



# HERMISTON CITY COUNCIL

180 NE 2<sup>nd</sup> Street – Hermiston, OR 97838

Regular Meeting

July 11<sup>th</sup>, 2016

## A G E N D A

*Where Life is Sweet*

1. **CALL MEETING TO ORDER**– 7:00 pm
2. **DECLARATION OF QUORUM**
3. **FLAG SALUTE**
4. **PROCLAMATIONS, PRESENTATIONS & RECOGNITIONS**
5. **CITIZEN INPUT ON NON-AGENDA ITEMS** (Anyone wishing to bring anything before the council that is not on the agenda is asked to please do the following: 1. Limit discussion to not more than FIVE minutes; 2. State your name and address; 3. Direct your comments to the Mayor.)
6. **CONSENT AGENDA**
  - A) Minutes of the June 27<sup>th</sup>, work session and regular City Council meeting.
  - B) Minutes of the March 30<sup>th</sup>, Community Enhancement Committee.
  - C) Confirm appointments of standing committee vacancies for the unexpired portion of a 3-year term beginning July 12<sup>th</sup>, 2016 and ending June 30<sup>th</sup>, 2019.  
Hispanic Advisory Committee- Positions #4 Jose Garcia and #7 Roy Nayar Barron.

Action – Motion to approve consent agenda items.

Roll Call

7. **ITEMS REMOVED FROM CONSENT AGENDA**
8. **PUBLIC HEARINGS**
9. **RESOLUTIONS & ORDINANCES**
  - A) Resolution No. 2034- A resolution authorizing the issuance and negotiated sale of full faith and credit obligations to restructure HES's existing 2005 bond and finance \$4.5M construction work plan improvements.  
Motion to approve and lay upon the record. Roll Call.

10. **OTHER**

**11. COMMITTEE REPORTS**

A) City Committees and Liaison: Airport Advisory, Budget, Hispanic Advisory, Library Board, Parks & Recreation, Planning Commission, Recreation Projects Fund, Faith-Based Advisory Committee, Community Enhancement Committee, Public Safety Committee, Public Infrastructure Committee.

B) Mayor’s Report –

C) Council Report –

D) Manager’s Report-

**12. ADJOURNMENT**

**13. CONVENE**

A) HURA Special Meeting.  
(See Separate Agenda Below)

| <b>UPCOMING MEETINGS AND EVENTS</b>       |                   |   |
|---|-------------------|---|
| (At City Hall unless otherwise specified) |                   |   |
| July 11                                   | 7:00pm            | City Council and Urban Renewal Agency Meeting   |
| July 13                                   | 7:00pm            | Planning Commission Meeting   |
| July 14                                   | 5:30pm            | Parks and Recreation Committee Meeting  |
| July 15                                   | 7:00 <b>am</b>    | EOTEC Meeting (1705 E. Airport Rd)  |
| July 18                                   | 7:00pm            | Hispanic Advisory Committee Meeting   |
| July 20                                   | 5:30pm            | Community Enhancement Committee (Conference Room)   |
| July 25                                   | 5:15pm            | Public Safety Committee Meeting   |
| July 25                                   | 6:00 pm           | City Council Work Session   |
| July 25                                   | 7:00pm            | City Council Meeting  |
| July 27                                   | 11:30am           | Faith-Based Advisory Committee Special Meeting<br>(First Christian Church - 775 W Highland Ave) |
| July 27                                   | 4:00pm            | Library Board Meeting (Library)   |
| July 28                                   | 11:30am to 4:30pm | Blood Drive (Library-Lanham Room)   |
| July 29                                   | 7:00 <b>am</b>    | EOTEC Meeting (1705 E. Airport Rd)  |
| Aug 2                                     | 4:30pm            | Faith-Based Advisory Committee Meeting  |
| Aug 3                                     | 4:00pm            | Airport Advisory Committee Meeting (Airport)  |
| Aug 8                                     | 6:00 pm           | City Council Work Session   |
| Aug 8                                     | 7:00pm            | City Council Meeting  |

**HERMISTON  
URBAN RENEWAL AGENCY**

Special Meeting

July 11, 2016

**AGENDA**

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**1. CALL TO ORDER** - 7:00 p.m.

**2. NEW BUSINESS**

A. Review recommendation from façade grant review committee for a 50% match to the Simmons Agency for façade improvements at 203 E Main Street.  
Action – Motion to approve grant award. Roll Call

**3. UNFINISHED BUSINESS**

**4. UNSCHEDULED COMMUNICATIONS**

A. Unscheduled communications and general discussion.

**5. ADJOURN**



# HERMISTON CITY COUNCIL

Work Session

June 27<sup>th</sup>, 2016

Mayor Drotzmann called the work session meeting to order at 6:00 pm. Present were Councilors Myers, Primmer, Hardin, Beas-Fitzgerald and Gutierrez. Staff members in attendance were City Manager Byron Smith, City Attorney Gary Luisi, Assistant City Manager Mark Morgan, Chief Edmiston, Amy Palmer, Bill Schmittle, Ron Sivey, and Heather LaBeau. News media present were Michael Kane from NE Oregon Now and Jade McDowell of the East Oregonian.

