



CITY OF OREGON CITY URBAN RENEWAL COMMISSION AGENDA

Commission Chambers, Libke Public Safety Facility, 1234 Linn Ave, Oregon City
Wednesday, February 01, 2023 at 6:00 PM

Ways to participate in this public meeting:

- *Attend in person, location listed above*
- *Register to provide electronic testimony (email recorderteam@orcity.org or call 503-496-1509 by 3:00 PM on the day of the meeting to register)*
- *Email recorderteam@orcity.org (deadline to submit written testimony via email is 3:00 PM on the day of the meeting)*
- *Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045*

CALL TO ORDER

ROLL CALL

CITIZEN COMMENTS

DISCUSSION ITEM

1. Urban Renewal Agency Ballot Measure and Explanatory Statement to Approve Borrowing of Funds to Implement Urban Renewal Projects
2. Professional Service Contract with Piper Sandler & Co. Relating to the Pursuit of Borrowing Funds for Urban Renewal Projects
3. Urban Renewal Commission Discussion of Urban Renewal Agency Owned Properties and Considering Potential Projects

COMMUNICATIONS

ADJOURNMENT

PUBLIC COMMENT GUIDELINES

Complete a Comment Card prior to the meeting and submit it to the City Recorder. When the Mayor/Chair calls your name, proceed to the speaker table, and state your name and city of residence into the

microphone. Each speaker is given three (3) minutes to speak. To assist in tracking your speaking time, refer to the timer on the table.

As a general practice, the City Commission does not engage in discussion with those making comments. Electronic presentations are permitted but shall be delivered to the City Recorder 48 hours in advance of the meeting.

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the Oregon City's website at www.orcity.org and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WFMC at 503-650-0275 for a programming schedule.



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Commission
From: Executive Director Tony Konkol

Agenda Date: 02/01/2023

SUBJECT:

Urban Renewal Agency Ballot Measure and Explanatory Statement to Approve Borrowing of Funds to Implement Urban Renewal Projects

STAFF RECOMMENDATION:

Staff recommends that the Urban Renewal Commission ("URC") approve the proposed ballot measure and explanatory statement to approve the borrowing of \$44 million to implement the urban renewal projects identified in the plan.

EXECUTIVE SUMMARY:

The Urban Renewal Commission has updated the Urban Renewal Plan to identify new projects that would improve livability for residents, increase tourism and recreational opportunities, provide for infrastructure investment in blighted and underdeveloped areas, and increase employment opportunities in Oregon City. The Oregon City Charter, Chapter XII, Section 59(A)(i), requires that bonded indebtedness issued by the Urban Renewal Agency shall be approved by the voters of Oregon City.

The Urban Renewal Plan has identified three priority projects, the Rossman Landfill cleanup and redevelopment, development and mitigation projects at Clackamette Cove, and redevelopment of the vacant, city-owned Stimson property on Washington Street. Additional projects included are the reuse and investment in the County Courthouse on Main Street, improvements to the End of the Oregon Trail Interpretive Center, a downtown railroad Quiet Zone, and new development of the vacant, publicly owned 12th and Main Street property.

The Urban Renewal Commission is requesting voter approval to borrow up to \$44 million to implement projects identified in the Urban Renewal Plan. If approved by the Urban Renewal Commission, Resolution number 23-03 will be considered by the City Commission, which would place the question of approving the borrowing of \$44 million on the May 16, 2023 ballot.

OPTIONS:

1. Staff recommends that the Urban Renewal Commission approve the ballot measure and explanatory statement.
2. Provide staff direction on any changes to the proposed ballot measure and/or explanatory statement.

Exhibit A
Urban Renewal Agency Approval to Borrow Funds Ballot Measure

Caption: Borrowing for Oregon City Urban Renewal Agency (7/10 words)

Question: Shall the Urban Renewal Agency be approved to borrow up to \$44 million for projects in the Urban Renewal Plan? (20/20 words)

Summary: Approval of this measure would not authorize an additional tax.

