

**CITY OF WILSONVILLE
URBAN RENEWAL AGENCY**

The Urban Renewal Agency held a regular meeting on May 21, 2012 in the Wilsonville City Hall. Chair Knapp called the meeting to order at 8:45 p.m. Board Members present: Tim Knapp, Chair, Board Member Nunez, Board Member Hurst, Board Member Goddard, and Board Member Starr.

Staff included: Bryan Cosgrove, Executive Director; Mike Kohlhoff, City Attorney; Jeanna Troha, Assistant City Manager; Gary Wallis, Finance Director, and Sandra King, City Recorder.

CITIZEN INPUT – there was none.

CONSENT AGENDA

B. URA Resolution No. 217

A Resolution Authorizing The Issuance And Negotiated Sale Of A Series Of Urban Renewal Bonds; Delegating Authority To Negotiate And Execute All Documents; And Related Matters. (staff – Wallis)

Mr. Kohlhoff read the title of the resolution into the record.

Motion: Mr. Goddard moved to remove URA Resolution No. 217 from the Consent Agenda to provide an opportunity to discuss the resolution. Mr. Hurst seconded the motion.

Vote: Motion carried 5-0.

Mr. Goddard wanted to know what alternatives there were rather than converting short term debt to amortized debt, and was there an alternative that would allow retiring a portion of the debt rather than refinancing.

Mr. Wallis responded why convert? It's about acting in a trustworthy fashion with a lender that knows and understands our business. The bank lent the money on a short term basis trusting that we would convert to amortizing as soon as we were able. Conversely, they always have the option of not renewing the short term note and forcing us to pay it off in full. Our bank has not played hardball with us, but that scenario played out in Lake Oswego recently with the city forced to pay off a short term note. It was in the best interest of the city to work cooperatively with the bank. It's a relationship that has worked well for both parties.

So, why don't we pay off the debt in full? Easy answer is there is not that much cash in the UR Debt Fund. We could drain the General Fund but that would be bad use of those resources. And, in a year the city will have to deal with the remaining \$7 million of short term debt. Best to use someone else's money at a low interest rate and preserve our cash for flexible needs in the future.

Are there alternatives to this Resolution?

Yes, but not alternatives that staff recommends. One option is to take no action now and wait until May 2013 and deal with the note when it matures at that time. Another option is to use General Fund reserves to pay a portion, but staff does not believe that is a good use.

Why is using General Fund money not recommended?

Much of the General Fund is dedicated to future costs. Depleting this cash would jeopardize the ability to pay for future building repairs, software replacement, planning Coffee Creek area, etc. The Urban Renewal debt has a dedicated resource, taxes, that will be used to repay the amounts due, thus there is no need to use General Fund.

Why are we not paying back this debt over a shorter period of time, such as ten years?

Current cash flow is not sufficient to amortize over a period less than 20 years. This debt, however, is designed with a bullet in year 15. As the district’s assessed values grow so too will the taxes. We plan to set aside the taxes and build a sinking fund to retire the balance in year 15.

Motion: Mr. Hurst moved to approve URA Resolution No. 217. Ms. Nunez seconded the motion.

Vote: Motion carried 5-0.

ADJOURN

Motion: Mr. Hurst moved to adjourn. Ms. Nunez seconded the motion.

Vote: Motion carried 5-0.

The Urban Renewal Meeting adjourned at 9:02 p.m.

Respectfully submitted,

Sandra C. King, MMC, City Recorder

ATTEST:

Tim Knapp, Chair