



## NOTICE OF PUBLIC MEETING

ALBANY REVITALIZATION AGENCY  
City Hall Council Chambers  
Wednesday, December 16, 2009  
7:15 p.m.

### AGENDA

1. CALL TO ORDER (Chair Floyd Collins)
2. ROLL CALL
3. APPROVAL OF MINUTES:  
    > November 18, 2009. [Page 1]  
    Action: \_\_\_\_\_
4. SCHEDULED BUSINESS
  - a. Business from the Public
  - b. Resolution approving \$5,000,000 Line of Credit Borrowing. [Pages 2-6] (Taylor)  
    Action: \_\_\_\_\_ ARA RES. NO. \_\_\_\_\_
5. BUSINESS FROM THE AGENCY
6. NEXT MEETING DATE: *Next regular meeting Wednesday, January 20, 2010*
7. ADJOURNMENT

City of Albany Web site: [www.cityofalbany.net](http://www.cityofalbany.net)

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*The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, please notify the Human Resources Department in advance by calling (541) 917-7500.*

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APPROVED: \_\_\_\_\_

CITY OF ALBANY  
Albany Revitalization Agency  
City Hall Council Chambers, 333 Broadalbin Street SW  
Wednesday, November 18, 2009

MINUTES

Agency Members present: Jeff Christman, Floyd Collins, Bessie Johnson, Sharon Konopa, Dick Olsen, and Ralph Reid, Jr.

Agency Members absent: Bill Coburn

Staff present: Urban Renewal Manager Kate Porsche and Administrative Assistant Teresa Nix

CALL TO ORDER

Chair Floyd Collins called the meeting to order at 6:12 p.m.

APPROVAL OF MINUTES

October 21, 2009

**MOTION:** Ralph Reid, Jr., moved to approve the October 21 minutes. Bessie Johnson seconded the motion, and it **passed** unanimously.

SCHEDULED BUSINESS

Business from the Public

There was no business from the public.

BUSINESS FROM THE AGENCY

There was no business from the Agency.

NEXT MEETING

The next regular meeting will be held Wednesday, December 16, 2009, immediately following the CARA Advisory Board meeting.

ADJOURNMENT

Hearing no further business, Chair Collins adjourned the meeting at 6:13 p.m.

Respectfully submitted by,

Reviewed by,

Teresa Nix  
Administrative Assistant

Kate Porsche  
Urban Renewal Manager



TO: Albany Revitalization Agency  
FROM: Kate Porsche, Urban Renewal Manager *Kate (ldh)*  
DATE: December 10, 2009, for December 16, 2009, Meeting  
SUBJECT: New Line-of-Credit Borrowing

### **Report in Brief**

The attached resolution of the Agency authorizes the issuance of short-term debt for the benefit of the Central Albany Revitalization Area (the "Area"), in the form of a line of credit, to be used to finance projects within the boundaries of the Area that are authorized by the Urban Renewal Plan for the Area.

### **Background**

State statute require that urban renewal tax dollars only be expended for principal and interest on debt incurred to finance the urban renewal plan. As such, the Agency cannot expend tax increment revenues directly on projects without first converting them into debt proceeds. This is accomplished through issuance of a line of credit, the proceeds of which may be used to finance projects in the Area. The line of credit will be repaid with urban renewal tax increment revenue, thus satisfying the statutory requirement that tax increment revenues only be spent on debt service.

### **Discussion**

The attached resolution authorizes the Agency to enter into a line of credit with Bank of America in an amount not to exceed \$5,000,000. Proceeds of the line of credit may only be used in the Area. With the passage of the resolution, the Chair of the Agency, the City Manager, the Finance Director, and/or the Urban Renewal Manager will be authorized to negotiate the terms and enter into the line of credit on behalf of the Agency. Bank of America (the "Bank") has provided a term sheet to the Agency with the terms and conditions of the issuance of the line of credit. Pursuant to the term sheet (a copy of which is on file with the Finance Director and the Urban Renewal Manager), the line of credit would be non-revolving and would allow for both taxable and tax-exempt draws to occur. The Agency may choose from different interest rate options for draws that are taxable or tax-exempt. The Agency will be required to pay a fee to the Bank of 0.50% per annum for the unused portion of the line of credit that the Bank is making available to the Agency.

The line of credit will be issued on a subordinate lien basis to the Agency's outstanding 2007 Bonds.

### **Courses of Action**

- Approve ARA Resolution 2009-\_\_\_\_
- Ask for additional information

### **Suggested Motion**

I move that the Albany Revitalization Agency approve ARA Resolution 2009-\_\_\_\_, authorizing a line of credit for the Central Albany Revitalization Area in an aggregate principal amount not to exceed \$5,000,000.

KP:ldh  
Attachment

ARA RESOLUTION NO. 2009-\_\_\_\_\_

A RESOLUTION OF THE ALBANY REVITALIZATION AGENCY OF THE CITY OF ALBANY, OREGON AUTHORIZING THE ISSUANCE, SALE, EXECUTION AND DELIVERY OF URBAN RENEWAL LINE OF CREDIT IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$5,000,000 TO PROVIDE FINANCING FOR PROJECTS WITHIN THE CENTRAL ALBANY REVITALIZATION AREA; DESIGNATING AN AUTHORIZED REPRESENTATIVE; DESIGNATING BOND COUNSEL AND A FINANCIAL ADVISOR; AND OTHER MATTERS.