## **League of Oregon Cities (LOC) Legislative Priorities discussion**

City Manager Smith briefly went through each issue that was brought to the league through various committees. While all the issues are important, Mr. Smith recommended ten priorities for Hermiston to be (A) Needed Housing Assistance Program, (H) Property Tax Reform-Market Value/Local Control, (I) Property Tax Reform-Fairness and Equity, (M) Restore Recreational Immunity, (P) Protect Mental Health Investments Made in 2015, (R) Repeal Requirement to Subsidize Retiree Health Insurance, (S) PERS Reform, (Z) Comprehensive, Multi-modal Transportation Funding and Policy Package and (AA) Funding for Water System Resilience.

The Needed Housing Assistance Program is an issue that would assist cities to develop new and innovative housing solutions for low-income or senior populations.

Mr. Smith stated that Measure 5 and 50 really limit what can be done with property taxes. The Property Tax Reform-Market Value/Local Control proposals highlight two things that can be done without an initiative going to ballot. The first piece of the proposal is to transition to a market based valuation system. Tax values have grown based on formulas not on market value. Property tax bills can vary drastically in the same location depending on when the houses were built and sold. The other piece to this is allowing voters to adopt tax levies and establish tax rates outside of current constitutional limits in their taxing jurisdictions.

The Property Tax Reform-Fairness and Equity bill pursues statutory modifications to the existing property tax system that enhances the fairness and adequacy of the current system.

A high priority is to Restore Recreational Immunity. Case law has found city employees liable for injuries sustained while in a city park. This hinders the City's ability to provide some services the citizens are interested in. While the city could not be sued, the city employees could be and the city would then have to defend the employee.

There were changes made in 2015 to help the mentally ill. Protecting Mental Health Investments Made in 2015 is a priority for Hermiston.

Insurance is one of the City's biggest costs. Repeal Requirement to Subsidize Retiree Health Insurance is a priority and could have a significant impact on the budget.

PERS Reform involves adjusting benefits where legally allowable and investments should be maximized to ensure a sustainable and adequate pension system. Finding the balance between treating employees well and managing the budget is a challenge.

# HERMISTON CITY COUNCIL

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Work Session

June 27<sup>th</sup>, 2016

Comprehensive, Multi-modal Transportation Funding and Policy Package has been a focus of the League for a few years. The legislative committee making a recommendation on this package will be in Hermiston on Thursday. The City appreciates the money the state has spent in Hermiston and would like help with other projects.

Funding for Water System Resilience is a priority that would work to secure dedicated funding for water and wastewater system resilience and emergency preparation.

There was discussion on all the issues and priorities presented. Councilors feel Increased Funding for Water Supply Development is an important priority for Hermiston. It supports additional water supply funding through the state's Water Supply Development Account.

The LOC requests the City determine the top four priorities. The Councilors decided on the following four recommendations:

- (H) Property Tax Reform-Market Value/Local Control
- (M) Restore Recreational Immunity
- (Z) Comprehensive, Multi-modal Transportation Funding and Policy Package
- (CC) Increased Funding for Water Supply Development

The LOC needs volunteers to serve on the various committees. Applications will be available later this year.

Mayor Drotzmann ended the work session at 6:35 pm. The Councilors took a short break before the regular City Council meeting convened at 7:00 pm.

# HERMISTON CITY COUNCIL

Regular Meeting

June 27<sup>th</sup>, 2016

Mayor Drotzmann called the regular meeting to order at 7:00 pm. Present were Councilors Myers, Gutierrez, Primmer, Hardin and Beas-Fitzgerald. Councilors Smith, Kirwan and Davis were absent. Staff members in attendance were City Manager Byron Smith, City Attorney Gary Luisi, Assistant City Manager Mark Morgan, Chief Edmiston, Amy Palmer, Larry Fetter, Ron Sivey, Bill Schmittle, Judge Creasing, Marie Baldo and Heather LaBeau. News media present were Jade McDowell of the East Oregonian and Michael Cane of NE Oregon Now. The pledge of allegiance was given.

## **Recognitions**

City Manager Smith recognized Marie Baldo. Ms. Baldo is retiring as the Library Director after serving in the position for 12 years. Mayor Drotzmann thanked her for her service to the City and her commitment to the community.

## **Consent Items**

Councilor Primmer moved and Councilor Hardin seconded to approve all Consent Agenda items, to include:

1. Minutes of the June 13<sup>th</sup>, regular City Council meeting.
2. Minutes of the April 18<sup>th</sup>, Hispanic Advisory Committee.
3. Recommendation of standing committee vacancies for the unexpired portion of a 3-year term beginning July 1<sup>st</sup>, 2016 and ending June 30<sup>th</sup>, 2019.

Hispanic Advisory Committee-Positions #4 Jose Garcia and #7 Roy Nayar Barron.

Motion carried unanimously.

## **League of Oregon Cities Legislative Agenda**

Councilor Myers moved and Councilor Beas-Fitzgerald seconded to adopt the top four legislative priorities as (H) Property Tax Reform-Market Value/Local Control, (M) Restore Recreational Immunity, (Z) Comprehensive, Multi-modal Transportation Funding and Policy Package and (CC) Increased Funding for Water Supply Development. Motion passed unanimously.

