



Home of the Tualatin River National Wildlife Refuge

URBAN RENEWAL AGENCY MEETING PACKET

FOR

Tuesday, July 7, 2015

**Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon**

URA Board of Directors Regular Meeting
(Following the City Council Meeting)

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING AGENDA**

Tuesday, July 7, 2015
(Following the City Council Meeting)

**City of Sherwood City Hall
22560 SW Pine Street
Sherwood, Oregon**

URA BOARD REGULAR SESSION

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. CONSENT AGENDA**
 - A. Approval of June 16, 2015 URA Board Meeting Minutes**
- 4. PRESENTATION**
 - A. Cannery Leasing and Purchasing Update** (Tom Pessemier, Assistant City Manager)
- 5. NEW BUSINESS**
 - A. URA Resolution 2015-005 authorizing an Intergovernmental Agreement for services between the Sherwood Urban Renewal Agency and the City of Sherwood** (Tom Pessemier, Assistant City Manager)
- 6. STAFF REPORT**
- 7. ADJOURN**

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
Tuesday, June 16, 2015
22560 SW Pine Street, Sherwood, Oregon 97140**

REGULAR SESSION

1. **CALL TO ORDER:** Chair Krisanna Clark called the meeting to order at 9:20 pm.
2. **BOARD PRESENT:** Chair Clark, Sally Robinson, Linda Henderson, Dan King, Renee Brouse and Jennifer Kuiper. Jennifer Harris was absent.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Joe Gall, Assistant City Manager Tom Pessemier, Police Chief Jeff Groth, Finance Director Julie Blums and Agency Recorder Sylvia Murphy. City Attorney Chad Jacobs.

Chair Clark addressed the consent agenda and asked for a motion.

4. **CONSENT AGENDA:**

A. Approval of June 2, 2015 URA Board Meeting Minutes

MOTION: FROM SALLY ROBINSON TO APPROVE THE CONSENT AGENDA, SECONDED BY DAN KING, MOTION PASSED 6:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (JENNIFER HARRIS WAS ABSENT).

Chair Clark addressed the next agenda item.

5. **NEW BUSINESS:**

A. URA Resolution 2015-003 Transferring Budget Expenditure Appropriations between Categories and Funds for Budget Year 2014-15

Finance Director Julie Blums stated as with the City budget this is the last appropriations transfer for the year for the urban renewal district. She said we are transferring expenditure authority between the Operations Fund and the Capital Fund and in between categories. She said the majority of this is related to: In last year's budget we had money allocated for the purchase of the property on First Street and that was not completed before June 30 and it rolled over into the new year and we did not have the appropriation there for the purchase in this current year. She said with the Cedar Creek Trail, the urban renewal portion allotment to that project we thought would be done by June 30 of last year and it wasn't and rolled into this year. She said we also needed some additional staff time in the operations fund related to finding vendors to lease the retail space at the Center for the Arts, business development in old town and working on selling some of the property in the urban renewal district. She said we are hoping to close it down in 2021 and are starting to work on that process of divesting some of the property we own.

Chair Clark asked for Board questions, with none received, she asked for a motion.

MOTION: FROM DAN KING TO ADOPT URA RESOLUTION 2015-003, SECONDED BY CHAIR CLARK, MOTION PASSED 6:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (JENNIFER HARRIS WAS ABSENT).

Chair Clark addressed the next agenda item and the agency recorder read the public hearing statement.

6. PUBLIC HEARING:

A. URA Resolution 2015-004 Adopting the 2015-16 budget of the City of Sherwood Urban Renewal Agency, making appropriations, imposing and categorizing taxes, and authorizing the agency manager to take such action necessary to carry out the adopted budget

Chair Clark opened the public hearing.

Eugene Stewart Sherwood property owner came forward and said if you take all the expenditures that have been done according to the annual audit reports and subtract the expenditures for principle and interest and then add in the current year's budget and next years proposed budget, the numbers come up that you have overspent by \$300,000. He said he doesn't understand and maybe you aren't spending \$300,000 this year. He said it's hard to get an answer, are we going to tie in our expenditures with our budget at some point to verify that we are not overspending. He said we may know more after we see the budget for this year and the planned expenditures for next year. He said the numbers he has kept track of, it seems like the audit reports don't tie in with what you're saying you have spent. He said he knows there could be things bouncing back and forth between years and he is a bit concerned about this, if there is an expenditure in there you're not counting or some of the money that was spent from the City side has not been added into this, but you're paying back the bonds. He said staff could never explain why it did not compare, but you're a lot closer in comparison to prior years. He said he' will keep an eye on it as we move forward but it seems like you're overspending.

