

NOTICE OF PUBLIC MEETING

ALBANY REVITALIZATION AGENCY

City Hall Council Chambers

Wednesday, March 18, 2015

Immediately following the CARA Advisory Board meeting

AGENDA

1. CALL TO ORDER (Chair Floyd Collins)
2. ROLL CALL
3. APPROVAL OF MINUTES
 - November 12, 2014. [Pages 2-4]
Action: _____
 - February 18, 2015. [Pages 5-6]
Action: _____
4. SCHEDULED BUSINESS
 - a. Business from the Public
5. BUSINESS FROM THE AGENCY
6. NEXT MEETING DATE: *Wednesday, April 15, 2015*
7. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

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CITY OF ALBANY
Albany Revitalization Agency
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, November 12, 2014

MINUTES

Agency Members present: Rich Kellum, Floyd Collins, Bessie Johnson, Sharon Konopa, Ray Kopczynski, and Dick Olsen

Agency Members absent: Bill Coburn was excused.

CALL TO ORDER

Chair Floyd Collins called the meeting to order at 8:16 p.m.

APPROVAL OF MINUTES:

October 15, 2014

MOTION: Kopczynski moved to adopt the minutes as presented. Kellum seconded the motion, and it passed 6-0.

SCHEDULED BUSINESS

Business from the Public

There was none.

Adoption of Resolution

Novak's Hungarian Restaurant Forgivable Loan (\$200,000)

Economic Development & Urban Renewal Director Kate Porsche pointed out that this resolution cleans up the original language. Novak's wanted a \$126,000 loan originally; they came back and asked for more funding and requested that the amount be converted to a forgivable loan. The Central Albany Revitalization Area (CARA) Advisory Board recommended approval of the resolution. Porsche said she held off requesting Albany Revitalization Agency (ARA) approval of the resolution while Novak's was working on getting their financing to make sure everything was in order; it now is. This resolution repeals the previous resolution, increases the amount, and converts it to a forgivable loan.

Councilor Ray Kopczynski said that it is nice that Novak's is not putting themselves on a tax freeze and that there will be tax increment financing generated from this property. Porsche agreed.

MOTION: Councilor Rich Kellum moved to approve the resolution, and Kopczynski seconded it. Kellum noted that he should recuse himself from the vote because the recipients are his customers and friends. A vote was taken on the motion to approve the resolution, and it passed 5-0, with Kellum recusing himself, and was designated ARA Resolution No. 2014-09.

Novak's Standby Creditor's Agreement via Small Business Administration (SBA)

Porsche said the Novaks are working with Oregon State University Federal Credit Union for financing. Porsche received a letter from SBA requesting the ARA to execute the standby creditor's agreement. Porsche said they often get requests to subordinate ARA's lien, which is typical for a construction loan. Porsche said City Attorney Jim Delapoer suggested staff discuss subordination agreements for projects in general with the ARA again.

Delapoer said the standby creditor's agreement is essentially a subordination agreement. He said, when we agree to be in a second position, it is relatively worthless except to the extent that we are junior lien holders; so if there is a construction lender or a superior lender to which we are subordinating, the only way to enforce our collateral claim is if we were prepared to pay off the prior encumbrance. That happens routinely and in most of the big CARA projects. He said he doesn't like the agreements because they dissolve the value of the security. He wanted the ARA to be aware of the terminology.

Delapoer said the procedural question is, since we will be subordinate in these kinds of funding, does the Agency want to see these documents or do you just want staff to proceed if you have already determined that you will be in a secondary position?

City Manager Wes Hare clarified that we are in a secondary position on a forgivable loan, so what you are giving up is some security if the borrower does not complete all the steps that are required by the agreement. Delapoer gave some examples of other times we were in secondary position. Discussion followed.

Delapoer said his advice is that the Agency not review these every time and be clear with staff when you grant secondary funding that it is your understanding that you will be in the subordinate position and that staff is authorized to execute the subordination agreements.

Porsche explained that in addition to loans for forgivable or non-forgivable loans, the ARA requires a personal guarantee from any members and spouses of the corporation; and the ARA money goes out on a reimbursement basis as expenses are incurred.

Kellum said it is important that they are always reminded it is happening. Voting on it or not is secondary, but he does want to know each time it is happening because it becomes part of the overall question. Delapoer suggested they talk about it at the time of funding, for the sake of timeliness. Discussion followed.

Collins said that it should be a two-part motion: to approve the financial agreement and to authorize staff to move into a secondary position. Delapoer agreed that would make staff's authority very clear.

Collins thinks they should define, debate, and make the decision up front.

MOTION: Kopczyński moved to authorize staff to execute the Standby Creditor's Agreement (on page 6 of the agenda packet). Councilor Bessie Johnson seconded the motion, and it passed 5-0, with Kellum recusing himself.

BUSINESS FROM THE AGENCY

Collins said there were a series of e-mails addressing prior resolutions passed for the funding of police and fire facilities from CARA funds, asking for consideration of proposed language changes in one of the recitals. Collins said Hare and Delapoer looked at it; Delapoer has given a recommendation that he sees no value in making an amendment to the language.

Delapoer said the recital is a "whereas" statement. It is a statement of explanation of what the governing body is doing; it is not part of the action. The "Now, therefore,..." clause is the substance. In this case, Delapoer has no particular opinion about the precise wording of recitals. The resolution in question is for a minor amendment to the Plan to allow ARA funding up to an agreed limit for the police and fire facilities. The issue is an argument over words that were used describing whether or not the recent approved ballot measure required the vote, or was an additional reason for the vote, or how it would be framed. Delapoer said staff proposed alternative language which he thinks didn't make much substantive difference. His concern is that he does not recommend revising the resolution now, because it is the act that does the plan amendment. It has now been seasoned long enough with no challenge or appeal that he does not think it is vulnerable to a challenge. It isn't worth changing a couple of words in a recital in his judgment to take the risk of adopting a new resolution that would open the door to a challenge when there has been no challenge for the last few months. He said to balance the risk versus the benefit. In his opinion, the benefit is very small and while the risk is small too, it is not a risk that they should take.