## **Senior & Disabled Taxi Ticket Program**

Assistant City Manager Mark Morgan presented the Hermiston Taxi Ticket Program Manual to the Councilors. The manual provides more detail to the existing policy and establishes what is expected of both the taxi company and the taxi riders. City staff reviewed the document with a group of taxi riders and stakeholders. Taxi Ticket prices were last increased in 2010. This proposal increases the price of a ticket by \$.25, for a total price to the rider of \$2.25 per ticket.

Jeannette Byrnes residing at 3317 Kuhn Lane, stated that social security income doesn't increase more than a little bit and \$.25 a ticket makes a big difference for those on fixed incomes. She feels that the \$.25 won't help the City budget much but will hurt riders.

Councilor Gutierrez moved and Councilor Primmer seconded to approve the established policy document for the Senior and Disabled Taxi Ticket Program and increase the compensation to the taxi company by \$.25 but do not increase the taxi ticket price for the seniors and disabled, the City will pay the difference. Motion passed unanimously.

## **May Financial Report**

Councilor Primmer moved and Councilor Gutierrez seconded to approve May's financial report as prepared and presented by Finance Director Amy Palmer. Motion carried unanimously.

# HERMISTON CITY COUNCIL

Regular Meeting

June 27<sup>th</sup>, 2016

## Committee Reports

Parks & Recreation Report: Councilor Primmer stated that the Parks and Rec committee toured the parks and walked through Steelhead Park. Larry Fetter said he is negotiating with ODFW to transfer the property to the City and should have the opportunity to receive it before the year end.

Community Enhancement Committee: Mayor Drotzmann stated the Committee will meet on June 29<sup>th</sup> to discuss public art policies.

Hispanic Advisory Committee: Councilor Gutierrez said there will be 2 positions that need filled for the committee. Morrow County is considering migrant housing located at the bombing range.

## Mayor's Report

Mayor Drotzmann stated he represented everyone at a Umatilla Morrow County Head Start lunch with the mayor and children. He enjoyed the opportunity to visit with those in attendance.

## Council Report

Councilor Beas-Fitzgerald invited everyone to participate in the Neon Nights 5k at Oxbow Trail on July 9<sup>th</sup>. This year's event will benefit a trainer at Club 24 who has stage 4 cancer.

The annual Stars & Stripes Pool party will be July 4 at the aquatic center. Tickets can be purchased at the aquatic center for the pool party. There are also activities at Butte Park beginning at 1pm. The fireworks will be at 10pm.

Councilor Gutierrez asked when grass would be planted at Newport Park. Larry Fetter answered that it is currently holding too much water to seed.

## Manager's Report

City Manager Smith stated the Public Notice of the November 8, 2016 General Election has been noticed and posted. The at-large council seats are up in November. The incumbents for those positions are Councilors Hardin, Gutierrez, Primmer and Kirwan.

City Manager Smith gave a brief update on EOTEC. The barn bids came in a little high, Frew Development is helping work through alternatives. The pre-bid meeting for the rodeo grounds is scheduled for tomorrow.

## Adjournment

Mayor Drotzmann adjourned the regular meeting at 8:08 pm.

SIGNED:

/s/ Dr. David Drotzmann

MAYOR

ATTEST:

/s/Heather LaBeau

ZONING CLERK

# Community Enhancement Committee

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## Committee Meeting

Date: 3/30/16

Time: 5:30 p.m.

Location: City of Hermiston, Council Chambers

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### Committee Members in attendance:

- Phillip Spicer
- Debbie Pedro

### Committee Members excused:

- Karen Zacharias
- Billie Jean Morris

### City Council Liaisons:

- David Drotzmann, Mayor
- Jackie Myers

### City Staff in attendance:

- Mark Morgan, Asst. City Mgr
  - Larry Fetter, Parks & Rec. Director
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1. Call to order: Mayor Drotzmann
2. Minutes: None
3. Old Business: Public Art Plan
  - a. Purpose: Mark Morgan began by reiterating the purpose, and intended use, of the Public Art Plan. He stated that the final plan should not be viewed as a list of projects that the City will fund and construct; but rather should be viewed as a community-wide plan which can be used to help direct various public and private efforts to add art to the community. Several examples of how the plan may be used included:
    - If the Desert Arts Council wants to commission a sculpture to be done as part of their annual arts festival, and have it placed in the community, then they could consult the Public Art Plan to identify an appropriate location. Then, they would work with the City, and any necessary stakeholders to gain approval. Once the sculpture is finished and placed, it will then add to a logical enhancement to the community's aesthetic.
    - If an Eagle Scout, or other group of community volunteers, contacts the City about doing a service project, then City Staff can consult the plan to direct the volunteer efforts toward a similar project that has already been through a public process.
  - b. Draft Plan Presentation: Art Plan Consultant, Becky Couch, gave a presentation about all of the 54 proposed locations and concepts for public art. Committee members were given copies of the report 3 weeks before the meeting to review, and gave various levels of feedback on each of the concepts and locations. The general consensus was that the locations and concepts were appropriate, with a few minor changes, which would be incorporated before taking to the public for community-wide input.
  - c. Next Steps:
    - Becky will incorporate the Committee's comments in to the draft list of concepts.
    - Becky will work with City Staff to develop display materials to show the draft list of concepts, and will host a Public Open House on May 6, 2016, as well as host a booth at the Eastern Oregon Arts Festival on May 7, 2016. She will also host a booth at a Saturday Market at a weekend later in June.