With no other testimony received, Chair Clark closed the public hearing.

Ms. Robinson asked Julie Blums to correct her if she's wrong, and said our budget that we are adopting is self-sustaining in that, is it the same as the City budget where whatever revenues we have coming in, we don't spend more than what we receive.

Julie Blums replied it is different for urban renewal. She said we can spend out fund balance and we can do that because we are winding down the district, that's part of the program so that when we get to the end we have zero. She said this is different from the general fund.

With no other questions or comments, Chair Clark asked for a motion.

MOTION: FROM DAN KING TO ADOPT URA RESOLUTION 2015-004, SECONDED BY LINDA HENDERSON, MOTION PASSED 6:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (JENNIFER HARRIS WAS ABSENT).

7. STAFF REPORT:

None.

8. ADJOURN:

Chair Clark adjourned at 9:28 pm.

Submitted by:

Sylvia Murphy, MMC, Agency Recorder

Krisanna Clark, Chair

URA Board Meeting Date: July 7, 2015

Agenda Item: New Business

TO: Urban Renewal Agency Board of Directors
FROM: Tom Pessemier, Assistant City Manager
Through: Joseph Gall ICMA-CM, City Manager/URA Administrator
SUBJECT: **URA Resolution 2015-005 authorizing an Intergovernmental Agreement for services between the Sherwood Urban Renewal Agency and the City of Sherwood**

Issue:

Should the URA Board authorize an intergovernmental agreement with the City of Sherwood for services to be provided by the City and the Agency?

Background:

The Sherwood Center for the Arts was built by the Urban Renewal Agency and is partly finished. The portion of the building for the Arts Center is complete and currently being operated by the City of Sherwood. The portion of the building for retail space is mostly complete but additional work is necessary for tenants to occupy the space.

There are additional funds that have been committed to finish tenant improvements in the retail space which will be paid for by the Urban Renewal Agency. Subsequently the building will be transferred to the City of Sherwood in its entirety. Leasing for the space will be done by the City of Sherwood but will rely on URA monies.

It is impractical for the URA and the City to be completing tasks simultaneously and this Intergovernmental Agreement has been crafted to ensure that the relationships and tasks to be performed are clear.

Financial Impacts:

None

Recommendation:

Staff respectfully requests the URA Board adopt URA Resolution 2015-005 approving and authorizing the Agency Administrator to execute the intergovernmental agreement between the City and the URA.



URA RESOLUTION 2015-005

AUTHORIZING AN INTERGOVERNMENTAL AGREEMENT FOR SERVICES BETWEEN THE SHERWOOD URBAN RENEWAL AGENCY AND THE CITY OF SHERWOOD

WHEREAS, the Urban Renewal Agency of the City of Sherwood is the duly designated Urban Renewal Agency for the City of Sherwood, Oregon is undertaking to carry out the Sherwood Urban Renewal Plan ("Plan") which plan was approved by the City Council ("Council") on August 29, 2000 by Ordinance No. 2000-1098 after a Public Hearing; and

WHEREAS, the City of Sherwood, Oregon, a municipal corporation established under ORS Chapter 221 ("City"), and the Sherwood Urban Renewal Agency ("URA" or "Agency"), a municipal corporation established under ORS Chapter 457 entered into an Intergovernmental Agreement ("Agreement") through Resolution 2011-003 whereby the City agreed to provide multiple general support services to the Agency; and

WHEREAS, the previous Agreement did not contemplate the timing and activities of the various Center for the Arts financial and operating responsibilities; and

WHEREAS, the Agency built and owns the Sherwood Center for the Arts ("Center"), which is located at 22689 SW Pine Street, Sherwood OR 97140; and

WHEREAS, the City provides financial, administrative and other support services to the Agency including running the Center; and

WHEREAS, the Agency and City desire to formalize their relationship as it relates to the Center; and

WHEREAS, pursuant to ORS Chapter 190, the City and Agency are authorized to enter into intergovernmental agreements for the performance of tasks either is authorized by law to perform.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SHERWOOD URBAN RENEWAL AGENCY:

Section 1. The Sherwood Urban Renewal Agency does hereby approve the Intergovernmental Agreement between the Agency and the City of Sherwood as shown in Exhibit A.

