

CITY OF COOS BAY CITY COUNCIL
Agenda Staff Report

MEETING DATE	AGENDA ITEM NUMBER
April 15, 2014	

TO: Mayor Crystal Shoji and Council Members

FROM: Susanne Baker, Finance Director

THROUGH: Rodger Craddock, City Manager

ISSUE: Resolution 14-07 approves an Intergovernmental Agreement between City of Coos Bay and the Coos Bay Urban Renewal Agency authorizing du jour financing of \$406,626

BACKGROUND:

ORS 457, the Oregon Constitution and as confirmed by the City's Urban Renewal Agency Consultant, Elaine Howard and the Association of Oregon Revitalization Agencies (AORA), tax increment Urban Renewal revenue can only be spent on debt service. To convert the tax increment Urban Renewal revenue received by the Urban Renewal Agency into debt service, the URA initiates a loan from the City and immediately repays the debt service in a du jour financing. The loan proceeds received by the URA then become available to be expended on capital projects as set forth in the budget. To complete this process, an Intergovernmental Agreement between the City and the Urban Renewal District and resolutions are presented to the Council and URA for approval.

BUDGET IMPLICATIONS:

The du jour financing process was approved in the FYE 14 budget to fund this year's capital projects.

ADVANTAGES:

This process is compliant with Oregon Budget Law and the Constitution to convert \$406,626 tax increment Urban Renewal revenue into spendable debt proceeds.

DISADVANTAGES:

None

RELATED CITY GOAL:

Finance: Ongoing Activities Aimed at Achieving Goal Priorities - Exercise fiscal responsibility and keep the City Council actively involved in monitoring the financial health of the City.

ACTION REQUESTED:

If it pleases the Council, adopt Resolution 14-07 to approve an Intergovernmental Agreement between City of Coos Bay and the Coos Bay Urban Renewal Agency and authorize up to \$406,626 in du jour financing budgeted plan projects of which \$350,180 will be for the Empire District and \$56,446 for the Downtown District.

CITY OF COOS BAY

Resolution 14-07

A RESOLUTION OF THE CITY OF COOS BAY, OREGON AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT EVIDENCING LOANS OF UP TO \$406,626 TO THE COOS BAY URBAN RENEWAL AGENCY TO FINANCE PROJECTS WITHIN THE EMPIRE AND THE DOWNTOWN URBAN RENEWAL AREAS

WHEREAS, the Urban Renewal Agency of the City of Coos Bay, Oregon (the "Agency") desires to finance projects (the "Projects") as provided in the Empire District Urban Renewal Plan (the "Plan") approved by City Ordinance No. 216 on August 30, 1995, thereafter amended ten times setting out goals, objectives, and projects for the Empire Urban Renewal Area (the "Area"); and finance projects (the "Projects") as provided in the Downtown District Urban Renewal Plan (the "Plan") approved by City Ordinance No. 130 on September 20, 1988, thereafter substantially amended by Ordinance No. 345 on February 17, 2004 and amended six times setting out goals, objectives, and projects for the Downtown Urban Renewal Area (the "Area"); and,

WHEREAS, the General Fund of the City of Coos Bay (the "City") has appropriated \$406,626 as Debt Service to Loan the Coos Bay Urban Renewal Agency (the "Agency") as Du Jour financing in the FYE14 Budget.

NOW, THEREFORE, the City Council of the City of Coos Bay resolves as follows:

Section 1. Loans Authorized. The City hereby authorizes one or more loans to the Agency in an aggregate principal amount up to \$406,626 to finance the Projects (the "Loan").

Section 2. Delegation. The City Manager, the Finance Director, or the designee of either the City Manager or the Finance Director (each of whom is described in this resolution as a "City Official") may, on behalf of the City and without further action by the Council, to:

- (A) Enter into an intergovernmental agreement (the "Intergovernmental Agreement") with the Agency to evidence the Loans and obligate the Agency to pay tax increment revenues from the Area to the City in amounts sufficient to pay principal and interest on the Loans. The pledge of the tax increment revenues to pay amounts due under the Intergovernmental Agreement shall be subordinate to the pledge that secures the outstanding borrowings for the Area and future borrowings issued on a parity with those bonds. Subject to the limitations of this resolution, the Intergovernmental Agreement may be in such form and contain such terms as the City Official may approve.
- (B) Determine the payment terms, interest rate, and other terms at which the Agency shall repay the Loans.
- (C) Execute and deliver any other certificates or documents and take any other actions which the City Official determines are desirable to carry out this resolution.

Section 3. Effective Date. This resolution is effective upon its adoption.

The foregoing resolution was duly adopted by the City Council of the City of Coos Bay, Coos County, Oregon this 15th day of April 2014.