The Downtown Oregon City/North End Urban Renewal Plan includes projects to improve livability, increase tourism and recreation opportunities, provide for infrastructure investment on blighted properties and create jobs in Oregon City. The Agency has identified three priority projects in the Plan, the Rossman Landfill cleanup and redevelopment, development and mitigation projects at Clackamette Cove, and redevelopment of the Stimson Property on Washington Street. Other projects identified in the Plan include redevelopment of the County Courthouse, improvements at the End of the Oregon Trail Interpretive Center, creation of a downtown railroad Quiet Zone, and new development on the publicly owned 12th and Main Street property.

This measure would provide approval for the Agency to borrow up to \$44 million for projects identified in the Plan. The borrowings would be repaid by tax increment revenues collected within the Plan area.

The borrowings may be issued in one or more series, each maturing within 20 years of issuance, and the Agency may refinance the borrowings. (172/175 words)

Exhibit A

MEASURE EXPLANATORY STATEMENT FOR COUNTY VOTERS' PAMPHLET

Voter Approval for the Oregon City Urban Renewal Agency to Borrow Funds to Implement Urban Renewal Projects

Approval for the Urban Renewal Agency to borrow funds. Approval of this measure would not authorize an additional tax.

The Urban Renewal Agency is currently collecting revenues from the existing Downtown Oregon City/North End Urban Renewal District and the continued collection of those revenues will repay the proposed borrowing. The Oregon City Charter requires that prior to the Urban Renewal Agency taking on any debt, it must first be approved by the voters of Oregon City.

The Urban Renewal Commission recently updated the Urban Renewal Plan to identify new projects that would improve livability for residents, increase tourism and recreational opportunities, provide for infrastructure investment in blighted and underdeveloped areas, and increase employment opportunities in Oregon City.

The three priority projects contained in the Plan are the Rossman Landfill cleanup and redevelopment, development and mitigation projects at Clackamette Cove, and redevelopment of the vacant, city-owned Stimson property on Washington Street.

To accomplish these projects and other projects identified in the Plan, the Urban Renewal Commission is requesting approval to borrow up to \$44 million. The \$44 million would be repaid by tax increment revenues collected within the Plan area. The borrowing may be issued in one or more series with each series maturing within 20 years issuance, and the Agency may refinance borrowings authorized by this measure.

The boundary of the Urban Renewal Area is approximately 855 acres and includes the Downtown area, Clackamette Cove, the Rossman Landfill redevelopment site, the Washington Street corridor, and the End of the Oregon Trail Interpretive Center. In addition to the priority projects identified above, additional projects in the Plan to be evaluated for future investment include:

- Reuse and investment in the County Courthouse on Main Street
- Improvements to the End of the Oregon Trail Interpretive Center
- A downtown railroad Quiet Zone
- New development of the vacant, publicly owned 12th and Main Street property

By making redevelopment and environmental mitigation investments in the urban renewal projects, residents, businesses, and visitors will have greater access to various amenities expected to include experiences that will attract the public during both the day and night, well-presented historical venues that will provide different vantage points of the community's past,

recreational opportunities of various types and venues, and investments in public infrastructure that will improve public safety, access, and mobility.

A yes vote for this measure will provide voter approval for the Urban Renewal Agency to borrow up to \$44 million dollars.

A no vote for this measure will not provide voter approval for the Urban Renewal Agency to borrow any funds. (440 of 500)



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Agency Commission
From: Finance Director Matt Zook

Agenda Date: 2/01/2023

SUBJECT:

Professional service contract with Piper Sandler & Co. relating to the pursuit of borrowing funds for Urban Renewal projects.

STAFF RECOMMENDATION:

Staff recommends the approval of one professional service contract.

