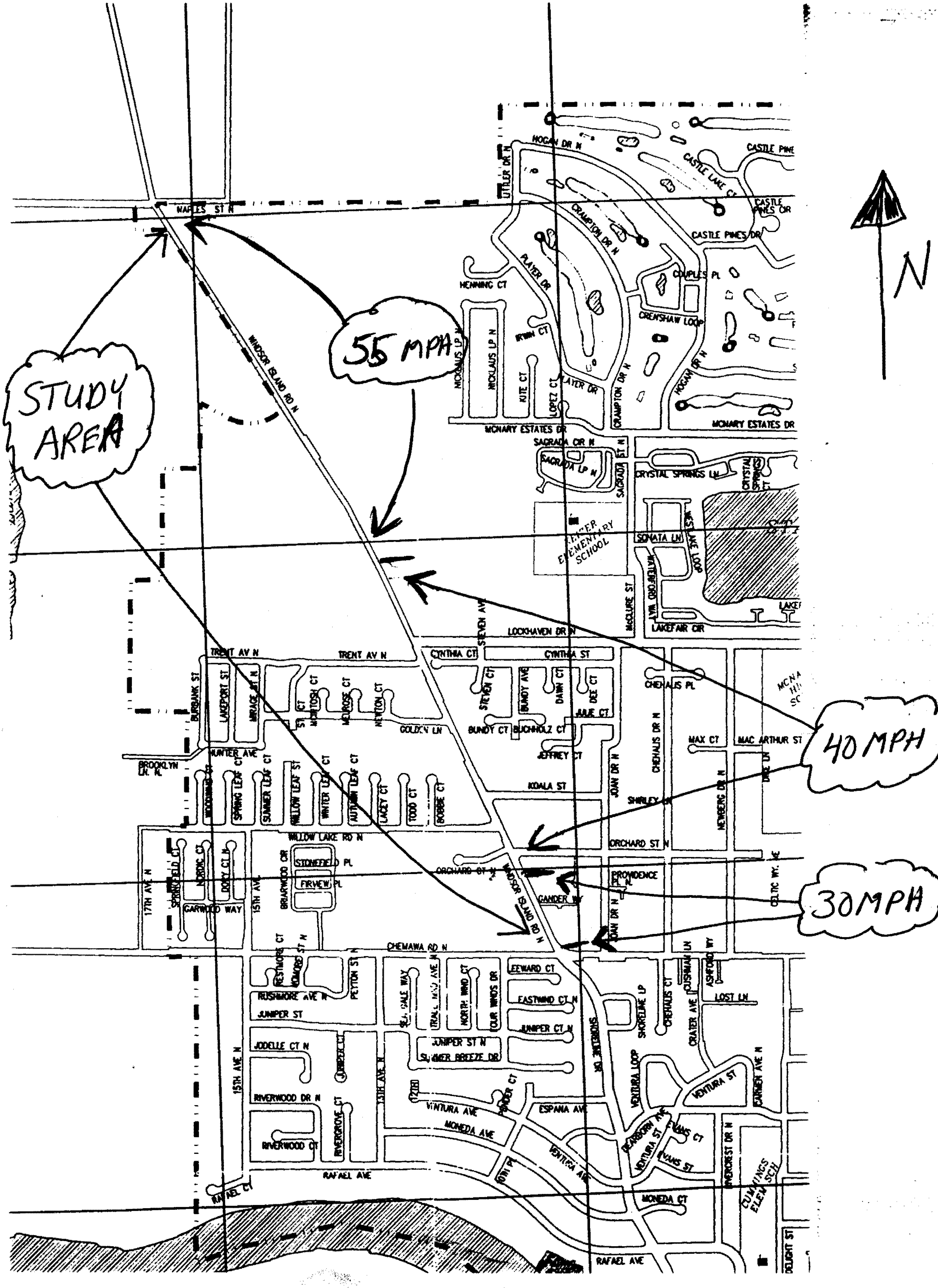
Attachments: Map of the expanded study area with current speed zone locations.
August 25, 2005 Traffic Safety Commission meeting minutes

FISCAL IMPACT:

No fiscal impact at this time

RECOMMENDATION:

Staff recommends City Council deliberate this issue and direct staff.



STUDY AREA
55 MPH
40 MPH
30 MPH
N
NAPLES ST N
WINDSOR ISLAND RD N
HOGAN DR N
CASTLE PINES DR
CASTLE LAKE CT
CRAMPTON DR N
PLAYER DR
HENNING CT
NICKLAUS LP N
IRWIN CT
KITE CT
LOPEZ CT
CRENSHAW LOOP
COUPLES PL
MCNARY ESTATES DR
SAGRADA CIR N
SAGRADA LP N
SAGRADA ST N
CRYSTAL SPRINGS LN
SONATA LN
MCCLURE ST
LAKEFAIR CIR
LOCKHAVEN DR N
STEVEN AVE
TRENT AV N
CYNTHIA CT
CYNTHIA ST
BURBANK ST
LAKEPORT ST
MIRAGE ST N
MCINTOSH CT
MELROSE CT
NEWTON CT
GOLDEN LN
BUNDY CT
BUCHHOLZ CT
JEFFREY CT
CHEHALIS PL
CHEHALIS DR N
MAX CT
MAC ARTHUR ST
BROOKLYN LN N
HUNTER AVE
KOALA ST
SHIRLEY LN
JOAN DR N
NEWBERG DR N
WILLOW LAKE RD N
ORCHARD ST N
STONEFIELD PL
FIRVIEW PL
PROVIDENCE PL N
GANDER WAY
CARWOOD WAY
17TH AVE N
15TH AVE
BRIARWOOD CIR
CHEMAWA RD N
LEEWARD CT
EASTWIND CT N
RUSHMORE AVE N
PEYTON ST N
JUNIPER ST
JUNIPER CT N
JUNIPER ST N
SUMMER BREEZE DR
JODELLE CT N
RIVERWOOD DR N
RIVERWOOD CT
RIVERGROVE CT
15TH AVE N
13TH AVE N
VINTURA AVE
ESPANA AVE
MONEDA AVE
VENTURA ST
VENTURA LOOP
SHORELINE DR
SHORELINE LP
CRATER AVE
CUSHMAN LN
ASHFORD WY
LOST LN
CARMEN AVE N
EVANS CT
EVANS ST
DEARBORN AVE
RIVERCREST DR N
CUMMINGS ELEM SCH
RAFAEL AVE
RAFAEL CT
MONEDA CT
DELIGHT ST

- ***Windsor Island Road Report: Trevor Wenning & Rob Kissler*** ~ Steve Prothero reminded members that citizens had complained about the speed limit on Windsor Island Road and had requested that it be lowered. Trevor Wenning reviewed data received on Windsor Island Road summarizing that there did not appear to be a problem with 85% of the traffic traveling at or under the speed limit. Rob Kissler added that Public Works is willing to pursue a speed reduction from Chemawa to city limits, not because of any speed issues, but because of school zones, truck routes, additional subdivisions, the vertical curve at the Willow Lake Treatment Plant and turn movements. He suggested having Windsor Island Road down to 30 mph between Chemawa and Lockhaven and 40 mph from Lockhaven to the north city limits. Discussion followed at length.

  <u>David Dehlin moved to direct staff to move forward with a request to the Oregon Speed Control Board for a speed reduction between Chemawa and Lockhaven on Windsor Island Road and between Lockhaven and the north city limits. Chris Arnett seconded. Motion passed unanimously by all members present.</u> (Prothero, Jackson, Arnett, Dehlin, Rios and Keen.)

- ***Consideration of Meeting Time*** ~ Chair Prothero asked for input on changing the meeting time back to the original 7 p.m. in hopes of getting more regular attendance. Discussion followed.

  <u>Randy Jackson moved to change the meeting time for the Traffic Safety Commission back to 7 p.m. Chris Arnett seconded. Motion passed as follows:</u>

  AYES: Prothero, Dehlin, Arnett, Rios, and Jackson (5)
  NAYS: Keen (1)
  ABSENT: None (0)
  ABSTENTION: None (0)

- ***Member Absences and By-laws*** ~ Deputy City Recorder read the section in Appendix "A" of the Resolution forming the Traffic Safety Commission relating to attendance. Chair Prothero reported that Gerry Watson had been meaning to resign and had finally done so.

- ***Boys & Girls Club Report*** ~ Steve Prothero reminded members that Ms. Glasier, who lives across from Kennedy School and the Boys and Girls Recreation Center, was concerned about southbound motorists dropping off children and the children running across the street to the Club. He reported that he had talked the person running the club and within a matter of days they had put up a no parking sign which accomplished the purpose, but the drop-off problem still persists. He suggested that the club encourage motorists to use the Kennedy School parking lot to turn around and drop of the children there. She agreed to pass this on to her supervisor. There is a big parent meeting at Kennedy after school starts and these recommendations will be brought forth at that time. Ms. Glasier is pleased with what has been done. Officer Wenning suggested that if this doesn't remedy the situation it should be passed on to Lance Inman because it is illegal stopping.

COUNCIL MEETING:____________________

AGENDA ITEM NUMBER:_____________

TO: CITY COUNCIL

THROUGH: CHRIS EPPLEY
CITY MANAGER

FROM: NATE BROWN
COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: SPECIAL EVENT FOR GOLD'S GYM 40TH ANNIVERSARY

BACKGROUND:

The City was contacted on September 15 regarding a request for a temporary use to occupy the Keizer Village Center for three days for a "40th Anniversary Birthday Bash" for Gold's Gym. The sponsor also intends to donate 50% of the sponsor fees for Hurricane Katrina relief.

ISSUE:

The event, as described (see Attachment), does not meet the Keizer Development Code requirements for permitted temporary uses in two ways. The event will displace most of the parking for the occupants of the center, and will also block parking entrances and parking isles. The council, however, may authorize special events with appropriate restrictions the Council finds necessary to protect the health, safety and welfare of the public.

Staff recommends that the applicant demonstrate to the council that:

- All tenants of the Keizer Village shopping center are in agreement with the displacement of the parking for the center
- there is a plan to provide for the displacement of the necessary parking needs of the center
- the applicant demonstrates approval from the appropriate emergency services agencies (police and fire) for the proposed activity and site layout.

RECOMMENDATION:

Staff recommends council:
Approve a "40th Anniversary Birthday Bash" special event located at the Keizer Village Shopping Center for the dates of September 29th, 30th, and October 1st conditioned upon the applicant providing to staff:

- Written approval from all tenants of the Shopping Center for the event,
- An acceptable plan to provide parking for the number of displaced parking stalls.
- Written approval from both the Fire District and Police Department for the event.

Doc Titus

CONSULTING · COACHING · BUSINESS SEMINARS

1772 Saundra Lee Way NE Keizer, OR 97303
Office 503-763-8822 Cell 503-409-2056
Fax 503-304-9306
www.doctitus.com doc@doctitus.com

Gold's Gym 40th Anniversary Vendor Agreement

Gold's Gym is celebrating their 40th Anniversary; (The Event). The purpose of this event is to provide the community with a 3 day festival with entertainment and fun for the entire family. Gold's Gym is committed to health and wellness for everyone. We hope to provide a festival type gathering place in Keizer for local business owners, craftspeople, health providers, local restaurants, and businesses that provide a service to the community of Keizer and surrounding Salem.

The Event will be held at the Gold's Gym-Keizer located at 3850 River Road North in Keizer. The Event dates are Thursday, September 29th 2005 through Saturday, October 1st, 2005. The Event's approximate hours are 6pm to10pm on Thursday and Friday and 10am to 10pm on Saturday. Set up will take place on Thursday September 29th from 10am to 5pm. All vendors need to be ready to showcase their company by 5pm on Thursday. All vendors must be checked in by the Coordinator by 10am on Thursday or your space may be given away and fees forfeited. Breakdown will take place beginning at 10pm Saturday and all vendors need to be completely out of the building by 12noon Sunday. Any vendor breaking down early will not be allowed back to future Events. Vendors are required to **Showcase** their companies all three days.