Crystal Shoji, Mayor

ATTEST: _____
Susanne Baker, City Recorder

INTERGOVERNMENTAL AGREEMENT RELATED TO LENDING OF FUNDS FROM THE CITY OF COOS BAY TO THE URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY FOR THE PURPOSE OF FUNDING APPROVED PROJECTS AND PLANNING ACTIVITIES WITHIN THE EMPIRE URBAN RENEWAL AREA AND THE DOWNTOWN URBAN RENEWAL AREA.

THIS INTERGOVERNMENTAL AGREEMENT entered into between the City of Coos Bay (the "City"), and the Urban Renewal Agency of the City of Coos Bay, Oregon (the "Agency").

RECITALS:

WHEREAS, the Agency is a public body, corporate and politic, duly activated by the City, exercising its powers and engaged in urban renewal activity as authorized by ORS Chapter 457; and

WHEREAS, the Empire District Urban Renewal Plan (the "Plan") was approved by City Ordinance No. 216 on August 30, 1995, thereafter amended ten times setting out goals, objectives, and projects for the Empire Urban Renewal Area (the "Area"); and

WHEREAS, the Downtown District Urban Renewal Plan (the "Plan") was approved by City Ordinance No. 130 on September 20, 1988, thereafter substantially amended by Ordinance No. 345 on February 17, 2004 and amended six times setting out goals, objectives, and projects for the Downtown Urban Renewal Area (the "Area"); and

WHEREAS, the Board of the Urban Renewal Agency and the Council of the City of Coos Bay have determined that a need exists to provide funds for the ongoing costs associated with the approved projects, planning for and administration of projects and other activities in the Areas, and in accordance with the Plans within the Areas (the "Projects"); and

WHEREAS, the City and the Agency have determined that the issuance of debt obligations to be repaid with tax increment financing is the preferred method and a feasible mechanism for funding projects and activities under the Plans, and that such funding mechanism is constrained by obligations and limitations under Oregon law including ORS Chapter 457 and the Oregon Constitution;

WHEREAS, the City and Agency have determined that financing the Projects through an inter-governmental agreement is in the parties' best interest; and

WHEREAS, ORS 190.010 authorizes the City and the Agency to enter into an intergovernmental agreement, and the City and the Agency so desire,

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Section 1: Term and Termination. This agreement shall become effective upon the date of the last signature hereon, and shall continue in full force and effect until the loans are paid in full.

Section 2: Duties of the City. The City has authorization to take all actions and execute all documents necessary or desirable to make loans to the Agency to pay for costs of Projects in the Area. The City hereby agrees to make loans to the Agency in the aggregate principal amount not to exceed \$350,180 to finance Projects (the "Loans") in the Empire "Plan" "Area" and further agrees to make loans to the Agency in the aggregate principal amount not to exceed \$56,446 to finance Projects (the "Loans") in the Downtown "Plan" "Area".

Section 3: Duties of the Agency. The Agency has authorization to take all actions and execute all documents necessary or desirable to accept the loans and to evidence such Loans with the issuance of short-term subordinate urban renewal bonds pursuant to ORS Chapter 457 (the "Bonds") and to repay the Loans under the terms and conditions stated herein and in the Bonds. In so doing, the Agency shall comply with the laws of the State of Oregon, the Plan, and the terms and conditions contained within this Agreement. The Agency shall be responsible for its expenses incurred in the performance of this agreement and of its activities contemplated herein.

Section 4: Loan Terms and the Bonds. The terms of the Loans will be reflected in the Bonds issued by the Agency as described in Section 3 above in the form attached hereto as Exhibit A. Such Loans will be repaid by the Agency no later than ten (10) days after the issuance of the Bonds and shall bear interest at the rate of 1% per annum.

Section 5: Security. Each Bond shall constitute an indebtedness of the Agency. The Agency hereby pledges the following to the repayment of the Loan and the Bonds: (1) the amount of taxes calculated based on the increase in the value of property in the Area which are payable to the Agency as permitted by Article IX, Section 1c of the Oregon Constitution (the "Divide the Taxes"); (2) a tax levy in connection with the Area pursuant to Article XI, Section 11(16) of the Oregon Constitution and ORS 457.435(2)(c) or any replacement statute (the "Special Levy"); and (3) earnings on amounts in the fund established under ORS 457.440(6)(b) (the "Tax Increment Fund"). The Divide the Taxes, the Special Levy, and earnings on the Tax Increment Fund shall be referred to herein as the "Tax Increment Revenues." This pledge of the Tax Increment Revenues shall be subordinate to the pledge of Tax Increment Revenues that secures all of the Agency's outstanding bonds for the Area, including the Agency's Empire Urban Renewal Area Urban Renewal Bonds, Series 2002B and the Agency's Downtown Urban Renewal Bonds, Series 2009 and bonds issued on parity with such bonds.