Section 2: The City of Sherwood does hereby authorize the Agency Administrator to execute the Intergovernmental Agreement between the City of Sherwood and the Agency as shown in Exhibit A.

Section 3. This Resolution shall be effective from and after its adoption by the Agency Board.

Duly passed by the Urban Renewal Agency Board this 7th day of July 2015.

Krisanna Clark, Chair

Attest:

Sylvia Murphy, MMC, Agency Recorder

Exhibit A
INTERGOVERNMENTAL AGREEMENT BETWEEN
THE CITY OF SHERWOOD
AND
THE SHERWOOD URBAN RENEWAL AGENCY

THIS INTERGOVERNMENTAL AGREEMENT (“Agreement”) is entered into by and between the City of Sherwood, Oregon, a municipal corporation established under ORS Chapter 221 (“City”), and the Sherwood Urban Renewal Agency (“URA” or “Agency”), a municipal corporation established under ORS Chapter 457.

WHEREAS, the URA built and owns the Sherwood Center for the Arts (“Center”), which is located at 22689 SW Pine Street, Sherwood, OR 97140.; and

WHEREAS, the City provides financial, administrative and other support services to the URA including running the Center; and

WHEREAS, the URA and City desire to formalize their relationship as it relates to the Center; and

WHEREAS, pursuant to ORS Chapter 190, the City and Agency are authorized to enter into intergovernmental agreements for the performance of tasks either is authorized by law to perform;

NOW, THEREFORE, THE CITY OF SHERWOOD, OREGON AND THE SHERWOOD URBAN RENEWAL AGENCY HEREBY AGREE AS FOLLOWS:

- 1. City Duties and Responsibilities.** City shall assume all duties related to the Center as if City were the owner of the land and building. Such duties shall include but not be limited to staffing, general maintenance, janitorial services, utilities, garbage, leasing of commercial spaces, security, insurance and landscaping. City is expressly authorized to sign any lease of the commercial spaces on behalf of the URA and agrees to be responsible for the payment of any taxes required to be paid due to the leasing of the commercial spaces in the Center.
- 2. Agency Duties and Responsibilities.** Agency shall be responsible for capital improvements to the Center, which shall include but not be limited to any tenant improvements necessary to lease the commercial spaces. City shall notify URA of the costs of such improvements as they become needed. Either City or Agency may enter into the contracts necessary to make such improvements. Should City enter into such contracts on behalf of the URA, City shall provide any necessary invoices to the Agency for timely payment and Agency agrees to make payments to the City in a timely manner.
- 3. Compensation.** In exchange for the services provided under this Agreement, City may keep any rental payments made by third parties that lease commercial space at the Center.

4. Transfer of Center. The Parties agree, consistent with the Agency’s Urban Renewal Plan, that the URA will eventually transfer ownership of the Center to the City. The purpose and intent of this Agreement is to formalize the rights and responsibilities of the Parties related to the Center until such transfer occurs. This Agreement shall automatically terminate upon the Agency’s transfer of the Center to the City.

5. Additional Terms.

a. Severability. If any section, clause or phrase of this Agreement is judicially deemed invalid, illegal, or unenforceable in any respect, the remaining parts of this Agreement shall be severed from the invalid parts and remain in full force and effect.

b. Modification. This Agreement may be modified by mutual written consent of the parties. Any modification to a provision in this Agreement shall have no effect upon other provisions in this Agreement unless stated in writing.

c. Term and Termination. Unless otherwise provided herein, this Agreement shall remain in effect until terminated by the parties by mutual agreement. This Agreement may be terminated by mutual written consent of the parties. Termination of this Agreement shall not affect the duties and obligations of the parties that accrued prior to the termination, including any bond loan or other repayment obligations.

d. Effective Date. This Agreement is effective upon the latest date it is executed by the parties below.

WHEREAS, all the aforementioned is hereby agreed upon by the parties and executed by the duly authorized signatures below.

CITY OF SHERWOOD

**SHERWOOD URBAN RENEWAL
AGENCY**

City Manager

Agency Administrator

City Recorder

Date

Date

Approved Minutes

**SHERWOOD URBAN RENEWAL AGENCY BOARD OF DIRECTORS
MEETING MINUTES
Tuesday, July 7, 2015
22560 SW Pine Street, Sherwood, Oregon 97140**

REGULAR SESSION

1. **CALL TO ORDER:** Chair Krisanna Clark called the meeting to order at 9:47 pm.
2. **BOARD PRESENT:** Chair Clark, Sally Robinson, Dan King, Renee Brouse and Jennifer Kuiper. Jennifer Harris and Linda Henderson were absent.
3. **STAFF AND LEGAL COUNSEL PRESENT:** City Manager Joe Gall, Assistant City Manager Tom Pessemier and Agency Recorder Sylvia Murphy. City Attorney Chris Crean.

