

# AGENDA

## Warrenton Urban Renewal Agency

July 26, 2016 – 6:00 p.m.

Warrenton City Hall – Commission Chambers  
225 S. Main Ave.  
Warrenton, Or 97146

1. CALL TO ORDER
2. ROLL CALL
3. CONSENT CALENDAR
  - A. URA Board Minutes – 7.12.16
4. BUSINESS
  - A. Consideration Of Acceptance of Proposal for Bond Financing and Adopting Resolution No. 16-03 Providing for the Issuance of Urban Renewal Bonds \$2,200,000
5. ADJOURN

3-A

MINUTES  
Warrenton Urban Renewal Agency

July 12, 2016

Warrenton City Hall - Commission Chambers  
225 S. Main  
Warrenton, Or 97146

Chair Mark Kujala convened the Urban Renewal Agency meeting at 6:11 p.m. and then led the public in the Pledge of Allegiance.

Commissioners Present: Chair Mark Kujala, Tom Dyer, Pam Ackley, Henry Balensifer, Rick Newton

Agency Staff Present: Secretary Linda Engbretson, Legal Counsel Harold Snow, Finance Officer April Clark, Police Chief Mathew Workman, Public Works Director James Dunn, Fire Chief Tim Demers, Community Development Director Skip Urling, Wastewater Treatment Superintendent Kyle Sharpsteen, Harbor Master Keith Pinkstaff, Assistant Harbor Master Jane Sweet, Library Site Manager Nettie-Lee Calog, Public Works Foreman Craig Walter and Administrative Assistant Dawne Shaw

CONSENT CALENDAR

A. URA Board Minutes – 6.28.16

**Commissioner Balensifer moved to adopt the Consent Calendar. Motion was seconded and passed unanimously.**

**Dyer – aye; Newton – aye; Ackley – aye; Balensifer – aye; Kujala – aye**

BUSINESS

Harbor Master Pinkstaff gave an update the on Marina Improvement Project/Bid and recommended that the bid be awarded to Bergerson Construction.

**Commissioner Balensifer moved to award the project to Bergerson Construction, for the amount of \$1,459,940.00. Motion was seconded and passed unanimously.**

**Dyer – aye; Newton – aye; Ackley – aye; Balensifer – aye; Kujala – aye**

There being no further business Chair Kujala adjourned the URA meeting at 6:13 p.m.

APPROVED:

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Mark Kujala, Mayor

ATTEST:

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Dawne Shaw, Administrative Assistant

# Warrenton Urban Renewal Agency

## Agenda Memorandum

4-A

To: The Honorable Chair and Members of the Warrenton Urban Renewal Agency  
From: April Clark  
Finance Director  
Date: July 26, 2016

**Regarding – Acceptance of Proposal for Bond Financing and Adopting Resolution No. 16-03 Providing for the Issuance of Urban Renewal Bonds \$2,200,000**

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**SUMMARY:**

On June 13, 2016, The Warrenton Urban Renewal Agency offered a Request for Proposals (RFP) for Tax Increment Financing in the amount of \$2.2 million to continue Marina Improvements, Downtown Stormwater Improvements, and Landscaping and Beautification projects. The RFP (without attachments) accompanies this memo.

We worked with the City's Bond Counselors, Merseraeu and Shannon, LLP. We directly solicited 9 Banks: Columbia State Bank, US Bank, Cashmere Valley Bank, Key Government Finance, Inc., Bank of the Pacific, Wells Fargo, Clatsop Community Bank, Washington Federal, and Banner Bank.

Proposals were due back on July 8, 2016 and we received two proposals, one from Washington Federal and one from Columbia Bank ( both attached).

After reviewing both proposals with City Manager Pro tem, Engbretson, staff recommends selection of the proposal from Columbia Bank. The interest rate is 1.86%, financing will be for a 12 year term and annual debt service will be approximately \$102,540. The Agency has an existing relationship with Columbia Bank for the Series 2012 Bond. Collateral is the assignment of the tax increment revenue stream only and does not rely on the security of the City of Warrenton's General Fund.

Staff is working with the City's Bond Counselors, Merseraeu and Shannon, LLP to prepare the necessary documentation to facilitate the issuance and closing of the bonds on August 2, 2016.

The attached resolution is a Supplement to the Master Bond Resolution No. 12-3 Providing for the Issuance of Urban Renewal Bonds from the Tax Increment Revenues of the Warrenton Urban Renewal Agency. The authorized representative is responsible for signing the closing documents prepared by bond counsel. These documents will be delivered and signed after adoption of this resolution and prior to August 2, 2016.

**RECOMMENDATION:**

Recommended motions:

1. "I Move to accept Columbia Bank's proposal for Tax Increment Financing based on the term sheet submitted."
2. "I Move to Adopt resolution No. 16-03 "Supplementing Master Bond Resolution No. 12-3 Providing for the Issuance of Urban Renewal Bonds from the Tax Increment Revenues of the Warrenton Urban Renewal Area".

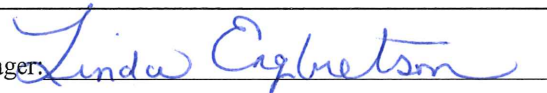
**ALTERNATIVE:**

Staff does not recommend any alternatives.

**FISCAL IMPACT:**

This is a single financing, in the amount of \$2,200,000 at 1.86% interest over a 12 year term. Forecasted revenues are sufficient to meet the annual debt service.

Approved by City Manager



All supporting documentation, i.e., maps, exhibits, etc., must be attached to this memorandum.

DATE DISTRIBUTED: June 13, 2016

## WARRENTON URBAN RENEWAL AGENCY

# REQUEST FOR PROPOSAL FOR

### TAX INCREMENT FINANCING

Please email [aclark@ci.warrenton.or.us](mailto:aclark@ci.warrenton.or.us) to indicate that you received this RFP, whether you intend to respond, and that the proposal due date is acceptable.

#### THE FINANCING

THE WARRENTON URBAN RENEWAL AGENCY would like to privately and directly place with a commercial bank (no participating out to investors) the following to close August 2, 2016.