EXECUTIVE SUMMARY:

As is standard with most public borrowing, the financing team for the Urban Renewal Agency includes staff, underwriter or placement agent, and bond attorney. Each member holds a unique role. Finance staff provides financial information for both past operations, current budgets, and future forecasts. Underwriters or placement agents bridge the gap between the Urban Renewal Agency and financial markets, which would include any source of borrowing, including debt structuring, market conditions, and credit ratings. Bond attorneys assist the City in all legal matters related to public borrowing, which is a highly regulated practice of law more specific than services offered by general counsel. The financing team is necessary regardless of the source of borrowing (open market, loan, etc.).

Finance staff has selected Piper Sandler & Co. (PSC) as financial consultant. PSC has represented the City of Oregon City for several decades, most recently with the Oregon City Library expansion project and the Robert Libke Public Safety Building project. Carol Samuels will serve as Managing Director. Carol's work with the city extends back into the 1990s.

BACKGROUND:

The Urban Renewal Commission has adopted the 11th amendment of the Urban Renewal Plan and is working toward a referring a ballot measure to the voters to approve borrowing to complete projects in the Plan. Engaging in this contract with Piper Sandler & Co. provides staff with the flexibility to diligently plan ahead and strategize in the event the measure is approved by the voters. If the measure is not approved, there is no cost to the

Urban Renewal Agency. Even if the measure is approved, expenses on this agreement with Piper Sandler & Co. are not incurred until a successful issuance of bonds and will be based on a percentage of the principal amount of the bonds.

OPTIONS:

1. Authorize the City Manager to execute contract as presented.
2. Reject contract as presented.

BUDGET IMPACT:

Amount: \$0 Funds will only be due to PSC upon successful issuance of debt, at which time the payment can be paid from debt proceeds. The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the bonds.

FY(s): FY22 or FY23 depending on timing of issuance

Funding Source(s): Debt proceeds, ultimately paid by tax increment revenue

January 9, 2023

Matt Zook, Finance Director
Oregon City Urban Renewal Agency
625 Center Street
Oregon City, OR 97045

Re: Underwriter/Placement Agent Engagement Letter
Debt to be issued for Urban Renewal Projects, either secured by the City's Full Faith and Credit
or Tax Increment Revenues 2023-2028 (the "Bonds")

Dear Matt:

On behalf of Piper Sandler & Co. ("Piper Sandler" or "we"), we wish to thank you for the opportunity to serve as an underwriter or placement agent for the Oregon City Urban Renewal Agency (the "Issuer") for the issuance of the Bonds. We understand that the decision to either sell the Bonds in a private placement to a single or limited number of investors or conduct a public sale of the Bonds will be made by you sometime in the future. This letter is intended to describe our engagement for either method of sale.

1. **Scope of Services.** The Issuer hereby engages Piper Sandler to serve as an underwriter or placement agent for the Bonds and in such capacity Piper Sandler agrees to provide the following services:
 - a. Developing a financing plan for the Bonds and assisting the Issuer in determining the economic impact of the Bonds.
 - b. Advice concerning structure, timing, terms and other similar matters concerning the Bonds, including recommendations as to maturities, interest rates, structure, security, timing, and amount of proceeds needed to implement your project.
 - c. Reviewing and making comments with respect to sale documents, as applicable, including Ballot Titles, Explanatory Statements, Authorizing Bond Resolutions, bond declarations and indentures and other underlying documents relating to the Bonds.
 - d. Developing a sale schedule that incorporates all aspects of bringing Bonds to market and arranging for a successful closing of the transaction.
 - e. Assisting the Issuer in determining whether to pursue a public sale or a private placement to a bank or other financial institution, based upon the facts and circumstances in evidence at that time.
 - f. For a public sale, assisting in the preparation of the preliminary and final Official Statements to be issued by the Issuer relating to Bonds for final approval by the Issuer and its agents, including bond counsel regarding same.
 - g. Assisting in making presentations to rating agencies with respect to the Bonds if applicable.
 - h. Evaluating and making recommendations to the Issuer concerning the use of bond insurance and any other available credit enhancements, if applicable.
 - i. For a public sale, distributing preliminary and final Official Statements and other documents to a broad list of institutions, banks, trusts, insurance companies, investment counselors, and other prospective investors in Bonds.
 - j. For a public sale, forming, if deemed appropriate by Piper Sandler and the Issuer, an underwriting group for the purpose of underwriting the Bonds, and informing the Issuer as to the membership of any group so formed.
 - k. For a public sale, developing a marketing plan for the offering, including identification of potential investors.
 - l. Contacting potential investors, including those that might be considering a private placement, providing them with offering-related information, responding to their inquiries and, if requested, coordinating their due diligence sessions.

