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10/20/15

ROSEBURG URBAN RENEWAL AGENCY
BOARD MEETING AGENDA
October 26, 2015



7:00 p.m. City Hall Council Chambers
(Immediately following City Council meeting)

1. **CALL TO ORDER:** Larry Rich, Chairperson

2. **ROLL CALL OF BOARD MEMBERS**
Alison Eggers Ken Fazio Victoria Hawks Steve Kaser
Lew Marks John McDonald Tom Ryan Andrea Zielinski

3. **CONSENT AGENDA**
 - A. Minutes of September 28, 2015
 - B. Urban Renewal Line of Credit Authorization and Intergovernmental Agreement, Resolution No. UR-2015-03

4. **AUDIENCE PARTICIPATION**

5. **ADJOURNMENT**

6. **EXECUTIVE SESSION – ORS 192.660(2)**

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**MINUTES OF THE ROSEBURG
URBAN RENEWAL AGENCY BOARD MEETING
September 28, 2015**

A meeting of the Roseburg Urban Renewal Agency Board was called to order by Chair Larry Rich at 8:32 p.m. on Monday, September 28, 2015, in the Roseburg City Hall Council Chambers, 900 SE Douglas, Roseburg, Oregon.

ROLL CALL

Present: Board Members Tom Ryan, Ken Fazio, Victoria Hawks, Steve Kaser, John McDonald and Andrea Zielinski.

Absent: Board Members Lew Marks and Alison Eggers.

Others present: City Manager Lance Colley, City Attorney Bruce Coalwell, City Recorder Sheila Cox, Public Works Director Nikki Messenger, Finance Director Ron Harker, Community Development Director Brian Davis, Human Resources Director John VanWinkle, Police Chief Jim Burge, Management Technician Debi Davidson, Troy Brynelson of the News Review and Kyle Bailey of KQEN Radio.

CONSENT AGENDA

Ryan moved to approve the following consent agenda items:

- A. Minutes of September 14, 2015 meeting.
- B. Intergovernmental Agreement with RUSA to include sanitary sewer improvements in the Spruce/Parrott Street Improvement Project.

Motion was seconded by Fazio and carried unanimously.

PARKING GARAGE IMPROVEMENT PROJECT DESIGN AND CONSTRUCTION
MANAGEMENT SERVICES CONTRACT AWARD – 13UR04

Colley discussed the need to make changes to the parking structure to improve safety and aesthetics, with the intent to bid the improvements in January with construction in the spring. Fazio moved to award the design, bidding and construction management contract for the Parking Garage Improvements Project to PIVOT Architecture for an amount not to exceed \$54,000. Motion was seconded by Hawks and carried unanimously.

ADJOURNMENT

The meeting adjourned at 8:37 p.m.


Debi Davidson
Management Technician

ROSEBURG URBAN RENEWAL BOARD AGENDA ITEM SUMMARY



Resolution UR-15-03; Authorizing Indebtedness for Capital Projects Described in the Urban Renewal Plan for the North Roseburg Urban Renewal Area

Meeting Date: October 26, 2015
Department: Finance
www.cityofroseburg.org

Agenda Section: Resolutions
Staff Contact: Ron Harker
Contact Telephone Number: 541-492-6710

ISSUE STATEMENT AND SUMMARY

As the City prepares for the sun setting of its Urban Renewal District in fiscal year 2019, plans are being finalized to balance and maximize the benefit of the final capital improvements with available resources. In order to facilitate the maximum number of capital improvement projects within the Urban Renewal District it is requisite that some form of interim financing be established. The City is working with Umpqua Bank to establish a non-revolving Line of Credit of \$4.5 million at 2.8% per annum in order to provide the cash flow requirements that will be required to carry out the capital improvement plans for the District over the next three and a half years.

In order to minimize the interest rate and thereby the cost of the debt, the proposed structure requires the City's backing by extending its full faith and credit and taxing power to the financing, which in turn requires an Intergovernmental Agreement Between the City and the Urban Renewal Agency to cause the Agency to be indebted to the City to cover the cost of the financing. In short, the City issues the debt to secure the needed financing for the Agency and in return the Agency will pay the City the cost of the debt from its tax increment financing revenues.

