

Legislation Details (With Text)

File #:	20-382	Version:	1
Type:	Resolution	Status:	Agenda Ready
		In control:	Urban Renewal Agency
On agenda:	10/12/2020	Final action:	10/12/2020
Title:	External borrowing for the Riverfront Downtown Urban Renewal Area.		
	Ward(s): Ward 1		
	Board Member(s): Kaser		
	Neighborhood(s): CANDO		
	Result Area(s): Result Areas - Good Governance; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Resolution No. 20-9 URA, 2. Resolution No. 20-9 Exhibit A, 2020 Supplemental Declaration (URA of Salem Riverfront-Downtown UR Refunding Bonds 2020), 3. Riverfront Downtown Issuance Project List, 4. Riverfront Downtown Issuance Schedule		

Date	Ver.	Action By	Action	Result
10/12/2020	1	Urban Renewal Agency	adopted	Pass

TO: Urban Renewal Agency Board

THROUGH: Steve Powers, Executive Director

FROM: Robert Barron, Chief Financial Officer

SUBJECT:

External borrowing for the Riverfront Downtown Urban Renewal Area.

Ward(s): Ward 1
Board Member(s): Kaser
Neighborhood(s): CANDO
Result Area(s): Result Areas - Good Governance; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.

ISSUE:

Shall the Urban Renewal Agency of the City of Salem, Oregon (URA) adopt Resolution No. 20-9 URA authorizing the Executive Director, or the Executive Director's designee, to negotiate the financial terms and covenants for the issuance of Riverfront Downtown Urban Renewal Area taxable and tax-exempt debt in an amount not to exceed \$10,000,000 to fund projects in the Riverfront Downtown Urban Renewal Plan, a debt service reserve account, and declare the Agency's official intent to

reimburse capital expenditures?

RECOMMENDATION:

Adopt Resolution No. 20-9 URA authorizing the Executive Director, or the Executive Director's designee, to negotiate the financial terms and covenants for the issuance of Riverfront Downtown Urban Renewal Area taxable and tax-exempt debt in an amount not to exceed \$10,000,000 to fund projects in the Riverfront Downtown Urban Renewal Plan, a debt service reserve account, and declare the Agency's official intent to reimburse capital expenditures.

SUMMARY:

The Urban Renewal Agency has identified several projects in the Riverfront Downtown URA (RDURA). These projects include a focus on land acquisition, transportation and streetscape infrastructure, and redevelopment grants for capital improvements to properties within the plan area.

The RDURA is currently funded by property tax increment and a special levy for the district. The budget from these sources is approximately \$7.4M in fiscal year 2021. In order to continue current programs as well as initiate work on the proposed new projects - adoption of Resolution No. 20-9 URA is requested to obtain a long-term loan up to \$10M.

FACTS AND FINDINGS:

The Oregon Revised Statutes Chapter 457 and Oregon Constitution Article IX, Section 1(c) authorize an Urban Renewal Agency to incur debt for the purpose of financing projects of an Urban Renewal Plan and to repay the debt and the cost of borrowing with tax increment revenue (Urban Renewal property taxes).

The issuance would be in two parts: approximately \$4.5M of tax-exempt funding and approximately \$4.5M of taxable funding. Additionally, this issuance includes approximately \$1M of reserves as required by the Riverfront Downtown Master Bond Declaration bringing the total asking amount to approximately \$10M. Depending on the final debt schedule and rate, it is possible the reserve requirement will be less and there will be additional project funds. The proceeds would be spent as follows:

- Streetscape & Transportation / \$4.5M / Tax-Exempt
- Redevelopment Grant Programs / \$2.5M / Taxable
- Acquisition of Land for Redevelopment / \$2.0M / Taxable

Repayment of this debt has been included in the budget for the RDURA from its two current sources of revenue. It will not be backed by obligation from the City. A more detailed project list is included in Attachment 3.

The Salem Urban Renewal Agency Finance Committee recommended this issuance to the Urban Renewal Agency Board during its September 28, 2020 meeting. Upon Agency Board approval, staff

will work with bond counsel and financial advisors to create a request for proposal document for underwriters to directly arrange a competitive bid of the debt. A draft schedule is included as Attachment 4 of this report.

BACKGROUND:

The RDURA was established in 1975 and most recently had a plan amendment in November of 2018. The RDURA has a maximum indebtedness of \$315M, with \$113.5M issued, leaving a debt capacity of \$201.5M. Of the \$113.5M that has been issued over the lifetime of the RDURA, there is currently \$1.2M of principal outstanding from the 2009 issuance of bonds for pedestrian improvements, parking structure improvements, water infrastructure, signage and other projects. This debt will be paid off by the end of fiscal year 2024.

Kelli Blechschmidt
Management Analyst I

Attachments:

1. Resolution No. 20-9 URA
2. Resolution No. 20-9 URA Exhibit A, 2020 Supplemental Declaration (URA of Salem Riverfront Downtown UR Refunding Bonds 2020)
3. Riverfront Downtown Issuance Project List
4. Riverfront Downtown Draft Issuance Schedule