The fees the Event are $199.00 for a 10' x 10' Outdoor booth and $225.00 for a indoor booth **if your application and all fees are received by September 23, 2005.** Booth fees are $250.00 for a 10' x 10' outdoor booth and $275.00 for an indoor booth if your application is received on September 26th, 2005 or later. Vendors may rent as many booths as they need. Space is extremely limited, and will be sold on a first come first served basis.

No Electricity for the outdoor booths will be provided. All indoor booths will be provided with Electricity.

A $25.00 returned check charge, over and above the amount of the check, is levied on all returned checks. Refund of fees will only be made prior to September 23, 2005. Refund request must be made in writing and received at the Office of Event Coordinator prior to September 23, 2005. There will be no refunds after this date.

General Vendor Guidelines

No alcoholic beverages or firearms may be brought onto property. Vendors may not showcase or offer any products or literature deemed offensive, or which may incite violence, crime or disorderly conduct, or promote political viewpoints.

Vendors may not sublet any portion of their booth without prior approval from the Event Coordinator.

Vendors are responsible for their children and guest(s) at all times. Do not allow your children to run freely through the Event, to disrupt other vendors, or to be outside of your supervision at any time. Please remove your infants/children from the Event area if they are crying and/or screaming as a courtesy to your fellow vendors.

No pets are allowed inside the Gold's Gym-Keizer Building.

Members must comply with all federal, state and local regulations, laws and licensing requirements. Vendors who willfully violate the Event will lose their right to participate in the Event. Behavior that is verbally or physically abusive, dangerous or disruptive to Event activities will not be tolerated, and may result in immediate termination of the Vendor's showcasing rights.

Decorative or antique display tables may be left undraped. However, all other tables should be covered, and all tables must be draped on at least three sides if the area under the table is used for storage. Each vendor must identify themselves in their booth with a sign or card stating their name or business name, phone number and/or address. **A vendor may showcase only within their assigned space(s). Roving peddlers are not permitted. Vendors may not set up outside of their 10' x 10' space.**

Food Vendors

All food items must be prepared in accordance with applicable local, state and federal regulations. All pre-packaged items must be labeled in accordance with these regulations. All food-handlers must be appropriately trained and certified. All processed and baked products must be prepared in an appropriately licensed kitchen. Failure to comply with health department regulations may result in immediate booth closure. The Event requires a copy of all Food Vendors liability insurance policy to be filed with the Event Coordinator.

Services

Service-providing vendors, such as massage therapists, are responsible for complying with all Oregon and Marion County licensing requirements. A copy of appropriate licenses must be submitted with your application. Also submit one copy of your liability insurance certificate, if applicable.

The vendor must submit an application and have the proposed service approved by the Event Coordinator.

Application Procedure

All proposed vendors must submit a completed application and associated fees. Booth spaces will be assigned on a first come – first serve basis so the earlier your application is received the better your position within the Event.

Please submit your completed application to:

Doc Titus Consulting, 1772 Saundra Lee Way NE, Keizer, OR 97303

Please call the Event Coordinator at (503) 409-2056 if you have any questions. You may fax your application to 503-304-9306.

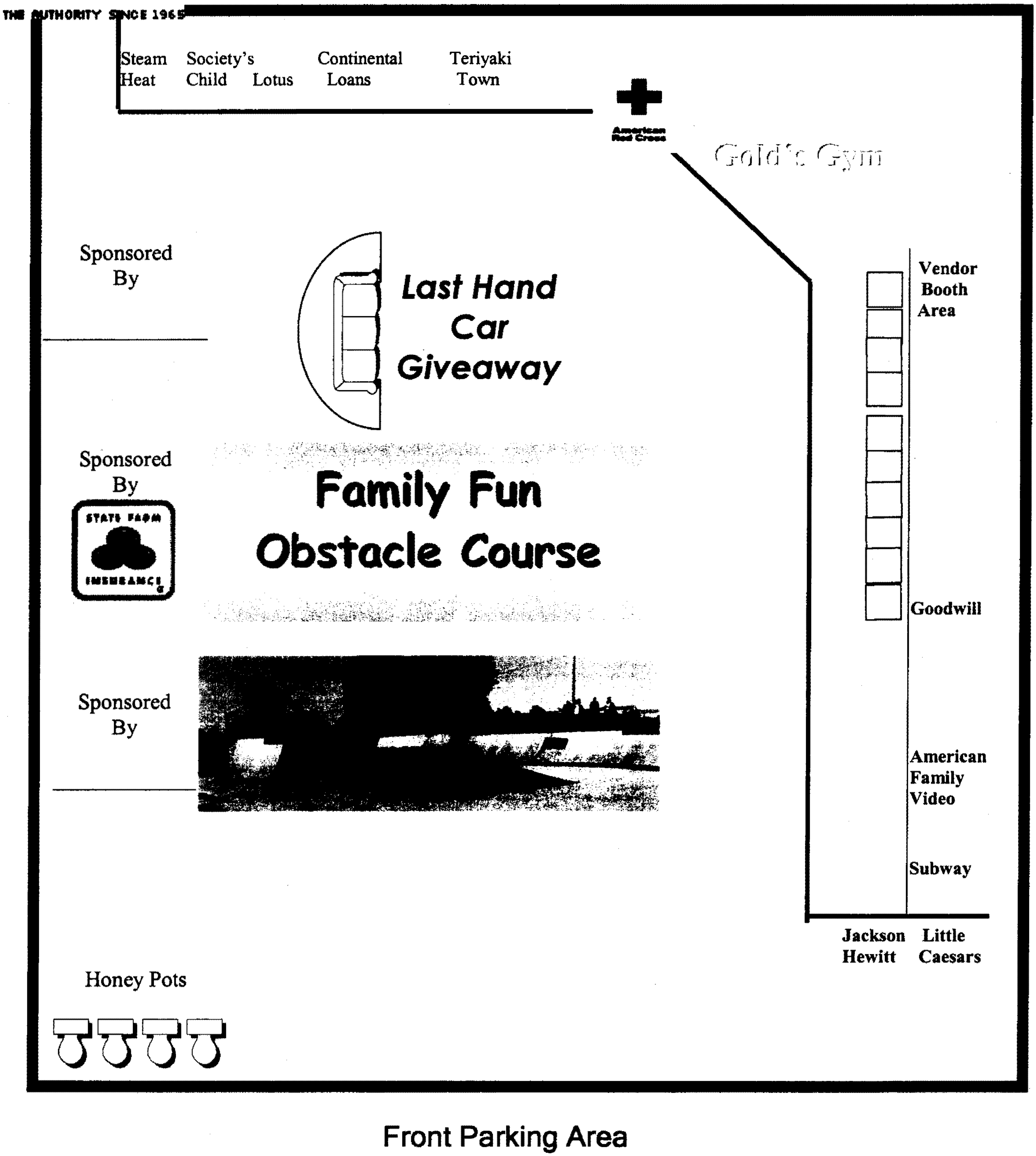
GOLD'S GYM

THE AUTHORITY SINCE 1965

40th Anniversary

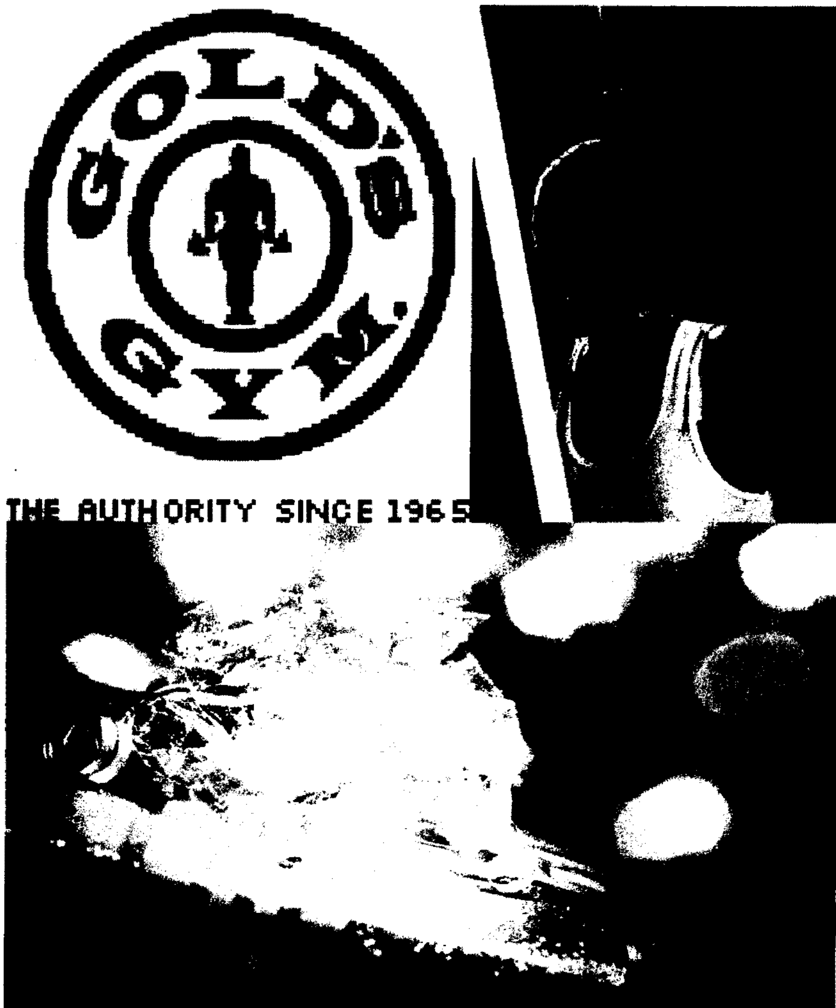
Thursday- Sept 29th /Friday-Sept 30th/Saturday-Oct 1st

Birthday Bash



GOLD'S GYM

THE AUTHORITY SINCE 1965



40th Anniversary

Birthday Bash

Thursday-Sept 29th
Friday-Sept 30th
Saturday-Oct 1st

e're not getting older
We're getting Better!!

EVENT SCHEDULE

Day 1-- 6pm -10pm

- Senior Challenges
  (Must be 65 yrs old)
  Tread mill walk-a-thon
  Putting Contest
  Jump rope
  Hula Hoop
  Brain Teaser Puzzle
  Talking Contest
  Dance instruction
  Waltz and Polka Contest
  (bring your friends and loved ones to cheer you on).

Plenty of Cake and Ice Cream All Week Stop by for a slice.

Day 2- 6pm-10pm

- Last Hand Car Giveaway
  If you are the last person with your hand on this car it's yours.
- Family Fun Obstacle Course
  Hercules, Tire Rolling, Balloon Blowing, Flag Raising, Water Gun Shootout, Calf Roping, Toss Across, Free Throw, Tricycle Race, Ice Cream Eating contest.
- Dunk Contest -Round 1
  Put up or shut up
- Hot Air Balloon Rides
- Gold Games
  BMX, Skateboard Challenges

Day 3- 10am-10pm

- ShowTime Exhibition
  2 Shows = Pure Fun
- 3 pt Shooting Contest
  May the best shooter win
- Dunk Contest –Finals
  It's Time to Get Up!
- Dribbling Contest
  1 ball or 7 balls, show us what you got!
- 3 on 3 Challenge
  Limited # of teams allowed, Don't Delay
  Cash to Winners
- Celebration
  Singers, Dancers, Drummers
  A Party for all Ages, Guaranteed Fun for Everyone. 6 pm-10pm

COUNCIL MEETING: **September 19, 2005**

AGENDA ITEM NUMBER: _______________

TO: **MAYOR CHRISTOPHER AND CITY COUNCIL**

THROUGH: **CHRIS EPPLEY**
CITY MANAGER

FROM: **SUSAN GAHLSDORF, CPA**
FINANCE DIRECTOR

SUBJECT: A RESOLUTION AUTHORIZING LOAN PAYABLE FROM WATER SYSTEM REVENUES AND A MASTER WATER REVENUE FINANCING DECLARATION THAT ESTABLISHES THE TERMS FOR FUTURE WATER REVENUE FINANCINGS.