- Becky will send a draft recommendation for Public Art Policies to City Staff by mid-April. Committee members will then get copies of the draft policies to review and offer comments on by late April.
- All of the public Comments and suggested policies will be compiled in to a final Draft Public Art Plan for the Committee to review in mid-June.

4. New Business:
  - a. None
5. Officer/Staff Reports: None
6. Next meeting: Mid-June (no date set)
7. Meeting adjourned at 6:30 by Mayor Drotzmann

Minutes submitted by Billie Jean Morris

# COUNCIL REPORT

For Meeting of July 11, 2016

MAYOR AND MEMBERS OF THE CITY COUNCIL

NO. 2016- 2034

**SUBJECT:**  
**HES Bond**  
**Resolution**

## Subject

A resolution authorizing the issuance and negotiated sale of full faith and credit obligations to restructure HES's existing 2005 bond and finance \$4.5M construction work plan improvements.

## Summary and Background

In May, Hermiston Energy Services presented information and asked for direction regarding refinancing options for HES's current 2005 bond, and options for paying for system upgrades included in the construction work plan.

With this in mind, HES has started the process of restructuring our existing bond that would provide approximately \$2.66M additional cost savings to HES in the 2005 restructured bond. Also, it's HES request to incorporate \$4.5M of construction work plan costs to the restructured bond that would be finalized in August of 2016.

HES has acquired the services of John Peterson (Piper Jaffray & Co.) as our Financial Advisor; Jim Shannon as our Special Counsel and Matt Donahue with D.A. Davidson & Co who will act underwriter for the issuance of the Series 2016 Obligations.

HES is recommending changing to a Full Faith and Credit model for the restructure that will be different from the existing Insurance based model that will also provide and additional savings of approximately \$1.136M in principal borrowing costs.

## Recommendation

Staff recommends approval authorizing the issuance and negotiated sale of full faith and credit obligations to restructure HES's existing 2005 bond and finance \$4.5M construction work plan improvements to not exceed \$15,000,000.

## Requested Action/Motion

Motion to approve Resolution 2016-2034 as drafted.



**City Manager Approval**



**Hermiston Energy Services Superintendent Approval**

City of Hermiston

## RESOLUTION NO. 2034

**A RESOLUTION AUTHORIZING THE ISSUANCE AND NEGOTIATED SALE OF FULL FAITH AND CREDIT OBLIGATIONS TO FINANCE IMPROVEMENTS TO THE CITY'S ELECTRIC SYSTEM AND TO REFUND THE CITY'S OUTSTANDING ELECTRIC SYSTEM REVENUE OBLIGATIONS, SERIES 2005; DESIGNATING AN AUTHORIZED REPRESENTATIVE, FINANCIAL ADVISOR, SPECIAL COUNSEL, AND UNDERWRITER; AUTHORIZING APPOINTMENT OF AN ESCROW AGENT AND THE EXECUTION AND DELIVERY OF A FINANCING AGREEMENT, ESCROW AGREEMENT AND ESCROW DEPOSIT AGREEMENT; AND RELATED MATTERS.**

**WHEREAS**, the City of Hermiston, Umatilla County, Oregon (the "City") is authorized pursuant to the Constitution and laws of the State of Oregon, namely, Oregon Revised Statutes Sections 271.390, 287A.315 and 287A.360, to (1) enter into financing agreements to finance and refinance improvements to the facilities of the City, (2) pledge its full faith and credit and taxing power in connection with such financing agreements, and (3) pay the costs of issuance of such financing agreements; and

**WHEREAS**, it is in the best interest of the City to authorize the issuance and sale of not to exceed \$5,000,000 in aggregate principal amount of revenue obligations (the "New Money Obligations") to finance the acquisition, design, construction, installation and equipping of certain capital improvements to the Electric System and pay costs of issuance of the New Money Obligations; and

**WHEREAS**, on October 13, 2005 the City issued its Electric System Revenue Obligations, Series 2005 (the "Series 2005 Obligations") pursuant to Resolution No. 1769, adopted on September 12, 2005, in the aggregate principal amount of \$13,210,000 and the proceeds were used to currently refund the City's outstanding Variable Rate Demand Electric System Revenue Obligations, Series 2002A and to pay the costs of issuance of the Series 2005 Obligations; and

**WHEREAS**, the outstanding Series 2005 Obligations maturing on or after October 1, 2016 are subject to redemption at the option of the City on and after October 1, 2015; and

**WHEREAS**, the City finds that present value savings may be achieved by issuing refunding obligations (the "Refunding Obligations") for the purpose of refunding all or a portion of the City's outstanding Electric System Revenue Obligations, Series 2005 (the "Refunded Obligations"); and

**WHEREAS**, the proceeds of the Full Faith and Credit Obligations, Series 2016 (the "Series 2016 Obligations") will be for the purpose of providing funds sufficient to (1) finance improvements to the City's Electric System, (2) refund all or a portion of the Series 2005 Obligations, and (3) pay the costs of issuance of the Series 2016 Obligations (collectively, the "Project"). The Series 2016 Obligations will be issued as full faith and credit obligations of the City, payable from the designated funds available to make the Financing Payments and the general, non-restricted revenues of the City,

including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon; and

**WHEREAS**, it is advantageous for the City to authorize and enter into a financing agreement to finance the Project. In addition, the City will enter into an escrow agreement which will authorize the escrow agent to issue full faith and credit obligations evidencing undivided proportionate interests in the amounts payable by the City under the financing agreement.

**NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF HERMISTON, UMATILLA COUNTY, OREGON AS FOLLOWS:**

**Section 1. Authorization.** The Council hereby authorizes:

a. Issuance and Sale of Series 2016 Obligations.

(1) The City hereby authorizes the issuance in one or more series and negotiated sale of \$5,000,000 aggregate principal amount of New Money Obligations to finance improvements to the City's Electric System and pay costs of issuance of the New Money Obligations, as determined by the Authorized Representative.

(2) The City hereby authorizes the issuance in one or more series of Refunding Obligations in an amount sufficient to refund all or a portion of the Series 2005 Obligations and to pay the costs of issuance of the Refunding Obligations, as determined by the Authorized Representative.

(3) The Series 2016 Obligations shall be issued by the escrow agent, for and on behalf of the City, in an amount not greater than the amount necessary to (1) finance improvements to the City's Electric System in an amount not to exceed \$5,000,000, (2) refund all or a portion of the outstanding Series 2005 Obligations, and (3) pay costs of issuance of the Series 2016 Obligations. The Series 2016 Obligations shall be issued in denominations of \$5,000 each, or integral multiples, as negotiable full faith and credit obligations City and shall bear interest at a true effective rate that provides present value savings required by Oregon Administrative Rule 170-062-0000(3) for the Refunding Obligations. The Series 2016 Obligations may be issued as taxable or tax-exempt obligations and shall mature on a date set by the Authorized Representative, as defined below.

b. Financing Agreement. The City authorizes the execution and delivery of a financing agreement (the "Financing Agreement") to finance the Project, in a form satisfactory to the Authorized Representative, as defined below.

c. Escrow Agreement. The City authorizes the execution and delivery of an escrow agreement between the City and the escrow agent (the "Escrow Agreement"), in a form satisfactory to the Authorized Representative, pursuant to which the escrow agent shall execute the Series 2016 Obligations representing the principal amount payable under the

Financing Agreement, and evidencing the right of the escrow agent to receive the City's Financing Payments under the Financing Agreement.

**Section 2. Financing Payments.** The Financing Payments for the Series 2016 Obligations shall be payable from the designated funds which are available to make the Financing Payments and the general, non-restricted revenues of the City, including taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The obligation of the City to make Financing Payments shall be a full faith and credit obligation of the City, and is not subject to appropriation. The Registered Owners of the Series 2016 Obligations shall not have a lien or security interest on the property financed with the proceeds of the Series 2016 Obligations.

**Section 3. Designation of Authorized Representative.** The City hereby authorizes the City Manager, Finance Director or Mayor or any designee of the Council (the "Authorized Representative") to act as the authorized representative on behalf of the City and determine the remaining terms of the Series 2016 Obligations as delegated in Section 4 below.

**Section 4. Delegation of Final Terms and Sale of Series 2016 Obligations and Additional Documents.** The Authorized Representative is authorized, on behalf of the City, to:

- a. determine whether it is desirable to refinance all, a portion of, or none of the Series 2005 Obligations;
- b. approve of and authorize the distribution of the preliminary and final Official Statements to prospective purchasers of the Series 2016 Obligations;
- c. negotiate the terms under which the Series 2016 Obligations shall be sold, to enter into a Purchase Agreement for sale of the Series 2016 Obligations, and to execute and deliver the Purchase Agreement;
- d. establish the maturity and interest payment dates, dated date, principal amount, capitalized interest (if any), optional and/or mandatory redemption provisions, interest rates, denominations, serial and term maturities, and other terms under which the Series 2016 Obligations shall be issued, sold, executed, and delivered;
- e. negotiate the terms and approve of the Financing Agreement and the Escrow Agreement as the Authorized Representative determines to be in the best interest of the City, and to execute and deliver the Financing Agreement and the Escrow Agreement and appoint an escrow agent;
- f. determine which fund or funds are available to pay the Financing Payments;
- g. determine whether the Series 2016 Obligations shall be Book-Entry certificates and to take such actions as are necessary to qualify the Series 2016 Obligations for the Book-Entry System of DTC, including the execution of a Blanket Issuer Letter of Representations;

h. seek to obtain a rating on the Series 2016 Obligations, if determined by the Authorized Representative to be in the best interest of the City;

i. apply for municipal bond insurance for the Series 2016 Obligations, and expend proceeds to pay the insurance premium, if determined by the Authorized Representative to be in the best interest of the City;

j. approve, execute and deliver a Tax Certificate; and execute and deliver a Certificate specifying the action taken pursuant to this Resolution, and any other documents, agreements or certificates that the Authorized Representative determines are necessary and desirable to issue, sell and deliver the Series 2016 Obligations in accordance with this Resolution; and

k. approve, execute and deliver a continuing disclosure certificate pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) for the Series 2016 Obligations.

