



URBAN RENEWAL DISTRICT AGENCY BOARD

February 25, 2014

Council Chambers • 777 SW Deschutes Avenue

BOARD MEMBERS

George Endicott
Chair

Tory Allman
Board Member

Joe Centanni
Board Member

Camden King
Board Member

Ginny McPherson
Board Member

Ed Onimus
Board Member

Jay Patrick
Board Member

FEBRUARY 25, 2014

SPECIAL MEETING AGENDA

**FOLLOWING P.M.
COUNCIL MEETING**

I. CALL TO ORDER / ESTABLISH A QUORUM

II. MINUTES

A. Minutes of August 27, 2013, Special Urban Renewal District Agency Board Meeting Exhibit 1

III. PRESENTATIONS

A. Audit Report, Rob Tremper – Dickey and Tremper, LLP Exhibit 2

IV. ACTION ITEMS

A. URA Res. #2014-01 – A resolution of the City of Redmond Urban Renewal Agency authorizing the negotiation, execution and delivery of a loan agreement with the City of Redmond, Oregon and related documents; authorizing the refunding of all or a portion of certain outstanding bonds of the Agency, as described herein, and the execution and delivery of documents, agreements, certificates and notices related thereto; authorizing the financing of real or personal property in an aggregate principal amount not to exceed \$13,000,000 designating authorized representatives and delegating authority; and related matters. Exhibit 3

V. OTHER BUSINESS

VI. ADJOURN

Anyone needing accommodation to participate in the meeting must notify Mike Viegas, ADA Coordinator, at least 48 hours in advance of the meeting at 541-504-3032, or through the Telecommunications Relay Service (TRS) which enables people who have difficulty hearing or speaking in the telephone to communicate to standard voice telephone users. If anyone needs Telecommunications Device for the Deaf (TDD) or Speech To Speech (STS) assistance, please use one of the following TRS numbers: 1-800-735-2900 (voice or text), 1-877-735-7525 (STS English) or 1-800-735-3896 (STS Spanish). The City does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities.

The City of Redmond does not discriminate on the basis of disability status in the admission or access to, or treatment, or employment in, its programs or activities

SPECIAL CITY OF REDMOND URBAN RENEWAL DISTRICT AGENCY BOARD MEETING WAS HELD AUGUST 27, 2013, IN THE CITY COUNCIL CHAMBERS.

BOARD MEMBERS PRESENT: Tory Allman – Joe Centanni – George Endicott – Camden King – Ginny McPherson – Ed Onimus – Jay Patrick

STAFF PRESENT: City Manager Keith Witcosky – City Attorney Steve Bryant – Airport Director Kim Dickie – Public Works Director Bill Duerden – City Engineer Mike Caccavano – City Recorder Kelly Morse – Community Development Director Heather Richards – CIS Administrator Sheri Cleveland – Finance/Budget Manager Jason Neff – Economic Development Programs Manager Jon Williams

MEDIA PRESENT: None

Chair Endicott called the meeting to order at 8:30 p.m. and established a quorum.

MINUTES

A. Minutes of May 28, 2013, Special Urban Renewal District Agency Board Meeting (Exhibit 1)

King moved, seconded by Centanni, to approve the minutes of May 28, 2013, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, King-yes, McPherson-yes, Onimus-yes, Patrick-yes)

PRESENTATIONS

A. Celebrating 100 Façade Improvement Projects in Downtown Redmond, Heather Richards

Community Development Director Heather Richards provided the Board with a presentation reviewing the 100 downtown façade improvements that have been granted. Ms. Richards discussed the downtown free design assistance and highlighted before and after photographs.

ACTION ITEMS

A. Property Assistance Program/Rehabilitation Loan Program Criteria (Exhibit 2)

Economic Development Programs Manager Jon Williams presented the Board with a recommendation from the Downtown Urban Renewal Advisory Committee (DURAC) to modify the Property Assistance Program/Rehabilitation Loan Program to increase the maximum loan amount from “the lesser of \$100,000.00 or 20-35 percent of eligible costs to the lesser of \$100,000 or 50 percent of eligible costs.” Mr. Williams added that the purpose of the recommended increase is to encourage use of the program which has declined since 2007.