BACKGROUND:

The Water System Cost of Services Analysis, completed in 2002, projected a need for debt issuance in future years to fund needed capital improvements. Staff anticipates beginning these projects in fiscal year 2005-2006 and have provided for the issuance of debt to fund these projects in the current budget year.

The projects as outlined in the 2005-2006 budget are as follows:

Improve the Delta Well with side drilling existing well and reseal well to 100’	$ 100,000
Bair Park Reservoir Tank and Pump Station	750,000
Keizer Station Reservoir and Pump Station - City’s share	1,000,000
Distribution Pipeline Extensions to improve System Hydraulics	135,000
Upgrade Telemetry System to Radio Circuit Control	100,000
Construct new Well at Lacey Court	300,000
Steel Waterline Replacements City-Wide over the next 3 Budget Cycles	450,000
Retrofit all Existing Turbine Electric Motors for Energy Efficiency	60,000
Railroad Directional Bore Casing and Waterline	75,000
Replace Carlhaven Wells with one well	275,000
Install Pressure Reducing Valve to maintain higher pressure in Clearlake Area	75,000
	$ 3,320,000

ISSUES:

Oregon Revised Statutes Section 271.390 gives municipalities the authority to enter into financing agreements to fund the cost of land purchases, improvements, structures, fixtures, and personal property such as furnishings and equipment.

FISCAL IMPACT:

Staff estimates that $2,600,000 needs to be borrowed to fund improvements, pay debt issuance costs and provide adequate debt reserves. Adequate cash reserves exist in the Water Facility Fund to pay the difference between the cost of upcoming projects ($3,320,000) and the anticipated borrowing ($2,600,000).

Staff estimates that this borrowing will necessitate an increase in Water Rates each year, over the next 6-7 years, at 4.0% to 4.5% per year. These estimates are supported by the Cost of Services Analysis, adopted by the Council in 2002, using the City's Water Rate Model. These rate increases will bring in from $85,000 to $100,000, additional revenue each year over the next 6-7 years.

For the typical household, this equates to an additional $10 per year in water usage charges.

RECOMMENDATION:

Staff recommends the Council adopt the attached resolution authorizing the issuance of up to $2.6 million in loans payable for Water System infrastructure improvements.

CITY COUNCIL, CITY OF KEIZER, STATE OF OREGON

RESOLUTION __________

A RESOLUTION AUTHORIZING A $2.6 MILLION LOAN PAYABLE SOLELY FROM WATER SYSTEM REVENUES AND A MASTER WATER REVENUE FINANCING DECLARATION THAT ESTABLISHES THE TERMS FOR FUTURE WATER REVENUE FINANCINGS.

WHEREAS, the City of Keizer, Oregon (the "City") is authorized by Oregon Revised Statutes Section 271.390 to enter into lines of credit and other agreements to finance real or personal property that the City Council determines is needed; and,

WHEREAS, the City Council hereby determines that the following improvements to the City's water system are needed: improvements to the Delta well, the Bair Park reservoir tank & pump station, the Keizer Station reservoir & pump station, distribution pipeline extensions, upgrading the telemetry system, a new well at Lacey Court, steel waterline replacements (a 3-year project), retrofit of existing turbine electric motors, railroad directional bore casing & waterline improvements, replacing the Carlhaven wells, (collectively, the "2005 Project"); and,

WHEREAS, the City Council hereby determines that it is desirable to obtain financing for the 2005 Project in the aggregate principal amount of not more than $2,600,000 pursuant to ORS 271.390; NOW, THEREFORE,

BE IT RESOLVED by the City Council of the City of Keizer, Oregon, as follows:

Section 1. Borrowing Authorized.

The City hereby authorizes a borrowing to finance the 2005 Project under ORS 271.390 and this resolution in a maximum principal amount of $2,600,000. The proceeds of this borrowing may be used only to finance the 2005 Project, to fund any required debt service reserve fund, and to pay costs related to the borrowing.

Section 2. Delegation.

The City Manager or the Finance Director or the person designated by the City Manager or Finance Director to act on behalf of the City under this Resolution (any of whom is referred to in this resolution as a "City Official") may, on behalf of the City and without further action by the City Council:

(A) Finalize the terms of, execute and deliver a Master Water System Financing Declaration, which shall be in substantially the form attached to this resolution as Appendix A, but with any changes which the City Official may approve. The Master Water System Financing Declaration will pledge the City's water system revenues, contain covenants regarding the levels of water system fees and charges that the City must impose in the future, impose requirements for debt service reserves, limit future borrowings that are secured by water system revenues and generally provide covenants of the City that are intended reduce the city's borrowing costs by enhancing the security for borrowings secured by the City's water system revenues, including the borrowing authorized by this resolution.

(B) Select a commercial bank to loan funds to the city, establish the final principal amounts, maturity schedules, interest rates, redemption terms, payment terms and dates and other terms for the borrowing authorized by this resolution, and enter into a loan agreement, in substantially the form attached to the Master Water System Financing Declaration as Exhibit A, but with any changes which the City Official may approve.

(C) Enter into covenants to maintain the "tax-exemption" (excludability of interest from gross income under the Internal Revenue Code of 1986, as amended) on the borrowing authorized by this resolution.

(D) Designate the borrowing authorized by this resolution as a qualified tax-exempt obligation pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

(E) Execute any documents and take any other action which the City Official finds is desirable to carry out this resolution.

Section 3. Effective Date.

This resolution shall take effect on the date of its adoption.

PASSED ____ day of _____________, 2005.

SIGNED this ____ day of _____________, 2005.

____
Mayor

____
City Recorder

Exhibit A
Master Water System Financing Declaration

MASTER WATER SYSTEM FINANCING DECLARATION

City of Keizer
Marion County, Oregon

Executed as of ____, 2005
in connection with the City's

2005 Water Revenue Loan

TABLE OF CONTENTS

MASTER WATER SYSTEM FINANCING DECLARATION

THIS MASTER WATER SYSTEM FINANCING DECLARATION is executed as of _____, 2005, by the City Official of the City of Keizer, Marion County, Oregon pursuant to the authority granted to the City Official by City Resolution No. ___ to establish the terms that govern the City's 2005 Water Revenue Loan and future Parity Obligations.

Section 1. Findings.

The City finds:

1. The City is authorized by ORS 271.390 to borrow money by entering into financing agreements for property the City determines is needed, and to pledge City revenues to secure those borrowings.

2. The City executes this Master Water System Financing Declaration to specify the terms under which the City's 2005 Water Revenue Loan is issued, and to describe the terms that govern future obligations that are secured by the City's water system revenues.

Section 2. Definitions

Unless the context clearly requires otherwise, capitalized terms that are used in this Master Declaration and are defined in this Section 2 shall have the meanings defined for those terms in this Section 2.

"2005 Water Revenue Loan" means the City's 2005 Water Revenue Loan issued pursuant to Section 13 of this Master Declaration.

"Adjusted Net Revenues" means the Net Revenues, adjusted for purposes of Section 6.1 as provided in Section 6.3.

"Annual Debt Service" means in any Fiscal Year the sum of: (1) the amounts of any transfers to the Reserve Account that are described in Section 4.3.D and 4.3.E; plus (2) the amount of principal and interest required to be paid in that Fiscal Year on all Outstanding Senior Lien Obligations, calculated as follows:

(a) Interest which is to be paid from Senior Lien Obligation Proceeds shall be subtracted;

(b) Senior Lien Obligations 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; and,

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

"Auditor" means a person authorized by the State Board of Accountancy to conduct municipal audits pursuant to ORS 297.670.

"Average Annual Debt Service" means the average amount of Annual Debt Service required to be paid on Outstanding Senior Lien Obligations.

"Bank" means Bank of America, N.A., a national banking association.

"Base Period" means any twelve consecutive months selected by the City or Qualified Consultant out of the most recent twenty-four months preceding the delivery of a Series of Parity Obligations.

"Bond Counsel" means Preston Gates & Ellis LLP, or another law firm having knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds.

"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 Official" means the City Manager, the City Finance Director, or any person designated by the City Manager, the City Finance Director or the City Council to act as on behalf of the City under this Declaration.

"City" means the City of Keizer, Marion County, Oregon.

"Code" means the Internal Revenue Code of 1986, as amended, and its applicable rules and regulations.

"Construction Fund" means the collection of funds and accounts that the City uses to hold proceeds of Senior Lien Obligations.

"Credit Facility" means a letter of credit, a municipal bond insurance policy, a surety bond, standby bond purchase agreement or other credit enhancement device which is obtained by the City to secure Senior Lien Obligations, and which is issued or provided by a Credit Provider whose long-term debt obligations or claims-paying ability (as appropriate) are rated one of the two highest rating categories by a Rating Agency which rated the Senior Lien Obligations secured by the Credit Facility.

"Credit Provider" means a person or entity providing a Credit Facility.

"Defeasance Obligations" means direct obligations of the United States, any obligations the payment of which is fully and unconditionally guaranteed by the United States, and any other obligations that Oregon law permits to be used in advance refunding bond escrows.

"Event of Default" means any event specified in Section 10.2 of this Master 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 State Law.

"Fund" means a fund, an account, or an accounting entry that is used to account for revenues under this Master Declaration.

"Gross Revenues" means all fees and charges and other revenues that are properly accrued as revenues of the Water System under generally accepted accounting principles applicable in the United States of America to the Water System, including system development charges, revenues from product sales and interest earnings on Gross Revenues. Gross Revenues also shall also include transfers out of the Rate Stabilization Account. However, the term "Gross Revenues" shall not include:

(a) The interest income or other earnings derived from the investment of any escrow fund established for the defeasance or refunding of outstanding indebtedness of the City;

(b) Any gifts, grants, donations or other moneys received by the City from any State or Federal Agency or other person if such moneys are restricted by law or the grantor to uses inconsistent with the payment of Senior Lien Obligations;

(c) The proceeds of any borrowing;

(d) The proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues);

(e) The proceeds of any casualty insurance which the City intends to utilize for repair or replacement of the Water System;

(g) The proceeds derived from the sales of assets pursuant to Section 9.9 of this Master Declaration;

(h) Any ad valorem or other taxes imposed by the City (except charges or payments for Water System services which become "taxes" within the meaning of Article XI, Section 11b of the Oregon Constitution only because they are imposed on property or property owners);

(i) Any income, fees, charges, receipts, profits or other moneys derived by the City from its ownership or operation of any Separate Utility System.

"Insurance Policy" means a municipal bond insurance policy issued by an Credit Provider at the request of the City guaranteeing the scheduled payment of principal of and interest on Senior Lien Obligations when due.

"Interest Payment Date" means any date on which Senior Lien Obligation interest is scheduled to be paid, and any date on which Senior Lien Obligations are called for redemption.

"Master Declaration" means this Master Water System Financing Declaration, including any amendments made pursuant to Section 11.

"Maximum Annual Debt Service" means the greatest amount of Annual Debt Service 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 Obligations are scheduled to be paid.

"Net Revenues" means the Gross Revenues less the Operating Expenses.