**Section 5. Maintenance of Tax-Exempt Status.** The City hereby covenants for the benefit of the Owners of the Series 2016 Obligations to use the Series 2016 Obligation proceeds and the projects refinanced with Series 2016 Obligation proceeds in the manner required, and to otherwise comply with all provisions of the Internal Revenue Code of 1986, as amended (the “Code”), which are required so that interest paid on the Series 2016 Obligations will not be includable in gross income of the Owners of such Series 2016 Obligations for federal income tax purposes. The City makes the following specific covenants with respect to the Code:

a. The City will not take any action or omit any action if it would cause the Financing Agreement or Series 2016 Obligations to become arbitrage bonds under Section 148 of the Code.

b. The City shall operate the projects refinanced with the Series 2016 Obligations so that the Series 2016 Obligations do not become “private activity bonds” within the meaning of Section 141 of the Code.

c. The City shall comply with appropriate Code reporting requirements.

d. The City shall pay, when due, all rebates and penalties with respect to the Series 2016 Obligations which are required by Section 148(f) of the Code.

The covenants contained in this Section 5 and any covenants in the closing documents for the Series 2016 Obligations shall constitute contracts with the owners of the Series 2016 Obligations, and shall be enforceable by them. The Authorized Representative may enter into covenants on behalf of the City to protect the tax-exempt status of the Financing Agreement and the Series 2016 Obligations.

**Section 6. Appointment of Escrow Agent.** The Authorized Representative is authorized to appoint an Escrow Agent for the issuance of the Series 2016 Obligations and to administer the Escrow Deposit Fund.

**Section 7. Escrow Deposit Agreement and Escrow Agent.** The City shall enter into an Escrow Deposit Agreement for the establishment of an Escrow Deposit Fund to which shall be deposited sufficient proceeds from the Series 2016 Obligations to acquire Government Obligations to provide funds sufficient to pay the principal of and interest on the Refunded Obligations to the date of redemption. The Authorized Representative is authorized to execute the Escrow Deposit Agreement for and on behalf of the City.

**Section 8. Call and Redemption of Refunded Obligations.**

The Refunded Obligations maturing on and after October 1, 2016, are first subject to optional call and redemption on October 1, 2015, at par value, plus accrued interest, if any, to the date of redemption. The City does call for redemption at par value the principal of the Refunded Obligations. The call and redemption of the Refunded Obligations is subject to the sale and delivery of the Series 2016 Obligations.

**Section 9. Effect of Refunding on Refunded Obligations.** The City determines that, upon deposit into the Escrow Deposit Fund of Government Obligations in an amount calculated to be sufficient to pay the principal of and interest on the Refunded Obligations, such deposit shall fully defease the Refunded Obligations.

**Section 10. Appointment of Special Counsel.** The City appoints Mersereau Shannon LLP as special counsel to the City for the issuance of the Series 2016 Obligations.

**Section 11. Appointment of Financial Advisor.** The City appoints Piper Jaffray & Co. to serve as financial advisor to the City in connection with the issuance of the Series 2016 Obligations.

**Section 12. Appointment of Underwriter.** The City appoints D.A. Davidson & Co. as the underwriter for the issuance of the Series 2016 Obligations.

**Section 13. Continuing Disclosure.** The City covenants and agrees to comply with and carry out all of the provisions of the Continuing Disclosure Agreement to be negotiated with the underwriter. Notwithstanding any other provision of this Resolution, failure by the City to comply with the Continuing Disclosure Agreement will not constitute an event of default; however, any Registered Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Section and the Continuing Disclosure Certificate.

**Section 14. Preliminary and Final Official Statement.** The City shall prepare or cause to be prepared a preliminary official statement for the Series 2016 Obligations which shall be available for distribution to prospective purchasers. In addition, an official statement shall be prepared and ready for delivery to the purchasers of the Series 2016 Obligations no later than the seventh (7th)

business day after the sale of the Series 2016 Obligations. When the City determines that the final official statement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained in the official statement not misleading in the light of the circumstances under which they are made, the Authorized Representative is authorized to certify the accuracy of the official statement on behalf of the City.

**Section 15. Closing of the Sale and Delivery of the Series 2016 Obligations.** The Authorized Representative is authorized to negotiate with the Underwriter as to the terms and conditions of a Purchase Agreement providing for the private negotiated sale of the Series 2016 Obligations. The Authorized Representative is authorized to execute the Purchase Agreement for and on behalf of the City and to execute such additional documents, including a Tax Certificate, and to perform any and all other things or acts necessary for the sale and delivery of the Series 2016 Obligations and redemption of the Refunded Obligations as herein authorized. Such acts of the Authorized Representative are for and on behalf of and are authorized by the Council of the City.