Mr. Williams shared the proposed language changes and addressed questions from the Board.

King moved, seconded by Centanni, to approve the recommended changes to the Downtown Urban Renewal District’s Property Rehabilitation Loan Program as presented, motion passed. (Allman-yes, Centanni-yes, Endicott-yes, King-yes, McPherson-yes, Onimus-yes, Patrick-yes)

B. Downtown Jumpstart Forgivable Loan Program (Exhibit 3)

Mr. Williams presented the Board with another DURAC recommendation to issue a Request for Proposal (RFP) for a Jumpstart Forgivable Loan (Loan) which will serve as a catalytic project in the Downtown Urban Renewal District. The approach of the RFP will entail a \$500,000 forgivable loan for a selected project through a competitive application process with monies funded through the Redevelopment Opportunity Fund. Mr. Williams described the RFP criteria, key terms of the Loan, and the proposed process.

In response to questions from the Board, Community Development Director Heather Richards stated that Industrial uses are not a priority in the evaluation criteria of the RFP, but added that there are other Urban Renewal programs that can be leveraged in addition to the Loan. The Board will not participate in the review process because they will an award recommendation will come before them for approval at a future date.

DRAFT

King moved, seconded by Allman, to approve the issuance of a Request for Proposals for a Jumpstart Forgivable Loan catalytic project in the Redmond Downtown Urban Renewal District.

Onimus opined that \$500,000 is a large amount to be forgivable and while he acknowledges the benefits of the loan, he struggles with the significant risks.

King stated that even if the business defaults, the property would still be on the tax rolls. Onimus countered that many downtown businesses open and close within a year. Endicott commented that the downtowners are looking into a training program for entrepreneurs on how to open a business.

McPherson opined she would like to see larger project which will stimulate activity and ultimately bring vitality to the smaller businesses.

Motion passed. (Allman-yes, Centanni-yes, Endicott-yes, King-yes, McPherson-yes, Onimus-no, Patrick-yes)

OTHER BUSINESS

There being no further business, the meeting was adjourned at 9:42 p.m.

Prepared by Kelly Morse, City Recorder

APPROVED by the Board and SIGNED by the Chair this 25th day of February, 2014.

George Endicott, Chair

ATTEST:

Kelly Morse, City Recorder



Dickey and Tremper, LLP
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January 21, 2014

To the Board of Directors of the Redmond Urban Renewal Agency

We have audited the financial statements of the governmental activities and each major fund of the Redmond Urban Renewal Agency; hereafter referred to as the Agency, for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted audit standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 29, 2013. Professional standards also require that we communicate the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note I to the financial statements. As described in Note I.J. to the financial statements, the Agency changed their financial reporting of deferred outflows, deferred inflows, and net position by adopting GASB Statement number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* in the 2012-2013 fiscal year. The adoption of the statements did not have an effect on the Agency's financial statements, except for removal of a note disclosure and terminology changes to the statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of property taxes receivable is based on unpaid property taxes as of June 30, 2013. We evaluated the key factors and assumptions used to develop property taxes receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets owned by the Agency and depreciation expense is based on the useful lives of acquired assets. We evaluated the key factors

and assumptions used to develop property taxes receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 21, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the

prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and the management of the Redmond Urban Renewal Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectfully,

Dickey and Tremper, LLP

DICKEY AND TREMPER, LLP



Dickey and Tremper, LLP
Certified Public Accountants and Business Advisors

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To the Board and Management of the City of Redmond Urban Renewal Agency:

In planning and performing our audit of the financial statements of the governmental activities and each major fund of the City of Redmond Urban Renewal Agency as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the City of Redmond Urban Renewal Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the Agency's internal control to be a significant deficiency:

The Agency does not have a formal process or policy in place detailing the timing and methodology of contributing assets from the Urban Renewal Agency to the City. We continue to recommend the Agency to implement a formal policy.