"Operating Expenses" means all costs of the City which are properly treated as expenses of operating and maintaining the Water System under generally accepted accounting principles applicable in the United States of America to the Water System, plus transfers to the Rate Stabilization Account that are permitted under Section 3.1.G. However, Operating Expenses do not include:

(a) Any rebates or penalties paid from Gross Revenues under Section 148 of the Code;

(b) Payments of judgments against the City and payments for the settlement of litigation;

(c) Depreciation and amortization of property values or losses, and all amounts treated for accounting purposes as payments for capital expenditures;

(d) Debt service payments, paying agent fees, broker-dealer fees and similar charges for the maintenance of borrowings;

(e) The expenses of owning, operating or maintaining any Separate Utility System;

(f) Franchise fees and similar charges imposed by the City on the Water System or its operations;

(g) Expenditures made from any liability insurance proceeds;

(h) Expenditures made from any casualty insurance proceeds used to pay for costs of repairing or replacing portions of the Water System;

(i) Expenditures made from grant monies regardless of whether such grant funds are dedicated to a specific purpose or available for the general operation, maintenance and repair or replacement of the Water System; and

(j) Expenditures allocable to any other funding source which does not constitute Gross Revenues of the Water System.

"ORS" means the Oregon Revised Statutes.

"Outstanding" refers to all Senior Lien Obligations except Senior Lien Obligations that have been defeased pursuant to Section 12 of this Master Declaration, and Senior Lien Obligations which have matured and not been presented for payment (provided sufficient funds to pay those Senior Lien Obligations have been transferred to the Registrar).

"Owner" means the Bank as owner of the 2005 Water Revenue Loan, and the owner of any Parity Obligations.

"Parity Obligation" means any obligation payable from the Net Revenues on a parity with other Senior Lien Obligations and which is issued in accordance with Section 6.

"Payment Date" means a Principal Payment Date or an Interest Payment Date.

"Permitted Investments" means any investments which the City is permitted to make under the laws of the State.

"Principal Payment Date" means any date on which any Senior Lien Obligations are scheduled to be retired, whether by virtue of their maturity or by mandatory sinking fund redemption prior to maturity, and the redemption date of any Senior Lien Obligations which have been called for redemption.

"Project" means any purpose for which Gross Revenues may be spent.

"Qualified Consultant" means an independent engineer, an independent auditor, an independent financial 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 City for purposes of performing activities specified in this Master Declaration or any Supplemental Declaration.

"Rate Stabilization Account" means the Rate Stabilization Account described in Section 4.6.

"Rating Agency" means Fitch Investors Service, Moody's Investors Service, Standard & Poor's Rating Service, or any other nationally recognized financial rating service that has rated Outstanding Senior Lien Obligations or a Credit Facility at the request of the City.

"Reserve Account" means the Reserve Account in the Water Revenue Fund described in Section 4.3 of this Master Declaration.

"Reserve Credit Facility Provider" means a person or entity providing a Reserve Credit Facility.

"Reserve Credit Facility" means a surety bond, line of credit or similar instrument that the City obtains to fund, in lieu of cash, all or any portion of a Reserve Requirement, under which the Reserve Credit Facility Provider agrees to unconditionally provide the City with funds to make transfers that are required to be made by this Declaration from a subaccount of the Reserve Account to the Senior Lien Obligation Account.

"Reserve Requirement" means a requirement for funding a subaccount in the Reserve Account. The Series 2005 Reserve Requirement is the Reserve Requirement for the 2005 Water Revenue Loan.

"Senior Lien Obligation Account" means the Senior Lien Obligation Account described in Section 4.2 of this Master Declaration.

"Senior Lien Obligations" means the 2005 Water Revenue Loan and any Parity Obligations.

"Separate Utility System" means any utility property which is declared by the City to constitute a system which is distinct from the Water System in accordance with Section 8.

"Series 2005 Reserve Requirement" means the lesser of Maximum Annual Debt Service on the 2005 Water Revenue Loan and all other Parity Obligations that are secured by the Series 2005 Subaccount of the Reserve Account, or the amount described in the next sentence. If, at the time of issuance of the 2005 Water Revenue Loan or any other Series of Parity Obligations that are secured by the Series 2005 Subaccount, the amounts required to be added to the Series 2005 Subaccount of the Reserve Account to make the balance in the Series 2005 Subaccount of the Reserve Account equal to the Maximum Annual Debt Service on the 2005 Water Revenue Loan and all other Parity Obligations that are secured by the Series 2005 Subaccount of the Reserve Account exceeds the Tax Maximum for the Series of Senior Lien Obligations that are being issued, then the Series 2005 Reserve Requirement shall mean the Series 2005 Reserve Requirement in effect on the date of issuance of the Series of Senior Lien Obligations (calculated as if the Senior Lien Obligations were not Outstanding), plus the Tax Maximum for the Series of Senior Lien Obligations.

"Series 2005 Subaccount" means the Series 2005 Subaccount of the Reserve Account that is described in 4.4.

"Series," refers to all Senior Lien Obligations authorized by a single ordinance or declaration and delivered in exchange for payment on the same date, regardless of variations in maturity, interest rate or other provisions, unless the closing documents for the Series provide otherwise.

"State" means the State of Oregon.

"Subordinate Obligations Account" means the Subordinate Obligations Account of the Water Revenue Fund which is described in Section 4.5.

"Subordinate Obligations" means obligations that are secured by a subordinate lien on the Net Revenues and that comply with the requirements of Section 7.

"Supplemental Declaration" means any declaration, resolution or other document which supplements or amends this Master Declaration, and is entered into by the City in compliance with Section 11.

"Tax Maximum" means the lesser of: the greatest amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on a Series of Senior Lien Obligations; 125% of average amount of principal, interest and premium, if any, required to be paid on that Series during all Fiscal Years in which that Series will be Outstanding, calculated as of the date of issuance of that Series; or, ten percent of the proceeds of that Series, as "proceeds" is defined for purposes of Section 148(d) of the Code.

"Valuation Date" means July 1 of each year (or the first Business Day thereafter, if July 1 is not a Business Day), and the Business Day following any transfer from the Reserve Account to the Senior Lien Obligation Account pursuant to Section 4.4.A.

"Water Revenue Fund" means the collection of funds and accounts that the City uses to hold the Gross Revenues prior to their expenditure. On the date of this Declaration the City accounts for Gross Revenues in its Water Fund and its Water Facility Replacement Reserve Fund.

"Water System" means all real and personal property now or hereafter owned, operated, used, or maintained by the City for water treatment, distribution and transmission within and without the corporate limits of the City.

Section 3. Management, Deposit, Pledge and Use of Gross Revenues

3.1. The City shall deposit and maintain all Gross Revenues in the Water Revenue Fund, and shall use those Gross Revenues only as described in this Section as long as any Senior Lien Obligations remain Outstanding. The City shall apply Gross Revenues in the Water Revenue Fund on or before the following dates for the following purposes in the following order of priority:

A. At any time to pay Operating Expenses which are then due;

B. One Business Day prior to each Payment Date, to transfer Net Revenues to the Senior Lien Obligation Account from any and all accounts in the Water Revenue Fund except amounts credited to the Reserve Account, an amount sufficient (with amounts then available in the Senior Lien Obligation Account) to pay in full all Senior Lien Obligation principal, interest and premium, if any, which is due to be paid on that Payment Date;

C. On each date specified for installment funding of the Series 2005 Subaccount pursuant to Section 4.4.B, and on each date specified in a Supplemental Declaration for the installment funding of any other subaccount in the Reserve Account, to the Reserve Account for credit to the those subaccounts the amounts required by Section 4.4.B and any Supplemental Declarations;

D. On the first day of each month following a Valuation Date on which the balance in the Reserve Account is determined to be less than the Reserve Requirement, to the Reserve Account the amount required by Sections 4.3.D and 4.3.E;

E. On the day on which any rebates or penalties for Senior Lien Obligations are due to be paid to the United States pursuant to Section 148 of the Code, to pay the amounts due to the United States;

F. On the dates specified in any proceedings authorizing Subordinate Obligations, to the Subordinate Obligations Account the Net Revenues required by those proceedings;

G. On any date, to the Rate Stabilization Account or for expenditure for any other lawful purpose, but only if all deposits and payments having a higher priority under this Section have been made.

3.2. The City hereby pledges the Net Revenues to the payment of principal of, premium (if any) and interest on all Senior Lien Obligations. In addition, the City hereby pledges the Net Revenues available for transfer to each subaccount of the Reserve Account to pay amounts due under any Reserve Credit Facility associated with those subaccounts. Pursuant to ORS 288.594, these pledges of the Net Revenues hereby made by the City shall be valid and binding from the time of the adoption of this Master Declaration. The Net Revenues so pledged and hereafter received by the City shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of these pledges shall be superior to all other claims and liens except liens and claims for the payment of Operating Expenses. The City covenants and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of the pledge.

Section 4. Senior Lien Obligation Funds and Accounts

4.1. So long as Senior Lien Obligations are Outstanding, the City shall maintain the Senior Lien Obligation Account and the Rate Stabilization Account as discrete accounts in the Water Revenue Fund. So long as the 2005 Water Revenue Loan is outstanding, the City shall maintain the Reserve Account and the Series 2005 Subaccount of the Reserve Account as discrete accounts in the Water Revenue Fund. If the City creates the Subordinate Obligations Account, that account shall be maintained as a discrete account in the Water Revenue Fund.

4.2. **Senior Lien Obligation Account.** The Senior Lien Obligation Account shall be held by the City. Until all Senior Lien Obligations are paid or defeased, amounts in the Senior Lien Obligation Account shall be used only to pay Senior Lien Obligations. The City shall transfer sufficient amounts from the Senior Lien Obligation Account to the Registrar in time to permit the Registrar to pay all Senior Lien Obligation principal, interest and premium (if any) when due in accordance with the Senior Lien Obligations. Amounts in the Senior Lien Obligation Account shall be invested only in Permitted Investments. Earnings on the Senior Lien Obligation Account shall be credited to the Senior Lien Obligation Account.

4.3. **Reserve Account.** The City hereby creates the Series 2005 Subaccount in the Reserve Account. The City may elect to create additional subaccounts in the Reserve Account when it issues Parity Obligations. However, this Declaration does not obligate the City to provide a debt service reserve for any subsequent Series of Parity Obligations, or to secure any such Series with the Series 2005 Subaccount or any other subaccount in the Reserve Account.

A. If any subaccount in the Reserve Account contains less than its Reserve Requirement, the City shall make transfers to restore the balances in those subaccounts as provided in Section 3.1.C and Section 3.1.D.

B. Transfers to the Reserve Account shall be allocated amount deficient subaccounts pro rata based on the amount of the deficiency in those subaccounts.

C. Transfers to each subaccount of the Reserve Account, shall be applied first, to reimburse the Providers of any Reserve Credit Facilities *pro rata* for amounts advanced under the Reserve Credit Facility; second, to replenish the balance in the subaccount with cash or Permitted Investments; and third to pay any other amounts owed under a Reserve Credit Facility (including any interest, fees and penalties associated with any draw under a Reserve Credit Facility).

D. If a transfer is made from a subaccount of the Reserve Account to the Senior Lien Obligation Account pursuant to Section 4.4.A, the City shall value the amounts remaining in the subaccount as of the date of the transfer. If the transfer has reduced the balance in the subaccount below that subaccount's Reserve Requirement, then beginning on the first day of the month that follows the Payment Date for which the transfer is made, the City shall make consecutive monthly transfers to that subaccount until the City has restored the balance in that subaccount to that subaccount's Reserve Requirement. Each transfer required by this Section 4.3.D shall be at least equal to one twelfth of the reduction. The following examples illustrate this requirement.

(i) Example 1: The Series 2005 Reserve Requirement on July 1 is $100, the Series 2005 Reserve Subaccount has a balance of $105 because the City has not transferred earnings out of that subaccount, and the City transfers $29 from the Series 2005 Reserve Subaccount to the Senior Lien Obligation Account. The transfer causes the Series 2005 Reserve Subaccount to have a balance that is $24 less than the amount the City is then required to maintain in the Series 2005 Reserve Subaccount (the reduction is calculated by subtracting the $5 surplus from the $29 transfer). The City must make monthly transfers of $2 to the Series 2005 Reserve Subaccount beginning on August 1st.