- Tax Increment Revenue Bonds (“**2016 Bonds**”), 12 year term, BQ, in the amount of \$2,200,000.

#### OUTSTANDING AND FUTURE BONDS

THE WARRENTON URBAN RENEWAL AGENCY has a credit line of \$200,000 with Columbia Bank that matures October 1, 2016 and tax increment financing in the amount of \$1.64 million with Columbia Bank that was issued July 31, 2012 and matures on June 15, 2027 –(the “Series 2012 Bond”). The Series 2012 Bond was issued under the Agency’s Master Bond Resolution No. 12-03 adopted July 24, 2012. The agency has no other debt secured by tax increment revenues.

It is possible that THE WARRENTON URBAN RENEWAL AGENCY will want to undertake additional BQ or NBQ or taxable bonds or lines over the next few years to finance projects pursuant to its Plan. It does not currently know the amount or timing of such borrowings.

#### THE PROJECTS

THE WARRENTON URBAN RENEWAL AGENCY anticipates the use of the 2016 Bonds as follows. Some portion of some projects in the Urban Renewal Plan may be financed with future debt.

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<b>WARRENTON MARINA IMPROVEMENTS PHASE I</b>	<b>\$2,000,000</b>
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New construction of Warrenton Marina Commercial F-Dock, new floats, piling, electrical and waterlines. Demolition of existing docks and dredging of the F-Dock area. New gangway ramps will also be installed. Anticipated project start date is October of 2016.

Additionally, the agency anticipates funding costs of issuance and any required reserve from the proceeds of the 2016 Bonds.

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<b>DOWNTOWN PHASE I STORM SEWER IMPROVEMENTS</b>	<b>\$ 100,000</b>
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Stormwater system improvements and upgrade existing pump station.

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<b>DOWNTOWN PHASE I LANDSCAPE AND BEAUTIFICATION IMPROVEMENTS</b>	<b>\$100,000</b>
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Landscaping downtown intersection and installing parklets

## **CLOSING FOR THE 2016 BONDS**

THE WARRENTON URBAN RENEWAL AGENCY would like to close the 2016 Bonds on Tuesday, August 2, 2016.

## **AUTHORITY FOR THE BONDS**

Pursuant to Oregon Revised Statutes ("ORS") Chapter 457 the WARRENTON URBAN RENEWAL AGENCY is authorized to sell bonds for plan purposes.

The WARRENTON URBAN RENEWAL AGENCY Board plans to approve an authorizing Resolution for the 2016 Bonds and authorize the execution of a Supplemental Resolution on July 26, 2016.

Mersereau Shannon LLP, Portland, Oregon, will serve as bond counsel and will provide the necessary legal opinions.

## **SECURITY FOR THE 2016 BONDS**

The source of payment for the 2016 Bonds, and the only security, will be THE WARRENTON URBAN RENEWAL AGENCY's Tax Increment Revenues. There is no full faith and credit pledge of the City for the 2016 Bonds.

THE WARRENTON URBAN RENEWAL AGENCY receives Tax Increment Revenues from property within the Urban Renewal Area; there is no city-wide Special Levy.

See Master Bond Resolution No. 12-03.

## **MATURITY STRUCTURE OF THE 2016 BONDS**

The projections assume and THE WARRENTON URBAN RENEWAL AGENCY expects the 2016 Bonds to have a level debt structure.

## **TERM OF THE BONDS**

The term of the 2016 Bonds is approximately 12 years, with the final maturity date assumed to be June 1, 2028. Consistent with the Report accompanying the WARRENTON URBAN RENEWAL AGENCY Urban Renewal Plan, THE WARRENTON URBAN RENEWAL AGENCY anticipates that it will collect tax increment revenues through fiscal year 2026-2027.

## **LEGAL DOCUMENTS**

The Master Bond Resolution No. 12-03 is attached. Please indicate whether the Bank or Mersereau Shannon LLP will prepare and provide the Bond Purchase Agreement and closing memorandum (settlement instructions).

## **LITIGATION**

There is no litigation threatened or ongoing that would affect THE WARRENTON URBAN RENEWAL AGENCY's ability to issue the 2016 Bonds.

## ATTACHMENTS

The following documents are being circulated with this RFP:

- Master Bond Resolution No. 12-03 adopted July 24, 2012.
- An actual and projected cashflow including estimated debt service for the 2016 Bonds and the current credit line. Various assumptions were made regarding bank costs and interest rates; it is anticipated that these may change. The debt service is level.
- The URA Plan and Report available for viewing/printing from our website [ci.warrenton.or.us/urban\\_renewal](http://ci.warrenton.or.us/urban_renewal).
- Audit report and financial statements for the period ending June 30, 2015.
- Adopted Budget for the period ending June 30, 2016.
- Approved Budget for the period ending June 30, 2017.

## BASIS OF AWARD

The selection will be based upon the following criteria, not in any priority order:

- Total financing cost.
- Flexibility and acceptability to THE WARRENTON URBAN RENEWAL AGENCY of the terms and conditions.

## PROPOSAL CONTENT

THE WARRENTON URBAN RENEWAL AGENCY is soliciting competitive proposals from commercial banks for private and direct placement of the 2016 Bonds. Proposals may be reviewed with the proposer regarding its terms and conditions which may be subject to further negotiation or requests for clarification by THE WARRENTON URBAN RENEWAL AGENCY.

Proposals should be provided in the form of term sheets. The term sheets must provide at least the following:

1. For the **2016 Bonds**:
  - a. **Bond Term**: Indicate your willingness to purchase the 2016 Bonds for approximately a 12 year term at a fixed interest rate.
  - b. **Bond Interest Rate**: Provide an indicative **tax-exempt BQ** fixed interest rate (30/360 day basis) for the 2016 Bonds to be closed August 2, 2016, assuming a 6/1/2028 maturity. For the purpose of providing an indicative rate, assume the debt service is level annual debt service with principal and interest payable June 1 and December 1 (first payment 12/1/2016).
  - c. **Fees**: Indicate all fees and charges of your bank, including origination fee, legal fees (provide a maximum), etc. Evaluation of the proposals will utilize the maximums provided here.
  - d. **Prepayment**: Describe the prepayment provisions and costs. THE WARRENTON URBAN RENEWAL AGENCY requires the ability to retire some or all of the 2016 Bonds and would prefer to be able to call the 2016 Bonds at any time without penalty.