This communication is intended solely for the information and use of management, Board of Directors of the Redmond Urban Renewal Agency, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Dickey and Tremper, LLP
Dickey and Tremper, LLP
Certified Public Accountants
Pendleton, Oregon

January 21, 2014



CITY OF REDMOND
Redmond Urban Renewal Agency

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STAFF REPORT

DATE: February 25, 2014
TO: Urban Renewal Agency Board of Directors
FROM: Heather Richards, CDD Director and Jason Neff, Finance/Budget Manager
THROUGH: Keith Witcosky, City Manager
SUBJECT: Resolution Authorizing the Negotiation and Execution of a Loan Agreement with the City of Redmond Pertaining to the City's Full Faith and Credit Obligations, Series 2014

Addresses Council Goal:

FY2013/14 Goal - #7A Urban Renewal: Invest resources to encourage new business investment in designated blighted areas that will grow the job base and strengthen and diversify the tax base in that area; maintain and manage resources to ensure consistent program delivery and sufficient financial resources.

Report in Brief:

Seeks Board authorization and designation for staff to execute and deliver a loan agreement and other documents related to the refinance of existing Downtown Urban Renewal debt and funding for new Downtown Urban Renewal projects. The resolution establishes a not-to-exceed amount of \$13 million for new project debt.

Background:

In April 2011, City Council approved the Twelfth Amendment to the Downtown Urban Renewal Plan (URA) which included a specific plan for how to finance projects and investments using tax increment resources. In order to advance the goals of the URA a series of debt issuances, as forecasted in the Plan, are necessary occurrences over the life of the plan period. At a City Council workshop in December 2013, Council gave staff the informal go ahead to proceed conducting the technical work required to bring City Council a Full Faith and Credit debt issuance for the URA ("Series 2014 Obligations"). This direction occurred after staff presented the opportunity to use financing to execute projects and programs in the URA Plan. Staff also presented potential terms, security, sizing, timing and risks associated with financing.

Projects Discussion:

Although the projects are subject to change and approval by the Urban Renewal Agency Board, a portion of the proceeds of the Series 2014 Obligations are expected to be utilized to invest in the following projects within the Downtown Urban Renewal Area:

1. Public-private partnerships for commercial, industrial, and housing development;
2. Public-private partnerships for property improvements;
3. Development of a professional business medical district;
4. Redevelopment of the former Redmond Union High School site (Evergreen);
5. Reconstruction of sidewalks and landscaping improvements;
6. Public street and parking improvements;
7. Public improvements for bicycle and pedestrian mobility;
8. Public park development

Finance Discussion / Fiscal Impact:

The City expects to incur debt, structured as Full Faith and Credit Obligations, and to loan the proceeds of the Series 2014 Obligations to the Agency. The first component of the loan will allow the Agency to pay off existing Urban Renewal debt, which will be refinanced/reamortized out to 2031 (Plan end date), subject to any applicable limitations required by federal tax law for tax-exempt obligations. This refinance/reamortization will lower annual debt service and allow for additional debt capacity for new projects. The second component of the loan is for new project funding. The Agency will utilize annual excess tax increment collections (tax increment collections minus debt service minus plan administration costs) to pay the annual debt service associated with new projects. These new project funds will be utilized by the Agency to execute the URA Plan to advance the goals of eliminating/alleviating blight and stimulating a higher pace of investment, thereby increasing the underlying property values and inevitably the long term tax revenue within the area. The cumulative loan would be in an amount not-to-exceed \$22 million, including the not-to-exceed amount of \$13 million for new projects.

A Full Faith and Credit pledge of the City is recommended to achieve an approximately 1.5% lower interest rate on debt obligations, as opposed to the Urban Renewal Agency issuing debt itself without the additional security pledge of the City, yielding approximately \$1 million more in new project funding. A loan will be setup between the City and the Urban Renewal Agency under the loan agreement which pledges the Urban Renewal Tax Increment Revenues (the "Tax Increment Revenues") to pay the annual debt service associated with the City's repayment obligations for the Series 2014 Obligations. This pledge of Tax Increment Revenues will serve as additional security for the debt and the Tax Increment Revenues are expected to be the primary source of moneys to repay the Series 2014 Obligations.