Chair Clark addressed the consent agenda and asked for a motion.

4. CONSENT AGENDA:

A. Approval of June 16, 2015 URA Board Meeting Minutes

MOTION: FROM DAN KING TO APPROVE THE CONSENT AGENDA, SECONDED BY SALLY ROBINSON, MOTION PASSED 5:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (JENNIFER HARRIS AND LINDA HENDERSON WERE ABSENT).

Chair Clark addressed the next agenda item.

5. PRESENTATIONS:

A. Cannery Leasing and Purchasing Update

Assistant City Manager Tom Pessemier provided the Board with history and information relative to the cannery. He said in 2007 the URA put out a request for proposal for the development of the cannery site, specifically all the property on the other side of the tracks from Washington Street all the way to public works. He said the property was purchased by the City and transferred to the URA and the URA was primarily tasked with making sure that the property developed. He said there were several goals established for the property, including medium density mixed use development for residential commercial, a development that was likely to stimulate new investment development in Sherwood Old Town and surrounding areas, a development that contributed to a small town feel with unified architectural characteristics, and a development that was complementary to the investments the City made on the opposite side of the tracks. He said through a competitive process Capstone was determined to be the most responsive to the request for proposal and the URA entered into three agreements with Capstone with the primary agreement being the purchase and sale agreement which laid out the different responsibilities for each party that needed to be done in order to get the property sold and into development. He said the purchase and sale agreement outlined the responsibilities for both sides and the URA has done all of our commitments as noted in the agreement. He said some of the public infrastructure we did included urban street improvements on the plaza as well as all the way

to Highland Street. He said public improvements to allow for development were: additional paved parking areas, the plaza and water feature as well as the Center for the Arts. He said the URA has invested well over \$8 million dollars in that project in order to get it to the point of where it could develop.

He said the development to be completed by Capstone was broken up into phases, with lot 1, which is the lot in front of the Center for the Arts, to be a 4000 square feet single story commercial building. Lot 3 which is the lot across from the leasing space for the Center for the Arts, which was to be developed as approximately a two story, 8000 square feet building. Lot 4 which is the lot next to the plaza was to be developed as a 14,000 square feet, two story brick building and the west and east residential phases were to be about 100 units of apartments. He said the agreement also set purchase prices for lots 5 through 8, which is about an acre, and wasn't specifically identified as to what it was going to be except for, it's a very large parcel, the largest parcel that is available in old town.

Tom said to date Capstone has only developed the high density residential apartments on the south east corner of the site and has not done anything else. He said Section 1.3 of our purchased and sale agreement requires Capstone to diligently market and pursue financing for the remaining phases of the project after they closed on the high density apartments, which was over 2 1/2 years ago. He said staff believes Capstone has not made an effort to try and market the property or pursue financing. He said we had a great response for the Center for the Arts lease proposal and we are having a hard time understanding why the property isn't getting any attention relative to trying to do something with it.

Tom said Section 1.3 states if the seller, *(which is the URA) reasonably determines that the purchaser, (Capstone) is not diligently marketing and or pursuing financing for the remaining phases, seller may exercise the right to terminate the agreement at any time.* He said if we decide to terminate the agreement then they have 30 days to cure any breach, so they would certainly have an opportunity to cure a breach, but given this has been going on for a long period of time, it's going to be difficult for them to do. He said we have talked to Capstone about marketing and what we have heard from them is that they are thinking about doing some sort of passive marketing effort, which is basically putting out a flyer and sending it to brokers. He said in his last conversation with someone at Capstone they were talking about potentially making office spaces where the land and a portion of the building were sold separately, which is essentially condo'izing office space. He said that was never a part of the vision for old town or anything that happens to go in over there. He said we have some fairly serious concerns relative to what we think is a critical asset and a critical part of redevelopment of old town.

Tom said at this point, staff is recommending that a notice be sent to Capstone notifying them that we are terminating the agreement and giving them 30 days to cure the breach. He said before staff sends this, we wanted to inform the Board and get your comments.

