



**McMinnville Urban Renewal Agency Meeting Agenda**

**Tuesday, October 10, 2023**

**7:00 p.m.**

**(IMMEDIATELY FOLLOWING REGULAR CITY COUNCIL MEETING)**

**MEETING ADDED ON 10/09/2023**

*Welcome! The public is strongly encouraged to participate remotely but there is seating at Civic Hall for those who are not able to participate remotely. However, if you are not feeling well, please stay home and take care of yourself.*

*The public is strongly encouraged to relay concerns and comments to the Council in one of three ways:*

- *Email at any time up to **12 p.m. on Monday, October 9th** to [claudia.cisneros@mcminnvilleoregon.gov](mailto:claudia.cisneros@mcminnvilleoregon.gov)*
- *If appearing via telephone only please sign up prior by **12 p.m. on Monday, October 9th** by emailing the City Recorder at [claudia.cisneros@mcminnvilleoregon.gov](mailto:claudia.cisneros@mcminnvilleoregon.gov) as the chat function is not available when calling in zoom;*
- *Join the zoom meeting use the raise hand feature in zoom to request to speak, once your turn is up we will announce your name and unmute your mic. **You will need to provide your First and Last name, Address, and contact information (email or phone) to the City.***

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*You can live broadcast the City Council Meeting on cable channels Xfinity 11 and 331,  
Frontier 29 or webstream here:*

[mcm11.org/live](http://mcm11.org/live)

**URBAN RENEWAL AGENCY MEETING:**

*You may join online via Zoom Meeting:*

<https://mcminnvilleoregon.zoom.us/j/81601857848?pwd=0KjXpX7XB2tzgCXkRDN9aakODqtq6X.1>

*Zoom ID: 816 0185 7848*

*Zoom Password: 331439*

*Or you can call in and listen via Zoom: 1-253- 215- 8782*

*ID: 816 0185 7848*

**1. CALL TO ORDER**

**2. RESOLUTION**

- a. Consider **Resolution No. 2023-04:** A Resolution of the McMinnville Urban Renewal Agency approving an intergovernmental agreement between the City of McMinnville and the McMinnville Urban Renewal Agency for the financing to purchase tax lots R4421BA03800 and R4421BA03805 (904 NE 10TH Street and 835 NE Alpine Avenue respectively to advance the goals and objectives of the McMinnville Urban Renewal Plan.

**3. ADJOURNMENT**

## STAFF REPORT

**DATE:** October 9, 2023  
**TO:** Jeff Towery, City Manager  
**FROM:** Jennifer Cuellar, Finance Director  
**SUBJECT:** Intergovernmental Agreement between City of McMinnville and McMinnville Urban Renewal Agency

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### ECONOMIC PROSPERITY

Provide economic opportunity for all residents through sustainable growth across a balanced array of traditional and innovative industry sectors

**Report in Brief:** McMinnville wishes to purchase the Northwest Rubber Property for purposes of supporting economic development within the McMinnville Urban Renewal District. The Intergovernmental Agreement between the City and Urban Renewal Agency describes the financial agreement between the two entities in order to fund this project.

#### **Discussion of Budget Amendment:**

Oregon Revised Statute (ORS) 190 permits local governments to enter into intergovernmental agreements (IGAs).

The City of McMinnville and the McMinnville Urban Renewal Agency have an existing IGA established in 2015 authorizing the City to assist the Agency in the planning and carrying out of the Urban Renewal Plan (the "Plan") by providing all administrative and development services necessary and proper for carrying out the Agency's functions and the Plan, pursuant to ORS 457.320.

The opportunity to purchase and redevelop the Northwest Rubber property in the NE Gateway district will advance Plan goals such as the following:

- Goal 3 to encourage the unique district identity of the NE Gateway as a place for people to live, work and play
- Goal 8 for development and redevelopment

The investment may also make an impact on Plan Goal 6 for affordable, quality housing.

The City anticipates the purchase price and an allowance for closing costs for the Property will be a maximum of \$4,350,000.

The City intends to purchase the property through a five-year capital interfund loan with the following characteristics:

- interest-only
- callable after two years by the loaning fund, the Wastewater Capital Fund
- 5.05% interest per annum with
- no penalty on pre-payment of the loan at any time during its term

Principal	4,350,000	(not to exceed amount)		
Interest rate	5.05%			
Interest Only Duration	5			
First payment date*	10/13/2024			
	<b>Payment Date*</b>	<b>Interest</b>	<b>Principal</b>	<b>Payment</b>
	10/13/2024	219,675		219,675
	10/13/2025	219,675		219,675
	10/13/2026	219,675		219,675
	10/13/2027	219,675		219,675
	10/13/2028	219,675	4,350,000	4,569,675
<u>Other features of loan:</u>				
Callable in 2 years	10/13/2025			
Because of the call feature, will provide 0.25% premium, not customary 0.50% premium				
Current LGIP rate of return 4.8%				
Prepayment allowed without penalty at any time during loan term				
* payment dates are projections and will correspond to the actual date of the closing				

Because this project furthers the Urban Renewal Plan and the Agency has tax increment financing capacity available, the intent is for the Urban Renewal Agency to budget for and reimburse the City the annual interest costs of the loan starting in FY2024-25.