Recommendation/Suggested Motion:

"I move to approve URA Resolution #2014-01, to authorize the Urban Renewal Agency to execute and deliver the loan agreement and legal documents relating to the City's Series 2014 Obligations and any further actions required for the execution of the loan, the refunding of the Agency's outstanding debt obligations and to delegate authority to the Authorized Representatives."

FINANCING STRUCTURE SUMMARY
Full Faith and Credit Obligations
Loan Agreement between City and Agency



**URBAN RENEWAL AGENCY RESOLUTION
URA RESOLUTION NO. 2014-01**

A RESOLUTION OF THE CITY OF REDMOND URBAN RENEWAL AGENCY AUTHORIZING THE NEGOTIATION, EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE CITY OF REDMOND, OREGON AND RELATED DOCUMENTS; AUTHORIZING THE REFUNDING OF ALL OR A PORTION OF CERTAIN OUTSTANDING BONDS OF THE AGENCY, AS DESCRIBED HEREIN, AND THE EXECUTION AND DELIVERY OF DOCUMENTS, AGREEMENTS, CERTIFICATES AND NOTICES RELATED THERETO; AUTHORIZING THE FINANCING OF REAL OR PERSONAL PROPERTY IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$13,000,000; DESIGNATING AUTHORIZED REPRESENTATIVES AND DELEGATING AUTHORITY; AND RELATED MATTERS.

WHEREAS, the City of Redmond Urban Renewal Agency (the "Agency") is the urban renewal agency of the City of Redmond (the "City") under Oregon Revised Statutes ("ORS") Sections 457.010 to 457.470, established by Ordinance No. 89-11 enacted by the City Council of the City on July 25, 1989.

WHEREAS, on September 12, 1995, the City enacted Ordinance No. 95-32 which adopted and approved the Redmond Downtown Urban Renewal Plan, as amended from time to time, including the Twelfth Amendment to the Downtown Urban Renewal Plan approved by the City Council of the City in Ordinance No. 2011-03 on April 12, 2011 (collectively, the "Plan"), for the Downtown Urban Renewal Area (the "Area").

WHEREAS, the Agency is authorized by ORS 457.440(8) to incur indebtedness, including obtaining loans and advances in carrying out the Plan and the portion of taxes received under ORS 457.440, or funds from other sources may be irrevocably pledged for the payment of principal of and interest on such indebtedness.

WHEREAS, the Agency previously issued the following (collectively referred to herein as the "Refunded Obligations"):

- (a) City of Redmond Urban Renewal Agency, Deschutes County, Oregon (Downtown Urban Renewal Area) Urban Renewal Bonds, Series 1999B issued in the original aggregate principal amount of \$4,000,000; and
- (b) City of Redmond Urban Renewal Agency of the City of Redmond, Oregon Subordinate Lien Urban Renewal Bonds (Downtown Urban Renewal Area), Series 2005A issued in the original aggregate principal amount of \$1,905,550 and Series 2005B issued in the original aggregate principal amount of \$9,794,450.

WHEREAS, pursuant to Resolution No. 2014-05 (the "City Resolution") adopted by the City Council of the City (the "City Council") on February 25, 2014, the City has agreed to loan the proceeds derived from the execution, delivery and sale of tax-exempt and federally taxable full faith and credit obligations, in one or more series, in the form of certificates of participation in a financing agreement (the "Financing Agreement") to be

executed by the City and an escrow agent in an aggregate principal amount not to exceed \$22,000,000 (the “2014 Obligations”), to the Agency for the purpose of (a) refunding and redeeming the Refunded Obligations and (b) financing the following real or personal property projects in the Area, in an amount not to exceed \$13,000,000 (collectively, the “New Money Projects,” and together with the Refunded Obligations, collectively the “Projects”):

