



**AGENDA**

**MOLALLA URBAN RENEWAL AGENCY MEETING**  
**August 26, 2020**  
**6:30 PM**  
**Molalla Adult Center**  
**315 Kennel Ave, Molalla, OR 97038**

*Member Keith Swigart*

*Member Leota Childress*  
*Member Elizabeth Klein*  
*Member DeLise Palumbo*

*Member Terry Shankle*  
*Member Jody Newland*  
*Member Crystal Robles*

*MEETING NOTICE: Due to health concerns of COVID-19, this City Council Meeting will be held in accordance with Governor Brown’s Executive Order 20-25. Council Chambers is limited to 25 people.*

*The On-Demand replay of the Molalla City Council Meetings are available on Facebook at “Molalla City Council Meetings – LIVE” and “Molalla City Council Meetings” on Youtube.*

**1. CALL TO ORDER AND ROLL CALL**

**2. FLAG SALUTE**

**3. PRESENTATIONS, PROCLAMATIONS, CEREMONIES**

**4. PUBLIC COMMENT**

*(Citizens are allowed up to 3 minutes to present information relevant to the City but not listed as an item on the agenda. Prior to speaking, citizens shall complete a comment form and deliver it to the City Recorder. The City Council does not generally engage in dialog with those making comments but may refer the issue to the City Manager. Complaints shall first be addressed at the department level prior to addressing the City Council.)*

**5. APPROVAL OF THE AGENDA**

**6. CONSENT AGENDA**

**A. Meeting Minutes – August 12, 2020.....Pg. 2**

**7. PUBLIC HEARINGS**

**8. ORDINANCES AND RESOLUTIONS**

**A. MURA Resolution 2020-05: A Resolution of the Molalla Urban Renewal Agency Authorizing Indebtedness for Capital Projects Described in the Urban Renewal Plan for the Molalla Urban Renewal Area(Huff).....Pg. 5**

**9. GENERAL BUSINESS**

**10. REPORTS**

- A. City Manager and Staff
- B. Mayor
- C. City Councilors

**11. ADJOURN**

*Agenda posted at City Hall, Library, and the City Website at <http://www.cityofmolalla.com/meetings>. This meeting location is wheelchair accessible. Disabled individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder’s Office at 503-829-6855.*



## Minutes of the Molalla Urban Renewal Agency Meeting

Molalla Adult Community Center  
315 Kennel Ave., Molalla, OR 97038  
August 12, 2020

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### 1. CALL TO ORDER AND FLAG SALUTE

The Molalla Urban Renewal Agency Meeting of August 12, 2020 was called to order by Chair Keith Swigart at 6:34pm.

### 2. ROLL CALL

#### MEMBER ATTENDANCE:

Chair Keith Swigart – Present  
Member Elizabeth Klein – Present  
Member Leota Childress – Present  
Member DeLise Palumbo – Present (arrived late)  
Member Terry Shankle – Present  
Member Jody Newland - Present  
Member Crystal Robles – Present

#### STAFF IN ATTENDANCE

Dan Huff, Agency Director - Present  
Christie DeSantis, City Recorder - Present  
Gerald Fisher, Public Works Director - Present  
Chaunee Seifried, Finance Director - Present  
(C. Seifried arrived late)  
Frank Schoenfeld, Chief of Police - Present  
Chris Long, Lieutenant - Present

### 3. PRESENTATIONS, PROCLAMATIONS, CEREMONIES

### 4. PUBLIC COMMENT

### 5. APPROVAL OF THE AGENDA

### 6. CONSENT AGENDA

- A. Meeting Minutes – March 11, 2020
- B. Meeting Minutes – June 24, 2020

Member Newland pointed out an error on Page 2 of the March 11, 2020 meeting minutes. Number 6; Recess to Executive Session”, the motion and second was recorded that Member Newland made both actions. City Staff will correct the error. Minutes were accepted with correction.

***A motion was made by Member Newland to approve the Consent Agenda with corrections made to the March 11, 2020 meeting minutes. Member Klein seconded. Vote passed 7-0.***

### 7. GENERAL BUSINESS

- A. MURA Resolution No. 2020-04: A Resolution Amending the Molalla Urban Renewal Plan

Agency Director Huff presented a Resolution to Members explaining the need to amend the Molalla Urban Renewal Plan. The last plan was adopted in 2008 and Molalla has experienced great growth since that time.

The City has hired independent contractor, Elaine Howard, as a consultant for this process. Ms. Howard has many years of experience with Urban Renewal Districts and assisted the City in 2008.

