

# EUGENE CITY COUNCIL

## AGENDA ITEM SUMMARY



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### Public Hearing and Possible Action: An Ordinance Establishing a Process and Standards for Issuing Economic Development Project Revenue Bonds as Recovery Zone Facility Bonds

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Meeting Date: December 13, 2010  
Department: Central Services  
[www.eugene-or.gov](http://www.eugene-or.gov)

Agenda Item Number: 5  
Staff Contact: Sue Cutsogeorge  
Contact Telephone Number: 541-682-5589

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#### **ISSUE STATEMENT**

In order to move forward with any financings that the City might undertake with Recovery Zone Facility Bonds, Oregon Revised Statutes require that the City adopt a procedure and standards for approval for issuance of economic development project revenue bonds. These procedures and standards must be in place prior to issuing any of the bonds, and the deadline for issuing the bonds is December 31, 2010; therefore, an ordinance is presented for council consideration to allow for the possibility of issuance of Recovery Zone Facility Bonds.

#### **BACKGROUND**

The City received an allocation from the Federal government of Recovery Zone Facility Bonds of \$11,083,000. The bonds may be used by private companies to access tax-exempt financing. Up to \$8 million of Recovery Zone Facility Bonds are proposed for the Bennett project (on Willamette Street, adjacent to the Beam project). The remainder of the bonds were waived and reallocated by the state.

The proposed ordinance sets out a process and standards for projects to make application for the use of Recovery Zone Facility Bonds. This is a requirement of Oregon Revised Statutes. Due to the Federal government's deadlines for issuing the bonds prior to December 31, 2010, the ordinance includes an immediate effective date. Approval of an ordinance with an immediate effective date will require six votes in favor. The council can take action on December 13 if no councilor objects to taking action that night; if any councilor objects to taking action on December 13, the council will need to take action on December 15.

#### **RELATED CITY POLICIES**

None. This action simply sets up a process. Policy issues around Recovery Zone Facility Bonds are related to authorization of any specific application that would be requested under this ordinance.

**COUNCIL OPTIONS**

1. Approve the ordinance.
2. Request that the ordinance be brought back to the council on December 15 for final action.
3. Do not approve the ordinance.

**CITY MANAGER’S RECOMMENDATION**

The City Manager recommends approval of the ordinance.

**SUGGESTED MOTION**

Move to approve an ordinance establishing a process and standards for issuing Economic Development Project Revenue Bonds as Recovery Zone Facility Bonds.

**ATTACHMENTS**

- A. An Ordinance Establishing a Process and Standards for Issuing Economic Development Project Revenue Bonds as Recovery Zone Facility Bonds

**FOR MORE INFORMATION**

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ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE ESTABLISHING A PROCESS AND STANDARDS FOR  
ISSUING ECONOMIC DEVELOPMENT PROJECT REVENUE BONDS  
AS RECOVERY ZONE FACILITY BONDS.**

**The City Council of the City of Eugene finds that:**

- A.** The City received an allocation of \$11,083,000 of recovery zone facility bond volume cap under the American Recovery and Reinvestment Act of 2009 (“ARRA”). That volume cap allows the City to issue tax-exempt bonds to finance privately owned depreciable property.
- B.** ARRA requires that recovery zone facility bonds be issued by December 31, 2010.
- C.** The City is authorized by ORS 280.410 to 280.485 to issue economic development project revenue bonds that qualify as recovery zone facility bonds under ARRA.
- D.** ORS 280.420 requires the City to adopt an ordinance approving standards and a process for receiving and processing applications for economic development project revenue bonds that are issued under ORS 280.410 to 280.485.

**THE CITY OF EUGENE DOES ORDAIN AS FOLLOWS:**

**Section 1. Purpose.** The purpose of this ordinance is to provide procedures and standards to carry out the powers granted to the City by ORS 280.410 to 280.485 with respect to economic development projects that may be financed with recovery zone facility bonds that are authorized by the American Recovery and Reinvestment Act of 2009 (“ARRA”). ORS 280.410 to 280.485 authorize the City to issue revenue bonds to finance or refinance certain economic development projects and to loan the proceeds of those bonds to private entities to provide for the construction, substantial rehabilitation or permanent financing of those economic development projects. The provisions of this ordinance are to be liberally construed in order to carry out this purpose.

**Section 2. Applications.** Applications for financing with economic development project revenue bonds that qualify as recovery zone facility bonds may be filed with the City Manager not later than two weeks prior to the last scheduled council meeting in calendar year 2010; or, if the legislation authorizing issuance of recovery zone facility bonds is extended beyond December 31, 2010, then not later than two weeks prior to the last scheduled council meeting

before expiration of the extended authorization deadline. Applications may be in the form of a letter addressed to the City Manager; the application shall describe the proposed project, the amount of recovery zone facility bond financing that is requested for the project, and the proposed purchaser of the recovery zone facility bonds.

**Section 3. Standards and Approval.** The City Council may consider any relevant data before approving a project for financing with economic development project revenue bonds that qualify as recovery zone facility bonds. Before approving a project for that financing the City Council shall consider the benefit to the community of the project, the availability of recovery zone facility bond volume cap for the project, and the likelihood that applicant will be successful in having the recovery zone facility bonds issued by December 31, 2010, or any later date authorized by the federal government for issuance of recovery zone facility bonds. The issuance of economic development project revenue bonds that qualify as recovery zone facility bonds may be approved by resolution of the City Council.

**Section 4. Effective Date.** ARRA currently requires recovery zone facility bonds to be issued by December 31, 2010. Therefore, this ordinance shall take effect immediately upon its approval by the City Council.

**Passed by the City Council this**

\_\_\_\_ day of December, 2010

**Approved by the Mayor this**

\_\_\_\_ day of December, 2010

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**City Recorder**

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**Mayor**