(ii) Example 2. The City makes the transfer described in Example 1, and commences making $2 monthly transfers to the Series 2005 Reserve Subaccount. On the next January 1st the City has deposited $12 into the Series 2005 Reserve Subaccount, so the balance in the Series 2005 Reserve Subaccount on January 1st is $88, or $12 less than the amount the City is required to maintain in that subaccount. On that January 1st, the City is required to make another transfer of $12 to the Senior Lien Obligation Account. This transfer reduces the balance in the Series 2005 Reserve Subaccount to $76, and requires the City to make twelve monthly transfers of $1 to the Series 2005 Reserve Subaccount, beginning on February 1st. On February 1st, the City will be required to make one of the remaining six monthly transfers of $2 that resulted from the July 1st transfer, and to start making twelve monthly transfers of $1 because of the January 1st transfer. Assuming no other transactions in the Reserve Account, the balance in the Series 2005 Reserve Subaccount will again be equal to the Series 2005 Reserve Requirement on the following January 1st.

E. If the value of a subaccount in the Reserve Account on a Valuation Date is less than the its Reserve Requirement, and the deficiency is not due to a transfer from that subaccount to the Senior Lien Obligation Account pursuant to Section 4.4.A, then beginning on the first day of the month that follows the month in which the Valuation Date occurs, the City shall make consecutive monthly transfers to the subaccount until the City has restored the deficiency described in the first sentence of this Section 4.3.E or the balance in the subaccount is at least equal to its Reserve Requirement. Each transfer shall be at least equal to one fourth of the deficiency.

F. If the value of the investments in the Reserve Account on a Valuation Date exceeds the Reserve Requirement, the City may transfer the excess to any account of the Water Revenue Fund.

G. Moneys in each subaccount of the Reserve Account may be invested only in Permitted Investments that mature no later than the final maturity date of the Series of Senior Lien Obligations that are secured by that subaccount. Earnings on each subaccount of the Reserve Account shall be credited to that subaccount whenever the balance in that subaccount is less than its Reserve Requirement. Otherwise earnings shall be credited to the Senior Lien Obligation Account.

H. Whenever the City values amounts credited to a subaccount the Reserve Account the City shall subtract from the value of the Permitted Investments and cash in that subaccount all amounts then owed under Reserve Credit Facilities that are credited to that subaccount, including any interest, fees and penalties associated with any draws under those Reserve Credit Facilities.

I. Permitted Investments credited to each subaccount in the Reserve Account shall be valued on each Valuation Date in the following manner:

(i) Demand deposits, deposits in the Oregon Short Term Fund and investments which mature in two years or less after the Valuation Date shall be valued at their face amount, plus accrued interest;

(ii) Investments which mature more than two years after the Valuation Date and for which bid and asked prices are published on a regular basis in the Wall Street Journal (or, if not there, then in the New York Times) shall be valued at the average of their most recently published bid and asked prices;

(iii) Investments which mature more than two years after the Valuation Date and for which the bid and asked prices are not published on a regular basis in the Wall Street Journal or the New York Times shall be valued at the average bid price quoted by any two nationally recognized government securities dealers (selected by the City in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;

(iv) Reserve Credit Facilities shall be valued at the amount which is available to be drawn or paid under them;

(a) Certificates of deposit and bankers acceptances which mature more than two years after the Valuation Date shall be valued at their face amount, plus accrued interest; and

(b) Any investment which is not specified above and which matures more than two years after the Valuation Date shall be valued at its fair market value as reasonably estimated by the City.

J. Withdrawals from each subaccount of the Reserve Account shall be made in the following order of priority:

(i) ***First***, from any cash credited to the subaccount;

(ii) ***Second***, from the liquidation proceeds of any Permitted Investments credited to the subaccount; and

(iii) ***Third***, from moneys drawn or paid pro-rata under any Reserve Credit Facilities credited to that subaccount.

K. All amounts on deposit in a subaccount of the Reserve Account may be applied to the final payment (whether at maturity, by prior redemption or by means of a defeasance as provided in Section 12) of Outstanding Senior Lien Obligations that are secured by that subaccount. Amounts so applied shall be credited against the amounts the City is required to transfer into the Senior Lien Obligation Account under Section 3.1.B.

4.4. **Series 2005 Subaccount.** Amounts credited to the Series 2005 Subaccount shall be used only to pay the 2005 Water Revenue Loan and any Series of Parity Obligations the City subsequently elects to secure with the Series 2005 Subaccount, and only if Net Revenues in the Water Revenue Fund (other than amounts in the Reserve Account) are insufficient.

A. If, on any Payment Date after the transfer described in Section 3.1.B the amounts credited to the Senior Lien Obligation Account are insufficient to pay all the principal of, premium (if any) and interest due on all 2005 Water Revenue Loan and any other Series of Parity Obligations that is secured by the Series 2005 Subaccount that is due on that Payment Date, the City shall transfer an amount equal to the deficiency from the Series 2005 Subaccount to the Senior Lien Obligation Account and apply the amount so transferred solely to pay the 2005 Water Revenue Loan and any other Series of Parity Obligations that is secured by the Series 2005 Subaccount.

B. If the City elects to secure any Series of Parity Obligations it subsequently issues with the Series 2005 Subaccount, the Supplemental Declaration authorizing the issuance of that Series shall state that the Series will be secured by the Series 2005 Reserve Account, and shall require deposits into the Series 2005 Subaccount in amounts sufficient to make the balance in that subaccount at least equal to the Series 2005 Reserve Requirement, calculated as if the Series of Parity Obligations is Outstanding. The deposit required by this Section 4.4.B may be made in not more than five annual installments, with the final installment due not later than the fifth anniversary of the issuance of the Series of Senior Lien Obligations. If the City elects to fund the portion of the Series 2005 Reserve Requirement which is allocable to a Series of Senior Lien Obligations in installments, the election and the schedule for such deposits shall be stated prominently in the Supplemental Declaration authorizing that Series of Senior Lien Obligations.

4.5. **Subordinate Obligations Account.** If the City issues Subordinate Obligations, the City shall create and maintain the Subordinate Obligations Account as long as the Subordinate Obligations are outstanding. The Subordinate Obligations Account may be divided into subaccounts, and the City may establish priorities for funding the subaccounts in the Subordinate Obligations Subaccount. Net Revenues shall be deposited into the Subordinate Obligations Account only as permitted by Section 3.1.F. Earnings on the Subordinate Obligations Account shall be credited as provided in the proceedings authorizing the Subordinate Obligations.

4.6. **Rate Stabilization Account.** The City shall maintain the Rate Stabilization Account as long as Senior Lien Obligations are Outstanding. Net Revenues may be transferred to the Rate Stabilization Account at the option of the City as permitted by Section 3.1.G. Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which the Gross Revenues may be used. Except as provided in this Section 4.6, deposits to the Rate Stabilization Account increase Operating Expenses for the Fiscal Year in which the deposit is made. Withdrawals from the Rate Stabilization Account increase Gross Revenues for the Fiscal Year in which the withdrawal is made. The City may adjust deposits to and withdrawals from the Rate Stabilization Account for a Fiscal Year at any time prior to the date on which the audit for that Fiscal Year is finalized. Earnings on the Rate Stabilization Account shall be credited to the Water Revenue Fund.

Section 5. Rate Covenant.

5.1. The City covenants for the benefit of the Owners that it will establish and maintain rates and charges in connection with the operation of the Water System which are sufficient to permit the City to pay all Operating Expenses and all lawful charges against the Net Revenues, and to make all transfers required by this Master Declaration to the Senior Lien Obligation Account, the Reserve Account and the Subordinate Obligations Account, and to pay any franchise fees or similar charges imposed by the City on the Water System or its operations.

5.2. The City covenants for the benefit of the Owners of all Senior Lien Obligations that it shall charge rates and fees in connection with the operation of the Water System which, when combined with other Gross Revenues, but without regard to transfers from and to the Rate Stabilization Account, are adequate to generate Net Revenues each Fiscal Year at least equal to one hundred percent (100.00%) of Annual Debt Service due in that Fiscal Year.

5.3. The City covenants for the benefit of the Owners of all Senior Lien Obligations that it shall charge rates and fees in connection with the operation of the Water System which, when combined with other Gross Revenues, are adequate to generate Net Revenues each Fiscal Year at least equal to one hundred twenty-five percent (125.00%) of Annual Debt Service due in that Fiscal Year.

5.4. The City shall determine whether it complied with Sections 5.2 and 5.3 for each Fiscal Year not later than ninety (90) days after the beginning of the subsequent Fiscal Year, based on the financial information available to the City at that time, and compliance with Sections 5.2 and 5.3 shall be determined based on that financial information. A failure to comply with Sections 5.2 or 5.3 shall not constitute an Event of Default if, within one hundred fifty (150) days after the beginning of the subsequent Fiscal Year, the City implements the recommendations of a Qualified Consultant that is engaged by the City to deliver written recommendations for a schedule of rates and charges or other actions which the Qualified Consultant reasonably projects will permit the City to comply with Sections 5.2 or 5.3 for the remainder of the Fiscal Year in which the recommendations are delivered to the City (with calculations for the partial year made on an annualized basis).

Section 6. Parity Obligations

6.1. The City may issue Parity Obligations to provide funds for any purpose relating to the Water System, but only if:

A. No Event of Default under this Master Declaration or any Supplemental Declaration has occurred and is continuing;

B. At the time of the issuance of the Parity Obligations there is no deficiency in the Senior Lien Obligation Account, and the balance in each subaccount of the Reserve Account is at least equal to its Reserve Requirement;

C. The Supplemental Declaration authorizing the issuance of the Parity Obligations reaffirms the covenants in Section 5.2 and 5.3; and,

D. There shall have been filed with the City either:

(i) A certificate of the City Official stating that the Net Revenues (adjusted as provided in Section 6.2) for the Base Period were not less than one hundred twenty-five percent (125.00%) of Average Annual Debt Service on all then Outstanding Senior Lien Obligations, calculated as of the date the Parity Obligations are issued and with the proposed Parity Obligations treated as Outstanding; or

(ii) A certificate or opinion of a Qualified Consultant:

(a) Stating the amount of the Adjusted Net Revenues computed as provided in Section 6.3 below for each of the four Fiscal Years after the last Fiscal Year for which interest on the Parity Obligations is, or is expected to be, capitalized, or, if interest will not be capitalized, for each of the four Fiscal Years after the proposed Parity Obligations are issued;

(b) Concluding that the respective amounts of Adjusted Net Revenues in each of the Fiscal Years described in Section 6.1.D(ii)(a) are at least equal to one hundred twenty-five percent (125.00%) of the Annual Debt Service for each of those respective Fiscal Years on all Outstanding Senior Lien Obligations, with the proposed Parity Obligations treated as Outstanding;

(c) Stating the projected amount of the Adjusted Net Revenues for the fifth Fiscal Year after the last Fiscal Year for which interest on the Parity Obligations is, or is expected to be, capitalized, or, if interest will not be capitalized, the fifth Fiscal Year after the Parity Obligations are issued; and,

(d) Concluding that this amount described in Section 6.1.D(ii)(c) is at least equal to one hundred twenty-five percent (125.00%) of the Average Annual Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Senior Lien Obligations, with the proposed Parity Obligations treated as Outstanding.

6.2. Net Revenues may be adjusted for purposes of Section 6.1.D(i) by adding any Net Revenues the City Official calculates the City would have had during the Base Period because of increases in Water System rates, fees and charges which have been adopted by the City on or before the date the Parity Obligations are issued.

6.3. Adjusted Net Revenues for purposes of Section 6.1.D(ii) shall be computed by adjusting the Net Revenues for the Base Period in any of the following ways:

A. To reflect any changes in rates and charges which the Qualified Consultant determines are reasonable.

B. To reflect any customers added to the Water System after the beginning of the Base Period and prior to the date of the Qualified Consultant's certificate; and

C. To reflect any additional Net Revenues not included in the preceding paragraphs that will be derived from additions and extensions to the Water System that are being financed with the proposed Parity Obligations, or that have been financed with previously issued Senior Lien Obligations.

