

**AGENDA  
CANBY URBAN RENEWAL AGENCY SPECIAL MEETING**

**May 19, 2021**

**5:30 PM\*\*\***

**Virtual Meeting/ Council Chambers**

**Meetings can be viewed on CTV Channel 5 and YouTube:**

<https://www.youtube.com/channel/UCn8dRr3QzZYXoPUEF4OTP-A>

**Register in advance for this webinar:**

<https://zoom.us/j/97748113429?pwd=ZVlyMVBmTE1od1I4dS81bW1UYIFFdz09>

**After registering, you will receive a confirmation email containing information about joining the webinar.**

**222 NE 2<sup>nd</sup> Avenue, 1<sup>st</sup> Floor**

**Chair Shawn Varwig**

**Commissioner Christopher Bangs**

**Vice-Chair Brian Hodson**

**Commissioner Traci Hensley**

**Commissioner Greg Parker**

**Commissioner Sarah Spoon**

**Commissioner Jordan Tibbals**

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**1. CALL TO ORDER**

**2. Consent Agenda:**

A. Minutes from the April 21, 2021 URA Special Meeting.

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**3. RESOLUTION**

A. Consider Resolution No. **URR 21-005**: A Resolution of the City of Canby Urban Renewal Agency, Clackamas County, Oregon approving of an Intergovernmental Agreement with the City of Canby, Clackamas County, Oregon regarding the Transfer of Tax Increment Revenues and proceeds to the City for the purpose of paying a refinancing.

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**4. ADJOURN**

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\*The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Melissa Bisset at 503.266.0733. A copy of this Agenda can be found on the City's web page at [www.canbyoregon.gov](http://www.canbyoregon.gov). Urban Renewal Agency Meetings are typically broadcast live and can be viewed on CTV Channel 5. For a schedule of the playback times, please call 503.263.6287.

**\*\*In compliance with social distancing measures to protect the spread of COVID-19, we are requesting that rather than attending in person you watch the recorded meeting on YouTube:**

<https://www.youtube.com/channel/UCn8dRr3QzZYXoPUEF4OTP-A/> **If you do not have access virtually, there are a small number of chairs provided inside so the City is in compliance with public meeting laws and the Governor's Executive Order.**

**CANBY URBAN RENEWAL AGENCY  
SPECIAL MEETING MINUTES  
April 21, 2021**

**PRESIDING:** Chair Shawn Varwig

**COMMISSIONERS PRESENT:** Christopher Bangs, Brian Hodson, Greg Parker, Jordan Tibbals, Sarah Spoon, and Traci Hensley.

**STAFF PRESENT:** Scott Archer, City Administrator/Agency Director; Joseph Lindsay, City Attorney; Jamie Stickel, Economic Development Director; Finance Director Julie Blums; Tech Services Coordinator Valerie Kraxberger, and Melissa Bisset, City Recorder/ HR Manager.

**OTHERS PRESENT:** John Peterson, Senior Vice President, Piper Sandler & Co.

**CALL TO ORDER:** Chair Varwig called the Special Meeting to order at 5:35 p.m.

**CITIZEN INPUT & COMMUNITY ANNOUNCEMENTS:** Fire Chief Davis submitted the following statement to be read by Chair Varwig:

It is my understanding that the Urban Renewal Agency is considering a refinancing for a lower interest rate. At the last URA meeting there was some discussion around extending the date to terminate the URA from 2026 to a future date. The URA has done a great job providing the infrastructure in the industrial area for accommodating commercial growth.

In August of 2015 the URA met with the Fire District Board representatives, which at that time it was our understanding to terminate the URA in the 2026-2027 fiscal year.

Please if at all possible we would ask the URA to maintain the agreed upon termination date to 2026.

The Fire District has worked hard with the prior City Administrator and the URA to minimize the debt service with the understanding that the URA would terminate in 2026-2027. The Fire District agreed to a reduced amount in the original agreement.

The Fire District has planned staffing needs for the future, which align with the plan to terminate the URA in 2026. As the Fire District continues to experience significant call volume increases and plans to staff the northside station, we have strategically planned for the over \$450,000 lost every year to the URA, equivalent to 4 firefighter positions. To increase the URA debt would require the Fire Board to consider approving as a junior taxing district.

The Fire District will continue to be a great partner with the City of Canby and we appreciate all the cooperation.