- e. **Covenants:** Indicate any requirements that differ from the terms of the Master Bond Resolution No. 12-03.
2. **Information requirements:** Indicate the initial information requirements and ongoing reporting requirements during the term of the 2016 Bonds. Also indicate what additional information would be required in order to complete the 2016 Bonds placement.
  3. **Credit Process:** Indicate the timeline for final bank approval. Indicate your willingness to have the 2016 Bonds closed on Tuesday, August 2, 2016, assuming selection of the bank occurs on July 12, 2016.
  4. **Documents:** Indicate if the Bank would require any other legal documents other than the documents discussed in this RFP. If so, would the Bank's legal counsel or Mersereau Shannon LLP prepare and provide such additional legal documents? Please include any costs related with such additional documents in your fee information.
  5. **Experience and References:** Provide a list of up to 3 most recent tax increment bonds to Oregon urban renewal agencies that your bank has provided in the last five years (if this list does not total 3, then list other types of municipal bonds and/or lines). If the Bonds are handled by a separate part of the bank from the Lines, please indicate the experience separately.

Provide the name of the municipality, the nature (bonds or line), the amount and term of the financing. From this list, provide a contact name and phone number for each financing.

6. **Other:** Provide any other comments that would affect the selection of the bank or would affect the costs of the 2016 Bonds. If you have other ways of approaching this financing, suggestions are welcome here.
7. **Contact Information:** Provide the name, location, email address of each person who would be working on this account, including the Bank's legal counsel, if any. Indicate which person is the contact person for this RFP so any updates or clarifications can be sent to that person.

## PROPOSAL SUBMITTAL

Proposals must be received by email or general mail by Friday, July 8, 2012 at 4 PM prevailing Pacific Time. Hard copies are not required. Contact the Warrenton Urban Renewal Agency, by phone or email to confirm receipt of your proposal.

Please submit your proposals to the name and email address listed below.

April Clark  
Email: [aclark@ci.warrenton.or.us](mailto:aclark@ci.warrenton.or.us)  
THE WARRENTON URBAN RENEWAL AGENCY  
P. O. Box 250  
Warrenton, OR 97146

Questions concerning this RFP should be addressed to April Clark, WARRENTON URBAN RENEWAL AGENCY: (503) 861-2233.

CITY OF WARRENTON  
FINANCE DEPT

JUL 08 2016

RECEIVED  
WARRENTON, OR 97146



June 30, 2016

April Clark  
Finance Director  
City of Warrenton Urban Renewal District

[aclark@ci.warrenton.or.us](mailto:aclark@ci.warrenton.or.us)

**Sent Via Email**

Re: \$2,200,000 Tax-exempt Bank Qualified Term Loan (Bond)

Dear April,

Thank you for giving Columbia State Bank the opportunity to present you with this proposal for lending services. We are truly proud of our record of excellent customer service and expert consultation, and would be honored to provide the same services to your organization.

We are confident that you will find the enclosed proposal will meet your needs for a very competitive structure. Being a community bank with a local presence, we keep your money working in your community.

Credit approval is obtained locally and the process should not take longer than one to two weeks from the date of receipt of all required information. There should not be a problem with meeting the Agency required close date of August 2, 2016.

Your Primary contact and Client Manager has over 25-years serving State and local government throughout Oregon and SW Washington, and 33 years of banking experience. Sharon has provided many facilities under similar terms to municipalities throughout Oregon and SW Washington. If requested a list of Sharon's references can be provided. Sharon is a member of the OMFOA, OACTFO, URA Association, Special Districts Ass., GFOA, and has served on many committees for these associations.

**References:**

- A \$1,640,000 15-year fully amortizing transaction that Columbia Bank provided to Warrenton Urban Renewal Agency in 2012.
- Additional references will be provided if awarded the bid upon request.

The attached Commitment Letter is subject to definitive loan documents acceptable to Bank, Bank Counsel, and Bond Counsel.

**Note: The attached Term Sheet will expire on August 2, 2016, unless extended in writing by the Bank.**

Please feel free to contact me directly should you have any questions.



Sincerely,

Sharon Guisande

Senior Vice President

Columbia State Bank

[sguisande@columbiabank.com](mailto:sguisande@columbiabank.com)

503-478-1720



## LOAN PROPOSAL

This term sheet Proposal is presented for discussion purposes only. It is not a commitment to lend by Columbia State Bank ("Bank"). If Bank does extend a loan commitment, terms and conditions will be subject to completion of due diligence, Bank's credit and documentation standard, necessary credit approval, market conditions and other considerations determined by Bank, including pricing and financial covenants. Following are the general terms and conditions based on preliminary information provided:

<b>Borrower:</b>	Warrenton Urban Renewal Agency (Agency)
<b>Purpose:</b>	Provide project financing outlined in the Master Plan which includes Warrenton Marina Dock Improvement Phase I, landscaping, and stormwater system improvements.
<b>Loan Type</b>	Tax Increment.
<b>Amount:</b>	\$2,200,000
<b>Maturity:</b>	12-years
<b>Rate:</b>	Tax-exempt Bank Qualified Fixed Rate as follows: 1.86% based on a 30/360 day accrual basis.
<b>Type:</b>	Single advances at closing.
<b>Repayment:</b>	Principal and Interest due semi-annually beginning December 1, 2016.
<b>Prepayment:</b>	Prepayment allowed anytime with prepayment fee as follows: <b>Years one, two and three at 5% of amount prepaid, years four and five at 4% of amount prepaid, years six and seven at 3% of amount prepaid, years eight and nine at 2% of amount prepaid. After year 9 prepay will be allowed without penalty.</b>
<b>Fees:</b>	Loan fee <b>\$1,500.00</b> , plus Bank's out of pocket expenses for documentation review by Bank's Counsel. Bank's counsel review fee not to exceed <b>\$3,500.00</b> , and assumes all documents are prepared by Bond Counsel. District shall pay the fees and costs of its counsel. All Bank fees are due at closing. District may use proceeds of this financing to pay fees/cost of this financing.
<b>Collateral:</b>	The Bonds are payable from Tax Increment Revenues, amounts in the Debt Service Fund, as provided in the Master Declaration, and General Fund of the Urban Renewal Agency. The Agency will irrevocably pledge the Tax Increment Revenue to pay the Bonds when due.