6.4. The City may issue Parity Obligations to refund Outstanding Senior Lien Obligations without complying with Section 6.1 if the refunded Senior Lien Obligations are defeased on the date of delivery of the refunding Parity Obligations and if the Annual Debt Service on the refunding Parity Obligations does not exceed the Annual Debt Service on the refunded Senior Lien Obligations in any Fiscal Year by more than $5,000.

6.5. All Parity Obligations issued in accordance with this Section shall have a lien on the Net Revenues which is equal to the lien of all other Outstanding Senior Lien Obligations.

Section 7. Subordinate Obligations

The City may issue Subordinate Obligations only if:

7.1. The Subordinate Obligations have no claim on the amounts credited to the Senior Lien Obligation Account or the Reserve Account, and have no claim on Net Revenues except Net Revenues that are available to be credited to the Subordinate Obligations Account pursuant to Section 3.1.F;

7.2. The Subordinate Obligations state clearly that they have no claim on Net Revenues except Net Revenues that are available to be credited to the Subordinate Obligations Account pursuant to Section 3.1.F.

Section 8. Separate Utility System

The City may declare property which is part of the Water System (but has a value of less than five percent of the Water System at the time of the declaration), and property which the City does not yet own or operate but would otherwise become part of the Water System, to be part of a Separate Utility System. The City may pay costs of acquiring, operating and maintaining Separate Utility Systems from Net Revenues, but only if there is no deficit in the Senior Lien Obligation Account or the Reserve Account. The City may issue obligations which are secured by the revenues produced by the Separate Utility System, and may pledge the Separate Utility System revenues to pay those obligations. In addition, the City may issue Subordinate Obligations to pay for costs of a Separate Utility System, and may pledge the revenues of the Separate Utility System to pay the Subordinate Obligations.

Section 9. General Covenants

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

9.1. The City shall promptly cause the principal, premium, if any, and interest on the Senior Lien Obligations to be paid as they become due in accordance with the provisions of this Master Declaration and any Supplemental Declaration.

9.2. The City shall maintain complete books and records relating to the operation of the Water System in accordance with generally accepted accounting principles in the United States of America, shall cause such books and records to be audited annually at the end of each Fiscal Year, and shall have an audit report prepared by the Auditor and made available for the inspection of Senior Lien Obligation Owners.

9.3. The City shall not issue obligations which have a lien on the Net Revenues that is superior to the lien of the Senior Lien Obligations.

9.4. The City shall promptly deposit the Gross Revenues and other amounts described in this Master Declaration into the funds and accounts specified in this Master Declaration.

9.5. The City shall work in good faith to cause the Water System to be operated at all times in a safe, sound, efficient and economic manner in compliance with all health, safety and environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the City's operation and ownership of the Water System.

9.6. The City shall cause the Water System to be maintained in good repair, working order and condition.

9.7. The City may provide free Water System products or services to the City only to the extent that those free products and services do not, in the opinion of the City, have a material, negative impact on the Net Revenues. The City shall not otherwise:

A. Provide Water System products or services at a discount from published rate schedules; and,

B. Provide free Water System products or services except in case of emergencies.

9.8. The City shall at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.

A. The net proceeds of insurance against damage to or destruction of the Water System shall be used to repair or rebuild the damaged or destroyed Water System, and to the extent not so applied, will be applied to the payment or redemption of Senior Lien Obligations.

B. Insurance described in Section 9.8 shall be in the form of policies or contracts for insurance with insurers of good standing, or in the form of self-insurance provided by the City. The City shall establish any funds or reserves which it deems are necessary to provide for its share of any such self-insurance.

9.9. The City shall not sell, mortgage or otherwise dispose of or encumber all or any portion of the Water System except as permitted by this 9.9.

A. The City may dispose of all or substantially all of the Water System, only if the City pays all Senior Lien Obligations or defeases them pursuant to Section 12.

B. Except as provided in Section 9.9.C, the City, in any fiscal year, the City shall not dispose of any parts of the Water System having an aggregate value in excess of 5% of the value of the Water System in service unless prior to such disposition either:

(i) There has been filed with the City a certificate of a Qualified Consultant stating that such disposition will not impair the ability of the City to comply with the rate covenants contained in Sections 5.2 and 5.3 of this Master Declaration; or

(ii) Provision is made for the payment, redemption or other defeasance of a principal amount of Senior Lien Obligations equal to the greater of the following amounts:

(a) An amount which will be in the same proportion to the net principal amount of Senior Lien Obligations then Outstanding (defined as the total principal amount of Senior Lien Obligations then Outstanding less the amount of cash and investments in the Water Revenue Fund) that the Gross Revenues attributable to the part of the Water System sold or disposed of for the 12 preceding months bears to the total Gross Revenues for such period; or

(b) An amount which will be in the same proportion to the net principal amount of Senior Lien Obligations then Outstanding that the book value of the part of the Water System sold or disposed of bears to the book value of the Water System immediately prior to such sale or disposition.

C. The City may dispose of any portion of the Water System that has become unserviceable, inadequate, obsolete, or unfit to be used or no longer necessary for use in the operation of the Water System.

D. If the ownership of all or part of the Water System is transferred from the City through the operation of law, the City shall apply any amounts they receive as compensation for the transfer to reconstruct or replace such transferred property with other property that becomes part of the Water System, or to redeem or defease Senior Lien Obligations, unless the City Council reasonably determines that the transfer will not prevent the City from operating the Water System and complying with Section 5.

Section 10. Events of Default and Remedies.

10.1. Continuous Operation Essential. The City hereby finds and determines that the continuous operation of the Water System and the collection, deposit and disbursement of the Net Revenues in the manner provided in this Master Declaration and in any Supplemental Declaration are essential to the payment and security of the Senior Lien Obligations, and the failure or refusal of the City to perform the covenants and obligations contained in this Master Declaration or any such Supplemental Declaration will endanger the necessary continuous operation of the Water System and the application of the Net Revenues to the operation of the Water System and the payment of the Senior Lien Obligations.

10.2. Events of Default. The following shall constitute "Events of Default:"

A. Failure of the City to pay any Senior Lien Obligation principal or interest when due, either at maturity, upon exercise of a right of tender, by proceedings for redemption or otherwise;

B. Failure of the City to perform any of its obligations under this Master Declaration, but only if:

(i) the failure continues for thirty (30) days after the City receives a written notice, specifying the Event of Default and demanding the cure of such default, from a Credit Provider or from the Owners of not less than 20% in aggregate principal amount of the Senior Lien Obligations Outstanding, and,

(ii) The failure is not excused by Section 5.4 or Section 10.2.F;

C. Failure of the City to comply with its obligations under Section 9.9 (which relates to transfer of properties constituting the Water System);

D. Entry of an order, judgment or decree by any court of competent jurisdiction:

(i) Appointing a receiver, trustee or liquidator for the City or the whole or any part of the Water System;

(ii) Approving a petition filed against the City seeking the bankruptcy, arrangement or reorganization under any applicable law of the United States or the State of Oregon; or

(iii) Assuming custody or control of the City or of the whole or any part of the Water System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within sixty (60) days from the date of the entry of such order, judgment or decree; or

E. If the City shall:

(i) Admit in writing its inability to pay its debts generally as they become due;

(ii) File a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law;

(iii) Consent to the appointment of a receiver of the whole or any part of the Water System; or

(iv) Consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the City or of the whole or any part of the Water System.

F. Exception. It shall not constitute an Event of Default under 10.2.B if the default cannot practicably be remedied within thirty (30) days after the defaulting City receives notice of the default, so long as the defaulting City promptly commences reasonable action to remedy the default after the notice is received, and continues reasonable action to remedy the default until the default is remedied.

G. Remedies. If an Event of Default occurs, any Senior Lien Obligation Owner may exercise any remedy available at law or in equity. However, the Senior Lien Obligations shall not be subject to acceleration.

H. Books of Water System Open to Inspection.

(i) The City covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Water System shall at all reasonable times be subject to the inspection and use of any persons holding at least twenty percent (20%) of the principal amount of Outstanding Senior Lien Obligations and their respective agents and attorneys.

(ii) The City covenants that if the Event of Default shall happen and shall not have been remedied, the City will account as the trustee of an express trust, for all Net Revenues and other moneys, securities and funds pledged under this Master Declaration.

I. Waivers of Event of Default.

(i) No delay or omission of any Senior Lien Obligation Owner to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Section 10 to the Senior Lien Obligation Owners may be exercised from time to time and as often as may be deemed expedient by the Senior Lien Obligation Owners.

(ii) Except as provided in Section 11.4, the owners of not less than twenty-five percent (25%) in principal amount of the affected Senior Lien Obligations that are at the time Outstanding, or their attorneys-in-fact duly authorized, may, on behalf of the owners of all of affected Senior Lien Obligations, waive any past default under this Master Declaration with respect to such Senior Lien Obligations and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Senior Lien Obligations. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

J. Remedies Granted in Master Declaration Not Exclusive.

No remedy by the terms of this Master Declaration conferred upon or reserved to the Senior Lien Obligation Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Declaration or existing at law or in equity or by statute on or after the date of adoption of this Master Declaration.

Section 11. Amendment of Master Declaration

11.1. This Master Declaration may be amended by Supplemental Declaration without the consent of any Senior Lien Obligation Owners for any one or more of the following purposes:

A. To cure any ambiguity or formal defect or omission in this Master Declaration;

B. To add to the covenants and agreements of the City or the City in this Master Declaration, other covenants and agreements to be observed by the City or the City which are not contrary to or inconsistent with this Master Declaration as theretofore in effect;

C. To authorize the issuance of Parity Obligations and Subordinate Obligations, and to establish subaccounts in the Reserve Account to secure Parity Obligations.

D. To allow the City's obligations under interest rate swaps, caps, collars or similar agreements that relate to Senior Lien Obligations to be secured on a parity with the Senior Lien Obligations;

E. To modify, amend or supplement this Master Declaration and any Supplemental Declaration to qualify those declarations under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of any Senior Lien Obligations for sale under the securities laws of any of the states of the United States of America;

F. To confirm, as further assurance, any security interest or pledge created under this Master Declaration or any Supplemental Declaration;

G. To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the owners of any Outstanding Senior Lien Obligations;

H. So long as a Credit Facility (other than a Reserve Credit Facility) is in full force and effect with respect to the Senior Lien Obligations affected by such Supplemental Declaration, to make any other change which is consented to in writing by the issuer of such Credit Facility other than any change which:

(i) Would result in a downgrading or withdrawal of the rating then assigned to the affected Senior Lien Obligations by the Rating Agencies; or,

(ii) Changes the maturity (except as permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Senior Lien Obligations; or,

(iii) Diminishes the security afforded to Owners by the Credit Facility; or,

(iv) Materially and adversely affects the rights and security afforded to the Owners of any Outstanding Senior Lien Obligations not secured by such Credit Facility; or

(v) Reduces the number or percentage of Owners who are required to consent to a modification of this Master Declaration.

I. To modify any of the provisions of this Master Declaration or any Supplemental Declaration in any other respect whatever, as long as the modification does not take effect until all Senior Lien Obligations that were issued before the date of the modification have been paid or defeased.

11.2. This Master Declaration may be amended for any other purpose only upon consent of Senior Lien Obligation Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Senior Lien Obligations outstanding; provided, however, that no amendment shall be valid without the consent of Senior Lien Obligation Owners of 100 percent (100%) of the aggregate principal amount of the Senior Lien Obligations outstanding which:

A. Extends the maturity of any Senior Lien Obligation, reduces the rate of interest upon any Senior Lien Obligation, extends the time of payment of interest on any Senior Lien Obligation, reduces the amount of principal payable on any Senior Lien Obligation, or reduces any premium payable on any Senior Lien Obligation, without the consent of the affected Senior Lien Obligation Owner; or

B. Reduces the number or percentage of Owners who are required to consent to a modification of this Master Declaration.

11.3. For purposes of Section 11.2, and subject to Section 11.4, the initial purchaser of a series of Senior Lien Obligations may be treated as the Owner of that Series at the time that series of Senior Lien Obligations is delivered in exchange for payment.