- (1) Public-private partnerships for commercial, industrial, and housing development;
- (2) Public-private partnerships for property improvements;
- (3) Development of a professional business medical district;
- (4) Redevelopment of the former Redmond Union High School site;
- (5) Reconstruction of sidewalks and landscaping improvements;
- (6) Public street and parking improvements;
- (7) Public improvements for bicycle and pedestrian mobility;
- (8) Public park development; and
- (9) Such other projects as may be added, replaced or substituted therefore, as determined by the Authorized Representative of the Agency, subject to the terms and conditions of the Financing Documents and the Loan Agreement;

WHEREAS, in connection with the issuance of the 2014 Obligations, it is necessary for the Agency and the City to negotiate, execute and deliver a Loan Agreement (the “Loan Agreement”) and related documents pursuant to which (i) the City will loan the proceeds of the 2014 Obligations to the Agency to finance and refinance the Projects and (ii) the Agency will pay to the City lawfully available tax increment revenues of the Agency from the Area (the “Tax Increment Revenues”) to pay the financing payments under the Financing Agreement, under the terms and conditions set forth in the Loan Agreement.

WHEREAS, to ensure that interest on the Tax-Exempt Obligations (as defined below) remains excludable from gross income under Section 103 of the Internal Revenue Code of 1986 (the “Code”), the Agency expects to adopt certain post-issuance policies and procedures (the “Post-Issuance Compliance Procedures”) to ensure that appropriate steps are taken, with regard to the Tax-Exempt Obligations and future debt obligations of the Agency issued on a tax-exempt basis, to comply with applicable tax and securities laws requirements.

WHEREAS, the Agency adopts this Resolution to (i) authorize the refunding of the Refunded Obligations and to authorize the execution and delivery by the Agency of any necessary documents, agreements, certificates and notices related to such refunding of the Refunded Obligations, including without limitation, an escrow deposit agreement

and notices of defeasance and optional redemption (the “Refunding Documents”), (ii) authorize and approve the financing of the New Money Projects with a portion of the proceeds of the 2014 Obligations loaned by the City to the Agency under the terms and conditions set forth in the Loan Agreement, (iii) provide for the execution and delivery of the Loan Agreement, and other documents, agreements or certificates related thereto by the Agency; and (iv) authorize certain officials of the Agency to take action on the Agency’s behalf related to the financing and refinancing of the Projects, to execute and deliver the Loan Agreement and the Refunding Documents and to refund the Refunded Obligations.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF REDMOND, ACTING AS BOARD OF THE CITY OF REDMOND URBAN RENEWAL AGENCY, AS FOLLOWS:

Section 1. Authorization of the Refunding of the Refunded Obligations. The Agency authorizes the refunding and redemption of the Refunded Obligations using proceeds loaned to the Agency by the City derived from the negotiated offering of the 2014 Obligations of the City for such purpose and any other funds of the Agency, including any moneys on deposit in any debt service reserve fund established for any of the Refunded Obligations if determined to be necessary by the Authorized Representative. The remaining terms related to the Refunded Obligations and the Refunding Documents shall be established by the Authorized Representative as provided in Section 3.

Section 2. Authorized Representative. The Agency authorizes and delegates authority to the Executive Director of the Agency, the City Manager of the City or the Finance/Budget Manager of the City, or their respective designees (each, an “Authorized Representative”), each acting individually, to act on behalf of the Agency and execute and deliver the Loan Agreement and the Refunding Documents.