***A motion was made by Member Newland to adopt MURA Resolution 2020-04, seconded by Member Palumbo. Vote passed 7-0.***

**8. ADJOURN**

***A motion was made to adjourn the Molalla Urban Renewal meeting at 7:00pm by Member Klein, seconded by Member Robles. Vote passed 7-0 and the meeting adjourned.***

\_\_\_\_\_  
Keith Swigart, Chair

\_\_\_\_\_  
Date

ATTEST:

\_\_\_\_\_  
Christie DeSantis, City Recorder

DRAFT



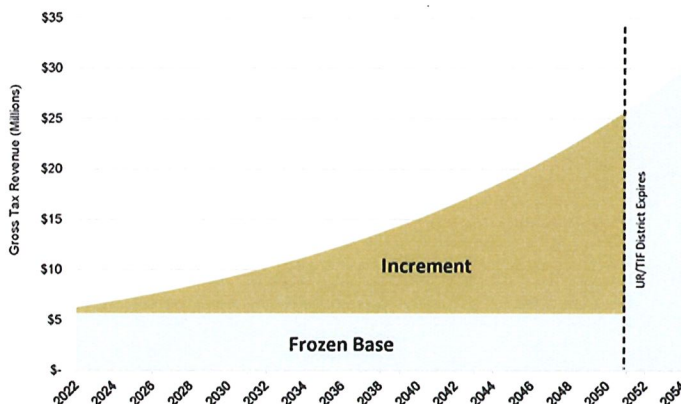
## How does Tax Increment Financing (TIF) work?

Creating an Urban Renewal District allows Oregon cities to collect taxes using Tax Increment Financing (TIF), which creates funding for identified projects without raising taxes. Here's the City of Molalla's description and graphic:

"Tax Increment Financing (TIF) is a funding strategy to implement projects within a designated area. The goal is to make strategic investments that spur development, address blighted conditions, and support property investments that would not have otherwise occurred.

When a TIF district is created, the property tax revenue from that area is diverted into revenue streams:

- **Frozen Base:** Continues to go to the taxing jurisdictions, such as the City, county, school district.
- **Increment:** As property values increase over time from new development or appreciation, the increment goes to the TIF District instead of overlapping taxing districts."



**Early Years:**  
Increment revenues are small. The TIF District incurs loans to fund strategic improvements to stimulate new development.

**Middle Years:**  
Development occurs, boosting increment revenue. The TIF District has more capacity to fund projects.

**Late Years:**  
Annual increment revenues are large. Final projects are completed, outstanding debt is repaid, and the TIF District closes down.

**After Expiration:**  
Once all projects have been completed and debt repaid, all of the tax revenue returns to overlapping taxing districts and they receive the benefits of increased property values.

# City of Molalla

## Urban Renewal Agency Meeting



### Agenda Category:

**Subject:** Resolution No. 2020 - 05, Authorizing Indebtedness

**Recommendation:** Adoption

**Date of Meeting to be Presented:** August 26, 2020

**Fiscal Impact:** \$2,550,000

**Background:**

Included with this memo is a Molalla Urban Renewal Agency Resolution authorizing the Agency to enter into an Intergovernmental Agreement (IGA attached) with the City of Molalla that obligates the Agency to pay the principal amount of \$2,550,000 in order to finance projects identified within the Urban Renewal Plan. The Agency takes on the indebtedness and pays the debt using tax increment financing.

This Resolution authorizes the Director to act on behalf of the Agency to negotiate final terms and execute the attached IGA. The Agency's financial consultant, Matt Donahue will provide a detailed report at the meeting on August 26<sup>th</sup>.

SUBMITTED BY: Dan Huff, Director  
APPROVED BY: Dan Huff, Director



**MURA RESOLUTION NO. 2020-05**

**A RESOLUTION OF THE MOLALLA URBAN RENEWAL AGENCY  
AUTHORIZING INDEBTEDNESS FOR CAPITAL PROJECTS DESCRIBED IN THE  
URBAN RENEWAL PLAN FOR THE MOLALLA URBAN RENEWAL AREA.**

WHEREAS, the Molalla Urban Renewal Agency (the “Agency”) is authorized by ORS Chapter 457 to incur indebtedness to carry out its urban renewal plan and by ORS Chapter 190 to enter into intergovernmental agreements; and,