11.4. Except as expressly provided in this Master Declaration or any Supplemental Declaration, as long as a Credit Facility securing all or a portion of any Outstanding Senior Lien Obligations is in effect, the issuer of such Credit Facility shall be deemed to be the Senior Lien Obligation Owner of the Senior Lien Obligations secured by such Credit Facility at all times for the purpose of the execution and delivery of a Supplemental Declaration or of any amendment, change or modification of this Master Declaration, any waiver of a default by the City or the City, or the initiation by Senior Lien Obligation Owners of any action which under this Master Declaration requires the written approval or consent of or can be initiated by the Senior Lien Obligation Owners of at least a majority in principal amount of the affected Senior Lien Obligations at the time Outstanding; and following an Event of Default for all other purposes.

A. The issuer of a Credit Facility shall not be allowed to consent to any amendment, change or modification of this Master Declaration which:

(i) Results in a downgrading or withdrawal of the rating then assigned to the affected Senior Lien Obligations by the Rating Agencies; or

(ii) Extends the maturity of any Senior Lien Obligation, reduces the rate of interest upon any Senior Lien Obligation, extends the time of payment of interest on any Senior Lien Obligation, reduces the amount of principal payable on any Senior Lien Obligation, or reduces any premium payable on any Senior Lien Obligation, without the consent of the affected Senior Lien Obligation Owner; or

(iii) Diminishes the security afforded Owners by the Credit Facility; or

(iv) Reduces the number or percentage of Owners who are required to consent to a modification of this Master Declaration.

B. No issuer of a Credit Facility shall be entitled to exercise any rights under this Section during any period where:

(i) The Credit Agreement or Credit Facility to which such Credit Provider is a party is not be in full force and effect;

(ii) The Credit Provider has pending a petition or is otherwise seeking relief under any federal or state bankruptcy or similar law;

(iii) The Credit Provider has, for any reason, failed or refused to honor a proper demand for payment under its Credit Facility; or

(iv) An order or decree has been entered, with the consent or acquiescence of the Credit Provider, appointing a receiver or receivers or the assets of the Credit Provider, or if such order or decree has been entered without the consent or acquiescence of such Credit Provider, the order is not vacated or discharged or stayed within ninety (90) days after its entry.

C. For purposes of determining the percentage of Senior Lien Obligation Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Master Declaration, the Owners of Senior Lien Obligations which pay interest only at maturity, and mature more than one year after they are issued shall be treated as Owners of Senior Lien Obligations in an aggregate principal amount equal to the accreted value of such Senior Lien Obligations as of the date the Registrar sends out notice of requesting consent, waiver or other action as provided herein.

Section 12. Defeasance

12.1. The City may defease and deem all or any portion of the Outstanding Senior Lien Obligations to be paid by:

A. Irrevocably depositing cash or non-callable Defeasance Obligations in escrow in amounts that have been verified by a Qualified Consultant to be sufficient to pay, without reinvestment, the defeased Senior Lien Obligations on the date they mature or the date they have been called for prior redemption; and,

B. Delivering a report of a Qualified Consultant verifying the sufficiency of the escrow described in Section 12.1.A; and,

C. Filing with the escrow agent an opinion of nationally recognized Senior Lien Obligation counsel that the proposed defeasance will not cause interest on the defeased Senior Lien Obligations to be includable in gross income under the Code.

12.2. If Senior Lien Obligations are defeased under this Section, all obligations of the City and the City with respect to those defeased Senior Lien Obligations shall cease and terminate, except for the obligation of the City and the City, the escrow agent and the Registrar to pay the defeased Senior Lien Obligations from the amounts deposited in escrow, and the obligation of the Registrar to continue to transfer Senior Lien Obligations as provided in this Master Declaration.

Section 13. The 2005 Water Revenue Loan.

13.1. Pursuant to the authority of the ORS 271.390, City Resolution No. ___ and this Master Declaration, the City has entered into its 2005 Water Revenue Loan with the Bank in a principal amount of $2,600,000. The 2005 Water Revenue Loan shall be a "Senior Lien Obligation" as defined in this Master Declaration. The 2005 Water Revenue Loan shall be a special obligation of the City, and shall be payable solely from the Net Revenues and amounts required to be deposited in the Senior Lien Obligation Account and Reserve Account as required and as provided by this Master Declaration.

13.2. Tax-Exempt Status:

A. The City covenants for the benefit of the Owners of the 2005 Water Revenue Loan to comply with all provisions of the Code which are required for interest on the 2005 Water Revenue Loan to be excluded from gross income for federal taxation purposes. In determining what actions are required to comply, the City may rely on an opinion of Senior Lien Obligation Counsel. The City makes the following specific covenants with respect to the Code:

(i) The City will not take any action or omit any action if it would cause the 2005 Water Revenue Loan to become "arbitrage bonds" under Section 148 of the Code;

(ii) The City shall operate the facilities financed with the 2005 Water Revenue Loan so that the 2005 Water Revenue Loan do not become "private activity bonds" within the meaning of Section 141 of the Code;

(iii) The City shall pay, when due, all rebates and penalties with respect to the 2005 Water Revenue Loan which are required by Section 148(f) of the Code.

B. The covenants contained in Section 13.2.A and any covenants in the closing documents for the 2005 Water Revenue Loan shall constitute contracts with the owners of the 2005 Water Revenue Loan, and shall be enforceable by them.

C. The City hereby designates the 2005 Water Revenue Loan as a "qualified tax-exempt obligation" under Section 265 of the Code.

13.3. Application of Proceeds.

The 2005 Water Revenue Loan proceeds shall be applied as follows:

(i) An amount of proceeds of the 2005 Water Revenue Loan required to make the balance in the Series 2005 Subaccount of the Reserve Account equal to the Series 2005 Reserve Requirement shall be deposited in the Reserve Account.

(ii) The balance of the 2005 Water Revenue Loan proceeds shall be placed in the Construction Fund, and shall be disbursed only to finance Projects and costs incurred in connection with the issuance of the 2005 Water Revenue Loan.

13.4. Earnings from investment of the funds in the Construction Fund shall be maintained in the Construction Fund, and shall be treated and disbursed as 2005 Water Revenue Loan proceeds. Construction Fund balances attributable to 2005 Water Revenue Loan proceeds which are not needed for the Projects may be transferred to the Senior Lien Obligation Account.

EXECUTED ON BEHALF OF THE CITY OF KEIZER BY ITS CITY OFFICIAL AS OF THE __th DAY OF _____, 2005.

City of Keizer, Marion County, Oregon

By: ___________________________
City Official

Exhibit A

Form of 2005 Water Revenue Loan

Exhibit A to Declaration
2005 Water Revenue Loan

This 2005 Water Revenue Loan is entered into between the City of Keizer, Oregon and Bank of America, N.A. as of this ___ day of _____, 2005.

1. Definitions.

For purposes of this 2005 Water Revenue Loan, and unless the context clearly requires otherwise, capitalized terms used in this Facility have following meanings, and capitalized terms used but not defined in this Facility have the meanings defined for such terms in the Master Declaration.

"2005 Project" means improvements to the Water System.

"Bank" means Bank of America, N.A., or its successors.

"City" means the City of Keizer, Oregon.

"Code" means the Internal Revenue Code of 1986, as amended.

"Event of Default" has the meaning defined for that term in the Master Declaration, and also includes, but solely for purposes of this 2005 Water Revenue Loan, any material misrepresentation by the City in this Facility or the Resolution.

"Facility" means this 2005 Water Revenue Loan.

"Master Declaration" means the City of Keizer Master Water System Financing Declaration that is dated as of ____, 2005, including any amendments made pursuant to its terms. The provisions of the Master Declaration are incorporated into this Facility by this reference.

"Resolution" means City Resolution No. __, authorizing this Facility.

2. Recitals.

The City Council has adopted the Resolution, which authorizes the City to borrow up to $2,600,000 under ORS 271.390 to finance costs of the 2005 Project.

3. Facility.

3.1. The Bank hereby agrees to loan the City $2,600,000 under the terms and conditions of this Facility.

3.2. The City shall pay to the Bank the amount loaned under this Facility, but solely from the sources identified in Section 5, below, in the following annual installments. Principal installments are payable on September 1 of each of the following years, together with interest on the unpaid principal amount at the rate of ___ percent (__%) per annum, payable semiannually on March 1 and September 1 of each year, commencing March 1, 2006, and calculated on the basis of a 360 day year consisting of twelve 30 day months:

Date	Principal Payment	Interest Payment	Total Payment
[to be completed when the rate is set]			

All principal and interest on this Facility are due on September 1, 2020.

4. Prepayment.

4.1. Optional Prepayment.

(a) The principal balance of this Facility may not be prepaid prior to September 1, 2008. All or any portion of the principal balance may be prepaid on the following dates by paying the principal amount to be prepaid, accrued interest on that principal amount, and the following premium (expressed as a percentage of the principal amount to be prepaid):

September 1, 2008 and March 1, 2009:	Five percent
September 1, 2009 and March 1, 2010:	Four percent
September 1, 2010 and March 1, 2011:	Three percent
September 1, 2011 and March 1, 2012:	Two percent
September 1, 2012 and March 1, 2013:	One percent
September 1, 2013 and any interest payment date thereafter:	Zero percent

5. Security for Facility.

This Facility is a Senior Lien Obligation under the Master Declaration. This Facility is a special obligation of the City that is payable solely from the Net Revenues and other amounts pledged or committed to pay Senior Lien Obligations in the Master Declaration. This Facility is not a general obligation of the City, and it is not payable from any taxes or revenues other than the revenues that are committed to pay this Facility in the Master Declaration.

6. Extension.

This Facility may be extended only by written agreement of the City and the Bank.

7. Deposit and Use of Facility Proceeds.

The proceeds of this Facility shall be used by the City to pay costs of the 2005 Project and costs related to obtaining this Facility.

8. Tax-Exemption.

8.1. The City covenants for the benefit of the Bank to comply with all provisions of the Code which are required for interest on this Facility to be excluded from gross income under the Code. In determining what actions are required to comply, the City may rely on an opinion of nationally recognized bond counsel. The City makes the following specific covenants with respect to the Code:

(a) The City will not take any action or omit any action if it would cause this Facility to become an "arbitrage bond" under Section 148 of the Code;

(b) The City shall not take any action that would cause this Facility to be a private activity bond within the meaning of Section 141 of the Code;

(c) The City shall pay, when due, all rebates and penalties with respect to this Facility that are required by Section 148(f) of the Code.

8.2. The covenants contained in this Section 8 and any covenants in the closing documents for this Facility shall constitute contracts with the Bank, and shall be enforceable by them.

8.3. The City has designated this Facility as a "qualified tax-exempt obligation" under Section 265 of the Code.

9. Default.

9.1. If an Event of Default occurs, the Bank may exercise any remedy available to an Owner under the Master Declaration.

9.2. If the Bank is in default of any of its obligations under this Facility , the City may exercise any remedy available at law or in equity. In addition, upon the occurrence of an Event of Default due to the City's failure to pay any Facility principal or interest when due, as provided herein, or if the interest on the Facility ceases to be excluded from gross income for federal income taxation purposes, or if the Facility is not a "qualified tax-exempt obligation" pursuant to Section 265 of the Code, then the Bank may declare that the principal amount of the Facility then outstanding shall bear interest at a fixed interest rate equal to the interest rate specified in Section 3 above plus two (2.0) percentage points, effective as of the date the Event of Default occurs. No remedy shall be exclusive. The City may waive any Bank default, but no such waiver shall extend to a subsequent Bank default.