- m. Negotiating the pricing, including the interest rate, and other terms of Bonds.
 - n. For a public sale, obtaining CUSIP number(s) for Bonds and arranging for their DTC book-entry eligibility.
 - o. Providing a final schedule of debt service payments for Bonds.
 - p. Reviewing and making comments with respect to closing documents prepared by Bond Counsel.
 - q. Planning and arranging for the closing and settlement of the issuance and the delivery of Bonds.
 - r. Other activities that are integral to the purchase and distribution of the Bonds and activities integral to fulfilling the role of placement agent or underwriter including under the antifraud provisions of the federal securities laws and the obligations of Piper Sandler under MSRB rules.
2. **Term and Termination.** The term of this engagement shall begin on the date of this letter until the earlier of: the termination by either party as described below or until the end of the underwriting period or date of sale for each series of Bonds. Either party may terminate Piper Sandler's engagement at any time without liability or penalty upon at least 30 days' prior written notice to the other party. If Piper Sandler's engagement is terminated by the Issuer, the Issuer agrees to reimburse Piper Sandler for its out-of-pocket expenses (e.g., travel requested by the Issuer for in-person meetings) incurred until the date of termination. Both parties agree that with respect to any specific series of Bonds, this letter will be replaced and superseded by any bond purchase or placement agreement entered into by the parties (the "Purchase Agreement" or "Placement Agent Agreement") if and when the Bonds are priced.
3. **Miscellaneous.** You agree that the advice provided pursuant to this engagement should not be construed as advice as to whether you should approve or authorize the Bonds. The parties agree that we are not making a final commitment to underwrite or place securities until certain events have occurred including among other things, a successful bond authorization and, satisfactory completion and execution of all final documentation for an offering and credit approval. This Agreement is therefore not a final commitment by us express or implied, to underwrite, place or purchase any securities. This Agreement will be governed by, and construed in accordance with, the laws of the State of Oregon, without regard to conflicts of law principals to the extent that the application of the laws of another jurisdiction would be required thereby. The Issuer and Piper Sandler each hereby irrevocably waive any right they may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or the transactions contemplated hereby. This Agreement may not be assigned by either party without the prior written consent of the other party. This Agreement embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. If any provision of this Agreement is determined to be invalid or unenforceable in any respect, such determination will not affect such provision in any other respect or any other provision of this Agreement, which will remain in full force and effect. This Agreement may not be amended or otherwise modified or waived except by an instrument in writing signed by both Piper Sandler and the Issuer.
4. **MSRB Disclosures.** As required by the Municipal Securities Rulemaking Board (MSRB) Rule G-17 in accordance with MSRB Notice 2012-25 (May 7, 2012) we are providing you with certain disclosures relating to the issuance of the Bonds. Under new federal regulations, all underwriters and placement agents are now required to send the following disclosures to you (as the Issuer of the Bonds) in order to clarify with you the role of a placement agent or underwriter and other matters relating to an underwriting or placement of the Bonds.

Piper Sandler intends to serve as a placement agent or underwriter respecting the Bonds and not as a financial advisor or municipal advisor to you. As part of our services as a placement agent or underwriter, Piper Sandler may provide advice concerning the structure, timing, terms, and other similar matters concerning an issue of municipal securities that Piper Sandler is underwriting or placing.