As it is the intent of the City of McMinnville to enter into a redevelopment agreement and sell the property as part of that agreement, the actual outlays and time frame for this cost-sharing IGA is uncertain.

Therefore, the IGA provides for the ability for modifications by mutual consent of the parties.

**Fiscal Impact:**

This agreement provides for the City to be reimbursed for all interest associated with the interfund loan.

For the Urban Renewal District, an annual commitment of a maximum of \$219,675 will need to be budgeted each year.

At the end of the day, the long-term fiscal impact of taking the industrial property and investing in it so that it may change its use to an economic activity which will be a more environmentally sustainable, healthy enterprise that fits in better with the NE Gateway District’s mixed residential and commercial activities is worth the financial investment of urban renewal and, potentially, unrestricted general fund dollars.

**City Council and Urban Renewal Agency Options:**

1. Adopt the Resolution and the IGA that authorizes the cost sharing for the financing of the purchase of the Northwest Rubber property. This is staff’s recommendation.
2. Do not adopt the Resolution and the proposed IGA, which will make it impossible to close on the Northwest Rubber property without alternative City Council action.

**Documents:**

1. Resolution No. 2023-04: Approval of IGA
  - a. Exhibit A: IGA 2023-04 City-UR on Northwest Rubber property purchase

## RESOLUTION NO. 2023-04

A Resolution of the McMinnville Urban Renewal Agency approving an intergovernmental agreement between the City of McMinnville and the McMinnville Urban Renewal Agency for the financing to purchase tax lots R4421BA03800 and R4421BA03805 (904 NE 10<sup>TH</sup> Street and 835 NE Alpine Avenue respectively to advance the goals and objectives of the McMinnville Urban Renewal Plan.

### RECITALS:

**Whereas**, This Agreement is made pursuant to ORS Chapter 190 which permits local government units to enter agreements pursuant to ORS 190.010; and

**Whereas**, the Agency is charged with administering and implementing the McMinnville Urban Renewal Plan ("Plan"), as adopted by the Agency Board on July 23, 2013, and will be engaging in redevelopment activities to carry out the Plan; and

**Whereas**, on April 14, 2015, the City and the Agency entered into an intergovernmental agreement ("2015 IGA") authorizing the City to assist the Agency in the planning and carrying out of the Urban Renewal Plan (the "Plan") by providing all administrative and development services necessary and proper for carrying out the Agency's functions and the Plan, pursuant to ORS 457.320; and

**Whereas**, an opportunity to advance goals in the Plan such as Goal 3 to encourage the unique district identity of the NE Gateway as a place for people to live, work and play; Goal 8 for development and redevelopment; and, potentially, Goal 6 for affordable, quality housing by purchasing the Northwest Rubber industrial property (the "Property"), where its most recent industrial use has ceased operations, and preparing the site for redevelopment; and

**Whereas**, in support of the Agency's development goals, the City has entered into a purchase and sale agreement for the Property as described in City Resolution 2023-43; and

**Whereas**, the City hired an environmental consultant to conduct a Phase I, Phase II and Regulated Building Materials site assessments, and the City acknowledges the Phase I Environmental Site Assessment Report dated September 29, 2023, the Phase II Environmental Site Assessment Report dated September 29, 2023, and the Regulated Building Materials Survey dated September 29, 2023, for the properties at 904 NE 10<sup>th</sup> Avenue and 835 NE Alpine Avenue.

**Whereas**, the City anticipates the purchase price and an allowance for closing costs for the Property will be a maximum of \$4,350,000; and

**Whereas**, the City intends to authorize an interest-only, five-year interfund loan that is callable after two years between its Wastewater Capital Fund and General Fund at 5.05% interest per annum with no penalty on pre-payment of the loan during its term to pay for the property; and

**Whereas**, the Agency does have the capacity to utilize tax increment financing to reimburse the City's General Fund for the annual interest payments on the interfund loan which is for purposes described in the Plan.

**NOW, THEREFORE, BE IT RESOLVED BY BOARD MEMBERS OF THE MCMINNVILLE URBAN RENEWAL AGENCY, as follows:**

1. That the Board Chair is authorized to sign the attached Intergovernmental agreement on behalf of the McMinnville Urban Renewal Agency (Exhibit A).
2. That this resolution shall take effect immediately upon passage and shall continue in full force and effect until modified, revoked, or replaced.

