TOLEDO URBAN RENEWAL AGENCY
REGULAR MEETING
August 24, 2022

1. CALL TO ORDER

Board President Rod Cross called the meeting to order at 5:30 p.m. also via Zoom in Toledo, Oregon.

Present	Absent	
X		President Rod Cross
X		Member Betty Kamikawa
	X	Member Jackie Kauffman
	X	Member Rob Duprau
X		Member Tracy Mix
X		Member Wade Carey
		Vacant

Staff present: Director (Director) Judy Richter, City Recorder (CR) Lisa Figueroa, Public Works Director (PWD) Bill Zuspan

2. PRESENTATIONS

Presentation – Bond Comparison and analysis; Consultant Jonas Biery, DA Davidson
Jonas Biery introduced himself to the Board and provided background on the company. He said the City has some outstanding debt there are some series 2016 full faith and credit bonds. He said those refunded prior bonds and loans that funded the water and sewer system. He indicated those will mature in 2033 but are eligible to be re-funded or refinanced potentially for savings but that would not occur until 2026. He said there are also the 2016 General Obligation bonds which refinanced the original 2005 bonds for the Fire Station projects and the final levy collection will be November 2023 with the final payments in 2024.

Mr. Biery reviewed and compared various types of bonds that were listed in the meeting packet; Unlimited Tax General Obligation (GO) Bonds, Limited Tax General Obligation Bonds, Essential Service Revenue Bonds, and Special Revenue Bonds. He said GO Bonds are paid from a dedicated voter approved property tax on top of permanent rates and/or other fees. He said they generally have higher ratings because they can only be used to pay debt service on the bonds, which means those get the lowest cost of borrowing. He said Limited Tax Revenue Bonds are also known as full faith and credit bonds and typically is paid for by the General Fund (GF) and there could be a wide range of facilities that are financed with that bond with a low rating. He said it is common to use the GF to secure the financing and then pay the bonds from a different revenue stream, which is what the City currently does with its full faith and credit bonds for water and sewer revenues. He said the Water/Sewer Revenue bonds are paid for by utility system revenue for system related services. He said Special Revenue bonds are any specific revenue stream to secure the bond such as a tax increment or renewal, sales tax or Transient Lodging Tax as examples. He said the limitation for bank loans is typically ten years.

The Board inquired about the 60-day notice requirement and Mr. Biery replied the typical notice requires an authorization by the governing body and then the City has to provide notice to the public for 60-days.

Mr. Biery said it is typical to replace an expiring GO bond levy with a new request to voters. He explained in this case, the current levy will expire in 2023 making the final payments on the existing bond in 2024. He said, if voters authorized the City could pick up a new bond levy in 2024 for a first payment in 2025. He referred to page 3 of the packet and noted the projected bond levy at the current $.40/$1,000 assessed value (AV) rate. He said under that scenario, a new levy could provide approximately $2.9 million based on some future assumptions. He said there is a statutory limitation on GO debt, which is 3.5% of assessed value. He proceeded to the next page of the packet and indicated the rate to voters would be approximately $.80/$1,000 AV for $6 million dollars and a $10 million project would cost approximately $1.32/$1,000 AV. He said to continue the levy, one of the proposed scenarios would have to go to the voters on the ballot in 2023.

The Board inquired whether there would be any issue if the City received a large sum of money for the same project as a levy to pay down a loan. Mr. Biery said if the other resource came in before the City processed the bonds, then the City would just not issue the bond. He said there are a couple of options for the City if that additional funding came in after the bond were issued. He said the City could hold on to that resource until year ten when the bonds are available to be pre-paid or the City could do a legal defeasance, which means the resource is used to pay off the bonds principal and interest that are still outstanding until the ten year call date. He said it could be feasible if voters authorized 'Broad project authority', which the voters allow "this project or other projects"; allowing the City to issue bonds for more than just a single project. There were no other questions from the Board.

Director Richter asked Mr. Biery about the need for a Bond Attorney. Mr. Biery said D.A. Davidson would underwrite the bond, they will find investors, execute the transaction and manage the details along the way. He said the City will need a Bond Counsel so the bonds will be tax exempt, which means investors do not pay income tax on the interest they earn. But a Bond Counsel will help to ensure the City is meeting statutory obligations and provide an opinion on that tax exemption. He said they will also have the option of having a financial advisor and suggested hiring a consultant to help draft the ballot language.

3. <u>CONSIDERATION OF MINUTES</u>

Approval of minutes from the meetings held July 7, 2021, June 15, 2022 and the Urban Renewal Agency Budget Committee meeting held May 3, 2022

Motion – It was moved and seconded (Carey/Kamikawa) to approve the minutes from the meetings held July 7, 2021, June 15, 2022 and the Urban Renewal Agency Budget Committee meeting held May 3, 2022 as presented and the motion carried unanimously.

4. DISCUSSION/DECISION ITEMS

Elect Vice-President for the Urban Renewal Agency

Motion – It was moved and seconded (Cross/Kamikawa) to appoint Tracy Mix as the Vice-President for the Urban Renewal Agency and the motion carried unanimously.

Discussion regarding priorities for the Urban Renewal Agency for the next five years

Director Richter presented the staff report and said the Board made allocations for the first fiscal year, but needs to consider the next five years. The Board indicated they would like to see estimated revenues for the next five years so they could consider making an allocation of funds. Director Richter noted the estimated revenues were listed on page 17 of the packet. The Board asked if they could obligate funds to a particular project and hold a certain amount of money each year until they have the funds to complete the project in full. Director Richter said they could do that. She suggested the City use GO bonds for city infrastructure such as replacing Ammon tank. She said in that scenario, the Georgia-Pacific Mill would pay a larger chunk of that as one of the biggest property owners in Toledo. The Board discussed the need to complete an above ground project as well as an underground project and noted they need to have the list completed before the end of next month to determine what they plan to do. The Board requested a list from staff to see what has been completed versus what needs to be completed as well as an indication of projects that are a priority but have not been able to be completed so they could complete the five-year plan. PWD Zuspan indicated he could forward that information to the Board. The Board asked Director Richter if she could prepare a spreadsheet that they could fill out the allocation. Director Richter indicated she would prepare a sheet and send it out to the Board.

5. ADJOURNMENT

The meeting adjourned at 6:30 p.m.

Respectfully submitted:

/s/City Recorder Lisa Figueroa