**Disclosure:** Not required.

**Representations and**

**Warranties:** Usual and customary for transactions of this type.

**Covenants:** All Covenants to be consistent with the Master Bond Resolution.  
Usual and customary covenants for transactions of this type will include but are not limited to the following:

The Agency will pledge a Parity First Lien on all Tax-Increment Revenues which includes Divide the Taxes Revenues.

The Agency will Pledge a First Lien on the Debt Service Reserve Fund.

The Agency will Pledge a first priority pledge on loan proceeds until spent.

No Release Covenant. So long as the Series 2016 and Series 2012 Bonds are outstanding, the Agency will covenant not to amend the boundaries of the Area to reduce the amount of land contained in the Area without prior written consent of the Bank unless:

The Agency will certify annually that the 1.25x Debt Service Coverage text has been met.

**Events of Default:** Usual and customary in transactions of this type. In addition to other legal remedies, if an event of default occurs due to (i) nonpayment of principal, interest, fees or other amounts when due, or (ii) failure to maintain the tax-exempt status of the obligation, then the Bank may increase the interest rate to an additional five percentage points (5%).

**Reporting**

**Requirements:** Annually:  
CPA prepared Audited fiscal yearend financial statements for the Agency. Statements are due no later than 220-days after each fiscal year end.

Copy of the District's annual budget once approved but no later than 90-days after each fiscal year end.

Annual Debt Service Compliance Certificate.

Such other financial information as may be reasonably requested by the Bank from time to time.

**Other requirements:**

Loan subject to documentation acceptable to Bank, and Bank Counsel, prepared by District's Bond Counsel.

District's Bond Counsel to provide, validity and enforceability opinions, and opinion as to tax-exempt status and designation as a qualified tax-exempt obligation; and to draft a resolution authorizing debt issuance acceptable to Bank and Bank Counsel.

**This Term Sheet will expire on August 2, 2016, unless extended in writing by the Bank.**

The above terms are subject to final internal credit approval.

This Summary of Terms and Conditions contain confidential and proprietary loan structuring and pricing information. Except for disclosure on a confidential basis to your accountants, attorneys and other professional advisors retained by you in connection with the credit facilities contained in this summary of Terms and Conditions or as may be required by law, the contents of the Summary of Terms and Conditions may not be disclosed in whole or in part to any other person or entity without our prior written consent, provided that nothing herein shall restrict disclosure of information relating to the tax structure or tax treatment of the proposed credit facilities.

**Under Oregon law, most agreements, promises, and commitments made by us, Columbia State Bank, concerning loans and other credit extensions which are not tied to personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by us to be enforceable.**

Warrenton Urban Renewal Agency

Date	# Days	Payment	Interest	Principal	Balance
8/2/2016					\$ 2,200,000.00
12/1/2016	119	\$ 102,539.83	\$ 13,526.33	\$ 89,013.50	\$ 2,110,986.50
6/1/2017	180	\$ 102,539.83	\$ 19,632.17	\$ 82,907.66	\$ 2,028,078.85
12/1/2017	180	\$ 102,539.83	\$ 18,861.13	\$ 83,678.70	\$ 1,944,400.15
6/1/2018	180	\$ 102,539.83	\$ 18,082.92	\$ 84,456.91	\$ 1,859,943.24
12/1/2018	180	\$ 102,539.83	\$ 17,297.47	\$ 85,242.36	\$ 1,774,700.88
6/1/2019	180	\$ 102,539.83	\$ 16,504.72	\$ 86,035.11	\$ 1,688,665.77
12/1/2019	180	\$ 102,539.83	\$ 15,704.59	\$ 86,835.24	\$ 1,601,830.53
6/1/2020	180	\$ 102,539.83	\$ 14,897.02	\$ 87,642.81	\$ 1,514,187.73
12/1/2020	180	\$ 102,539.83	\$ 14,081.95	\$ 88,457.88	\$ 1,425,729.84
6/1/2021	180	\$ 102,539.83	\$ 13,259.29	\$ 89,280.54	\$ 1,336,449.30
12/1/2021	180	\$ 102,539.83	\$ 12,428.98	\$ 90,110.85	\$ 1,246,338.45
6/1/2022	180	\$ 102,539.83	\$ 11,590.95	\$ 90,948.88	\$ 1,155,389.57
12/1/2022	180	\$ 102,539.83	\$ 10,745.12	\$ 91,794.71	\$ 1,063,594.86
6/1/2023	180	\$ 102,539.83	\$ 9,891.43	\$ 92,648.40	\$ 970,946.46
12/1/2023	180	\$ 102,539.83	\$ 9,029.80	\$ 93,510.03	\$ 877,436.44
6/1/2024	180	\$ 102,539.83	\$ 8,160.16	\$ 94,379.67	\$ 783,056.76
12/1/2024	180	\$ 102,539.83	\$ 7,282.43	\$ 95,257.40	\$ 687,799.36
6/1/2025	180	\$ 102,539.83	\$ 6,396.53	\$ 96,143.30	\$ 591,656.07
12/1/2025	180	\$ 102,539.83	\$ 5,502.40	\$ 97,037.43	\$ 494,618.64
6/1/2026	180	\$ 102,539.83	\$ 4,599.95	\$ 97,939.88	\$ 396,678.76
12/1/2026	180	\$ 102,539.83	\$ 3,689.11	\$ 98,850.72	\$ 297,828.04
6/1/2027	180	\$ 102,539.83	\$ 2,769.80	\$ 99,770.03	\$ 198,058.01
12/1/2027	180	\$ 102,539.83	\$ 1,841.94	\$ 100,697.89	\$ 97,360.12
6/1/2028	180	\$ 98,265.57	\$ 905.45	\$ 97,360.12	\$ 0.00

\$ 2,456,681.66    \$ 256,681.66    \$ 2,200,000.00

Washington Federal.  
invested here.