Adopted by the Board Members of the McMinnville Urban Renewal Agency at a regular meeting held the 10th day of October, 2023 by the following votes:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Approved this 10th day of October 2022.

\_\_\_\_\_  
BOARD CHAIR

Approved as to form:

Attest:

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
City Recorder

**EXHIBITS:**

- A. Intergovernmental Agreement Between the City of McMinnville and the McMinnville Urban Renewal Agency

**INTERGOVERNMENTAL AGREEMENT  
BETWEEN THE CITY OF MCMINNVILLE  
AND THE MCMINNVILLE URBAN  
RENEWAL AGENCY**

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is entered into between the City of McMinnville, an Oregon municipal corporation established under ORS Chapter 221 ("City"), and the McMinnville Urban Renewal Agency ("Agency"), a municipal corporation established under ORS Chapter 457.

RECITALS:

WHEREAS, This Agreement is made pursuant to ORS Chapter 190 which permits local government units to enter agreements pursuant to ORS 190.010; and

WHEREAS, the Agency is charged with administering and implementing the McMinnville Urban Renewal Plan ("Plan"), as adopted by the Agency Board on July 23, 2013, and will be engaging in redevelopment activities to carry out the Plan; and

WHEREAS, on April 14, 2015, the City and the Agency entered into an intergovernmental agreement ("2015 IGA") authorizing the City to assist the Agency in the planning and carrying out of the Urban Renewal Plan (the "Plan") by providing all administrative and development services necessary and proper for carrying out the Agency's functions and the Plan, pursuant to ORS 457.320; and

WHEREAS, an opportunity to advance goals in the Plan such as Goal 3 to encourage the unique district identity of the NE Gateway as a place for people to live, work and play; Goal 8 for development and redevelopment; and, potentially, Goal 6 for affordable, quality housing by purchasing the Northwest Rubber industrial property (the "Property"), where its most recent industrial use has ceased operations, and preparing the site for redevelopment; and

WHEREAS, in support of the Agency's development goals, the City has entered into a purchase and sale agreement for the Property as described in City Resolution 2023-43; and

WHEREAS, the City hired an environmental consultant to conduct a Phase I, Phase II and Regulated Building Materials site assessments, and the City acknowledges the Phase I Environmental Site Assessment Report dated September 29, 2023, the Phase II Environmental Site Assessment Report dated September 29, 2023, and the Regulated Building Materials Survey dated September 29, 2023, for the properties at 904 NE 10<sup>th</sup> Avenue and 835 NE Alpine Avenue.

WHEREAS, the City anticipates the purchase price and an allowance for closing costs for the Property will be a maximum of \$4,350,000; and

WHEREAS, the City intends to authorize an interest-only, five-year interfund loan that is callable after two years between its Wastewater Capital Fund and General Fund at 5.05% interest per annum with no penalty on pre-payment of the loan during its term to pay for the property; and

WHEREAS, the Agency does have the capacity to utilize tax increment financing to reimburse the City's General Fund for the annual interest payments on the interfund loan which is for purposes described in the Plan

**NOW, THEREFORE, THE CITY OF McMinnville AND THE McMinnville Urban Renewal Agency Agree as follows:**

1. The Agency will reimburse to the City's General Fund the actual interest due on the interfund loan on the day that the loan was issued each year starting in 2024 for the duration of the active loan period, a maximum of five (5) years from 2024 until 2028
2. The annual debt service reimbursement amount will not exceed \$219,675, the interest only amount of the maximum interfund loan total of \$4,350,000
3. In the event that the Wastewater Capital Fund calls the loan, it will be the responsibility of the City to make the principal portion of the final payment.
4. In the event that the Wastewater Capital Fund calls the loan, it will be the responsibility of the Agency to make the interest portion of the final payment.
5. In the event that the City opts to repay the interfund loan prior to the end of its five-year term, it will be the responsibility of the City to make the principal portion of the final payment, subject to any negotiated sharing of such payment of the principal portion of the loan based upon any re-sale of the Property.
6. In the event that the City opts to repay the interfund loan prior to the end of its five-year term, it will be the responsibility of the Agency to make the interest portion of the final payment.
7. This Agreement may be modified by mutual written consent of the parties. Any modification to a provision of this Agreement shall have no effect upon other provisions in this Agreement unless stated in writing.
8. Both parties agree to make good faith efforts to informally resolve any dispute relating to this Agreement. If any dispute is not resolved informally, the agencies agree that the dispute will be exclusively settled by binding arbitration under Oregon law, however by consent of the agencies, formal mediation shall be considered prior to demand to initiate arbitration.
9. This agreement take effect as soon as it is approved by the governing body of each party. It contains all the agreements of City and Agency on this subject. Either agency may at any time request a meeting with the other within 30 days of the request to discuss any provision.
10. This Agreement shall automatically terminate upon the final payment of the loan in