BACKGROUND

A. Council Action History. On June 8, 2015 the City Council, acting as the Roseburg Urban Renewal Agency, adopted the 2015-16 Urban Renewal Agency budget which include \$2.1 million in Bond/Loan Proceeds to facilitate the budgeted capital improvements for the current year. In order to realize these budgeted revenues, it is requisite that financing be established.

B. Analysis. Over the next four fiscal years the City projects to carry out approximately \$13 million in capital improvements. In order to facilitate the capital improvement program a cash flow study identified periods of time during the final years of the Agency that will require financing to meet the Agency's cash flow needs. The Cash Flow Study indicates that the Agency will need to finance upwards of \$4.5 million during this time.

Given the short term nature of the required financing, and in order to save time, ensure flexibility, and to minimize costs it was determined that a non-revolving line of credit would be the best financing instrument for the City to pursue. The advantages of a non-revolving line of credit are:

1. A single line of credit could be issued instead of multiple bonds thereby saving staff time and expense on a single event instead of multiple events.
2. The issuance cost of a line of credit is less than that for bonds.
3. Line of credits allow the City to use only what is required thereby minimizing the amount of debt actually realized as opposed to fixed financing amounts of bonds.
4. Line of credits allow the City to adjust the timing and amounts of its draws to coincide with capital requirements thereby avoiding potential arbitrage issues and costs.
5. Due to the short term nature of a line of credit and being backed by the City's full faith and credit and taxing power, the resulting interest rate is very competitive to other financings such as bonds.

In pursuing financing through a line of credit, the City has been working with Umpqua Bank and has been able to agree on terms that would establish a non-revolving line of credit of \$4.5 million at a 2.8 percent per annum interest rate with a final maturity of June 30, 2019.

In order for the City to secure a claim on the tax increment financing of the Urban Renewal Agency for repayment of the debt, it is required to enter into an Intergovernmental Agreement with the Agency that effectively establishes the indebtedness of the Agency to the City. The attached Resolution and Intergovernmental agreement were drafted by the City's Bond Counsel and the resolution effectively:

- Obligates the Agency to pay up to \$4.5 million in principal and interest to finance the planned Urban Renewal projects and the issuance costs of the financing, and
- Authorizes either the City Manager or his designate to finalize and execute the intergovernmental agreement between the Agency and the City.

While the Intergovernmental Agreement:

- restricts the use of financing proceeds the Agency receives from the City on the projects that comprise the Urban Renewal capital improvement plan,
- obligates the Agency to pay the City amounts equal to the financing payments in a maximum principal amount of \$4.5 million, and
- obligates the Agency to make payments due solely from tax increment revenues received by the Agency.

C. Financial and/or Resource Considerations. Establishment of the line of credit will provide upwards of \$4.5 million in financing revenues. Cash flow projects indicate that interest payments under the terms of the financing would be upwards of \$173,500 over the four fiscal years.

D. Timing Issues. The current Urban Renewal Budget includes \$2.1 million in financing revenues and is required to realize the planned capital improvements in the Urban Renewal Agency's district. The cash flow forecast projected that the first drawdown would be required

in December and as the City is proceeding with the planned capital improvements the establishment of the financing needs to be finalized.

COUNCIL OPTIONS

- 1) Adopt the attached resolution as written; or
- 2) Adopt the attached resolution with modifications; or
- 3) Direct staff to pursue another form of financing.

STAFF RECOMMENDATION

Since a line of credit provides many advantages to the City and permits the City in moving forward with planned capital improvements it is staff's recommendation to adopt the attached resolution as is.

SUGGESTED MOTION

I move to adopt Resolution No. UR-15-03 Authorizing Indebtedness for Capital Projects Described in the Urban Renewal Plan for the North Roseburg Urban Renewal Area.

ATTACHMENTS

Attachment 1 Resolution No. UR-15-03 "A Resolution of the Urban Renewal Agency of the City of Roseburg, Oregon Authorizing Indebtedness for Capital Projects Described in the Urban Renewal Plan for the North Roseburg Urban Renewal Area".

RESOLUTION NO. UR-15-03

A RESOLUTION OF THE URBAN RENEWAL AGENCY OF THE CITY OF ROSEBURG, OREGON AUTHORIZING INDEBTEDNESS FOR CAPITAL PROJECTS DESCRIBED IN THE URBAN RENEWAL PLAN FOR THE NORTH ROSEBURG URBAN RENEWAL AREA.