Collins asked, in terms of an ARA action, how is a resolution challengeable? Delapoer said any governmental action can be challenged by a Writ of Review with a few exceptions. The longer it sits without challenge, the more invulnerable it becomes. Collins said he looked at the language that was originally adopted and the proposed language, and both in his opinion are factual, though one may be a little clearer. So the issue becomes clarity versus risk.

Delapoer said the Council could declare that they wish they had worded it differently and make any public statement they wish; but he suggests they do not (tinker) with the resolution itself.

Collins shared a conversation he had with retired Public Safety Facility Review Committee (PSFRC) Co-chair Frank Morse on this subject. Collins thinks they should not take the unnecessary risk. He does appreciate that the question was asked because he thinks they learned something from it.

Kellum asked if there is a downside to changing the language other than it would be open to challenge. Delapoer said it is only the fact that it would open to challenge that which is no longer open to challenge. Collins added that if they move forward with the funding recommendation that came from the PSRFC, and this is challenged, it would put into question the total package of funding. Discussion followed about the opportunity to more accurately articulate funding plans in future ARA actions.

Kellum asked if there is a line of demarcation between the urban renewal district and the rest of the City when they are constructing the project. Delapoer said where it may become more relevant is if they may be able to provide additional funding for public infrastructure that is over and above (what they anticipated.) If they do that, they will need to call out those portions of ARA funding that are dedicated to the public infrastructure and not just the buildings themselves. Kellum said, if we do the streetscape, the question will come up. Delapoer agreed. Collins said staff and the consultant would need to call that out in their bid documents regarding element-specific funding. Assistant City Manager/Public Works and Community Development Director Mark Shepard said the more detailed they get, the more complicated the bid documents become; so he suggests that where they can be general they do so, and where they need to be specific, they can do that. Discussion followed. Delapoer said the Council can put (that) (ARA funding) direction into a motion or resolution at any time.

Kellum said if this issue will come up later anyway, he is fine with not addressing it now.

Collins said he wants to consider the issue at the time they are preparing the bid and have the bid document call out those issues.

The consensus of the ARA was to leave the resolution in question as it is. They will address the funding issue with the final resolution that commits specific dollar amounts.

NEXT MEETING DATE: *December 17, 2014*

ADJOURNMENT

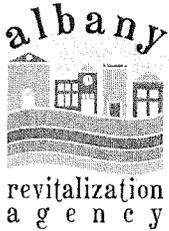
Hearing no further business, Chair Collins adjourned the meeting at 8:42 p.m.

Respectfully submitted by,

Reviewed by,

Mary Dibble
City Clerk

Kate Porsche
Economic Development & Urban Renewal Director



APPROVED: Draft

CITY OF ALBANY
Albany Revitalization Agency
City Hall Council Chambers, 333 Broadalbin Street SW
Wednesday, February 18, 2015

MINUTES

Advisory Board Members present: Bill Coburn, Floyd Collins, Bessie Johnson, Rick Kellum, Sharon Konopa, Ray Kopczynski, Dick Olsen

Advisory Board Members absent: None

CALL TO ORDER

Chair Floyd Collins called the meeting to order at 6:33 p.m.

APPROVAL OF MINUTES

January 14 2015

MOTION: Ray Kopczynski moved to approve the January 14 minutes as presented. Rich Kellum seconded the motion, and it passed 6-0.

SCHEDULED BUSINESS

Business from the Public

Tom Cordier, 2240 NW Park Terrace, referred to discussions about projects that CARA might potentially fund related to the fire and police facilities. Beyond the two \$700,000 expenditures that have been approved, he would like to know when other items might be proposed and considered.

Collins said a presentation will be made to Council next week regarding plans for both facilities and budget projections based on the renderings. The discussion may also include components of each project that could qualify for funding under the CARA criteria. Any funding of qualifying components would have to come back through the CARA Advisory Board for a recommendation that this body could then adopt or modify.

In response to further inquiry from Cordier, Economic Development & Urban Renewal Director Kate Porsche clarified that the consultant is preparing cost estimates for the buildings and that staff will recommend other components that could be considered for CARA funding. Cordier said he thinks it is important for the Council to have that information as soon as possible.

Cordier told of his experience at a recent public meeting where an audience member talked about how the increase in taxes would impact him and nobody addressed his concern. Collins said his impression was that the comment went toward how taxes are structured in the state system which went well beyond the issue at hand. His takeaway was that we need to be careful with how tax money is spent, and he agrees with that sentiment. Brief discussion followed.

Accepting Kevin Manske's resignation from the CARA Advisory Board

MOTION: Kopczynski moved to accept Manske's resignation and send a letter of appreciation for contributions made. Kellum seconded the motion, and it passed 6-0.

Appointing Betsy Penson to the CARA Advisory Board

MOTION: Kellum moved to appoint Betsy Penson to the CARA Advisory Board. Kopczynski seconded the motion, and it passed 6-0.

BUSINESS FROM THE AGENCY

There was no additional business from the Agency.

NEXT MEETING DATE

Wednesday, March 18, 2015

ADJOURNMENT

Hearing no further business, Chair Collins adjourned the meeting at 6:55 p.m.

Submitted by,

Reviewed by,

Teresa Nix
Administrative Assistant

Kate Porsche
Economic Development & Urban Renewal Director