Our Role as Placement Agent:

If we are serving as a placement agent or underwriter for the Bonds, these are some important disclosures that clarify our role and responsibilities:

- (i) MSRB Rule G-17 requires us to deal fairly at all times with both municipal issuers and investors;
- (ii) Our primary role in this transaction is to facilitate the sale and purchase of municipal securities between you and one or more investors for which we will receive compensation;
- (iii) Unlike a municipal advisor, we do not have a fiduciary duty to you under the federal securities laws and are, therefore, not required by federal law to act in your best interests without regard to our own financial or other interests;
- (iv) We have a duty to arrange the purchase securities from you at a fair and reasonable price, but must balance that duty with our duty to arrange the sale to investors at prices that are fair and reasonable; and
- (v) In the event an official statement is prepared, we will review the official statement for your securities in accordance with, and as part of, our responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Our Role as Underwriter:

If we are serving as an underwriter for the Bonds, these are some important additional disclosures that clarify our role as an underwriter:

- (i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with both municipal issuers and investors;
- (ii) The underwriter's primary role is to purchase securities with a view to distribution in an arm's-length commercial transaction with the Issuer and it has financial and other interests that differ from those of the Issuer;
- (iii) Unlike a municipal advisor, the underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests;
- (iv) The underwriter has a duty to purchase securities from the Issuer at a fair and reasonable price, but must balance that duty with its duty to sell municipal securities to investors at prices that are fair and reasonable; and
- (v) The underwriter will review the official statement for the Issuer's securities in accordance with, and as part of, its responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of the transaction.

Our Compensation:

We will be compensated by a fee and/or an underwriting discount that will be set forth in the agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter or placement agent may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

Conflicts of Interest:

If the Bonds are sold via a public sale, the following additional disclosures apply:

We have entered into a separate agreement with Charles Schwab & Co., Inc. that enables Charles Schwab & Co., Inc. to distribute certain new issue municipal securities underwritten by or allocated to us which could include the Bonds. If a public offering of the Bonds is made, we could share with Charles Schwab & Co., a portion of the fee or commission paid to us as underwriter.

Risk Disclosures:

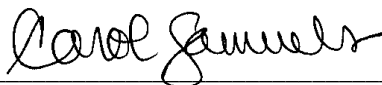
In accordance with the requirements of MSRB Rule G-17, attached to this letter as Appendix A is a description of the material aspects of a typical fixed rate offering, including the Bonds. This letter may be later supplemented if the material terms of the Bonds change from what is described here.

If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to me. In addition, you should consult with your own financial, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

It is our understanding that you are authorized or are expected to be authorized to sign the bond purchase agreement with us. If our understanding is incorrect, please notify the undersigned immediately.

Thank you.

Sincerely,



Carol Samuels, Managing Director
Piper Sandler & Co.

Acknowledgement and Approval of Engagement
and Receipt of Appendix A Disclosures

Matt Zook, Finance Director
Oregon City Urban Renewal Agency

Date: _____

Appendix A – G-17 Disclosure

Thank you for engaging Piper Sandler & Co. to serve as your underwriter or placement agent. We are writing to provide you with certain disclosures relating to the captioned bond issue (Bonds), as required by Municipal Securities Rulemaking Board (MSRB) Rule G-17 as set forth in MSRB Notice 2019-20 (Nov. 8, 2019).¹

Piper Sandler & Co. intends to serve as an underwriter or placement agent, and not as a financial advisor or municipal advisor, in connection with the issuance of the Bonds. As part of our underwriting services, we may provide advice concerning the structure, timing, terms, and other similar matters concerning the issuance of the Bonds.

The following G-17 conflict of interest disclosures are now broken down into three types, including: 1) dealer-specific conflicts of interest disclosures (if applicable); 2) transaction-specific disclosures (if applicable); and 3) standard disclosures.

If Piper Sandler is engaged to act as your underwriter in a negotiated underwriting, by engaging Piper Sandler as your underwriter, you determined to sell the Bonds by negotiated sale. A negotiated sale is the sale of a new issue of municipal securities by an issuer directly to an underwriter or underwriting syndicate selected by the issuer. A negotiated sale is distinguished from a sale by competitive bid, which requires public bidding by the underwriters. Piper Sandler did not advise you as to what method of sale (competitive or negotiated sale) you used for this issuance of municipal securities.

