

THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE

URA RESOLUTION NO. 199

A RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF URBAN RENEWAL BONDS FOR THE YEAR 2000 URBAN RENEWAL AREA.

WHEREAS the Urban Renewal Agency (the "Agency") of the City of Wilsonville (the "City") is authorized to issue bonds payable from the tax increment revenues of the Year 2000 Urban Renewal Area (the "Area"); and,

WHEREAS on December 12, 2003 the Agency issued its Urban Renewal Bond (Year 2000 Urban Renewal Area), Series 2003 in the original principal amount of \$10,000,000 (the "2003 Bond") secured by the tax increment revenues of the Area pursuant to Resolution No. 104 adopted by the Agency on November 17, 2003 (the "2003 Resolution"); and,

WHEREAS on September 28, 2005 the Agency issued its Urban Renewal Bond (Year 2000 Urban Renewal Area), Series 2005 in the original principal amount of \$10,000,000 (the "2005 Bond") secured by the tax increment revenues of the Area pursuant to Resolution No. 139 adopted by the Agency on September 19, 2005 (the "2005 Resolution"); and,

WHEREAS the Agency has increased the maximum indebtedness for the Area since the Area was originally formed and therefore does not have the ability to impose a special levy; and,

WHEREAS the maximum indebtedness for the Area is \$92,687,423. The Agency has previously issued \$63,885,000 of long and short term indebtedness that is subject to the maximum indebtedness limitation, and there is no other indebtedness outstanding for the Area to which the maximum indebtedness limitation applies. As a result the Agency has \$28,802,423 of capacity (before this issuance of this Bond and excluding refinancings) to incur indebtedness for the Area; and,

WHEREAS the owners of the 2003 Bond and 2005 Bond have consented to amendments to the 2003 Resolution and 2005 Resolution which would allow the Agency to issue Parity Indebtedness with a bullet maturity; and,

WHEREAS the Agency adopts this Resolution to authorize the issuance of bonds which are payable from the tax increment revenues of the Area on parity with the 2003 Bond and 2005 Bond in a principal amount of not more than \$8,000,000 and to amend the 2003 Resolution and 2005 Resolution as described here.

NOW, THEREFORE, BE IT RESOLVED BY THE URBAN RENEWAL AGENCY OF THE CITY OF WILSONVILLE, OREGON, as follows:

Section 1. The Series 2010 Bond.

The Agency hereby authorizes the sale and delivery of a bond (the "Series 2010 Bond") in accordance with this resolution to finance urban renewal projects in the Area, to fund a reserve account, and to pay costs of issuing the Series 2010 Bond. The principal amount of the Series 2010 Bond shall not exceed Eight Million Dollars (\$8,000,000) and the Series 2010 Bond shall be issued as a "Bond" and "Parity Indebtedness" under the 2003 Resolution and 2005 Resolution.

Section 2. Delegation.

Finance Director of the City or a person designated by the Finance Director to act as Agency Official under this Resolution (the "Agency Official") may on behalf of the Agency and without further action by the Agency:

- 2.1. Determine the final principal amount, interest rates, payment dates, prepayment rights and all other terms of the Series 2010 Bond;
- 2.2. Select a commercial bank with which to negotiate the sale of the Series 2010 Bond and enter into a purchase agreement with such commercial bank. Subject to the limitations of this resolution, the Series 2010 Bond may be in such form and contain such terms as the Agency Official may approve;
- 2.3. Covenant for the benefit of the lender to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code") which are required for the interest paid under the Series 2010 Bond to be excluded from gross income for federal income tax purposes;
- 2.4. Designate the borrowing as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code, if applicable;
- 2.5. Issue the Series 2010 Bond as a taxable "Build America Bond" or other type of obligation that was authorized by the American Recovery and Reinvestment Tax Act of 2009 and is eligible for federal interest subsidies or tax credits;
- 2.6. Enter into additional covenants and provisions to secure the Series 2010 Bond or seek consents from the owners of the 2003 Bond and 2005 Bond to amend the documents related to those borrowings if the Agency Official determines such action is desirable to sell the Series 2010 Bond on favorable terms;
- 2.7. Appoint and enter into agreements with a financial advisor and other service providers for the Series 2010 Bond; and
- 2.8. Execute and deliver any other certificates or documents and take any other actions which the Agency Official determines are desirable to carry out this resolution.

Section 3. Security.

