



## Legislation Details (With Text)

**File #:** 19-33      **Version:** 1

**Type:** Resolution      **Status:** Agenda Ready

**In control:** Urban Renewal Agency

**On agenda:** 1/28/2019      **Final action:** 1/28/2019

**Title:** Authorizing the Short-Term Borrowing for the West Salem Urban Renewal Area.

Ward(s): All Wards  
Board Member(s): All Members  
Neighborhood(s): All Neighborhoods  
Result Area(s): Strong and Diverse Economy; Safe, Reliable and Efficient Infrastructure; Good Governance

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Resolution No. 19-12 URA Authorizing the West Salem URA Short-Term Borrowing

Date	Ver.	Action By	Action	Result
1/28/2019	1	Urban Renewal Agency	adopted	

**TO:** Urban Renewal Agency Board

**THROUGH:** Steve Powers, Executive Director

**FROM:** David Lacy, Financial Operations Manager

**SUBJECT:**

Authorizing the Short-Term Borrowing for the West Salem Urban Renewal Area.

Ward(s): All Wards  
Board Member(s): All Members  
Neighborhood(s): All Neighborhoods  
Result Area(s): Strong and Diverse Economy; Safe, Reliable and Efficient Infrastructure; Good Governance

**ISSUE:**

Shall the Urban Renewal Agency Board adopt Resolution No. 19-12 URA authorizing the issuance of a short-term bond in an amount not to exceed \$3,500,000 to pay for the costs of urban renewal projects in the West Salem Urban Renewal Area?

**RECOMMENDATION:**

Adopt Resolution No. 19-12 URA authorizing the issuance of a short-term bond in an amount not to exceed \$3,500,000 to pay for the costs of urban renewal projects in the West Salem Urban Renewal Area.

### **SUMMARY:**

The use of tax increment revenue is limited to debt repayment. The Urban Renewal Agency (Agency) utilizes both long-term and short-term (du jour) debt issuances to finance projects identified in an urban renewal area plan. Du jour loans are generally used to fund smaller capital projects, projects with a short completion schedule, and annual operating costs.

### **FACTS AND FINDINGS:**

Oregon Revised Statutes (ORS) Chapter 457 authorizes an urban renewal agency to incur debt for the purpose of financing urban renewal projects, and to repay the debt and borrowing costs with tax increment revenue (urban renewal area property taxes). Resolution No. 19-12 URA (Attachment 1) authorizes a short-term loan agreement for the West Salem URA. The City and Agency's Bond Counsel, Hawkins, Delafield & Wood LLP, has worked with US Bank National Association to prepare the proposed bond purchase agreement and related loan documents.

If approved by the Agency Board, funding and closing for the \$3,500,000 West Salem URA loan is expected to occur on February 6, 2019, with payoff occurring the next day, February 7, 2019. The bond will bear interest at the US Bank Prime Rate minus two (2) percent, calculated on an actual/360 day basis.

### **BACKGROUND:**

Short-term du jour borrowings have been a regular occurrence for many years, and have been facilitated through either intergovernmental borrowings between the City General Fund and the Agency, or through external financing. Short-term du jour borrowings are included in the Agency's budget each year depending on need and availability of tax increment revenue within each Urban Renewal Area.

Samantha Naluai  
Finance Management Analyst

### **Attachments:**

1. Resolution No. 19-12 URA Authorizing the West Salem URA Short-Term Borrowing.