

COOS BAY URBAN RENEWAL AGENCY
Agenda Staff Report

MEETING DATE	AGENDA ITEM NUMBER
February 16, 2016	

TO: Chair Jennifer Groth and Board Members

FROM: Susanne Baker, Finance Director

THROUGH: Rodger Craddock, City Manager

ISSUE: Resolution 16-01 approves an Intergovernmental Agreement between City of Coos Bay and the Coos Bay Urban Renewal Agency authorizing du jour financing of \$447,754

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 Agency along with resolutions are presented to both the Council and URA for approval.

BUDGET IMPLICATIONS:

The financing process was approved in the FYE 16 budget to fund this year's capital projects.

ADVANTAGES:

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

DISADVANTAGES:

None.

ACTION REQUESTED:

If it pleases the Agency, adopt Resolution 16-01 to approve an Intergovernmental Agreement between City of Coos Bay and the Coos Bay Urban Renewal Agency and authorize up to \$447,754 in du jour financing as budgeted to fund planned projects of which \$311,362 will be for the Empire District and \$136,392 for the Downtown District.

Coos Bay Urban Renewal Agency

Resolution 16-01

A RESOLUTION OF THE COOS BAY URBAN RENEWAL AGENCY AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT EVIDENCING AUTHORIZATION OF THE SHORT TERM SUBORDINATE URBAN RENEWAL BONDS, SERIES 2016 OF UP TO \$447,754 FROM THE CITY OF COOS BAY FOR THE EMPIRE AND DOWNTOWN URBAN RENEWAL AREAS

WHEREAS, the Urban Renewal Agency (the “Agency”) of the City of Coos Bay, Oregon finds it desirable to authorize the issuance of short term subordinate urban renewal bonds in the amount of not more than \$311,362 for the Empire Urban Renewal Area and an amount of not more than \$136,392 for the Downtown Urban Renewal Area (the “Areas”);

WHEREAS, the City of Coos Bay has approved a maximum indebtedness for the Empire Urban Renewal Area for \$12,550,011. The Agency has previously issued \$5,394,217 of long and short term indebtedness that is subject to the maximum indebtedness limitation, and there is no other indebtedness outstanding for the Area to which the maximum indebtedness limitation applies. As a result the Agency has \$7,155,794 of capacity (before the issuance of the Bonds authorized under this Resolution and excluding refinancings) to incur indebtedness for the Area.

WHEREAS, the City of Coos Bay has approved a maximum indebtedness for the Downtown Urban Renewal Area for \$45,055,764. The Agency has previously issued \$10,620,999 of long and short term indebtedness that is subject to the maximum indebtedness limitation, and there is no other indebtedness outstanding for the Area to which the maximum indebtedness limitation applies. As a result the Agency has \$34,434,765 of capacity (before the issuance of the Bonds authorized under this Resolution and excluding refinancings) to incur indebtedness for the Area.

BE IS RESOLVED BY THE COOS BAY URBAN RENEWAL AGENCY, Coos Bay, Oregon, as follows:

Section 1. Definitions. For purposes of this Resolution, the following capitalized terms shall have the following meanings unless the context clearly requires otherwise:

“Agency” means the Urban Renewal Agency of the City of Coos Bay, Oregon.

“Agency Official” means the Chair of the Agency, or the person designated by the Chair to act as Agency Official under this Resolution.

“Areas” means the Empire Urban Renewal Area and Downtown Urban Renewal Area which are described in the Plan.

“Bonds” means the Agency’s Short Term Subordinate Urban Renewal Bonds, Series 2016 which are authorized by Section 0 this Resolution.

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

“Plan” means the Agency’s Empire District Plan, dated as of August 30, 1995 and the Downtown District Urban Renewal Plan, dated September 20, 1988 which are, as those plans have been and may be amended from time to time.

“Project Fund” means any separate fund or account which is not part of the Tax Increment Funds, and which is used to hold the proceeds of the Bond.

“Resolution” means this resolution authorizing the Bond.

“Senior Lien Bonds” means any indebtedness which is payable from the Tax Increment Revenues of the Area and which is outstanding on the date each Bond is issued.

“Tax Increment Fund” means the fund which is established under ORS 457.440 to hold the Tax Increment Revenues.