5665 Meadows Road, Suite 300  
Lake Oswego, OR 97035  
Office: 971-327-4499  
Fax: 503-624-9051  
mark.farrell@wafd.com

CITY OF WARRENTON  
FINANCE DEPT

JUL 08 2016

RECEIVED  
WARRENTON, OR 97146

Mark M. Farrell  
Director of Government Banking

July 8, 2016

Via E-mail: [aclark@ci.warrenton.or.us](mailto:aclark@ci.warrenton.or.us)

Ms. April Clark  
Finance Director  
Warrenton Urban Renewal Agency  
225 S Main Avenue  
Warrenton, OR 97146


Dear April:

On behalf of Washington Federal, I am pleased to offer the Warrenton Urban Renewal Agency the attached proposal in response to your request issued on June 13, 2016 for an urban renewal bond. I believe the proposal offers the Agency a cost-effective financing structure that allows you considerable flexibility.

Washington Federal maintains a solid financial foundation from which our experienced professionals strive to deliver outstanding service to our clients. The attached proposal outlines the general terms and conditions of the financing and is subject to the final credit authorization of Washington Federal. Although I believe the proposed terms are responsive, I welcome your ideas about any portion that may not suit your needs. I am available at your convenience to discuss alternative structures or credit terms. At Washington Federal, our goal is to deliver a financing that will be the most attractive and will win your business.

I appreciate your consideration of Washington Federal for the Agency's financial needs. Please do not hesitate to contact me, should you have any question concerning the proposal.

Sincerely,





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The proposed obligation of Washington Federal (the "Bank") shall be subject to satisfaction of all of the conditions contained herein, to the Bank's acceptance of all documentation customarily undertaken in a loan transaction, and to the final credit authorization of the Bank, which may contain terms and conditions in addition to or different from those outlined here. The issuance of this proposal shall not prejudice the Bank's right of review and approval of, without limitation, all documents and materials heretofore delivered to the Bank by or on behalf of the Warrenton Urban Renewal Agency. This proposal shall expire at 5:00 p.m. (Pacific) on July 15, 2016, unless extended by mutual agreement.

Except as noted, capitalized terms used in this proposal have the meanings assigned to such terms in the Warrenton Urban Renewal Agency's Master Bond Resolution No. 12-03 adopted on July 24, 2012 (the "Master Resolution").

- BORROWER:** Warrenton Urban Renewal Agency, Oregon (the "Agency").
- FACILITY:** \$2,200,000 Urban Renewal Bond, Series 2016 (the "2016 Bond").
- PURPOSE:** Proceeds will be used (i) to pay the costs of marina, downtown storm sewer, and downtown landscape and beautification improvements within the Area in accordance with the Plan, (ii) to fund a debt service reserve account within the Reserve Fund, and (iii) to pay costs of issuance.
- TAX STATUS:** Tax-exempt and bank-qualified.
- SECURITY:** First priority pledge of (i) the Security, in parity with such pledge securing the Agency's Series 2012 Bond, (ii) moneys on deposit in a debt service reserve account to be held at the Bank, and (iii) any unspent proceeds of the 2016 Bond. At the time of issuance of the 2016 Bond, the Series 2012 Bond is to be the only Outstanding Bond other than the 2016 Bond.
- INTEREST RATE:** Fixed at 2.43%.<sup>1</sup>
- If interest paid on any portion of the outstanding balance of the 2016 Bond is determined not to be excludable from gross income under the United States Internal Revenue Code of 1986, as amended, the Bank may increase the interest rate applicable to such balance to 3.64%,<sup>1</sup> effective as of the effective date of such determination, and the Agency will agree to reimburse the Bank for any resulting penalties and interest assessed by any governmental authority.

<sup>1</sup> The interest rates quoted are firm rates as of July 8, 2016 for closing the 2016 Bond on any banking day up to and including August 2, 2016. Should the 2016 Bond for any reason not close by August 2, 2016, the Bank will index the interest rates on the 2016 Bond by using the applicable fixed vs. 3-month LIBOR swap rate as reported on the Federal Reserve's website. The rates will be adjusted no more than 5 banking days prior to closing to reflect changes in the index from July 8, 2016 and the number of days until closing.

Upon the occurrence and continuance of an event of default, the Bank may, without limitation, increase the interest rate of the 2016 Bond by 3.00%.

- BASIS:** Interest payments will be calculated on a 30/360-day basis.
- FINAL MATURITY:** June 1, 2028.
- REPAYMENT TERMS:** Principal and interest in 24 semiannual payments on each June 1 and December 1, beginning December 1, 2016, and at maturity or earlier prepayment, in substantial conformity with Schedule A attached hereto. Schedule A is based on today's indicative interest rate and on the assumption of closing the 2016 Bond on August 2, 2016.
- PREPAYMENT:** Permitted only in an amount of \$100,000 or more and only on June 1, 2018 and on any business day thereafter; provided, that the Agency will reimburse the Bank for any reasonable, resulting loss or expense incurred in obtaining, liquidating, or reemploying deposits from third parties. A statement of the amount of that reasonable loss or expense, prepared in good faith and in reasonable detail by the Bank and submitted by the Bank to the Agency, shall be conclusive and binding for all purposes absent manifest error in computation. The Bank's calculation of any amounts payable upon prepayment shall be based on the assumption that the Bank actually funded the 2016 Bond through deposits or other funds acquired from third parties for such purpose; however, the Bank shall not be obligated to fund the 2016 Bond through such deposits or other funds acquired from third parties, but may fund the 2016 Bond through any available resources. Prepayments by the Agency to the Bank shall be applied first to pay accrued interest, and second to pay principal of the 2016 Bond in inverse order of maturity.
- ORIGINATION FEE:** \$2,000.
- COVENANTS:**
1. So long as the 2016 Bond is outstanding, the Agency will abide by all terms and conditions of the Master Resolution and of the Supplemental Resolution that will be adopted to authorize the 2016 Bond.