**CONSENT AGENDA: \*\*Commissioner Hensley moved to adopt the minutes of the March 3, 2021 Urban Renewal Agency Special Meeting. Motion was seconded by Vice Chair Hodson and passed 6-0.**

## **NEW BUSINESS**

### **Discussion regarding The Façade Improvement Program:**

Jamie Stickel, Economic Development Director, said the URA had directed staff to create a process for administrative approval of façade improvement grant applications. There was concern that without coming to the URA for the applications there would not be an opportunity for public input, especially for historic buildings. She, Carol Palmer, and Councilor Bangs met and came up with a process for completed applications to come to staff. They would be posted on the City's website, a link would be sent to the Design Committee, and they would be shared on the City's Facebook page for ten days. If no objection was received, applications could be approved by the City Administrator. If there were objections, applications would come to the URA for approval. Any administrative approvals would be reported to the URA.

Vice Chair Hodson asked how many people were on the Design Committee. Ms. Stickel said there were six.

Vice Chair Hodson asked about the Design Committee's process for reviewing applications. Ms. Stickel said applications were emailed to the Committee and they sent comments back. Not everyone responded. They typically heard back from about 50%.

Commissioner Hensley suggested making them an advisory committee to the URA. She thought this change would take away the voice of the people because not everyone was on social media. Going through the Design Committee, which should be an official advisory committee, and coming to a URA meeting gave the people more chance to comment. She did not think it should be a decision of staff.

Commissioner Tibbals agreed.

Vice Chair Hodson thought that there would be more visibility if applications came before the URA. It allowed the public to have input, URA oversight, and continuity of the program.

Commissioner Tibbals thought the intentions were good but it came down to accountability of the elected officials and transparency to the people. It didn't achieve everything that was trying to be achieved.

There was consensus to continue with the current process for façade improvement grant applications.

### **Discussion Regarding Refinancing of Urban Renewal Debt:**

Julie Blums, Finance Director, said interest rates were very low right now and staff had looked into cost savings and closing the Urban Renewal District early. There were several refinancing options for the three bonds that were left. She provided an overview of the URA maximum indebtedness and debt overview. The maximum indebtedness for the Canby Urban Renewal Agency was \$51,149,000. This could be spent using cash funds from property taxes and/or acquiring debt that was repaid from property taxes. The remaining maximum indebtedness as of June 30, 2021 was projected to be \$4,456,557. Part of the remaining maximum indebtedness would be used for operational costs until the District closed and the rest could be used for projects if the Board so chose. The URA currently had three bonds with an outstanding principal of \$19,480,000. One from 2010 for 1<sup>st</sup> Avenue redevelopment that had no prepayment penalty, one from 2011 for the police facility that also had no prepayment penalty, and one from 2012 for the Library/Civic building and Sequoia Parkway which had a prepayment penalty until June 2022.

Option one was the current path where the City had been prepaying on debt to get it paid off faster. The total interest savings if they stayed on this path was \$4 million. It would leave cash available of about \$1.4 million that could be used against the maximum indebtedness amount. The interest rates were between 3.25% and 7%.

Option two was a straight refinancing of all three bonds. The remaining project work would be spread out over the 5 year payoff period so the District would still end in 2026. The interest rate would be about 1.2%. It would allow for the use of all the maximum indebtedness.

Option three would be to refinance and pull out in cash the remaining maximum indebtedness. With a tax exempt bond, they would be required to use 85% of what was pulled out within the first three years, which was about \$4.25 million.

Option four would be to refinance with taxable bonds and there was no requirement to spend the additional \$5 million that was pulled out.

The possible uses of the remaining maximum indebtedness were: façade grants, beautification and marketing, Wait Park improvements, NW 3<sup>rd</sup> Avenue Grant to Elm, NW 4<sup>th</sup> Avenue Grant to Elm, SW 1<sup>st</sup> Avenue Elm to Grant, 99E access improvements, and N Berg Parkway – 99E to NW 3<sup>rd</sup>.

Staff recommended Option 2 because it had the highest savings, allowed for the use of all maximum indebtedness if the Board chose to use it, and all debt would be paid in full in FY25-26 allowing the District to close and tax revenue to revert back to the taxing districts.

John Peterson, Senior Vice President of Piper Sandler & Co., explained the prepayment penalty for the 2012 bond. The bond was not eligible for prepayment until 2022. They could refinance it now by funding an escrow that would take it off the books and the escrow would be funded with securities and cash to pay the interest and pay off the bond when it was eligible for prepayment in 2022. It would allow them to be completely out of debt the moment the District was closed.

Ms. Blums noted all of the options met the 2026 closing date.

Vice Chair Hodson asked how much the escrow cost would be.

