



Legislation Details (With Text)

File #: 23-65 **Version:** 1

Type: Resolution **Status:** Agenda Ready

In control: Urban Renewal Agency

On agenda: 2/27/2023 **Final action:** 2/27/2023

Title: Authorizing the Issuance and Negotiated Sale of the McGilchrist Urban Renewal Area Short-Term Subordinate Urban Renewal Bond, Series 2023.

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

Sponsors:

Indexes:

Code sections:

Attachments: 1. Resolution No. 23-2 URA.pdf

Date	Ver.	Action By	Action	Result
2/27/2023	1	Urban Renewal Agency	adopted	Pass

TO: Urban Renewal Agency Board

THROUGH: Keith Stahley, Executive Director

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT:

Authorizing the Issuance and Negotiated Sale of the McGilchrist Urban Renewal Area Short-Term Subordinate Urban Renewal Bond, Series 2023.

Ward(s): All Wards
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SUMMARY:

The use of tax increment revenue collected by the Urban Renewal Agency (URA) through property taxes is limited by State statute to debt repayment. The URA 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.

ISSUE:

Shall the Urban Renewal Agency Board adopt Resolution No. 23-2 URA authorizing the issuance of a short-term bond in an amount not to exceed \$1,400,000 to pay for the costs of urban renewal projects in the McGilchrist Urban Renewal Area.

RECOMMENDATION:

Adopt Resolution No. 23-2 URA authorizing the issuance of a short-term bond in an amount not to exceed \$1,400,000 to pay for the costs of urban renewal projects in the McGilchrist Urban Renewal Area.

FACTS AND FINDINGS:

In Oregon, tax-increment (property tax revenue) generated from an Urban Renewal Area can only be spent on debt. In order for the funding to be available for projects and programs within each area, the Agency completes the du jour borrowing, or overnight borrowing, process. The Agency enters into an agreement with a bank that loans funds to the Agency, which the Agency then pays back the next day using the tax-increment revenue. Through this process the Agency is able to use tax-increment funds for purposes other than debt.

Oregon Revised Statutes (ORS) Chapter 457 authorizes an urban renewal agency to incur debt for the purpose of the financing urban renewal projects, and to repay the debt and borrowing costs with tax increment revenue (urban renewal area property taxes). Resolution No. 23-2 URA (attachment 1) authorizes a short-term loan agreement for the McGilchrist 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 \$1,400,000 McGilchrist URA loan is expected to occur on March 9, 2023, with payoff occurring the next day, March 10, 2023. 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 year, 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.

Kelli Blechschmidt
Management Analyst I

Attachments:

1. Resolution No. 23-2 URA.