**Section 16. Resolution to Constitute Contract.** In consideration of the purchase and acceptance of any or all of the Series 2016 Obligations by those who shall own the same from time to time (the "Owners"), the provisions of this Resolution shall be part of the contract of the City with the Owners and shall be deemed to be and shall constitute a contract between the City and the Owners. The covenants, pledges, representations and warranties contained in this Resolution or in the closing documents executed in connection with the Series 2016 Obligations, including without limitation the City's covenants and pledges contained in Section 2 hereof, and the other covenants and agreements herein set forth to be performed by or on behalf of the City shall be contracts for the equal benefit, protection and security of the Owners, all of which shall be of equal rank without preference, priority or distinction of any of such Series 2016 Obligations over any other thereof, except as expressly provided in or pursuant to this Resolution.

**Section 17. Effective Date.** This resolution takes effect upon adoption by the City Council.

PASSED by the Council of the City of Hermiston this 11<sup>th</sup> day of July, 2016.

**CITY OF HERMISTON  
UMATILLA COUNTY, OREGON**

By \_\_\_\_\_  
Mayor

ATTEST:

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

City of Hermiston, Oregon  
 Full Faith and Credit Obligations, Series 2016  
 Preliminary Financing Statistics  
 2005 Electric Revs Refunding and \$4.5MM New Money  
 Indicative Rates as of 7/6/2016

| Bond Statistics                |              |
|--------------------------------|--------------|
| Total Par Amount               | \$14,245,000 |
| Dated Date                     | 9/6/2016     |
| Arbitrage Yield                | 2.668%       |
| All-In True Interest Cost      | 2.880%       |
| Average Annual Debt Service    | \$1,028,549  |
| Maximum Annual Debt Service    | \$1,032,313  |
| New Call Date                  | 10/1/2026    |
| Present Value of 1 Basis Point | \$11,239     |
| Costs of Issuance*             | \$114,725    |

\* All costs of refinancing are assumed paid from proceeds of the new bond sale.

| Refunding Statistics             |                         |
|----------------------------------|-------------------------|
| Net Present Value Savings (\$)   | \$1,832,733             |
| Net Present Value Savings (%)    | 16.444%                 |
| Total Cash Flow Savings          | \$2,566,781             |
| Average Annual Savings (rounded) | \$151,000               |
| Average Life of Refunded Bonds   | 10.1 years              |
| Average Life of Refunding Bonds  | 9.0 years               |
| Negative Arbitrage               | n/a - current refunding |

| Fiscal Year  | Principal           | Interest           | Annual Total        |
|--------------|---------------------|--------------------|---------------------|
| 6/30/2017    | \$0                 | \$311,479          | \$311,479           |
| 6/30/2018    | \$485,000           | \$539,713          | \$1,024,713         |
| 6/30/2019    | \$505,000           | \$524,863          | \$1,029,863         |
| 6/30/2020    | \$520,000           | \$509,488          | \$1,029,488         |
| 6/30/2021    | \$535,000           | \$493,663          | \$1,028,663         |
| 6/30/2022    | \$555,000           | \$477,313          | \$1,032,313         |
| 6/30/2023    | \$570,000           | \$460,438          | \$1,030,438         |
| 6/30/2024    | \$590,000           | \$440,088          | \$1,030,088         |
| 6/30/2025    | \$610,000           | \$416,088          | \$1,026,088         |
| 6/30/2026    | \$635,000           | \$391,188          | \$1,026,188         |
| 6/30/2027    | \$665,000           | \$365,188          | \$1,030,188         |
| 6/30/2028    | \$695,000           | \$334,513          | \$1,029,513         |
| 6/30/2029    | \$730,000           | \$298,888          | \$1,028,888         |
| 6/30/2030    | \$765,000           | \$261,513          | \$1,026,513         |
| 6/30/2031    | \$805,000           | \$222,263          | \$1,027,263         |
| 6/30/2032    | \$850,000           | \$180,888          | \$1,030,888         |
| 6/30/2033    | \$885,000           | \$144,703          | \$1,029,703         |
| 6/30/2034    | \$910,000           | \$114,413          | \$1,024,413         |
| 6/30/2035    | \$945,000           | \$83,109           | \$1,028,109         |
| 6/30/2036    | \$980,000           | \$50,625           | \$1,030,625         |
| 6/30/2037    | \$1,010,000         | \$17,044           | \$1,027,044         |
| <b>Total</b> | <b>\$14,245,000</b> | <b>\$6,637,460</b> | <b>\$20,882,460</b> |

Unless otherwise agreed to, the primary role of Davidson, as an underwriter/placement agent, is to purchase securities for resale to investors, in an arm's-length commercial transaction between the Issuer and Davidson or to arrange for placement of securities with an investor. As underwriter/placement agent Davidson is not acting as a fiduciary to the Issuer and Davidson has financial and other interests that may differ from those of the Issuer.

# Staff Report

For the Meeting of July 11, 2016

HERMISTON URBAN RENEWAL AGENCY BOARD

Agenda Item #

NO. 2016 – 2

**SUBJECT: Façade Grant  
Application – Simmons  
Agency**

## **Subject**

The Simmons Agency has submitted a façade grant application for remodeling activities at 203 E Main St.