Mr. Peterson said the additional cost of funding the escrow was \$122,000 but the net savings for refinancing was \$1 million. If they waited to refinance, and a year from now rates were 1% higher than they were now, they would be at a wash. If the rates were more than 1% higher they would lose money by waiting. By combining with the other bonds, they were saving \$50,000 or more in issuance costs. Given that, they would need rates to rise by half a percent in order to come out even.

Commissioner Spoon clarified it was not a foregone conclusion that the District would close in 2026.

Commissioner Bangs asked about the difference between option two and options three and four. Ms. Blums said the difference was that in three and four if they wanted to spend the maximum indebtedness, they could spend it all immediately because the cash would be available. With option two it would take time to spend it because they needed the cash flow to be coming in from year to year.

Commissioner Spoon asked if staff could explain the projects that were left on the list and the estimated costs.

Chair Varwig agreed and also if there was staff capacity to handle the projects over the next three years and how much could be done.

Vice Chair Hodson thought refinancing made sense, the question was whether or not they wanted cash in hand with options three or four. The 99E access improvements were for the Walnut Street extension which was a Council priority.

Commissioner Parker asked staff to provide a priority list of the projects that could be done for the remaining \$5 million. It might make sense to proceed with 3<sup>rd</sup> Avenue and Wait Park improvements. He also asked if the City Administrator could meet with the Fire Chief regarding his concerns.

Mr. Archer would bring back the information. He had spoken with Chief Davis today and the Chief wanted it on the record that the Fire District opposed the Urban Renewal District extending beyond FY25-26.

Commissioner Parker was unclear whether Chief Davis was speaking for the Fire Board and he wanted to make sure the responses came from the elected board.

There was consensus for staff to move forward with options two through four, but abandon option one, to bring back a priority list for the remaining projects, and to look into extending the District boundary to include the Walnut Street project.

Chair Varwig adjourned the Special Meeting at 6:43 p.m.

Melissa Bisset, CMC  
City Recorder

Shawn Varwig  
Chair

DRAFT



# City of Canby

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## Urban Renewal Agency Staff Report

DATE: May 19, 2021  
TO: Honorable Mayor Hodson and City Council  
THRU: Scott Archer, City Administrator  
FROM: Julie Blums, Finance and IT Director  
ITEM: Resolution URR 21-005 - Debt Refinancing

### Summary

A resolution of the Canby Urban Renewal Agency, approving an Intergovernmental Agreement with the City of Canby, regarding the transfer of Tax Increment revenues and proceeds to the City for the purpose of paying a refinancing.

### Background

The URA bonded debt in 2010, 2011, and 2012 for capital project work. The interest rates on these three bonds is between 3.25% and 7%. The original maturity date for all debt is 2036. Current interest rates are much lower and the URA has the opportunity to refinance the outstanding debt and save approximately \$5.8 million in interest costs. The new average rate would be about 1.2% and the debt would be paid off in FY25-26.

### Discussion

Debt incurred for Urban Renewal projects is issued using the City's Full Faith and Credit. This means that if the URA cannot make the debt service payments the City would be required to fulfill that debt obligation. Staff has done extensive work on cash flow projections for the Urban Renewal District to assure that the District can make the debt service payments on this refinancing.

### Attachments

- Exhibit A – Intergovernmental Agreement with the City of Canby

### Fiscal Impact

Approximate savings of up to \$5.8 million

### Options

1. Approve the resolution authorizing the refinancing of debt and entering into an IGA with the City of Canby.

### Recommendation

Staff recommends adoption of Resolution URR 21-005 a resolution of the City of Canby Urban Renewal Agency, Clackamas County, Oregon approving of an intergovernmental agreement with the City of Canby, Clackamas County, Oregon regarding the transfer of tax increment revenues and proceeds to the city for the purpose of paying a refinancing.

**RESOLUTION NO. URR 21-005**

**A RESOLUTION OF THE CITY OF CANBY URBAN RENEWAL AGENCY, CLACKAMAS COUNTY, OREGON APPROVING OF AN INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF CANBY, CLACKAMAS COUNTY, OREGON REGARDING THE TRANSFER OF TAX INCREMENT REVENUES AND PROCEEDS TO THE CITY FOR THE PURPOSE OF PAYING A REFINANCING**

**WHEREAS**, the City of Canby, Clackamas County, Oregon (the “City”) is advised it may be desirable to refund all or a portion of the City’s outstanding Full Faith and Credit Obligations, Series 2010 (the “Series 2010 Obligations”), all or a portion of the City’s Full Faith and Credit Obligations, Series 2011 (the “Series 2011 Obligations”), and all or a portion of the City’s Full Faith and Credit and Refunding Obligations, Series 2012 (the “Series 2012 Obligations”) for debt service savings (collectively, the “Prior Obligations”); and

**WHEREAS**, the Canby Urban Renewal Agency (the “Agency”) and the City entered into intergovernmental agreements whereby the Agency agreed to transfer to the City tax increment revenues and proceeds accumulated by the Agency for the payment of the Series 2010 Obligations, Series 2011 Obligations, and Series 2012 Obligations.