2. The Agency will covenant to create a separate subaccount in the Reserve Fund to secure the 2016 Bond and to maintain such subaccount at the Bank. The Agency will maintain a balance in such subaccount equal to the least of (i) maximum annual debt service on the 2016 Bond, (ii) 125% of average annual debt service on the 2016 Bond, or (iii) 10% of the original principal amount of the 2016 Bond.

3. The Agency may issue Additional Bonds pursuant to Section 11 of the Master Resolution, provided that, in addition to the conditions for issuance provided in the Master Resolution, the Agency either (i) certifies that for the 12 months immediately preceding the proposed issuance of Additional Bonds, the Tax Increment Revenues were not less than 125% of the Maximum Annual Debt Service, with the proposed Additional Bonds treated as Outstanding, or (ii) furnishes the Bank with a copy of the report of a Qualified Consultant stating that the projected Tax Increment Revenues for each of the 3 Fiscal Years immediately following the issuance of the proposed Additional Bonds are expected to equal at least 125% of the Maximum Annual Debt Service, with the proposed Additional Bonds treated as Outstanding.

4. The Agency shall provide the Bank with a copy of its complete, annual audited financial statements within 180 days of each fiscal year end and such other information as the Bank may from time to time reasonably request.

5. The Agency will covenant to notify the Bank promptly of any development that is likely to have a material and adverse effect (i) on the ability of the Agency to pay when due principal of or interest on the 2016 Bond, or (ii) on the financial condition of the Agency generally.

**DOCUMENTATION:**

Except as noted, all required documentation, including the Supplemental Resolution, the 2016 Bond, and the validity and tax opinion, will be prepared by Mersereau Shannon LLP and delivered to the Bank prior to closing. All documents must be acceptable to the Bank and the Bank's legal counsel, whom the Bank will engage immediately upon the Agency's acceptance of this proposal. The Bank's legal counsel will prepare the Bond Purchase Agreement. Assuming timely responses from all parties, the Bank foresees no difficulty in closing the 2016 Bond by August 2, 2016.

**EXPENSES:**

The Agency will pay all costs and expenses in connection with the 2016 Bond, including those of the Bank's legal counsel. The Bank's legal fees are estimated not to exceed \$5,000.

REFERENCES:

Recent experience with tax increment bonds includes:

**Urban Renewal Agency of the City of Talent, Oregon**  
*\$3,435,000 Urban Renewal Refunding Bond, Series 2012*  
[maturity 2016]

Mr. Tom Corrigan  
Executive Director  
110 E. Main Street  
Talent, OR 97540  
  
541-535-1566  
tcorrigan@cityoftalent.org

**Urban Renewal Agency of the City of Twin Falls, Idaho**  
*\$3,900,000 Revenue Allocation Refunding Bond, Series 2015A (Federally Tax-Exempt)*  
[maturity 2022]  
*\$450,000 Revenue Allocation Refunding Bond, Series 2015B (Taxable)*  
[maturity 2015]  
*\$5,500,000 Revenue Allocation Bond, Series 2015C*  
[maturity 2022]

Mr. Brent Hyatt  
Assistant Finance Director  
321 2<sup>nd</sup> Avenue East  
Twin Falls, ID 83301  
  
208-735-7241  
bhyatt@tfid.org

Other recent experience with government financing includes:

**Warrenton-Hammond School District No. 30, Oregon**  
*\$425,000 Financing Agreement, 2015*  
[maturity 2020]

Mr. Mike Moha  
Business Manager  
820 SW Cedar  
Warrenton, OR 97146  
  
503-861-2281  
moham@warrentonk12.org

**City of La Pine, Oregon**

*\$2,420,000 Water Revenue Refunding Bond, Series 2016*

[maturity 2031]

Mr. Rick Allen

Interim City Manager

P.O. Box 2460

La Pine, OR 97739

541-536-1432

rlallen@ci.la-pine.or.us

**Under Oregon law, most agreements, promises and commitments made by the Bank, concerning loans or other credit extensions which are not for personal, family or household purposes or secured solely by the borrower's residence must be in writing, express consideration and be signed by the Bank to be enforceable.**

\* \* \* \* \*

## About Washington Federal

Washington Federal, headquartered in Seattle, is a full-service national bank operating over 250 offices in 8 western states. With almost a century of knowledge and experience, Washington Federal offers to individuals, businesses, and governments both straightforward financing and innovative deposit and treasury management products. With a solid capital base and over \$14 billion in assets, Washington Federal is one of the strongest financial institutions in America. *Forbes* has ranked Washington Federal #16 on its 2016 list of Best Banks in America. Further details are available online at [www.washingtonfederal.com](http://www.washingtonfederal.com).

### Government Banking

Washington Federal maintains a group of knowledgeable, experienced professionals dedicated exclusively to serving governments. We offer a wide range of financing solutions to state, county, and municipal governments, school districts, special districts, ports, housing authorities, and colleges and universities. Our flexible credit underwriting focuses on your needs and deadlines. Your primary contact for structuring the credit facility will be:

***Mark M. Farrell***

*Director of Government Banking*

*5665 Meadows Road, Suite 300*

*Lake Oswego, OR 97035*

*Office: 971-327-4499*

*Fax: 503-431-2334*

*E-mail: mark.farrell@wafd.com*

Mark joined Washington Federal in 2014 to launch a new group addressing the financial needs of the public sector. His banking experience extends over 30 years and includes diverse positions with major banks in both the Northwest and New York markets. During his career Mark has completed over \$1 billion in financing, consisting primarily of a wide spectrum of transactions for governments in the Northwest.

Mark is a member and has served on various committees of the Oregon Government Finance Officers Association, the Oregon Association of County Treasurers and Finance Officers, and the Oregon Association of School Business Officials. He was a member of the 2007 task force that successfully brought legislation improving Oregon's system of collateralizing public funds deposits. He also served on the Oregon State Treasury's 2015 task force to enhance local governments' disclosure of bank loans. Profiled in *Who's Who in the West* and in *Who's Who in Finance and Industry*, Mark has frequently been called upon to address public sector conferences.