Dealer-Specific Conflicts of Interest Disclosures

Piper Sandler has identified the following actual or potential² material conflicts of interest:

- We have entered into a separate agreement with Charles Schwab & Co., Inc. that enables Charles Schwab & Co., Inc. to distribute certain new issue municipal securities underwritten by or allocated to us which could include the Bonds. Under that agreement, we will share with Charles Schwab & Co., a portion of the fee or commission paid to us.

Transaction-Specific Disclosures

- Disclosures Concerning Complex Municipal Securities Financing:
 - Since we have recommended to the Issuer/Obligor a financing structure that may be a “complex municipal securities financing” for purposes of MSRB Rule G-17, attached is a description of the material financial characteristics of that financing structure as well as the material financial risks of the financing that are known to us and reasonably foreseeable at this time.

Standard Disclosures

- Disclosures Concerning the Underwriters’ Role:
 - MSRB Rule G-17 requires an underwriter to deal fairly at all times with both issuers and investors.
 - The underwriters’ primary role is to purchase the Bonds with a view to distribution in an arm’s-length commercial transaction with the Issuer. The underwriters have financial and other interests that differ from those of the Issuer.

¹ Revised Interpretive Notice Concerning the Application of MSRB Rule G-17 to Underwriters of Municipal Securities (effective Mar. 31, 2021).

² When we refer to *potential* material conflicts throughout this letter, we refer to ones that are reasonably likely to mature into *actual* material conflicts during the course of the transaction, which is the standard required by MSRB Rule G-17.

- Unlike a municipal advisor, an underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The Issuer may choose to engage the services of a municipal advisor with a fiduciary obligation to represent the Issuer's interest in this transaction.
 - The underwriters have a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
 - The underwriters will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.³
- Disclosures Concerning the Placement Agent Role:
 - MSRB Rule G-17 requires us to deal fairly at all times with both municipal issuers and investors.
 - Our primary role in this transaction is to facilitate the sale and purchase of municipal securities between you and one or more investors for which we will receive compensation.
 - Unlike a municipal advisor, a placement agent does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.
 - The placement agent has a duty to purchase the Bonds from the Issuer at a fair and reasonable price, but must balance that duty with their duty to sell the Bonds to investors at prices that are fair and reasonable.
 - In the event an official statement is prepared, the placement agent will review the official statement for the Bonds in accordance with, and a part of, their respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.⁴
- Disclosures Concerning the Underwriters' Compensation:
 - The underwriters will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriters may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.
- Disclosures Concerning the Placement Agent's Compensation:
 - The placement agent will be compensated by a fee that was negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the placement agent fee will be contingent on the closing of the transaction and the amount of the fee may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of

³ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

⁴ Under federal securities law, an issuer of securities has the primary responsibility for disclosure to investors. The review of the official statement by the underwriters is solely for purposes of satisfying the underwriters' obligations under the federal securities laws and such review should not be construed by an issuer as a guarantee of the accuracy or completeness of the information in the official statement.

compensation is customary in the municipal securities market, it presents a conflict of interest since the placement agent may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.

If you or any other Issuer officials have any questions or concerns about these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer's own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate.

Please note that nothing in this letter should be viewed as a commitment by the underwriters or placement agent to purchase or sell all the Bonds and any such commitment will only exist upon the execution of any bond purchase agreement or similar agreement and then only in accordance with the terms and conditions thereof.

You have been identified by the Issuer as a primary contact for the Issuer's receipt of these disclosures, and that you are not a party to any disclosed conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately. We are required to seek your acknowledgement that you have received this letter. Accordingly, please send me an email to that effect, or sign and return the enclosed copy of this letter to me at the address set forth above. Otherwise, an email read receipt from you or automatic response confirming that our email was opened by you will serve as an acknowledgment that you received these disclosures.

