



Legislation Details (With Text)

File #: 16-114 **Version:** 1

Type: Resolution **Status:** Passed
 In control: City Council

On agenda: 6/27/2016 **Final action:** 6/27/2016

Title: Resolution No. 2016-28 Authorizing the Execution of a Financing Contract with the Oregon Infrastructure Finance Authority for a Loan in an Amount not to Exceed \$2,200,000

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods

Sponsors:**Indexes:****Code sections:**

Attachments: 1. Resolution No. 2016-28, 2. Special Public Works Fund Development Project Financing Contract, 3. Staff Report from November 23, 2015 authorizing the loan application

Date	Ver.	Action By	Action	Result
6/27/2016	1	City Council	adopted on Consent Calendar	Pass

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kacey Duncan, Deputy City Manager

SUBJECT:

Resolution No. 2016-28 Authorizing the Execution of a Financing Contract with the Oregon Infrastructure Finance Authority for a Loan in an Amount not to Exceed \$2,200,000

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods

ISSUE:

Shall the City Council adopt Resolution No. 2016-28 authorizing the City Manager, or the City Manager's designee, to execute a financing contract with the Oregon Infrastructure Finance Authority (IFA) for a loan in an amount not to exceed \$2,200,000 (two million and two hundred thousand dollars) to be used for infrastructure improvements to the 60-acre, City-owned property located at 5475 Gaffin Road SE, commonly known as the Salem Renewable Energy and Technology Center?

RECOMMENDATION:

Adopt Resolution No. 2016-28 authorizing the City Manager, or the City Manager's designee, to execute a financing contract with the IFA for a loan in an amount not to exceed \$2,200,000 (two million and two hundred thousand dollars) to be used for infrastructure improvements to the 60-acre, City-owned property located at 5475 Gaffin Road SE, commonly known as the Salem Renewable Energy and Technology Center.

SUMMARY AND BACKGROUND:

In 1993, the City acquired 79.24 acres in southeast Salem between Culver Drive SE and Gaffin Road SE and created the Salem Renewable Energy and Technology Center (SRETC). A master plan was completed in September of 2008, and included a traffic impact analysis, the design of internal roadways, utilities, open space, and configuration of up to eight, developable lots. The City obtained the necessary federal, state, and local permits to develop SRETC, including a tentative, phased subdivision that allows some flexibility in lot sizes and layouts.

The first phase of the subdivision plat was recorded on November 18, 2009. SANYO Solar, later purchased by Panasonic Eco Solutions Solar America, LLC (Panasonic), constructed a 130,000 square foot manufacturing facility on the southern 19.77 acres of the SRETC in August 2009. Panasonic's development also included street and utility improvements and the associated underground infrastructure needed for the site.

To implement future phases of the subdivision, additional on-site and off-site public improvements will be required. On-site improvements will likely include continuation of Gaia Street SE, from Panasonic's property line to Culver Drive SE; a possible east-west cul-de-sac to serve smaller lots; and possible frontage improvements on Culver Drive SE. Additional off-site improvements may include widening of Gaffin Road SE and improvements to the intersection of Gaffin Road SE and Cordon Road SE.

In November of 2015, the Council authorized the City Manager to apply for a loan in the amount of \$2,200,000 from the Oregon Business Development Department's Special Public Works Fund (SPWF) to fund infrastructure improvements for SRETC. Up to \$500,000 of the loan may be forgiven if additional jobs are created within SRETC (\$5,000 per job for up to 100 jobs).

FACTS AND FINDINGS:

1. In April of 2016, the City's loan application for a SPWF loan in the amount of \$2,200,000 was approved.
2. As a prerequisite to receiving financial assistance from the Oregon Business Development Department, the City must pledge its full faith and credit, and enter into a Special Public Works Fund Development Project Financing Contract (Financing Contract) with the IFA (Attachment 2).
3. Oregon IFA loans are typically issued at rates lower than can be obtained by the City, and issuance costs are covered by the IFA.

4. Drawing on the IFA loan funds will not occur until the City executes a Purchase and Sale Agreement with a company committed to constructing a facility at SRETC. By entering into the Financing Contract with IFA, the City agrees to repay the balance of the loan from future SRETC property sales proceeds. The City expects to generate up to \$5.5 million when the remaining lots in SRETC are sold.
5. The loan from the IFA has no-penalty prepayment options, which means the City may pay down the loan balance as the lots are sold.
6. The City Manager, or the City Manager's designee, will act on the City's behalf to determine the final principal amount, interest rates, payment dates, prepayment rights, and all other terms necessary to execute and deliver all financing documents for the loan from the IFA.

David Lacy
Management Analyst II

Attachments:

1. Resolution No. 2016-28
2. Special Public Works Fund Development Project Financing Contract
3. Staff Report from November 23, 2015 authorizing the loan application

06/15/2016