Ms. Kuiper said we had a work session or some discussion earlier, and asked what was the last conversation Tom had with Capstone and when was it, relative to this issue of not marketing. Tom replied he has not had a direct conversation about not actively marketing, he said he has had the conversation with them about what they planned to do for marketing. He said he believes the last significant conversation with them was probably September or October of last year. He said they have also sent us some other pieces of information over time showing what they are thinking of doing. He said these were conversations with the direct principles. He said he has also had conversations with their people at the cannery plaza. He said we haven't had the best relationship with Capstone over the last six months. Ms. Kuiper asked if this letter would be a notice to give them 30 days to address it.

Tom said it would be a notice for them to decide to cure the breach and get serious about getting an active marketing plan to our satisfaction.

Mr. King stated this is a legal requirement for us.

Ms. Robinson stated she wanted to make a correction for the record and said you stated that they have the right to cure and that is what the contract says. Tom replied that is what the agreements say. She said that is not necessarily my position on that matter, because she thinks they have so far neglected the issue over so much time that they couldn't possibly in 30 days remedy their default. She said we had this discussion during an executive session and said she thinks the direction was to Mr. Crean's colleague to send them a notice that we believe they are in default and we don't think there is any way they can cure. She asked, did that not happen?

Tom replied this conversation is public conversation to have that conversation, obviously what happened in executive session happened in executive session and he thinks that it is Chris's colleague's opinion that if we want to send a letter with the type of information relative to telling them they need to terminate the agreement, giving them 30 days to cure, this is something we need to have a conversation publically about. He said, this is what we are trying to do today, we are prepared to send that letter tonight if that is the desire of the URA Board, however it needs to be something that has been thought about and talked about in a public setting so that it is clear that it has the weight of the URA Board.

Chair Clark stated she thinks that staff has given us a lot of good information and said she feels it's appropriate to send a letter at this time and notify them as instructed. Chair Clark stated the following motion.

MOTION: FROM CHAIR CLARK THAT A LETTER GO OUT AS RECOMMENDED BY OUR STAFF, TOM PESSEMIER.

Prior to a second being received, Ms. Kuiper asked with 30 days to correct? Chair Clark replied yes and Tom stated it is our legal counsel's opinion that we still need to provide the 30 days as noticed in the agreement, although we do agree that it will be very difficult for them to cure this.

Chair Clark replied this is the way she understood the letter to read.

MOTION SECONDED BY DAN KING, MOTION PASSED 5:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (JENNIFER HARRIS AND LINDA HENDERSON WERE ABSENT).

Chair Clark addressed the next agenda item.

6. NEW BUSINESS:

A. URA Resolution 2015-005 authorizing an Intergovernmental Agreement for services between the Sherwood Urban Renewal Agency and the City of Sherwood

Tom Pessemier stated this is a companion resolution to the resolution adopted this evening by the City Council. He said this is an agreement to deal with the timing issues relative to the transfer of the operations and financial and contracting issues going on at the facility as part of it being finished and the rest of it needs to be finished for the retail portion. He said this is the URA's approval of the actions taken by the City Council earlier.

Chair Clark asked for Board questions, with none received the following motion was stated.

MOTION: FROM JENNIFER KUIPER TO ADOPT URA RESOLUTION 2015-005, SECONDED BY DAN KING, MOTION PASSED 5:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (JENNIFER HARRIS AND LINDA HENDERSON WERE ABSENT).

Chair Clark addressed the next agenda item.

7. STAFF REPORT:

Tom reported that staff has been collecting proposals for the lease space and currently we have proposals for 10,000 square feet from people that want to lease space and we only have 3000 square feet to lease. He said this is exciting and a good thing. He said we made it clear in the IGA that the City will be doing that, as far as contract negotiations. He said we will be meeting on the 14th as a committee to hopefully make some final selections and move forward with lease negotiations.

8. ADJOURN:

Chair Clark asked for a motion to adjourn.

MOTION: FROM JENNIFER KUIPER TO ADJOURN, SECONDED BY DAN KING, MOTION PASSED 5:0, ALL PRESENT MEMBERS VOTED IN FAVOR. (JENNIFER HARRIS AND LINDA HENDERSON WERE ABSENT).

Chair Clark adjourned at 10:05 pm.

Submitted by:



Sylvia Murphy, MMC, Agency Recorder



Krisanna Clark, Chair