



**DRAFT**

MEETING MINUTES AND NOTES OF  
TILLAMOOK URBAN RENEWAL AGENCY  
Monday October 30, 2006, 6:00 p.m.

Tillamook City Manager Mark Gervasi opened the meeting at 6:00 p.m.

The following persons were in attendance: John Main, Tillamook City Councilor Joe Martin, Tillamook City Councilor Carolyn Decker, Christy Vail, Sally Clay, George Lewis, Rick Adams, and Mr. Kurt Olson, Director of the City of Lincoln City Urban Renewal Agency. Also present was Aaron Palter and Lynda Casey, Tillamook City Staff.

Gervasi introduced a Resolution Approving and Adopting the Bylaws of the Tillamook Urban Renewal Agency and made reference to the City of Tillamook's Ordinance adopted in July, setting up a seven member Agency, made up of two City Councilors and five Members-at-Large.

The Resolution calls for elections to three 4-year term seats and two 2-year term seats to be decided by lottery draw.

The results of the lottery draw were as follows:

Member-at-Large John Main was elected to a 4-year position. Member-at-Large Christy Vail was elected to a 2-year position. Member-at-Large Sally Clay was elected to a 4-year position. Member-at-Large George Lewis was elected to a 2-year position. Member-at-Large Rick Adams was elected to a 4-year position.

Gervasi called for a motion to adopt the Bylaws Resolution.

Member-at-Large Lewis moved to adopt Bylaws Resolution 2006-01. Member-at-Large Clay seconded the motion.

Gervasi called for the vote. The motion was carried unanimously by all Members.

Gervasi called for nominations of Chair of the Tillamook Urban Renewal Agency.

Member-at-Large Vail placed the name of Member-at-Large Adams into nomination for the position of Chair. Councilor Member Decker seconded the nomination.

Gervasi called for any further nominations for the position of Chair.

No further nominations were made for Chair.

Gervasi once again called for any further nominations for the position of Chair.

No further nominations were made for Chair.

Councilor Member Martin moved to close nominations for Chair.

Nominations were closed for position of Chair.

A vote was called for Chair of the Tillamook Urban Renewal Agency.

Member-at-Large Adams was elected to the Chair by a unanimous vote of all Members present.

Gervasi then called for nominations of Vice-Chair of the Tillamook Urban Renewal Agency.

Councilor Member Martin placed the name of Member-at-Large Clay into nomination for the position of Vice-Chair. Member-at-Large Lewis seconded the nomination.

Gervasi called for any further nominations for the position of Vice-Chair.

No further nominations were made for Vice-Chair.

Gervasi once again called for any further nominations for the position of Vice-Chair.

No further nominations were made for Vice-Chair.

Nominations were closed for the position of Vice-Chair.

Member-at-Large Clay was elected unanimously to the position of Vice-Chair by all Members present.

Gervasi then called for an election of an administrator of the Tillamook Urban Renewal Agency stating that the Agency can contract with a City, can use the same auditor, use services of the City Manager, can use the same Counsel as the City.

Director Kurt Olson gave information as to how Lincoln City uses their internal representatives for their Urban Renewal Agency.

There was a brief discussion held about the duties of the administrator of the Agency with Chair Adams indicating that the administrator of the Agency should be able to use other people at his disposal for certain functions of the Agency. He expressed the interest to hire someone else to do minutes for the agency. Gervasi asked Ms. Lynda Casey if she would be amenable to being the Minutes keeper of some of the meetings. Ms. Casey accepted.

Member-at-Large Vail placed the name of Mark Gervasi into nomination as Administrator. Councilor Member Martin seconded the nomination.

Chair Adams called for the vote.

Mark Gervasi was elected unanimously as Administrator by all Members present.

A short discussion was held regarding legal counsel for the Agency. Following the discussion, with input from Kurt Olson, Chair Adams and others, it was agreed to postpone nomination of legal counsel to a later date.

Member-at-Large Lewis asked what type of counsel the Agency would need to hire. Gervasi asked Olson to describe the need for legal counsel of an urban renewal agency. Whereupon, Director Olson opened a round-table discussion about Agency procedures in general.

Gervasi questioned about the budget cycle of Agencies and how budgets are handled by the Agencies. Mentioned a \$12,000 startout of revenue for the Tillamook Urban Renewal Agency.

Olson answered there will be a need for a budget for the Agency. There will need to be an equal number of Members on the Budget Committee and stated that they should be different from Members who are also Councilors.

Chair Adams recommended sending out applications to those people that expressed interest to be on the Tillamook Urban Renewal Agency Board who did not get selected to the Board to be part of the Budget Committee for the Tillamook Urban Renewal Agency.

A discussion was held about the frequency of meetings for the Agency. With the inception of the Agency, a meeting once every quarter is sufficient.

Can meetings be an amendment to the Bylaws, or a Resolution passed at a future meeting.

What kinds of things can an Urban Renewal Agency do. Tax increment financing. Tax increment money is supposed to be used to pay off bonds. Not supposed to save it and go and buy and build stuff.

No bond sales for many years. \$3-6 million of bond sales. Borrow money from a bank. Bank of America and Key Bank are very familiar with loaning money to urban renewal agencies. Bonds can be sold to banks directly. Bonds can be for the life of the agency. Borrow from the City. If City has funds available, it can loan money to the Agency. The Agency can then pay back to the City whatever the debt service would be and the interest and fees could go to the City's general fund.

The Façade Loan Program Fund was mentioned as a source of \$65,000 the Agency could consider.