“Tax Increment Revenues” means all ad valorem tax revenues from property within the Area which are attributable to the increase in assessed value of property within that Area pursuant to Section 1c, Article IX of the Oregon Constitution and Oregon Revised Statutes, Chapter 457, a tax levy in connection with the Area pursuant to Article XI, Section 11(16) or the Oregon Constitution and OS 457.435(2)(c) or any replacement statute, and all earnings on the Tax Increment Fund.

Section 2. Authorization of Bond.

2.1. The Agency hereby authorizes the issuance of the Bonds in one or more series in an aggregate principal amount of not more than \$311,362 for the Empire Urban Renewal Area and an amount of not more than \$136,392 for the Downtown Urban Renewal Area; however, the principal amount of each Bond shall not exceed the amount of Tax Increment Revenues which are available in the Tax Increment Fund to pay the Bond on the date the Bond is issued. Tax Increment Revenues shall be considered available to pay the Bond only if those Tax Increment Revenues are not required to be maintained in a debt service fund, reserve fund or similar fund, or as part of a minimum balance or similar requirement, for any Senior Lien Bonds.

2.2. The Bonds shall bear interest which is includable in gross income under the Code. The Bonds shall bear interest at the rate and otherwise have the terms approved by the Agency Official pursuant to Section 0, and shall mature within 30 days after the Bonds is issued.

Section 3. Security for Bonds. The Bonds shall not be a general obligation of the Agency or the City. The principal of and the interest on the Bonds shall be payable solely from the Tax Increment Revenues and from the proceeds of the Bond. The Agency hereby pledges the Tax Increment Revenues to pay the Bond. The lien of this pledge shall be subordinate to the lien of the Senior Lien Bonds, and to any requirement to fund or maintain debt service funds, reserve funds or similar funds or as part of minimum balances or similar requirements for those Senior Lien

Bonds. The Agency also hereby pledges the proceeds of the Bond to pay the Bond until such time as the Agency spends those proceeds.

Section 4. The Tax Increment Fund. The Agency covenants to deposit the Tax Increment Revenues into the Tax Increment Fund, and, so long as the Bonds are outstanding, to expend the Tax Increment Revenues from that Area only for the following purposes, in the following order of priority:

- 4.1. To pay principal, interest or premium on Senior Lien Bonds and to make deposits to a debt service fund, reserve fund or similar fund, or as part of a minimum balance or similar requirement on Senior Lien Bonds;
- 4.2. To pay the Bonds; and;
- 4.3. For any other lawful purpose.

Section 5. Projects Fund; Use of Proceeds. The Project Fund shall be held by the Agency. Proceeds of the Bonds shall be deposited in the Project Fund, and shall be used only to pay for costs of issuing the Bonds, costs of carrying out the Plan, and, if the pledged Tax Increment Revenues are not sufficient, to pay the Bonds.

Section 6. Execution of the Bonds. Each of the Bonds shall be signed with the manual signature of an Agency Official.

Section 7. Delegation. The Agency Official is hereby authorized on behalf of the Agency, and without further action by the Agency:

- 7.1 to enter into an intergovernmental agreement (the "Intergovernmental Agreement") with the City of Coos Bay 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 Agency Official may approve.
- 7.2. to establish the date of the Bond, its maturity date, redemption dates, interest rate, origination fee and other terms of the Bonds within the limits established by this Resolution;
- 7.3. to redeem the Bonds on or prior to its stated maturity date;
- 7.4. to pledge the Tax Increment Revenues, within the limitations established by this Resolution, and the proceeds of the Bonds to pay the Bonds;
- 7.5. to sell the Bond to a lender offering favorable terms to the Agency, including the City of Coos Bay, Oregon and enter into an agreement with that lender establishing the terms under which the Bonds are sold; and

- 7.6. to take any other action which is desirable in order to issue, sell, and deliver the Bonds in accordance with this Resolution. The foregoing resolution was duly adopted by the Urban Renewal Agency of the City of Coos Bay, Coos County, Oregon, City of Coos Bay this 16th day of February 2016.

Jennifer Groth, Chair

ATTEST:

Susanne Baker, City Recorder