WHEREAS, the City of Molalla expects to finance capital projects described in the Molalla Urban Renewal Plan, as it has been and may be amended (the “Plan”) in accordance with its terms (collectively, the “Projects”) in an amount not to exceed \$2,550,000; and,

WHEREAS, the Agency agrees to pay the debt service related to the financing of the Projects from the tax increment revenues of the Molalla Urban Renewal Area (the “Area”); and,

WHEREAS, the Projects are urban renewal projects described in the Plan for the Area; and,

WHEREAS, the Area is projected to have sufficient tax increment revenues to pay the debt service on the City’s financing of the Projects; and,

WHEREAS, the Agency is willing to commit tax increment revenues from the Area in amounts sufficient to pay up to \$2,550,000 in principal amount of financing for the Projects, plus interest; and,

WHEREAS, the Agency has unused maximum indebtedness in the Plan and is willing to use up to \$2,550,000 of that maximum indebtedness to finance the Projects;

NOW, THEREFORE, the Board of Directors (the “Board”) of the Molalla Urban Renewal Agency resolves as follows:

**Section 1. Intergovernmental agreement authorized.** The Board hereby authorizes the Agency to enter into an intergovernmental agreement (the “2020 IGA”) with the City that obligates the Agency to pay up to \$2,550,000 in principal amount, plus interest, to finance the Projects. The 2020 IGA shall constitute indebtedness of the Agency that is payable solely from the tax increment revenues of the Area and interest earnings on those tax increment revenues. The 2020 IGA shall be in substantially the form attached to this resolution as Exhibit A but with such changes as are approved pursuant to Section 2.

**Section 2. Delegation.** The Executive Director of the Agency, or designee of such official is authorized to act on behalf of the Agency under this resolution, is hereby authorized, on behalf of

the Agency and without further action by the Agency Board to negotiate the final terms of and execute the 2020 IGA described in Section 1 of this resolution, and to execute any documents and take any other actions that are desirable to assist the City in financing the Projects.

**Section 3. Effective Date.** This resolution is effective immediately upon adoption.

Signed this \_\_\_\_ day of \_\_\_\_\_ 2020.

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Keith Swigart, Chair  
Molalla Urban Renewal Agency

ATTEST:

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Christie DeSantis, City Recorder

**Exhibit A**

**FORM OF INTERGOVERNMENTAL AGREEMENT**



**INTERGOVERNMENTAL AGREEMENT  
TO MAKE FINANCING PAYMENTS**

by and between the

**Molalla Urban Renewal Agency**

and the

**City of Molalla, Oregon**

Dated as of [\_\_\_\_], 2020

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**Intergovernmental Agreement  
to Make Financing Payments**

This Intergovernmental Agreement to Make Financing Payments is dated as of [\_\_\_\_], 2020, and is entered into by and between the Molalla Urban Renewal Agency, Oregon, (the “Agency”) and the City of Molalla, Oregon (the “City”). The parties hereby agree as follows:

**Section 1. Definitions and Recitals.**

(1) Definitions.

Unless the context clearly requires otherwise, capitalized terms used in this Intergovernmental Agreement which are defined in this Section 1(1) shall have the following meanings:

“Financing Agreement” means the Financing Agreement, Series 2020 between the City and the Lender in the principal amount of \$[\_\_\_\_] to finance the Projects, refund certain borrowings, and pay costs of issuance, which is dated as of [\_\_\_\_], 2020.

“Financing Payments” means the principal and interest payments the City is required to make to the Lender under the Financing Agreement that are attributable to the Projects.

“IGA Amount” means \$[\_\_\_\_] the principal amount of the Financing Agreement that is attributable to the Projects.

“Lender” means [\_\_\_\_], or its successors.

“Plan” means the Molalla Urban Renewal Plan, as it has been and may be amended in accordance with its terms.

“Projects” means the “Projects” as defined in the Resolutions.

“Resolutions” means City Resolution No. [\_\_\_\_] adopted by the City Council on [\_\_\_\_], 2020 and Agency Resolution No. [\_\_\_\_] adopted by the Board of Directors of the Agency on [\_\_\_\_], 2020.

“Tax Increment Revenues” means all revenues which the Agency collects for the Molalla Urban Renewal Area under the provisions of Article IX, Section 1c of the Oregon Constitution and ORS Chapter 457.

(2) Findings.

(A) The City has entered into the Financing Agreement to finance costs of the Projects, refund certain borrowings, and to pay costs of issuance of the Financing Agreement.

(B) The Projects are or will be properly described as urban renewal projects in the Plan when proceeds of this Intergovernmental Agreement are spent on such Projects.