The Series 2010 Bond shall be a "Bond" and "Parity Indebtedness" under the 2003 Resolution and 2005 Resolution and be issued pursuant to the terms of those resolutions. The Series 2010 Bond shall not be a general obligation of the Agency, but shall be payable solely from the Security as defined in the 2003 Resolution and 2005 Resolution.

Section 4. Amendments to 2003 Resolution and 2005 Resolution.

4.1. To clarify that the Agency no longer has the right to impose a Special Levy, the 2003 Resolution is hereby amended to delete all references to the Agency being required to collect the Special Levy or maintain the urban renewal plan for the Area as an "existing urban renewal plan" under ORS Chapter 457.

4.2. The definition of "Annual Debt Service" in the 2003 Resolution and 2005 Resolution is amended to read: "Annual Debt Service" means the amount scheduled to be paid in a Fiscal Year of principal and interest and premium, if any, on any outstanding Bonds, reduced by the amount of any Bond interest which is scheduled to be paid from Bond proceeds. However, the Agency's Year 2000 Area Urban Renewal Bond, Series 2010, which has a bullet payment in due in the 15th year, shall be treated as having Annual Debt Service in its 15th through 20th years that is equal to the Annual Debt Service that is due during the 14th year.

4.3. The 2005 Resolution is amended to add the following definition: "Maximum Tax Increment Revenues" means the maximum amount that the Agency is permitted to collect in a Fiscal Year if it requests the maximum Divide the Taxes Revenues.

4.4. The definition of "Tax Maximum" in the 2003 Resolution and 2005 Resolution is amended to read: "Tax Maximum" means, for any Series of Bonds, the lesser of: Maximum Annual Debt Service on such Series; 125% of average Annual Debt Service on such Series during all Fiscal Years in which such Series will be outstanding, calculated as of the date of issuance of such Series; or, ten percent of the proceeds of such Series, as "proceeds" is defined for purposes of Section 148(d) of the Code.

4.5. Section 2.3 of the 2003 Resolution and Section 2.4 of the 2005 Resolution are replaced with the following: The Agency covenants that, so long as Bonds are outstanding it shall instruct the Assessor to impose and collect not less than the lesser of: (i) the full amount of the Divide the Taxes Revenues each Fiscal Year; or (ii) Divide the Taxes that are at least equal to 125% of the Annual Debt Service, as defined in this Resolution.

4.6. The term "Scheduled Debt Service" in Section 5.2(B)(2)(b) of the 2003 Resolution and the 2005 Resolution is replaced with the term "Annual Debt Service."

Section 6. Effective Date. This resolution is effective immediately upon its passage.

ADOPTED by the Wilsonville Urban Renewal Agency at a special meeting thereof this 9th day of September, 2010.


TIM KNAPP, CHAIR

ATTEST:


Sandra C. King, City Recorder

SUMMARY OF VOTES:

Chair Knapp - Yes

Board Member Kirk - Yes

Board Member Núñez - Excused

Board Member Hurst - Yes

Board Member Goddard - Yes

**FINANCE DEPARTMENT
STAFF REPORT**

Date: September 9, 2010

To: Honorable Mayor and City Council

From: Gary S. Wallis, Finance Director

Subject: Resolution Authorizing Issuance of \$8 Million Bond

SUMMARY:

A resolution seeking approval for issuance of \$8 million in long-term debt primarily to fund the I-5 Wilsonville Road interchange improvement project in conjunction with ODOT. Financing is available via Bank of America.

TERMS:

The Agency is able to issue a maximum of \$8 million under the tax increment revenue cash flow. The debt will be issued on parity with two other outstanding issues. This debt will be amortized over a 20 year period but has a bullet in year 15. Financial projections indicate that sufficient cash will be accumulated by 2025 to retire the outstanding balance.⁽¹⁾

The interest rate is 4.35% with a pledge of just the tax increment from the Year 2000 Plan. Covenants under this debt include a cash reserve equivalent to \$800,000 that shall be maintained during the 15 year life of the debt, and a pledge to maintain a debt service coverage ratio of 1.25, meaning that the \$4 million annual tax increment receipts must exceed the annual debt by 25%.

Annual payments will be approximately \$600,000. Over the life of the bonds, the district will repay the \$8,000,000 borrowed plus \$3,652,000 in interest.

(1) Assumes no increase in maximum indebtedness level and annual tax increment revenue stream of \$4 million.