WHEREAS, the Urban Renewal Agency of the City of Roseburg, Oregon (the "Agency") is authorized by Oregon Revised Statutes Chapter 457 to incur indebtedness to carry out its North Roseburg Urban Renewal Plan (the "Plan") and by Oregon Revised Statutes Chapter 190 to enter into intergovernmental agreements; and,

WHEREAS, the City of Roseburg, Oregon (the "City") has agreed to finance the cost of projects in the Plan, including sidewalk, path and street improvements, a retaining wall, park improvements, and a plaza (collectively, the "Projects") in an amount not to exceed \$4,500,000 and wishes to pay the debt service from the tax increment revenues of the North Roseburg Urban Renewal Area (the "Area"); and,

WHEREAS, all of the Projects will be located within the within the Area and owned by the Agency or the City; and,

WHEREAS, the Area is projected to have sufficient tax increment revenues to pay the debt service on the City's financing for the Projects; and,

WHEREAS, the Agency is willing to commit tax increment revenues from the Area in amounts sufficient to pay up to \$4,500,000 in principal amount of financing for the Projects, plus interest; and,

WHEREAS, the City has approved a maximum indebtedness for the Area of \$77,250,133, the Agency has used \$31,848,271 of that capacity, leaving \$45,401,862 of capacity remaining under that maximum indebtedness limit and the Agency is willing to use \$4,500,000 of that maximum indebtedness to finance the Projects; and,

NOW, THEREFORE, the Board of the Urban Renewal Agency of the City of Roseburg, Oregon resolves as follows:

Section 1. Intergovernmental agreement authorized. The Agency Board hereby authorizes the Agency to enter into an intergovernmental agreement with the City that obligates the Agency to pay up to \$4,500,000 in principal amount, plus interest, to finance the Projects and pay costs of issuance of the financing. The intergovernmental agreement shall constitute indebtedness of the Agency that is payable solely from the tax increment revenues of Area and interest earnings on those tax increment revenues. The intergovernmental agreement shall be in substantially the form attached to this resolution as Exhibit A but with such changes as are approved pursuant to Section 2 of this resolution.

Section 2. Delegation. The City Manager, the Finance Director of the City or a person designated by the City Manager to act under this resolution is hereby authorized, on behalf of the Agency and without further action by the Agency Board to negotiate the final terms of and execute the intergovernmental agreement described in Section 1 of this resolution, and to execute any documents and take any other actions that are desirable to assist the City in financing the Projects.

Effective Date. This resolution is effective immediately upon adoption.

ADOPTED this 26th day of October 2015.

**URBAN RENEWAL AGENCY OF THE CITY
OF ROSEBURG, OREGON**

BY _____
Larry Rich, Agency Board Chair

**Intergovernmental Agreement
to Make Financing Payments**

by and between the

Urban Renewal Agency of the City of Roseburg, Oregon

and the

City of Roseburg, Oregon

Dated as of _____, 2015

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**Intergovernmental Agreement
to Make Financing Payments**

This Intergovernmental Agreement to Make Financing Payments (the “Intergovernmental Agreement”) is dated as of _____, and is entered into by and between the Urban Renewal Agency of the City of Roseburg, Oregon (the “Agency”) and the City of Roseburg, Oregon (the “City”). The parties hereby agree as follows:

Section 1. Definitions and Recitals.

(1) Definitions.

Unless the context clearly requires otherwise, capitalized terms used in this Intergovernmental Agreement that are defined in this Section 1(1) shall have the following meanings:

“Area” means the North Roseburg Urban Renewal Area described in the Plan.

“Credit Facility” means the Tax-Exempt Non-Revolving Credit Facility (Urban Renewal Projects) between the City and Umpqua Bank in the maximum principal amount of \$4,500,000 to finance the Projects, which is dated as of _____, 2015.

“Financing Payments” means the principal and interest payments the City is required to make to Umpqua Bank under the Credit Facility.

“Plan” means the Agency’s North Roseburg Urban Renewal Plan approved by City Ordinance No. ____, as that plan has been, and may in the future be, amended.