Section 3. Tax-Exempt Status and Covenant as to Arbitrage. The Agency covenants to use the portion of the proceeds of the Loan Agreement designated by the City as tax-exempt obligations (the “Tax-Exempt Obligations”) and the Projects financed with such proceeds, and to otherwise comply with the provisions of the Internal Revenue Code of 1986 (the “Code”) so that the interest components paid pursuant to the Tax-Exempt Obligations will not be includable in gross income of the Registered Owners of such Tax-Exempt Obligations for federal income tax purposes. The Agency specifically covenants:

- (a) To comply with “arbitrage” provisions of Section 148 of the Code, and to pay any required rebates and penalties with respect to the Tax-Exempt Obligations;
- (b) To operate the facilities financed or refinanced with the proceeds of the Tax-Exempt Obligations so that neither the Tax-Exempt Obligations nor the Refunded Obligations are “private activity bonds” under Section 141 of the Code; and

- (c) To comply with all reporting requirements.

The Authorized Representative is authorized and directed to enter into covenants and execute a tax certificate on behalf of the Agency to protect the tax-exempt status of the interest components of the Tax-Exempt Obligations.

Section 4. Authorization of the Loan Agreement and Refunding Documents.

Each Authorized Representative, acting singly, is authorized and directed, on behalf of the Agency without further approval of the Agency to:

- (a) Select all or any portion of the series and maturities of the Refunded Obligations to be refunded, irrevocably call for redemption of those maturities of the Refunded Obligations selected for refunding with the proceeds of the 2014 Obligations loaned to the Agency by the City pursuant to the Loan Agreement on the earliest date those maturities are subject to redemption and cause notice of defeasance and notice of redemption to be given as required by the terms of the Refunded Obligations;
- (b) Designate the Refunded Obligations as current refunded obligations;
- (c) Negotiate, execute and deliver any other documents, agreements, notices or certificates that may be necessary to comply with the terms and conditions for redemption of the Refunded Obligations consistent with the provisions of the documents pursuant to which the Refunded Obligations were originally issued;
- (d) Appoint a bank or other qualified financial institution to serve as escrow deposit agent (the "Escrow Deposit Agent") for the Refunded Obligations;
- (e) Negotiate, execute and deliver an escrow deposit agreement with the Escrow Deposit Agent (the "Escrow Deposit Agreement") providing for the redemption and defeasance, if necessary, of all or a portion of the Refunded Obligations and execute and deliver or cause the Agency to execute and deliver such other agreements, documents or certificates required to fund one or more irrevocable escrow deposit accounts (collectively, the "EDA Accounts") with cash or other securities as permitted by the legal documents related to each of the Refunded Obligations;
- (f) Cause a verification report to be prepared with respect to any of the Refunded Obligations as required to determine the sufficiency and adequacy of the EDA Accounts relating to the Refunded Obligations, if necessary;
- (g) Determine the New Money Projects to be financed in the Area, in an amount not to exceed \$13,000,000; and

- (h) Negotiate the terms of and execute and deliver the Loan Agreement and any other documents related to the loan the proceeds of the 2014 Obligations by the City to the Agency and in return for such loan the payment by the Agency of Tax Increment Revenues from the Area to the City which payments shall be sufficient to pay the financing payments under the Financing Agreement. The Authorized Representative shall establish such other terms and conditions of the Loan Agreement as necessary to effect the purposes of this Resolution, including without limitation the refunding the Refunded Obligations by the Agency, and the terms and conditions set forth in the City Resolution, including without limitation the pledge of the Tax Increment Revenues to secure the financing payments under the Financing Agreement.

Section 5. Adoption of Post-Issuance Compliance Procedures. The Agency hereby authorizes an Authorized Representative to prepare and incorporate into the practices of the Agency the Post-Issuance Compliance Procedures to comply with applicable tax and securities laws requirements for the Tax-Exempt Obligations and future debt obligations of the Agency issued on a tax-exempt basis, and to ensure that interest on the Tax-Exempt Obligations remains excludable from gross income under Section 103 of the Code.

Section 6. Effective Date of Resolution. This Resolution shall take effect immediately upon adoption by the Agency.

ADOPTED by the Board of the City of Redmond Urban Renewal Agency and **SIGNED** by the Chair this 25th day of February, 2014.

CITY OF REDMOND URBAN RENEWAL AGENCY

By: _____
George Endicott, Chair

ATTEST:

By: _____
Kelly Morse, City Recorder