Section 6: Indemnification. Subject to the limitations in the Oregon Constitution and the Oregon Tort Claim Act, the Parties agree to defend, indemnify, and hold each other, its officers, and employees harmless from the claims, suits, or actions of whatsoever kind, which arise out of or result from the Loans.

Section 7: Modification. This agreement may not be altered, modified, supplemented, or amended in any manner whatsoever except by mutual agreement of the parties in writing. Any such alteration, modification, supplementation, or amendment, if made, shall be effective only in the specific instance and for the specific purpose given, and shall be valid and binding only if signed by the parties.

Section 8: Waiver. No provision of this agreement may be waived except in writing by the party waiving compliance. No waiver of any provision of this agreement shall constitute waiver of any other provision, whether similar or not, nor shall any one waiver constitute a continuing waiver. Failure to enforce any provision of this agreement shall not operate as a waiver of such provision or of any other provision.

Section 9: Severability. The parties agree that if any term or provision of the agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the agreement did not contain the particular term or provision held to be invalid.

Section 10: Designated Representative. The City authorizes the City Manager or the City Manager's designee to act on behalf of the City under this agreement. The Agency authorizes the Chair of the Urban Renewal Agency or the Chair's designee to act on behalf of the Agency under this agreement.

IN WITNESS WHEREOF, the execution of which having been first duly authorized according to law.

CITY OF COOS BAY

Rodger Craddock
City Manager

Date

URBAN RENEWAL AGENCY OF THE CITY OF COOS BAY, OREGON

Mark Daily
Chair

Date

Exhibit A
Form of Short-Term Subordinate Urban Renewal Bond Series 2014

Loan #6

\$406,626

United States of America
Urban Renewal Agency of the City of Coos Bay
State of Oregon
Empire Urban Renewal Area and Downtown Urban Renewal Area
Short-Term Subordinate Urban Renewal Bond 2014 Series

The Urban Renewal Agency of the City of Coos Bay, Oregon (the "Agency"), for value received, acknowledges itself indebted and hereby promises to pay, but solely from the Tax Increment Revenues of the Empire Urban Renewal Area, as described below, and the proceeds of this Bond, to the City of Coos Bay (the "Owner"), on April 15, 2014, the principal amount of Three Hundred Fifty Thousand One Hundred Eighty Dollars (\$350,180). This Bond shall bear interest from the date hereof at the rate of 1% per annum, calculated on an actual/360-day basis. Interest is payable at maturity; and

The Urban Renewal Agency of the City of Coos Bay, Oregon (the "Agency"), for value received, acknowledges itself indebted and hereby promises to pay, but solely from the Tax Increment Revenues of the Downtown Urban Renewal Area, as described below, and the proceeds of this Bond, to the City of Coos Bay (the "Owner"), on April 15, 2014, the principal amount of Fifty-Six Thousand Four Hundred Forty-Six Dollars (\$56,446). This Bond shall bear interest from the date hereof at the rate of 1% per annum, calculated on an actual/360-day basis. Interest is payable at maturity.

This Bond is authorized by Agency Resolution No. 14-01 which was enacted on April 15, 2014 (the "Resolution"), and was sold and delivered pursuant to an Intergovernmental Agreement Related to Lending of Funds from the City of Coos Bay to the Urban Renewal Agency of the City of Coos Bay for the Purpose of Funding Approved Projects and Planning Activities within the Empire Urban Renewal Area and the Downtown Urban Renewal Area dated April 15, 2014, between the Agency and the Owner (the "Intergovernmental Agreement").

This Bond is subject to redemption at the option of the Agency on any date, in whole or in part, and is subject to mandatory redemption in whole on any date upon the occurrence, at a price of par plus accrued interest.

THIS BOND IS NOT A GENERAL OBLIGATION OF THE AGENCY AND IS PAYABLE SOLELY FROM THE TAX INCREMENT REVENUES OF THE EMPIRE URBAN RENEWAL AREA AND THE DOWNTOWN URBAN RENEWAL AREA AND PROCEEDS OF THIS BOND, AS PROVIDED IN THE RESOLUTION AND THE INTERGOVERNMENTAL AGREEMENT.

This Bond is issued by the Agency for the purpose of financing the costs of urban renewal projects within the Empire Urban Renewal Area and the Downtown Urban Renewal Area in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

The Agency has pledged the Tax Increment Revenues of the Areas and the proceeds of this Bond to pay this Bond. The lien of this Bond on the Tax Increment Revenues is subordinate to the lien of the Agency's outstanding bonds for the Areas, as provided in the Resolution.

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

IN WITNESS WHEREOF, the Agency has caused this bond to be executed with the manual signature of its Agency Official as of the date indicated above.

**Urban Renewal Agency of the City of Coos Bay,
Oregon**

Mark Daily, Chair