WHEREAS, the City Council (the "Council") of the City of Albany, Oregon (the "City") acting as the Albany Revitalization Agency (the "Agency") is authorized pursuant to Oregon Revised Statutes ("ORS"), Chapter 457 to conduct proceedings and to issue tax increment indebtedness pursuant to the terms and provisions of ORS Chapter 457 and ORS 271.390, for the purpose of financing urban renewal Projects authorized under its Urban Renewal Plan (defined below) and located within the Urban Renewal Area (defined below); and

WHEREAS, the City enacted Ordinance No. 5496 which approved the Urban Renewal Plan (the "Plan") for the Central Albany Revitalization Area (the "Urban Renewal Area") on August 8, 2001, as that Plan may be amended in the future; and

WHEREAS, the Plan establishes a maximum indebtedness of fifty-six million dollars (\$56,000,000) to carry out the goals and objectives of the Plan, and as of the date of this Resolution the Agency has incurred \$8,445,680.57 of indebtedness; and

WHEREAS, on October 15, 2007, the Agency executed and delivered the Master Urban Renewal Tax Increment Revenue Bond Declaration for the Area (the "Master Bond Declaration"); and

WHEREAS, under the Master Bond Declaration the Agency issued, on October 15, 2007, its Tax-Exempt Tax Increment Revenue Bonds, Series 2007A in the aggregate principal amount of \$2,822,000 and its Taxable Tax Increment Revenue Bonds, Series 2007B in the aggregate principal amount of \$1,865,000 (together, the "Series 2007 Bonds"), as Parity Obligations (as defined in the Master Bond Declaration); and

WHEREAS, the Agency intends to undertake certain projects authorized by the Plan and within the Urban Renewal Area and to finance or refinance such projects (the "Projects") with subordinate lien taxable and/or tax-exempt tax increment revenue bonds, notes, lines of credit or other contractual undertakings or instruments to repay borrowed moneys to be issued by the Agency, in an aggregate principal amount not to exceed \$5,000,000 (collectively, the "2010 Financing"); and

WHEREAS, any portion of the 2010 Financing that is issued as tax-exempt may, if eligible, be designated bank qualified by the Authorized Representative (as defined below) of the Agency; and

WHEREAS, the 2010 Financing shall be issued subordinate to the Agency's Series 2007 Bonds and any bonds issued on a parity with the Series 2007 Bonds under the Master Bond Declaration (collectively, the "Parity Obligations"). The Parity Obligations have priority for payment from Tax Increment Revenues (as defined below); and

WHEREAS, the 2010 Financing shall be issued as a Subordinate Obligation (as defined below) and shall be secured by a subordinate lien on the Tax Increment Revenues; and

WHEREAS, the Agency anticipates incurring expenditures ("Expenditures") to finance the costs of the Projects prior to the issuance of the 2010 Financing and wishes to declare its official intent to reimburse the Expenditures with the proceeds of the 2010 Financing; and

WHEREAS, Section 1.150-2 of the Treasury Regulations (the "Treasury Regulations") generally permits the reimbursement of the Expenditures with proceeds of the 2010 Financing only if the Agency has previously declared its official intent to reimburse the Expenditures; and

WHEREAS, the Agency authorizes the Chairman of the Agency, the City Manager, the Finance Director of the City, or the Urban Renewal Coordinator or their designee as authorized representatives (each an "Authorized Representative"), to execute and deliver all agreements, certificates and closing documents, including a Supplemental Master Bond Declaration and a Credit Facility Agreement (each as defined below) that will provide all the terms and conditions relating to the Agency's 2010 Financing and any future Bonds (as defined below) of the Agency secured by Tax Increment Revenues (as defined below).

NOW, THEREFORE, BE IT RESOLVED BY THE ALBANY REVITALIZATION AGENCY OF THE CITY OF ALBANY, as follows:

Section 1. Definitions. In addition to those items defined in the recitals above, except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings for purposes of this Resolution:

"Agency" means the City Council, acting as the governing body of the Central Albany Revitalization Area Agency of the City of Albany, Oregon, an urban renewal agency created by and existing under the authority of ORS Chapter 457.

"Authorized Representative" means each of the Chairman of the Agency, the City Manager, the Finance Director of the City, or the Urban Renewal Coordinator or their designee.

"Bank" means Bank of America, N.A., a national banking association duly organized and existing under the laws of the United States of America.

"Bonds" means tax-exempt and/or taxable tax increment revenue bonds, notes, lines of credit or other contractual undertakings or instruments to repay borrowed moneys issued by the Agency to finance Projects within the Urban Renewal Area pursuant to the Master Bond Declaration or any Supplemental Master Bond Declaration.

"Code" means the Internal Revenue Code of 1986, as amended.

"Credit Facility Agreement" means a non-revolving line of credit and financing agreement between the Agency and the Bank.

