

City of Brookings
URBAN RENEWAL AGENCY MEETING MINUTES
City Hall Council Chambers, 898 Elk Drive, Brookings, OR 97415
Monday, June 24, 2013

Call to Order

Chair Hedenskog called the meeting to order at 10:07 PM, immediately following the City Council meeting.

Roll Call

Agency Present: Chair Ron Hedenskog, Directors Bill Hamilton, Brent Hodges, Jake Pieper, and Kelly McClain; a quorum present.

Staff Present: Executive Director Gary Milliman, Finance & HR Director Janell Howard, City Attorney Martha Rice and City Recorder Joyce Heffington.

Others Present: Curry Coastal Pilot Reporter Jane Stebbins and approximately 2 others.

Consent Calendar

Approve Agency minutes for May 28, 2013.

Chair Hedenskog moved, a second followed and the Agency voted unanimously to approve the Consent Calendar as written.

Public Comments

Staff Reports

Resolution 13-R-1016, transferring appropriations for the 2012-13 fiscal year budget.

Director Howard provided the staff report.

Director Pieper moved, a second followed and the Agency voted unanimously to adopt Resolution 13-R-1016, approving appropriation transfers for the Brookings Urban Renewal Agency for 2012-13.

Discussion and direction regarding Curry Health Network (CHN) System Development Charges.

Andrew Bair, CHN Executive Director, introduced Ken Landau, CHN Chief Financial Officer. Landau said CHN had \$17 million invested in the clinic, which had 55 jobs, and 22,000 visits per year. Landou said the clinic was an important part of the community and asked to have the remaining SDC balance waived so CHN would have more funds available to invest and to make their balance sheet look better.

City Manager Milliman provided the staff report.

Public Comment: Tim Patterson, Brookings, said he fully sympathized with the request, but the principle of SDC fees should be passed around for all, and if Council were to waive them for the clinic then they should do the same for the theatre.

Chair Hedenskog asked if the City had the funds to make the payments.

Milliman said the URA has revenue that exceeded demand but it was not sufficient to meet this request; payment would have to be spread over a longer period. One option, Milliman advised, was for the URA to assume responsibility for the debt at a 0% interest

rate. He said staff had not yet calculated a reduced payment and an analysis would be needed if this was a direction Council wanted to explore.

Director Pieper said he had no desire to write down the debt. He said he thought the 9% interest rate was high, given current interest rates, and he would support coming up with a different interest rate for a certain class, such as non-profits.

Director McClain said it would be easier to make headway if the clinic were converted to a hospital and asked if they'd applied for the change. He said he would hate to make concessions and have it not be converted to a hospital and that any concessions would need to be tied to goals.

Bair said application had not yet been made, but it was his belief it must happen. Bair said CHN had goals, such as providing dialysis and chemotherapy, and the rate of spending at the current high interest rate was impeding their ability to move forward on some of these things. He said he understood what was needed and was very interested in meeting those needs. He also said he understood Council's hesitancy, and asked that Council consider letting history go and to look at what was needed.

Director Hodges said the clinic employed 55 people which put it in a different class. He said he wasn't in favor of eliminating the debt, but would possibly be in favor of reducing the interest rate or taking on some of the debt. He said he didn't see the debt going away.

Director Hamilton said he agreed the interest rate, or some amount of the debt, should be reduced, but was against waiving the full amount and asked if more SDCs would be involved if the hospital were to expand?

Chair Hedenskog said it very possible that more SDCs would be applied. He said the City had a very nice clinic facility that hadn't cost the City anything and added, "We need to put some skin in the game." The least Council could do, he said, was to reduce the interest rate.

Director McClain said he had no issue with reducing the debt but would like to see it tied to specific goals.

Milliman suggested possibly crediting some of the interest already paid toward the principal.

Director Howard said the City was paying Urban Renewal debt at 4.66% interest, and she felt that reducing it to 3% might be possible. However, if the City were to take on the debt, she said she would not have the revenue to debt ratio to decrease that debt. Howard said she was looking to decrease the interest rate to less than 3%, but the City also had to get financing in two years for the Railroad project match and that something between 4.66% and 3% interest might be possible.

Councilor McClain asked Landau if the debt was limiting CHN's ability to get financing and Landau said they could borrow more from funding agencies if this were not on their balance sheet. He said it was both a cash flow and an outstanding debt issue and of the two, reducing the interest rate was the most important issue as it would allow CHN to reduce the debt at a faster rate.

Director Hodges said he was definitely in favor of the City doing what it could. He said CHN could fulfill certain community-wide needs to the betterment of the community, but he didn't want to do something that would be a detriment of the City.

Howard said a possibility might be to tie the interest rate to whatever interest rate the City might be paying at a given time.

Director McClain advised caution against doing something the City would later regret.

Director Pieper said not receiving interest on the debt was a cost to the City and that the City already had "skin in the game." He also said the City couldn't make promises when two years down the road there may be different people on the Council.

Chair Hedenskog suggested dropping the interest rate to 3% and providing CHN a rebate on past interest toward the remaining principal.

Milliman said he would come back with alternatives.

Adjournment

Chair Hedenskog moved, a second followed and the Agency voted unanimously to adjourn by voice vote at 10:50 PM.

Respectfully submitted:



Ron Hedenskog, Chair

ATTESTED:
this 24 day of July 2013:



Joyce Heffington, City Recorder