“Projects” means projects described in the Plan, including sidewalk, path and street improvements, a retaining wall, park improvements, and a plaza.

“Tax Increment Revenues” means all revenues that the Agency collects for the North Roseburg Urban Renewal Area under the provisions of Article IX, Section 1c of the Oregon Constitution and Oregon Revised Statutes Chapter 457.

(2) Findings.

- (A) The City has entered into the Credit Facility to finance costs of the Projects and to pay costs of issuance.
- (B) The Projects are properly described as urban renewal projects in the Plan.
- (C) The Agency is authorized to spend Tax Increment Revenues to pay for the costs of the Projects.
- (D) The Projects will assist the Agency in carrying out its Plan.

- (E) The Agency will only spend the proceeds of the Credit Facility it receives from the City on the Projects so long as the Projects are described in the Plan, located in the Area, and are owned by the City or the Agency.
- (F) The Agency has \$45,401,862 of unused maximum indebtedness available prior to executing this Intergovernmental Agreement.

Section 2. The Financing Payments.

- (1) The Draws under the Credit Facility.

The Agency will provide the City the amount and date of draws in time to allow the Agency to request the draws from Umpqua Bank.

- (2) The Financing Payments.

The Agency hereby agrees to pay to the City, not less than one business day prior to the dates on which the City is required to pay the Financing Payments, amounts that are equal to the Financing Payments in a maximum principal amount of \$4,500,000. The City agrees to provide the Agency the calculation of the amount due on each Payment Date promptly when it becomes available to the City. The dates on which Financing Payments are due and the method for calculating the Financing Payments are outlined in the Credit Facility.

- (3) Security for the Obligation of the Agency to Pay the Financing Payments.

This Intergovernmental Agreement shall constitute indebtedness of the Agency. The Agency is obligated to make the payments due under this Intergovernmental Agreement solely from the Tax Increment Revenues. Pursuant to Oregon Revised Statutes Section 287A.310, the Agency pledges the Tax Increment Revenues to pay the amounts described in Section 2.2 of this Intergovernmental Agreement. Except as described in the next sentence, the pledge that secures this Intergovernmental Agreement shall be superior to all other pledges or commitments of Tax Increment Revenues that the Agency makes, unless the City agrees in writing to subordinate its claim against the Tax Increment Revenues or to grant a lien on the Tax Increment Revenues on parity. However, the pledge of Tax Increment Revenues to pay amounts described in Section 2.1 of this Intergovernmental Agreement is subordinate to the pledge that secures the Intergovernmental Agreement between the City and the Agency dated October 5, 2006, and is on parity with the pledge of Tax Increment Revenues that secures the Intergovernmental Agreement between the City and the Agency dated January 4, 2007.

Section 3. Prepayment.

If the City exercises its option to prepay the Financing Payments in whole or in part, unless the Agency consents in advance and in writing, the Agency shall not be obligated to prepay the amounts due from it under this Intergovernmental Agreement.

Section 4. Estoppel.

The Agency hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and by this Intergovernmental Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Intergovernmental Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Intergovernmental Agreement is a valid and binding obligation of the Agency that is enforceable against the Agency in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

Section 5. Title.

Neither the City nor the owner of the Credit Facility shall have a lien on or security interest in the Projects.

Section 6. Miscellaneous.

(1) **Binding Effect.**

This Intergovernmental Agreement shall inure to the benefit of and shall be binding upon the Agency and the City and their respective successors and assigns.

(2) **Severability.**

In the event any provisions of this Intergovernmental Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

(3) **Amendments.**

This Intergovernmental Agreement may be amended only by a writing signed by both parties.

(4) **Execution in Counterparts.**

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

(5) **Applicable Law.**

This Intergovernmental Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Intergovernmental Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Douglas County, Oregon.

(6) Rules of Construction.

References to section numbers in documents that do not specify the document in which the section is located shall be construed as references to section numbers in this Intergovernmental Agreement.

(7) Headings.

The headings, titles and table of contents in this Intergovernmental Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Intergovernmental Agreement.

IN WITNESS WHEREOF, the Agency and the City have executed this Intergovernmental Agreement as of the date indicated above.

**For the Urban Renewal Agency of the City of
Roseburg, Oregon**

Authorized Officer

For the City of Roseburg, Oregon

Authorized Officer