Depending on the structure of the transaction that the Issuer decides to pursue, or if additional actual or potential material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

Appendix B – Capital Appreciation Bonds

The following is a general description of the financial characteristics of Capital Appreciation Bonds (CABs), as well as a general description of certain financial risks that are known to us and reasonably foreseeable at this time and that you should consider before deciding whether to issue CABs. If you have any questions or concerns about these disclosures, please make those questions or concerns known immediately to us. In addition, you should consult with your financial and/or municipal, legal, accounting, tax, and other advisors, as applicable, to the extent you deem appropriate.

Financial Characteristics

CABs are bonds that are typically sold at a price less than their par amount (i.e., an “*original issue discount*”). The difference between the sales price and the par amount is considered the original issue discount. CABs typically do not pay interest periodically like traditional Current Interest Bonds (“CIBs”), but rather pay interest only at maturity. CABs accrete in value at a stated yield as interest accrues, regardless of the current market rate. At maturity, investors receive an amount equal to the initial principal invested plus the interest earned, compounded at the stated yield.

Convertible CABs are a hybrid structure in which the bonds accrete in value while in the CAB mode and then pay annual principal and semi-annual interest as a traditional CIB after the conversion date. The interest and principal paid after the conversion date is based on the accreted value of the bonds at the conversion date instead of the original par value.

CABs may be attractive to issuers because they defer debt service payments until maturity and relieve pressure on an issuer’s annual debt service budget. They may also allow issuers to smooth out debt service payments in their annual budgets by issuing CABs structured or scheduled to mature in years in which other series of bonds do not mature, or in the years between the last serial bond and the start of mandatory term bond calls.

Financial Risk Considerations

Certain risks may arise in connection with your issuance of CABs, including some or all the following (generally, the obligor, rather than the issuer, will bear these risks for conduit revenue bonds):

Issuer Default Risk. Depending on how the CABs are structured, the maturity value may be a substantial amount. You may be in default if the funds pledged to secure your CABs are not enough to pay debt service on the CABs when due. The consequences of a default may be serious for you and, depending on applicable state law and the terms of the authorizing documents, the holders of the bonds, the trustee and any credit support provider may be able to exercise a range of available remedies against you. For example, if the CABs are secured by a general obligation pledge, you may be ordered by a court to raise taxes. Other budgetary adjustments also may be necessary to enable you to provide sufficient funds to pay debt service on the CABs. If the bonds are revenue bonds, you may be required to take steps to increase the available revenues that are pledged as security for the bonds. A default may negatively impact your credit ratings and may effectively limit your ability to publicly offer bonds or other securities at market interest rate levels. Further, if you are unable to provide sufficient funds to remedy the default, subject to applicable state law and the terms of the authorizing documents, you may find it necessary to consider available alternatives under state law, including (for some issuers) state-mandated receivership or bankruptcy. A default also may occur if you are unable to comply with covenants or other provisions agreed to in connection with the issuance of the bonds.

This description is only a summary of issues relating to defaults and is not intended as legal advice. You should consult with your bond counsel for further information regarding defaults and remedies.

Redemption Risk. Your ability to redeem the CABs prior to maturity may be limited, depending on the terms of any optional redemption provisions. CABs are generally not subject to optional redemption by issuers until the maturity date thereof. If interest rates in the market decline, you may be unable to take advantage of the lower interest rates to reduce debt service if the CABs cannot be redeemed.

Refinancing Risk. If your financing plan contemplates refinancing some or all the CABs at maturity, market conditions or changes in law may limit or prevent you from refinancing those CABs when required. Further, limitations in the federal tax rules on advance refunding of bonds (an advance refunding of bonds occurs when tax-exempt bonds are refunded more than 90 days prior to the date on which those bonds may be retired) may restrict your ability to refund the CABs to take advantage of lower interest rates.