**WHEREAS**, the City is planning to enter into a tax-exempt financing agreement and escrow agreement providing for the issuance of Full Faith and Credit Refunding Obligations, Series 2021 (the “Series 2021 Obligations”) to refinance the Prior Obligations; and

**WHEREAS**, the Agency and the City wish to enter into an intergovernmental agreement whereby the Agency shall transfer to the City tax increment revenues and proceeds accumulated by the Agency for the payment of the Series 2021 Obligations.

**IT IS HEREBY RESOLVED** by the Canby Urban Renewal Agency, as follows:

The Canby Urban Renewal Agency agrees to the terms and conditions of the Intergovernmental Agreement in substantially the form attached hereby as Exhibit A (the “IGA”), with such changes as are approved by the Chair or the Agency Director, and authorizes and directs the Chair or the Agency Director to sign the IGA on behalf of the Agency.

This resolution will take effect immediately upon its adoption.

ADOPTED this 19<sup>th</sup> day of May 2021 by the Canby Urban Renewal Agency.

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Shawn Varwig  
Chair

ATTEST:

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Melissa Bisset  
City Recorder



## EXHIBIT A

### INTERGOVERNMENTAL AGREEMENT

This 2021 Intergovernmental Agreement is executed this 19th day of May 2021, by and between the CITY OF CANBY, OREGON, a municipal corporation of the State of Oregon (the “City”) and the CANBY URBAN RENEWAL AGENCY, OREGON, a public body created and activated under ORS Chapter 457 (the “Agency”).

#### I. DEFINITIONS

For purposes of this 2021 Intergovernmental Agreement, unless the context clearly requires otherwise, the following capitalized terms shall have the following meanings:

“**2010 Intergovernmental Agreement**” means the intergovernmental agreement between the City and the Agency dated as of December 1, 2010, relating to the 2010 Obligations.

“**2011 Intergovernmental Agreement**” means the intergovernmental agreement between the City and the Agency dated as of May 4, 2011, relating to the 2011 Obligations.

“**2012 Intergovernmental Agreement**” means the intergovernmental agreement between the City and the Agency dated as of October 10, 2012, relating to the 2012 Obligations.

“**2010 Obligations**” means the City’s Full Faith and Credit Obligations, Series 2010 (Direct Payment Federally Taxable Recovery Zone Economic Development Bonds, Downtown Project), dated December 28, 2010, in the original principal amount of \$2,500,000.

“**2011 Obligations**” means the City’s Full Faith and Credit Obligations, Series 2011 (Police Station Project), dated August 9, 2011, in the original principal amount of \$9,000,000.

“**2012 Obligations**” means the City’s Full Faith and Credit Obligations, Series 2012 (Library and Industrial Park Projects), dated December 20, 2012, in the original principal amount of \$14,050,000.

“**2021 Intergovernmental Agreement**” means this intergovernmental agreement between the City and the Agency dated as of May 19, 2021, relating to the 2021 Obligations.

“**2021 Obligations**” means the City’s Full Faith and Credit Refunding Obligations, Series 2021 in the aggregate principal amount not to exceed \$20,000,000.

“**Agency**” means the Canby Urban Renewal Agency, Clackamas County, Oregon.

“**Agency Resolution**” means the Agency Resolution No. URR 21-005 adopted May 19, 2021.

“**Area**” means the Canby Urban Renewal Area which is described in the Plan and all additions thereto.

“**Authorized Representative of the Agency**” means, each individually, the Chair or the Agency Director or his designee.

“**Authorized Representative of the City**” means, each individually, the City Administrator or their designee.

“**City**” means the City of Canby, Clackamas County, Oregon.

“**City Resolution**” means City Resolution No. 1348 adopted May 19, 2021.

“**ORS**” means Oregon Revised Statutes.

“**Parity Indebtedness**” means obligations issued which are secured by a lien on, and pledge of, the Tax Increment Revenues which is on parity with the lien on, and pledge of, the Tax Increment Revenues securing the 2021 Obligations.

“**Plan**” means the Canby Urban Renewal Plan dated November 24, 1999, as amended June 23, 2009.