- (C) The Agency is authorized to spend Tax Increment Revenues to pay for the costs of the Projects.
- (D) The Projects will assist the Agency in carrying out its Plan.
- (E) The Agency will only spend the proceeds it receives from the City under this Intergovernmental Agreement on the Projects so long as they are then described in the Plan, located in the Molalla Urban Renewal Area and owned by the City or the Agency.
- (F) By entering into this Intergovernmental Agreement, the Agency is issuing debt in the IGA Amount which counts against the Agency's maximum indebtedness limit.
- (G) The Agency certifies that by entering into this Intergovernmental Agreement it will not exceed its maximum indebtedness limit of \$26,175,000 for the Plan.

## **Section 2. The Financing Payments.**

### (1) The Financing Payments.

The Agency hereby agrees to pay to the Lender or the City, not less than one business day prior to the dates on which the Financing Payments are due to the Lender, amounts that are equal to the Financing Payments. The amounts and dates of the Financing Payments are shown in Exhibit A. The Agency further agrees to give the City notice if it has sent funds directly to the Lender to pay the Financing Payments.

### (2) Security for the Obligation of the Agency to Pay the Financing Payments.

This Intergovernmental Agreement shall constitute indebtedness of the Agency in a principal amount that is equal to the IGA Amount. The Agency is obligated to make the payments due under this Intergovernmental Agreement solely from the Tax Increment Revenues. Pursuant to ORS 287A.310, the Agency pledges the Tax Increment Revenues to pay the amounts described in Section 2(1). This pledge is on a parity with the pledge of those Tax Increment Revenues that secures the Intergovernmental Agreement to Make Loans Between the City of Molalla and the Molalla Urban Renewal Agency dated February 11, 2015 (the "2015 IGA"), and the City hereby agrees that this Intergovernmental Agreement may have a lien on the Tax Increment Revenues on parity with the lien that secures the 2015 IGA. The pledge that secures this Intergovernmental Agreement shall be superior to all other pledges or commitments of Tax Increment Revenues that the Agency makes, unless the City agrees in writing to subordinate its claim against the Tax Increment Revenues or to allow the Agency to grant a lien on the Tax Increment Revenues on parity with the lien that secures this Intergovernmental Agreement.

### (3) Reserve Account.

The Agency covenants to the City that it will establish and maintain a Reserve Account to secure the Agency's obligation to pay the amounts described in Section 2.1 so long as amounts are due from the Agency to the City under this Intergovernmental Agreement and unless the City waives this requirement. The Reserve Account shall be funded by the last day of each Fiscal Year with

at least the amount necessary to make the payments due under this Intergovernmental Agreement in the next Fiscal Year.

**Section 3. Prepayment.**

If the City exercises its option to prepay the Financing Payments in whole or in part, unless the Agency consents in advance and in writing, the Agency shall not be obligated to prepay the amounts due from it under this Intergovernmental Agreement.

**Section 4. Estoppel.**

The Agency hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and by this Intergovernmental Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Intergovernmental Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Intergovernmental Agreement is a valid and binding obligation of the Agency which is enforceable against the Agency in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

**Section 5. Title.**

Neither the City nor the owner of the Financing Agreement shall have a lien on, or security interest in the Projects.

**Section 6. Miscellaneous.**

(1) Binding Effect.

This Intergovernmental Agreement shall inure to the benefit of and shall be binding upon the Agency and the City and their respective successors and assigns.

(2) Severability.

In the event any provisions of this Intergovernmental Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

(3) Amendments.

This Intergovernmental Agreement may be amended only by a writing signed by both parties.

(4) Execution in Counterparts.

This Intergovernmental Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

(5) Applicable Law.

This Intergovernmental Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Intergovernmental Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Clackamas County, Oregon.

(6) Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Intergovernmental Agreement.

(7) Headings.

The headings, titles and table of contents in this Intergovernmental Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Intergovernmental Agreement.

IN WITNESS WHEREOF, the Agency and the City have executed this Intergovernmental Agreement as of the date indicated above.