## **Summary and Background**

On June 30 the Façade Grant Review Committee met to review a façade grant application from the Simmons Agency. The request is for exterior remodeling of the former Roemark's building at 203 E Main St. The request will install windows overlooking Main Street on the second floor where there are currently window facades covering a load-bearing wall, as well as several smaller exterior enhancements. The proposed budget for the enhancement is \$21,000. Under the terms of the grant program, the district may provide a match of up to 50% of the project budget up to a maximum of \$10,000. After scoring the grant application and considering how the project fits with the overall goals of the urban renewal district, the committee decided that 50% match is appropriate for the project and voted to approve a grant of \$10,000. The committee therefore recommends to the urban renewal board of directors that a grant of up to \$10,000 be made for façade improvements to this building. Should the final cost of improvements be less than \$21,000 the grant award will reduce concurrently to cover 50% of the final cost.

Under the guidelines of the program, grant payments are made on a reimbursement basis once the project is completed and invoices have been submitted for review.

## **Fiscal Information**

The grant award is 2% of the total budget of \$500,000 for façade grants over the life of the urban renewal district and 20% of the budget of \$50,000 for façade grants for the 2016-17 fiscal year.

## **Alternatives and Recommendation**

The urban renewal board may choose to:

- Accept the committee recommendation and award a match of 50% for the façade improvements.
- Reject the committee recommendation and modify the grant amount.

Staff recommends that the urban renewal board accept the committee's recommended grant amount.

**Requested Action/Motion**

Staff requests that the urban renewal board make a motion to approve the committee recommendation and award 50% in matching funds to the Simmons Agency project for façade improvements.

Reviewed by:

A handwritten signature in black ink, appearing to read 'C. Spencer', with a long horizontal flourish extending to the right.

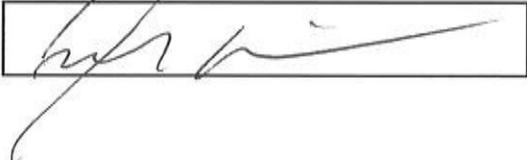
Department Head – Clinton Spencer, City Planner

Acting City Manager Approval

A handwritten signature in blue ink, appearing to read 'Mark Morgan', written in a cursive style.

# Hermiston Urban Renewal Agency

## Application for Façade Improvement Grant

|   |  |                |                                  |
|---|--|----------------|----------------------------------|
| Name of Applicant                       | Jacob Neighbors  |                |                                  |
| Property Address                        | 203 E Main St.   |                |                                  |
| Property Owner<br><i>(if different)</i> | The Simmons Agency, Inc.   |                |                                  |
| Owner Address<br><i>(if different)</i>  | PO Box 808, Hermiston, OR 97838  |                |                                  |
| Business Name                           | The Simmons Agency, Inc.   |                |                                  |
| Phone Number                            | 541-289-8290   | E-Mail         | jneighbors@simmons-insurance.com |
| Project Description                     | Opening and reinforcing of false windows in the second floor of the former Roemark's saddle shop building. Installing new windows in the second floor. Installing a new laminated wooden beam across the front of the entrance overhang. Replacing damaged first-floor window. |                |                                  |
| Grant Request                           | \$10,000   | Project Budget | \$21,000                         |
| Start Date                              | 06/27/2016   | End Date       | 11/18/2016                       |
| Applicant Signature                     |   | Date           | 6/17/2016                        |

Please attach to this form copies of the project budget, construction drawings, property owner consent, an itemized list of improvements, and other items that are pertinent to the project.



541-567-6367

243 E Main St, Ste. C / P.O. Box 808  
Hermiston, OR 97838  
[www.simmons-insurance.com](http://www.simmons-insurance.com)

5/24/2016

To whom it may concern,

Simmons Agency Inc., recently acquired the 3 structures on the corner of Main and 2<sup>nd</sup> street commonly referred to as the "Roemark's building". With the property located at 203 E Main St., our intention is to create a professional office space to house our commercial and administration divisions for Simmons Insurance Group. We are a Hermiston, OR-based company and currently employ approximately 108 people across Oregon and Washington in 22 locations. This office space will be used to coordinate resources for our employees and offices through all operations of our organization. It is also our desire to take part in revitalizing Hermiston's downtown district—this starts with the exterior of this aging, long-vacant building. We are seeking a full matching grant of \$10,000 to help facilitate improvements to the front façade of the 203 E Main St building. Our projected cost is \$21,000 for the following façade improvements:

1. Restructure the entry of the building including the covered section, adding laminated wood beams.
2. Re-engineer the concrete structure of the second story for glass windows where there is window façade.
3. Cut out the concrete behind the boarded up window façade in the second story of the building
4. Install new glass windows in the second story consistent with the windows on the first level of the building.
5. Replace the damaged glass window on the first floor

By awarding our company a matching grant, your committee will allow us to complete the above improvements, dramatically improving the look and functionality of the façade of a highly-visible downtown building. We look forward to partnering with you to support the revitalization of Hermiston's downtown business hub.

Thank you,

A handwritten signature in black ink, appearing to read 'Jacob Neighbors', is written over a blue horizontal line.

Jacob Neighbors CIC  
Managing Partner  
Simmons Insurance Group