A graduate of Hamilton College, Mark holds an MBA from Columbia University, an MA from Tufts University, and a PhD from the University of North Carolina at Chapel Hill. His securities licenses have included Series 7 and 63.

**Warrenton Urban Renewal Agency, Oregon****Schedule A**

\$2,200,000 Urban Renewal Bond, Series 2016

**Debt Service Schedule**

<b>Date</b>	<b>Principal</b>	<b>Coupon</b>	<b>Interest</b>	<b>Total P+I</b>
8/2/2016				
12/1/2016	79,502.21	2.43%	17,671.50	97,173.71
6/1/2017	80,468.09	2.43%	25,764.05	106,232.14
12/1/2017	81,445.78	2.43%	24,786.36	106,232.14
6/1/2018	82,435.35	2.43%	23,796.79	106,232.14
12/1/2018	83,436.93	2.43%	22,795.21	106,232.14
6/1/2019	84,450.69	2.43%	21,781.45	106,232.14
12/1/2019	85,476.77	2.43%	20,755.37	106,232.14
6/1/2020	86,515.31	2.43%	19,716.83	106,232.14
12/1/2020	87,566.47	2.43%	18,665.67	106,232.14
6/1/2021	88,630.41	2.43%	17,601.73	106,232.14
12/1/2021	89,707.27	2.43%	16,524.87	106,232.14
6/1/2022	90,797.21	2.43%	15,434.93	106,232.14
12/1/2022	91,900.39	2.43%	14,331.75	106,232.14
6/1/2023	93,016.98	2.43%	13,215.16	106,232.14
12/1/2023	94,147.14	2.43%	12,085.00	106,232.14
6/1/2024	95,291.03	2.43%	10,941.11	106,232.14
12/1/2024	96,448.81	2.43%	9,783.33	106,232.14
6/1/2025	97,620.67	2.43%	8,611.47	106,232.14
12/1/2025	98,806.76	2.43%	7,425.38	106,232.14
6/1/2026	100,007.26	2.43%	6,224.88	106,232.14
12/1/2026	101,222.35	2.43%	5,009.79	106,232.14
6/1/2027	102,452.20	2.43%	3,779.94	106,232.14
12/1/2027	103,697.00	2.43%	2,535.14	106,232.14
6/1/2028	104,956.91	2.43%	1,275.23	106,232.14
<b>Total</b>	<b>2,200,000.00</b>		<b>340,512.93</b>	<b>2,540,512.93</b>

Washington Federal.  
invested here.

A RESOLUTION OF THE WARRENTON	)	
URBAN RENEWAL AGENCY OF THE	)	SUPPLEMENTAL BOND
CITY OF WARRENTON, CLATSOP	)	RESOLUTION NO. 16-03
COUNTY, OREGON IN THE MATTER	)	
OF SUPPLEMENTING MASTER BOND	)	
RESOLUTION NO. 12-3 PROVIDING FOR	)	
THE ISSUANCE OF URBAN RENEWAL	)	
BONDS FROM THE TAX INCREMENT	)	
REVENUES OF THE WARRENTON	)	
URBAN RENEWAL AREA	)	

WHEREAS, ORS 457.190 authorizes an urban renewal agency to borrow money to carry out the purpose of undertaking and carrying out urban renewal projects; and

WHEREAS, on July 31, 2012, the Urban Renewal Agency of the City of Warrenton, Clatsop County, Oregon (the "Agency"), the duly created and designated urban renewal agency of the City of Warrenton, Clatsop County, Oregon (the "City") issued its Urban Renewal Bond (Warrenton Urban Renewal Area), Series 2012 (the "Series 2012 Bond") pursuant to Resolution No. 12-3 adopted July 24, 2012 (the "Master Resolution"), in the aggregate principal amount of \$1,640,000 and the proceeds were expended to fund certain capital projects in the Warrenton Urban Renewal Area (the "Area") authorized by the Warrenton Urban Renewal District Plan (the "Plan"), to fund the Reserve Fund for the Series 2012 Bond and to pay costs of issuance of the Series 2012 Bond; and

WHEREAS, on October 20, 2014, the Agency entered into the Revolving Line of Credit Agreement and Note with Columbia State Bank (the "Series 2014 Line of Credit") pursuant to Resolution No. 14-04 adopted October 1, 2014, in the aggregate principal amount of \$200,000 and the proceeds were expended to fund capital projects in the Plan; and

WHEREAS, the Agency has approved a maximum indebtedness for the Area of \$7,134,597; the Agency has previously used \$3,012,475 of its capacity, leaving the Agency \$4,122,122 of capacity (excluding refinancings) for the Area; and

WHEREAS, Section 11 of the Master Resolution authorizes the issuance of Additional Bonds for the purpose of providing funds for any purpose relating to the Plan which is authorized by law and provides that such Additional Bonds shall have a lien on the Security equal to the lien of Bonds issued in accordance with the Master Resolution or any Supplemental Resolution, only upon the following conditions:

(1) No Default under the Master Resolution or any Supplemental Resolution has occurred and is continuing.

(2) At the time of the issuance of the Bonds there is no deficiency in the Reserve Fund or the Debt Service Fund.



(3) Except as provided in this paragraph (3), the Supplemental Resolution authorizing the issuance of the Additional Bonds shall require that a deposit be made at closing sufficient to bring the balance in the Reserve Fund equal to the Reserve Requirement for all Outstanding Bonds, including the proposed Series of Additional Bonds. The Supplemental Resolution authorizing the issuance of Additional Bonds shall provide that the Agency shall make deposit to the Reserve Fund in an amount necessary, together with other available funds, to meet the Reserve Requirement at the time of issuance of the Additional Bonds.

(4) There shall have been delivered to the Agency an opinion of Bond Counsel, to the effect that the Additional Bonds are valid and binding obligations of the Agency and that the issuance of the Additional Bonds shall not cause the interest paid on any Bonds (other than Taxable Obligations, if any) then Outstanding to become subject to federal income taxation.