**For the Molalla Urban Renewal Agency, Oregon**

\_\_\_\_\_

[ ]

*[The signature of the City appears on the following page.]*

**For the City of Molalla, Oregon**

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[\_\_\_\_\_]

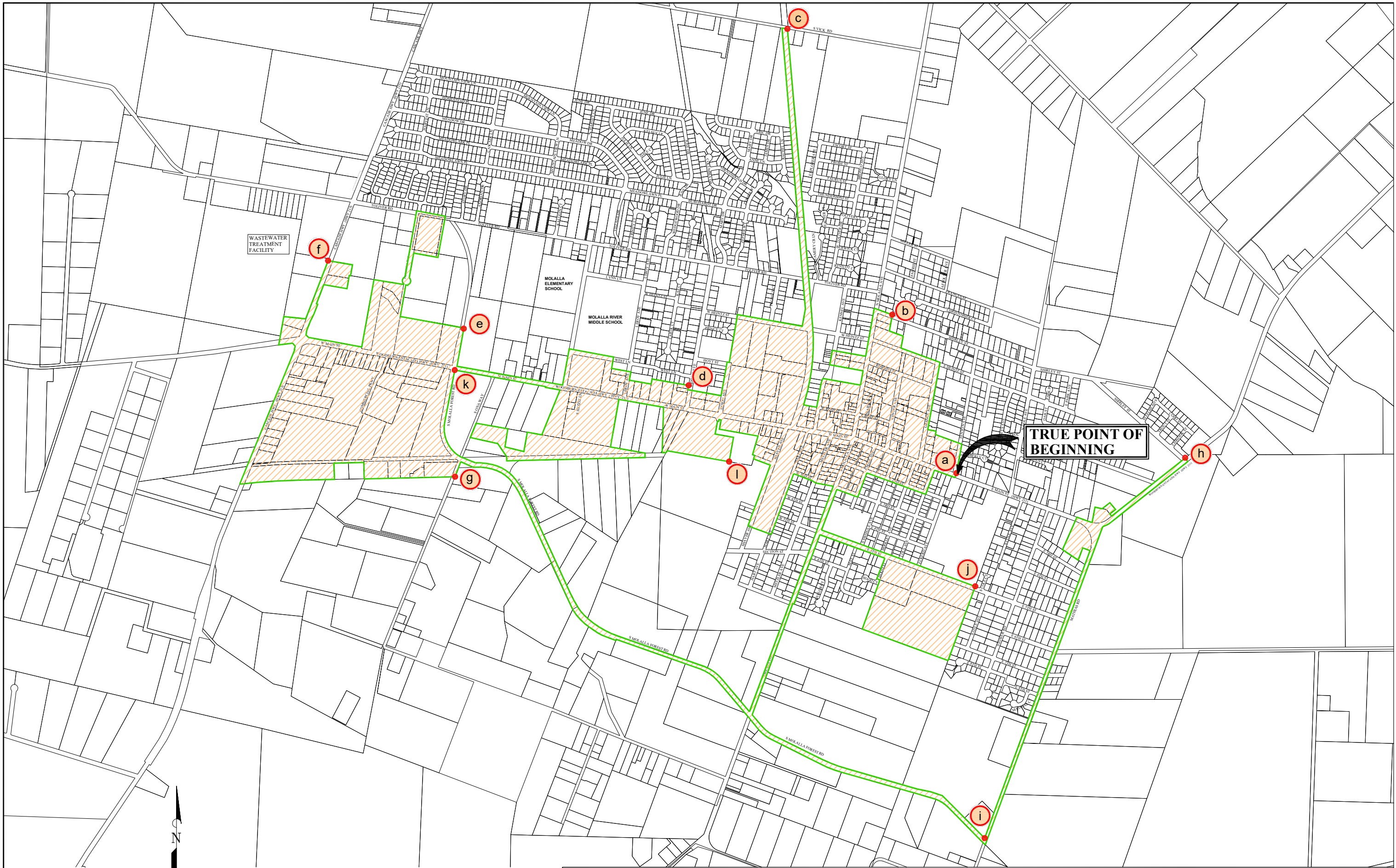
**EXHIBIT A**

**FINANCING PAYMENT SCHEDULE FOR PORTION OF FINANCING AGREEMENT  
ALLOCABLE TO THE PROJECTS**

Interest at the rate of [\_\_\_\_]%, calculated on an actual/360 basis, is payable semi-annually.  
Principal and interest payment requirements are outlined in the following table.

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
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SCALE: 1" = 1200'

 URBAN RENEWAL BOUNDARY AREA

**D** THE DYER PARTNERSHIP  
 ENGINEERS & PLANNERS  
 DATE: JULY, 2020  
 PROJECT NO.: 198.24

**CITY OF MOLALLA**  
**URBAN RENEWAL DISTRICT - BOUNDARY MAP**

FIGURE NO.  
**A**