Agency can go out and get grants and leverage what little money there is and get more money. Many types of grants are available: OECBD; Community Block Grants. ODOT. Sidewalk projects and crosswalks, ODOT has grants for. TEP (Transportation Enhancement). Shore Bank: There is an affiliation with them.

Member-at-Large Vail: What is the best low-hanging fruit, what projects will give us the best bang for our buck, show investors that we can do more.

Director Olson: First project probably is not even known yet. Could be a park bench, could be a streetscape. People need to know urban renewal agency is working. While it feels good and shows something is being done, it does not bring tax increment. What really need to do are the projects that will bring more property onto the tax rolls and that will bring the money balance up quicker. 100 % increase of the tax rolls becomes the Agency's.

Private Public partnership projects: Agency bought an entire City block, tore down all the buildings, and then land banked it for a few years, basically a gravel parking lot for many years. Mixed use project, housing, commercial space, parking. If you will build the parking structure which was a five-story parking structure, we will build three phases of mixed use around it. Commercial ground floor, residential above. About seven stories of commercial/residential. Looked like \$1 million incentives to make the project happen to build the \$7 million parking structure. But it brought online a \$50 million private investment that becomes 100% of all of the taxes collected from that go to the Agency which is several hundred thousand dollars a year. So easily pay \$1 million to a developer because in seven years all of that is recouped before the deal was made.

Undeveloped property that needs parking or a sewer line or property bought and sold at a discount, figure out what the taxes generated would be and it may be that it will pay itself right back. Maybe there is some development that needs a \$50,000 jumpstart and it would generate \$50,000 in a couple of years of property taxes.

George Lewis asked what type of restrictions can be placed on developments. Olson answered: Through DDAs (Disposition and Development Agreement). DDAs can spell out anything the Agency wants.

Restrictions can be placed if funds are provided by the Agency or if the Agency owns the property. If would have to be tied to the Agency's contribution to it, the Agency couldn't have the City rezone it so that it restricts something. The Agency can't do that.

Leveraging funds: String of Pearls. Vision plan. Wanted projects.

Maximum indebtedness of the Tillamook Urban Renewal Agency is \$12.2 million. As a comparison, Lincoln City's is \$43 million. In first ten years, \$2 million was spent. In next three years, \$2 million, and in 15<sup>th</sup> year \$2 million. It's an exponential curve.

Works fine at this point to appoint an administrator, whether it be the City Manager, Finance Director, Public Works director, sometimes a planning director. This works fine for a time.

There's a quirk in the law that says you have to be in debt and if, not you can lose the Agency. You don't want to be bringing in more money than you've got debt or the Agency will dissolve. At five years out, the Agency should look at somebody to have a focus on the Agency.

Administrator Gervasi: Housekeeping item on the 2- and 4-year terms. Terms to start tonight?

All agreed.

Director Olson: Loan program. City has a façade loan program. Will Agency have one, too. Agency has the ability to have one.

Lincoln City has a zero interest loan program. 12 hours of free architectural design services. That's how the Agency controls it. Agency can tell the architect what they want. This is what the Agency will pay for; this is what the Agency will not pay for. You can only use tax increment money for paying off debt. Paying off debt to do the projects are listed in the plan. Once you get money that is not tax increment money, like payback of a loan, you can use that for other things. And it will go on for the life after the Agency is done. Once money is revolved, it is not tax increment money.

Administrator Gervasi asked about removal of area of the district and putting it back in. Substantial amendment calls for the same process to pass as in the first place.

23.97 percentage size of District.

Member-at-Large Vail asked if eminent domain was ever used as a part of urban renewal. Director Olson answered, no. But almost every single time provided a letter stating property was purchased under threat of condemnation because it gives the property owners a tax advantage. Capital gains can be written off for five years, three years, something like that. Will probably not be able to do this in two weeks due to a ballot measure upcoming in two weeks.

Chair Adams asked Director Olson for any recommendations of what the Agency could do within its boundaries to entice private developers to come in and grab a property because the Agency has done some small things that the Agency can afford to that now make that piece of property look like it's a gold mine?

Director Olson: Concentrate on putting in a street or a parking lot next door. Work with the planning department; we need a zoning ordinance for certain things. A DDA the City Council will sign off on as well. Doing stuff up front in anticipation is tough.

Eminent domain: If new legislation passes, what it used to be if you do go to eminent domain, you make an offer to somebody and they refuse it; you make another offer; you make another offer; you make another offer. You probably make three or four offers because you're trying to buy it and not go to Eminent Domain. Finally it goes to Eminent Domain. Today, the judge will make a ruling on what the property is worth. If that's higher than your last offer that you made, then you have to pay all the court fees and their attorney fees. What the new legislation says is, if the judge determines that the property is worth more than your FIRST offer to the property owner, you now have to pay all the attorney fees. So it will cause all of the cities and the Agencies to come up with their best offer first. Or think twice.

Director Olson encouraged all members to stick with Urban Renewal.

Vice-Chair Clay asked for more information on bonds and how it relates to Urban Renewal. Director Olson answered after a while you'll sort of have a track record of how much tax increment is being collected and so they can kind of compare that to what you've collected over the last say six years or five years compared to what a consultant said should be being collected. And if it's about right, or even greater,

then the banks will go ahead and loan you money based upon your next five year's projected income. So then an Agency can think about going out and selling bonds or borrowing large sums of money.

Next steps: Gervasi Set meeting, November 6, 2006, before Council Meeting. Meet and adopt the Resolution which recommends approving the Plan to the City Council. Set meeting for 5:00 p.m. City Council meeting at 7:30 p.m.

Set next meeting date for Agency. At the next meeting.

Meeting adjourned at the hour of 7:30 p.m.