"Fiscal Year" means the period beginning July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by the Oregon Revised Statutes.

"Master Bond Declaration" means the Master Urban Renewal Tax Increment Revenue Bond Declaration of the Agency, dated as of October 15, 2007.

"Plan" or "Urban Renewal Plan" means the Agency's Urban Renewal Plan as adopted August 8, 2001, as that Plan may be amended in the future.

"Projects" means urban renewal projects authorized under the Plan.

"Subordinate Obligations" means any obligations of the Agency with respect to borrowed money, including bonds, notes, lines of credit, or other contractual undertakings or instruments evidencing indebtedness issued pursuant to any Supplemental Master Bond Declaration, and that are secured by and payable from the Tax Increment Revenues on a subordinate and junior basis to the Bonds.

“Supplemental Master Bond Declaration” means the supplement to the Master Bond Declaration authorized herein and executed by the Authorized Representative.

“Tax Increment Fund” means a fund or funds established under ORS 457.440 to hold the Tax Increment Revenues.

“Tax Increment Revenues” means the ad valorem tax revenues from property within the Urban Renewal Area that are divided based on the increase in value of property in the Urban Renewal Area and that are payable to the Agency under the provisions of Section 1c, Article IX and Section 11(15), Article XI of the Oregon Constitution and Oregon Revised Statutes Chapter 457, as those provisions exist on the date of this Resolution, and all earnings thereon while those Tax Increment Revenues are held in the Tax Increment Fund.

Section 2. Security. The payment of principal of and interest on the 2010 Financing, which shall be issued as a Subordinate Obligation under the Master Bond Declaration, payable on a subordinate lien basis to the Series 2007 Bonds and any Parity Obligations from the Tax Increment Revenues generated in the Urban Renewal Area and the unexpended proceeds of the 2010 Financing as shall be more fully provided in the Supplemental Master Bond Declaration. The Agency pledges on a subordinate lien basis the Tax Increment Fund to the payment of principal of and interest on the 2010 Financing as shall be more fully provided in the Supplemental Master Bond Declaration.

Section 3. Delegation for Establishment of Terms and Sale of the 2010 Financing. The Authorized Representative is hereby authorized and directed, on behalf of the Agency without further approval to:

- (a) Establish principal and interest payment dates, principal amounts, optional prepayment provisions, if any, interest rates, premiums and discounts, if any, origination fees, reserve requirements, priority of payment of all obligations issued under the Supplemental Master Bond Declaration and all other terms for the 2010 Financing, subject to the aggregate principal amount not to exceed \$5,000,000;
- (b) negotiate the terms of and execute and deliver the Credit Facility Agreement that sets forth the terms under which the Bank will purchase the 2010 Financing;
- (c) approve, execute and deliver a Supplemental Master Bond Declaration that sets forth the terms, covenants and provisions of the 2010 Financing, including the security therefor;
- (d) make any covenants necessary or desirable to obtain good financing terms on the 2010 Financing;
- (e) negotiate, execute and deliver any amendments, consents, or waivers, if any, to the Master Bond Declaration;
- (f) negotiate, execute and deliver any additional agreements, amendments, consents, or waivers, if any, related to the Master Bond Declaration or the Supplemental Master Bond Declaration as may be necessary in connection with the 2010 Financing;
- (g) enter into covenants regarding the use of the proceeds of the 2010 Financing and the Projects financed with the proceeds thereof to maintain the tax-exempt status of any portion of the 2010 Financing that has been designated as tax-exempt;
- (h) under Section 265(b) of the Code, designate all or any portion of the 2010 Financing as “qualified tax-exempt obligations” under Section 265(b) of the Code, if determined by the Authorized Representative to be in the best interest of the Agency and to the extent permitted under the Code; and

(i) execute and deliver a certificate specifying the action taken pursuant to this Section 3, and any other certificates, documents or agreements that the Authorized Representative determines are desirable to execute and deliver the 2010 Financing in accordance with this Resolution.

Section 4. Declaration of Official Intent. The Agency hereby declares its official intent to reimburse itself with proceeds of the 2010 Financing for Expenditures paid by it prior to the issuance of the 2010 Financing.

Section 5. Appointment of Special Counsel, Financial Advisor and Bank. The Agency hereby appoints Orrick, Herrington & Sutcliffe LLP as Special Counsel for the 2010 Financing, Seattle-Northwest Securities Corporation as Financial Advisor for the 2010 Financing and Bank of America, N.A. as the Bank for the 2010 Financing.

Section 6. Resolution to Constitute Contract. In consideration of the purchase and acceptance of the 2010 Financing by those who shall own the same from time to time (the "Owners"), the provisions of this Resolution shall be part of the contract of the Agency with the Owners and shall be deemed to be and shall constitute a contract between the Agency and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the 2010 Financing, including without limitation the Agency's covenants and pledges contained in Section 2 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the Agency shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Obligations over any other thereof, except as expressly provided in or pursuant to this Resolution.

Section 7. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption by the Agency.

DATED AND EFFECTIVE THIS 16TH DAY OF DECEMBER 2009.

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ARA Chair

ATTEST:

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City Clerk