Interest Rate Penalty. While CABs may allow you to defer interest payments until maturity of the bond, investors require significantly higher yield to forgo traditional semi-annual interest payments. The higher yields, together with the potential of reduced flexibility to optionally redeem the CABs prior to maturity, may result in higher total debt costs than if you had issued CIBs. This may be exacerbated if the financial assumptions underlying the issuance of CABs are ultimately incorrect.

Interest Payment Deferral. As the interest rates on CABs is generally higher than CIBs and accretes over the life of the CABs, you must prepare for an even higher debt service that will be due and payable at the stated maturity of CABs. Rather than paying the remaining principal and the final semi-annual coupon payment at maturity for traditional long-term fixed rate bonds, you will be required to pay all the principal and all of the interest that will have compounded from the issuance date through maturity. Convertible CABs carry the inherent risk that, upon conversion from CABs to CIBs, the CIBs will require semi-annual interest payments.

Limited Investor Base. Due to the unique characteristics of CABs, there may be a limited universe of potential investors. This could lead the underwriters to have difficulty selling the CABs, and which could result in higher yields and higher total debt costs. Additionally, you should consider that CABs may price at a substantial yield concession to current interest fixed rate bonds as investors value the structure relative to other product alternatives.

Reinvestment Risk. You may have proceeds of the CABs to invest prior to the time that you are able to spend those proceeds for the authorized purpose. Depending on market conditions, you may not be able to invest those proceeds at or near the yield on the CABs, which is referred to as “negative arbitrage.”

Tax Compliance Risk. The issuance of tax-exempt bonds is subject to several requirements under the U.S. Internal Revenue Code, as enforced by the Internal Revenue Service (IRS). You must take certain steps and make certain representations prior to the issuance of tax-exempt bonds. You also must covenant to take certain additional actions after issuance of tax-exempt bonds. A breach of your representations or your failure to comply with certain tax-related covenants may cause the interest on the CABs (if issued as tax-exempt obligations) to become taxable retroactively to the date of issuance of the CABs, which may result in an increase in the interest rate that you pay on the CABs. The IRS also may audit you or your CABs or other bonds, in some cases on a random basis and in other cases targeted to specific types of bond issues or tax concerns. If the CABs are declared taxable, or if you are subject to audit, you may be unable to

remarket or refinance the CABs. Further, your ability to issue other tax-exempt bonds also may be limited.

This description of tax compliance risks is not intended as legal advice and you should consult with your bond counsel regarding the tax implications of issuing CABs.



CITY OF OREGON CITY

Staff Report

625 Center Street
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To: Urban Renewal Commission
From: Executive Director Tony Konkol

Agenda Date: 2/01/2023

SUBJECT:

Urban Renewal Commission discussion of Urban Renewal Agency owned properties and considering potential projects

STAFF RECOMMENDATION:

Staff recommends that the Urban Renewal Commission discuss when to consider potential projects for Urban Renewal Agency owned properties and provide direction to staff on how to proceed.

EXECUTIVE SUMMARY:

The Urban Renewal Commission requested that this item be added to the agenda to allow for a discussion to determine if the Urban Renewal Agency is at a point to begin entertaining offers and/or inquiries on any URA owned properties for development. The second discussion topic requested is if the URC is not prepared to move forward with considering development proposals, what additional steps need to be accomplished in order to move forward with considering development proposals.

BACKGROUND:

As the Urban Renewal Commission has been working to complete the 11th amendment to the Downtown/North End Urban Renewal Plan and the ballot measure requesting voter approval to borrow funds to implement the projects identified in the Plan, staff has been directed to not entertain development or acquisition proposals on URA owned properties. It is anticipated the Urban Renewal funding ballot measure will be considered by the Oregon City voters during the May 16, 2023 election.

Through the process of creating new goals and projects for the 11th amendment to the Plan, the URC adopted a project review process to be utilized when analyzing development proposals. The URC discussed the possibility of providing more clarity on the type and use of development proposals that the URC would like on the URA owned properties, as well as the potential for a formal request for proposals or similar developer solicitation process to be utilized.

OPTIONS:

1. Provide staff direction on how to proceed.