10. Fees, Costs and Expenses.

10.1. Bank Fees. The City shall pay the bank a fee of $2,600.00 at closing, and the fees of Bank counsel relating to this Facility in an amount not to exceed $500.00. The City shall not be obligated to pay the Bank any other fees in connection with this Facility.

10.2. Costs of Enforcement. If either party incurs any expenses in connection with enforcing this Facility, or if the Bank takes collection action under this Facility, 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 City shall pay the fees and costs of Preston Gates & Ellis LLP ("Bond Counsel"), and any other expenses and costs which the City incurs in connection with this Facility.

11. Representations, Warranties and Agreements of the City.

By executing this Facility in the space provided below, the City represents and warrants to, and agrees with the Bank that:

11.1. The City is duly created and existing under the laws of the State of Oregon, has all necessary power and authority to enter into this Facility and perform its duties under the Resolution and this Facility, and that the Resolution, this Facility will constitute legal, valid and binding obligations of the City which are enforceable in accordance with their terms.

11.2. The acceptance of this Facility, the adoption of the Resolution and the execution and delivery of the Note will not conflict in any material respect with, or constitute a material breach of or default under, any law, charter provision, court decree, administrative regulation, Resolution or other agreement to which the City is a party or by which it is bound.

11.3. Except as previously disclosed to the Bank, there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the acceptance of this Facility, the adoption of the Resolution or the execution and delivery of the Note, or the collection and application of the funds as contemplated by the Resolution and this Facility, which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Facility.

11.4. To the extent permitted by law, the City agrees to indemnify and hold harmless the Bank and all of its agents and employees against any and all losses, claims, damages, liabilities and expenses arising out of any statement made by the City to the Bank, its agents or employees, which relates to this Facility , and which is untrue or incorrect in any material respect.

12. Financial Statements; Notice of Adverse Developments; Budgets.

While this Facility is in effect the City shall provide the Bank with:

12.1. A copy of each of the City's final, annual audited financial statements within 210 days after the end of each fiscal year.

12.2. Each budget of the City which is adopted, within forty-five (45) days after each budget is adopted.

12.3. Prompt notice of any event that the City reasonably expects will materially and adversely affect the Net Revenues.

12.4. A copy of the City's calculations, prepared pursuant to Section 5.4 of the Resolution, demonstrating that it has complied with Sections 5.2 and 5.3 of the Resolution, not later than ninety (90) days after the beginning of each Fiscal Year.

13. Conditions to the Obligations of the Bank.

The Bank may refuse to advance funds under this Facility:

13.1. If there has occurred:

(a) a declaration of war or engagement in major military hostilities by the United States or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community and the United States which in the reasonable opinion of the Bank materially disrupts the ability of the Bank to advance funds under this Facility;

(b) a declaration of a general banking moratorium by federal, New York, California or Oregon authorities, or the general suspension of trading on any national securities exchange, which in the reasonable opinion of the Bank materially disrupts the ability of the Bank to advance funds under this Facility.

13.2. If on or prior to the execution of this Facility the Bank shall not have received:

(a) an opinion of Bond Counsel to the effect that the Facility and Note are valid and legally binding full faith and credit obligations of the City enforceable against the City in accordance with their terms, and that interest on the Facility and Note are excludable from gross income under the Code.

(b) the certificate of a Finance Director to the effect that:

(i) except as previously disclosed to the Bank, there is no action, suit, proceeding or investigation at law or in equity before or by any court or government, city or body pending or, to the best of the knowledge of the City, threatened against the City to restrain or enjoin the adoption of the Resolution or the execution and delivery of this Facility and the Note, or the collection and application of funds as contemplated by this Facility , which, in the reasonable judgment of the City, would have a material and adverse effect on the ability of the City to pay the amounts due under this Facility, and

(ii) the adoption of the Resolution and the execution and delivery of this Facility do not and will not conflict in any material respect with or constitute on the part of the City a breach of or default under any law, charter provision, court decree, administrative regulation, Resolution or other agreement or instrument to which the City is a party or by which it is bound.

13.3. If the Bank reasonably determines that:

(a) the representations and warranties of the City in this Facility and the Resolution were untrue in any material respect when made, or have become untrue; or

(b) there has been a material, adverse change in the financial condition of the Water System; or

(c) an Event of Default has occurred and is continuing.

14. Arbitration and Waiver of Jury Trial.

14.1. This Section concerns the resolution of any controversies or claims between the City and the Bank (the "parties") whether arising in contract, tort or by statute, including but not limited to controversies or claims that arise out of or relate to: (i) this Facility (including any renewals, extensions or modifications); or (ii) any document related to this Facility (collectively a "Claim"). For the purposes of this arbitration provision only, the term "parties" shall include any parent corporation, subsidiary or affiliate of the Bank involved in the servicing, management or administration of any obligation described or evidenced by this Facility.

14.2. At the request of any party to this Facility, any Claim shall be resolved by binding arbitration in accordance with the Federal Arbitration Act (Title 9, U.S. Code) (the "Act"). The Act will apply even though this Facility provides that it is governed by the law of a specified state. The arbitration will take place on an individual basis without resort to any form of class action.

14.3. Arbitration proceedings will be determined in accordance with the Act, the then-current rules and procedures for the arbitration of financial services disputes of the American Arbitration Association or any successor thereof ("AAA"), and the terms of this paragraph. In the event of any inconsistency, the terms of this paragraph shall control. If AAA is unwilling or unable to (i) serve as the provider of arbitration or (ii) enforce any provision of this arbitration clause, any party to this Facility may substitute another arbitration organization with similar procedures to serve as the provider of arbitration.

14.4. The arbitration shall be administered by AAA and conducted, unless otherwise required by law, in any U.S. state where real or tangible personal property collateral for this credit is located or if there is no such collateral, in the state specified in the governing law section of this Facility. All Claims shall be determined by one arbitrator; however, if Claims exceed Five Million Dollars ($5,000,000), upon the request of any party, the Claims shall be decided by three arbitrators. All arbitration hearings shall commence within ninety (90) days of the demand for arbitration and close within ninety (90) days of commencement and the award of the arbitrator(s) shall be issued within thirty (30) days of the close of the hearing. However, the arbitrator(s), upon a showing of good cause, may extend the commencement of the hearing for up to an additional sixty (60) days. The arbitrator(s) shall provide a concise written statement of reasons for the award. The arbitration award may be submitted to any court having jurisdiction to be confirmed, judgment entered and enforced.

14.5. The arbitrator(s) will give effect to statutes of limitation in determining any Claim and may dismiss the arbitration on the basis that the Claim is barred. For purposes of the application of the statute of limitations, the service on AAA under applicable AAA rules of a notice of Claim is the equivalent of the filing of a lawsuit. Any dispute concerning this arbitration provision or whether a Claim is arbitrable shall be determined by the arbitrator(s). The arbitrator(s) shall have the power to award legal fees pursuant to the terms of this Facility.

14.6. This paragraph does not limit the right of any party to: (i) exercise self-help remedies, such as but not limited to, setoff; (ii) initiate judicial or non-judicial foreclosure against any real or personal property collateral; (iii) exercise any judicial or power of sale rights, or (iv) act in a court of law to obtain an interim remedy, such as but not limited to, injunctive relief, writ of possession or appointment of a receiver, or additional or supplementary remedies.

14.7. The filing of a court action is not intended to constitute a waiver of the right of any party, including the suing party, thereafter to require submittal of the Claim to arbitration.

14.8. By agreeing to binding arbitration, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of any Claim. Furthermore, without intending in any way to limit this Facility to arbitrate, to the extent any Claim is not arbitrated, the parties irrevocably and voluntarily waive any right they may have to a trial by jury in respect of such Claim. This provision is a material inducement for the parties entering into this Facility.

15. Notices.

Any notices required to be given pursuant to this commitment letter or this Facility shall be given to the following addresses:

City:

City of Keizer
930 Chemawa Road NE
Keizer, OR 97303
Attention: Finance Director

Bank:

Bank of America, N.A.
Government Banking [OR 1-129-17-15]
1700 Bank of America Financial Center
121 S.W. Morrison Street
Portland, OR 97204-3117

16. Survival; Facility Constitutes Contract.

This Facility may not be assigned by the City or the Bank without the other's consent. All representations, warranties, and agreements contained in this Facility shall survive the execution, delivery and payment of this Facility. This Facility shall constitute a contract between the City and the Bank. The Bank's extension of credit hereunder is expressly made in reliance on such contract.

17. Applicable Law.

This Facility shall be governed and interpreted in accordance with the laws of the State of Oregon.

18. Severability and Waivers.

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

19. Counterparts.

This Facility 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.

20. Written Agreements.

Under Oregon law, most agreements, promises and commitments made by the Bank after October 3, 1989, 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 Bank to be enforceable.

DATED as of this __ day of September, 2005.

BANK OF AMERICA, N.A.

By:___________________________________
Senior Vice President

CITY OF KEIZER, OREGON

By:___________________________________
Finance Director

COUNCIL MEETING: September 19, 2005

AGENDA ITEM NUMBER:____________

TO: MAYOR CHRISTOPHER AND COUNCIL MEMBERS

THROUGH : CHRIS EPPLEY
CITY MANAGER

FROM: SUSAN GAHLSDORF, CPA
FINANCE DIRECTOR

SUBJECT Supplemental budget for office expansion costs

ISSUE: The Fiscal Year 2005-2006 budget provides for a new Senior Planner position. At the time of the budget preparation, staff anticipated finding office space within the existing City Hall configuration. However, Staff has since discovered that reconfiguring certain areas at City Hall would best meet the needs of the City.

FISCAL IMPACT: The reconfiguration is expected to cost no more than $22,000. Staff recommends allocating the costs based on the FTE (full-time equivalent) of the employees sharing office space at City Hall. This results in the following funding allocation:

	Cost	Remaining Contingency
General Fund	$10,560	$ 52,840
Street Fund	1,980	4,420
Utility Fund	2,640	10,760
Water Fund	4,180	63,420
SLD Fund	440	19,060
Urban Renewal Fund	2,200	3,294,600
Total Cost	$22,000	

Note: Due to the immaterial cost of the Urban Renewal allocation in relation to the Urban Renewal Budget as a whole, staff has determined that a supplemental budget is not necessary at this time. Consequently a public meeting has not been scheduled for this issue. However, it is staff's intention to have the Urban Renewal Agency pay its share of the cost as identified above.

RECOMMENDATION:

Staff recommends the Council adopt the attached resolutions authorizing transfer of contingency to fund the cost of expanding office space at City Hall.

CITY COUNCIL, CITY OF KEIZER, STATE OF OREGON

Resolution R2005-_____

AUTHORIZATION FOR RESOLUTION TRANSFER

WHEREAS, the Fiscal Year 2005-2006 adopted budget for the City of Keizer provides for contingency funds to cover unforeseen costs. WHEREAS, a critical need has been identified to reconfigure the office space at City Hall.

WHEREAS, ORS 294.450 allows for the transfer of appropriations within a fund during the fiscal year; NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Keizer, that appropriation transfers for the fiscal year ending June 30, 2006 be authorized in the amounts indicated below:

	Decrease	Increase
General Fund		
Contingency	$10,590	
Transfer to City Hall Facility Fund		$10,590
Street Fund		
Materials & Services Contingency	$ 1,980	
Transfer to City Hall Facility Fund		$ 1,980
Sewer Fund		
Contingency	$ 2,640	
Transfer to City Hall Facility Fund		$2,640
Water Fund		
Contingency	$4,180	
Transfer to City Hall Facility Fund		$4,180
SLD Fund		
Contingency	$ 440	
Transfer to City Hall Facility Fund		$ 440

	Increase	Increase
City Hall Facility Fund		
Transfer from Other Funds	$19,800	
City Hall Improvements		$19,800

PASSED this _____ day of __________________, 2005.

SIGNED this _____ day of __________________, 2005.

____

Mayor

____

City Recorder