WHEREAS, the Agency now desires to issue its Urban Renewal Bond, Series 2016 (Warrenton Urban Renewal Area) (the "Series 2016 Bond") as Additional Bonds under Section 11 of the Master Resolution; and

WHEREAS, capitalized terms not defined herein shall have the meaning assigned to such terms in the Master Resolution, unless the context clearly requires otherwise.

THE WARRENTON URBAN RENEWAL AGENCY RESOLVES AS FOLLOWS:

**Section 1. The Series 2016 Bond**

A. Pursuant to the Act, and to provide sufficient funds for a portion of the costs of the Project, the Agency hereby authorizes and directs the issuance of the Warrenton Urban Renewal Agency, Clatsop County, Oregon, Urban Renewal Bond (Warrenton Urban Renewal Area), Series 2016 (the "Series 2016 Bond"). The aggregate principal amount of the Series 2016 Bond shall not exceed two million two hundred thousand dollars (\$2,200,000) with a maturity not later than June 30, 2028. The Series 2016 Bond shall be sold to Columbia State Bank (the "Bank").

B. The proceeds of the Series 2016 Bond will be used to fund the Projects; and may be used, at the discretion of the Authorized Representative, to fund the Reserve Fund for the Series 2016 Bond and to pay costs of issuance of the Series 2016 Bond.

C. The Series 2016 Bond may be issued in one or more Series, in such form and in such maturities, bearing interest at such rates, with or without Qualified Insurance and with such captions or designations and subject to such redemption and to other terms and conditions as stated in this Supplemental Resolution.

D. The Series 2016 Bond shall be a revenue obligation of the Agency and shall be payable solely from the Security as provided by the Master Resolution and this Supplemental Resolution.

E. The Agency authorizes the Authorized Representative to determine and designate the dated date, the interest rates, the maturity and payment dates, the principal amounts, term

bond maturity or maturities, with or without premium, the optional and/or mandatory redemption dates and premiums, if any, the interest payment dates, fees and costs of issuance, original issue discount or premium, if any, available Credit Facility, if any, whether the Series 2016 Bond shall be issued on a taxable or tax-exempt basis, all other terms for the Series 2016 Bond and to determine such other provisions (including but not limited to covenants, events of and remedies for default and financial reporting requirements) as are deemed necessary and desirable for the sale and issuance of the Series 2016 Bond. The Authorized Representative is authorized to execute and deliver to appropriate parties all documents necessary and proper for sale and closing of the Series 2016 Bond issue, negotiate the terms of and execute and deliver the Agreement, enter into covenants and make determinations regarding the use of the proceeds of the Series 2016 Bond, the Project financed with the proceeds of the Series 2016 Bond and to maintain the tax-exempt status of the Series 2016 Bond.

F. For so long as the Series 2016 Bond is Outstanding, the Agency shall maintain a Minimum Debt Service Coverage Ratio of not less than 1.25 to 1.00.

### **Section 3. Security for Bonds.**

The Series 2016 Bond is a “Bond” under the Master Resolution and is secured by the Security on an equal and ratable basis with Outstanding Bonds.

### **Section 4. Authentication, Registration, Exchange and Transfer**

The Series 2016 Bond shall be executed by the Chair of the Agency and the Secretary of the Agency and shall be registered in the name of the Bank.

### **Section 5. Disposition of Series 2016 Bond Proceeds**

The Series 2016 Bond proceeds shall be disbursed as determined by the Authorized Representative to (a) finance the costs of the Project, (b) to fund the Reserve Requirement if determined by the Authorized Representative, and (c) to pay costs incurred in connection with the issuance of the Series 2016 Bond.

Monies in the Project Fund may be invested in Permitted Investments. Earnings from investment of the funds in the Project Fund shall be maintained in the Project Fund, and shall be treated and disbursed as Series 2016 Bond proceeds. Project Fund balances attributable to Series 2016 Bond proceeds which are not needed for construction may be transferred to the Debt Service Fund or be used for any other lawful purpose approved in writing by Bond Counsel.

### **Section 6. Reserve Fund**

The Agency shall deposit into the Reserve Fund an amount sufficient to make the balance in the Reserve Fund at least equal to the Reserve Requirement which deposit may be in the form of Series 2016 Bond proceeds, cash, Permitted Investments or a Credit Facility.

## Section 7. Additional Actions

A. Form of Series 2016 Bond. The Series 2016 Bond shall be issued substantially in the form as approved by the Authorized Representative and Bond Counsel.

B. Appointment of Purchaser. The Agency appoints the Bank as the purchaser of the Series 2016 Bond.

C. Appointment of Bond Counsel. The Agency appoints as bond counsel for the issuance of the Series 2016 Bond the firm of Mersereau Shannon LLP of Portland, Oregon.

D. Appointment of Expert Advisor, Paying Agent and Bond Registrar. The Authorized Representative is authorized to appoint an Expert Advisor, Paying Agent and Bond Registrar for the Bonds. The Authorized Representative is authorized to negotiate and execute and deliver on behalf of the Agency, the Paying Agent and Bond Registrar Agreement.

E. Designation of Series 2016 Bond as Qualified Tax-Exempt Obligations. The Agency designates the Series 2016 Bond as a “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code. The Agency covenants not to so designate tax-exempt obligations in the current calendar year in an aggregate amount of more than \$10,000,000. The Agency (including any subordinate entities) does not reasonably expect to issue more than \$10,000,000 of tax-exempt obligations during the current calendar year.

F. Closing of the Sale and Delivery of the Series 2016 Bond. The Authorized Representative is authorized to execute and deliver such additional documents, including a Tax Certificate, Continuing Disclosure Certificate, Bond Purchase Agreement and any and all other things or acts necessary for the sale and delivery of the Series 2016 Bond as herein authorized. Such acts of the Authorized Representative are for and on behalf of the Agency and are authorized by the Board of the Agency.

Adopted this 26th day of July 2016.

WARRENTON URBAN RENEWAL AGENCY,  
CITY OF WARRENTON, CLATSOP COUNTY, OREGON

By: \_\_\_\_\_  
Mark Kujala  
Chair

ATTEST:

By: \_\_\_\_\_  
Linda Engbretson  
Secretary