“**Tax Increment Revenues**” means all ad valorem tax revenues from property which are attributable to the increase in assessed value of property within the Area pursuant to Section 1c, Article IX of the Oregon Constitution and Oregon Revised Statutes, Chapter 457, and all earnings thereon.

## **II. RECITALS**

- A. Pursuant to ORS 190.010, units of local government are authorized to enter into intergovernmental agreements with other units of local governments for the performance of any or all functions and activities that a party to the agreement, its officers or agencies, have the authority to perform.
- B. Each of the parties to this agreement is a “unit of local government” as defined in ORS Section 190.003. Each of the parties has the legal authority for the performance of any and all functions and activities set forth herein.
- C. The Agency, as the duly authorized and acting urban renewal agency of the City of Canby, Oregon is charged to undertake certain redevelopment activities in the redevelopment area pursuant to ORS Chapter 457 and the Plan.
- D. Pursuant to ORS 457.190, the Agency is authorized to borrow money and accept advances, loans, grants and any other form of financial assistance from a public body for the purposes of undertaking and carrying out urban renewal projects.
- E. Pursuant to ORS 457.320 the City is authorized to exercise any of its powers to assist in the planning or the carrying out of an urban renewal plan.
- F. Pursuant to ORS 271.390 the City has the power to enter into financing agreements and authorize the issuance of full faith and credit obligations on its behalf to finance and refinance real and personal property.
- G. The City and the Agency previously entered into the 2010 Intergovernmental Agreement in connection with the 2010 Obligations, the 2011 Intergovernmental Agreement in connection with the 2011 Obligations and the 2012 Intergovernmental Agreement in connection with the 2012 Obligations.
- H. The City expects to enter into a financing agreement and escrow agreement providing for the issuance of the 2021 Obligations to refinance the 2010 Obligations, the 2011 Obligations and the 2012 Obligations.
- I. The City and the Agency wish to enter into the 2021 Intergovernmental Agreement on connection with the 2021 Obligations.

## **III. AGREEMENT**

NOW, THEREFORE, pursuant to the provisions of ORS Chapters 457 and 190, and in consideration of the benefits to accrue to the City, the Agency, the community and the citizens from this 2021 Intergovernmental

Agreement and the 2021 Obligations, and in consideration of the covenants set forth therein, the City and Agency agree:

1. The Agency shall transfer Tax Increment Revenues and proceeds to the City in amounts and at times sufficient for the City to pay the 2021 Obligations under the terms set forth in the 2021 Obligation financing documents from those Tax Increment Revenues.
2. The Agency hereby irrevocably pledges the Tax Increment Revenues to make the transfers described in paragraph 1. above. The obligation of the Agency to make the transfers described in paragraph 1. above, shall constitute Parity Indebtedness. The lien on, and pledge of the Tax Increment Revenues to the 2021 Obligations shall be equal to the lien and pledge that secures all other Parity Indebtedness. The provisions of this 2021 Intergovernmental Agreement and the Agency Resolution shall be a contract with the City. The Agency has issued Parity Indebtedness in the past and reserves the right to issue Parity Indebtedness in the future. The Agency covenants and agrees that it will not incur any other form of indebtedness secured by a greater priority lien on the Tax Increment Revenues during the period any amounts are outstanding under this 2021 Intergovernmental Agreement.
3. The City agrees to take all steps required to qualify and maintain the 2021 Obligations as tax-exempt obligations.
4. The Agency agrees to take all steps required to qualify and maintain the 2021 Obligations as tax-exempt obligations.
5. The Agency covenants to cause the maximum amount of the Tax Increment Revenues to be collected each Fiscal Year.
6. The Agency may incur additional indebtedness secured by a lien on the Tax Increment Revenues subordinate to the lien of this 2021 Intergovernmental Agreement. Parity liens are permitted.
7. The City and Agency have each taken the actions necessary to authorize this 2021 Intergovernmental Agreement and no challenge or appeal to such actions is pending.
8. The Authorized Representatives are authorized to execute this 2021 Intergovernmental Agreement on behalf of their respective bodies.
9. This 2021 Intergovernmental Agreement may be modified upon written mutual agreement of the City and the Agency.
10. This 2021 Intergovernmental Agreement shall be effective as of the date first listed above and shall terminate upon defeasance of the 2021 Obligations and any obligations issued to refund the 2021 Obligations.
11. This 2021 Intergovernmental Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same agreement.

*[Signature page follows]*

CITY OF CANBY  
CLACKAMAS COUNTY, OREGON

By \_\_\_\_\_  
Authorized Representative

CANBY URBAN RENEWAL AGENCY  
CLACKAMAS COUNTY, OREGON

By \_\_\_\_\_  
Authorized Representative