

**TOWN OF PARADISE
RESOLUTION NO. 11-31**

**A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF PARADISE,
CALIFORNIA, AUTHORIZING THE MAYOR AND THE TOWN MANAGER
TO EXECUTE DOCUMENTS FOR A TAX AND REVENUE ANTICIPATION
NOTE THROUGH US BANK**

WHEREAS, The Town of Paradise desires to obtain short term financing through a Tax and Revenue Anticipation Note (“TRAN”) in an amount not to exceed \$3,000,000; and,

WHEREAS, the Town of Paradise solicited proposals for a TRAN from financial institutions qualified to provide such services; and,

WHEREAS, US Bank represents to the Town of Paradise that it meets the requisite legal and other qualifications and possesses sufficient financial strength and capacity to render the TRAN sought by the Town.

NOW, THEREFORE BE IT RESOLVED by the Town Council of the Town of Paradise as follows:

The Mayor and Town Manager are authorized to execute the documents relating to approving the TRAN financing with US Bank National Association based on the provisions set forth on Exhibit “A”.

PASSED AND ADOPTED by the Town Council of the Town of Paradise this 2nd day of August, 2011 by the following vote:

AYES: Steve “Woody” Culleton, Joe DiDuca, Scott Lotter, Tim Titus and Alan White, Mayor

NOES: None

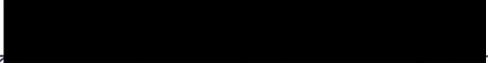
ABSENT: None

NOT VOTING: None



Alan White, Mayor

ATTEST: 8/8/2011

BY: 
Joanna Gutierrez, CMC, Town Clerk

APPROVED AS TO LEGAL FORM:
BY: 
Dwight L. Moore, Town Attorney



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EXHIBIT "A"

Government Banking Division
5th Floor (PD-OR-T5GB)
111 SW Fifth Avenue, Suite 550
Portland, OR 97204
(503) 275-3204 direct
(503) 275-7565 fax

July 21, 2011

Town of Paradise
5555 Skyway
Paradise, CA 95969

Attn: Gina Will, Finance Director
gwill@townofparadise.com

U.S. Bank National Association ("U.S. Bank") is pleased to consider your request to provide financing to the Town of Paradise ("Town"). A summary of some of the terms U.S. Bank is considering for this financing package is as follows:

Re: **Up to \$3,000,000.00**
Town of Paradise
Tax and Revenue Anticipation Note ("TRAN")

The TRAN to the Town of Paradise is for the payment of operating expenditures prior to the receipt of tax revenues as permitted under California Government Code Section 53850-53858.

Fixed Rate Financing:

Amount: Maximum: \$3,000,000.00

Length: Term: 10 months

Interest Rate: A fixed-rate of 2.30% Bank Qualified Tax Exempt, such rate to expire on August 5, 2011, such rate to be adjusted as of the date of funding so as to maintain the same margin over U.S. Bank's cost of funds as that which is included in the above indicated rate. Accrual to be on a 30/360 day basis. This rate assumes that the Town and legal counsel will designate the Financing as tax-exempt (bank qualified) under existing federal tax regulations.

Fee: An origination fee of \$3,000 will be due at closing and will be deducted from the proceeds of the TRAN.

Payments: The Interest Rate, above, assumes equal payments of interest and principal paid semi-annually. See amortization schedules included with this letter.

Prepayments: The Financing under the proposed Interest Rate may be prepaid prior to the stated maturity date.

Security: The TRAN will be a general obligation of the Town of Paradise. U.S. Bank will not take a subordinated lien position to any other financing. The TRAN will be secured by a pledge of the Full Faith and Credit of the Town of Paradise and not subject to annual appropriation.

Costs: Various costs, expenses and fees, relating to due diligence and the TRAN documentation, including all legal fees and expenses, are the responsibility of the Town. U.S. Bank may require separate legal counsel ("Bank Counsel") to work with the Town's bond counsel ("Bond Counsel") in structuring the documents in accordance with



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U.S. Bank policies. Bank Counsel will have a significant influence on the structure of the TRAN as well as TRAN documents. U.S. Bank currently anticipates not requiring separate Bank Counsel.

Covenant: Documentation will include standard covenants regarding maintenance of business operations, adequate insurance coverage, agreement to take all actions necessary to preserve tax-exempt status of the obligation, and to collect fees, taxes and other revenues in an amount sufficient to meet all the Town's obligations, including debt service on this obligation.

Documentation: Documentation for the transaction will be provided by nationally recognized bond counsel of the District's choice at the cost of the Town. Documentation will include an appropriate authorizing resolution or ordinance, 8038 filing, revenue anticipation note, and counsel opinion that the TRAN is a legal, valid, binding, enforceable and properly authorized obligation of the Town of Paradise. In addition, documentation will require the California Judicial Reference Agreement between the Town and U.S. Bank. The Town will designate the TRAN as a "tax-exempt, bank qualified obligation" under section 265(b) of the Internal Revenue Code of 1986, as amended, for investment by financial institutions.

Other: The County will covenant to automatically provide the Government Banking Division of U.S. Bank with copies of its annual, audited financial statements within 270 days of the end of each fiscal year for the duration of the TRAN.

U.S. Bank's continued involvement with this financing is predicated upon U.S. Bank obtaining credit approval of the various terms, conditions, and creditworthiness of the Town. The credit approval process includes the mandatory analysis of the Town's most recent three years of audited financial statements. The Bank is in possession of the Town's Fiscal Year End Reports for 2008, 2009 and 2010.

This Letter of Interest automatically expires 14 business days from Friday, July 22, 2011.

As we obtain more information, additional substantive conditions will be required and terms may be changed or be supplemented. In addition, upon completion of our analysis and due diligence and if we obtain credit approval of this proposal, recognized bond counsel, at the Town's expense, will prepare loan documentation which will include terms and conditions customary to U.S. Bank, as well as warranties and covenants specific to this transaction.

To that end, this letter is an expression of interest only, and it is not a contract, commitment nor intent to be bound. U.S. Bank does not intend that this letter or discussions relative to the terms of this letter create any legal rights or obligations, implicit or explicit, in favor of or against the other party. Also, no oral discussions and/or written agreements shall be in place of or supersede written loan agreements executed by your business and accepted by U.S. Bank.

Thank you for discussing your financing needs with U.S. Bank. Should you wish us to continue to consider your credit request, you will be responsible for all of U.S. Bank's out-of-pocket expenses related to this financing request. We look forward to the opportunity to consider your credit request.

If you have any questions regarding this letter, please contact me at (503) 275-3204 or email zoeann.liggett@usbank.com.

Very truly yours,

U.S. BANK NATIONAL ASSOCIATION

Zoe Ann Liggett

Zoe Ann Liggett
Debt Finance Associate
Government Banking Division

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