



CITY OF OREGON CITY URBAN RENEWAL COMMISSION AGENDA

Virtual Meeting
Wednesday, April 21, 2021 at 6:00 PM

VIRTUAL MEETING OF THE URBAN RENEWAL COMMISSION

The public is strongly encouraged to relay concerns and comments to the Commission in one of three ways:

- *Email at any time up to 12 p.m. the day of the meeting to recorderteam@orcity.org.*
- *Phone call (Monday – Friday, 8 am – 5 pm) to 503-496-1505, all messages will be relayed and/or citizens can register for over-the-phone testimony.*
- *Mail to City of Oregon City, Attn: City Recorder, P.O. Box 3040, Oregon City, OR 97045.*

CALL TO ORDER

ROLL CALL

CITIZEN COMMENTS

DISCUSSION ITEM

- [1.](#) Commercial Lease Renewal with Clackamas Landscape Supply, Inc.
- [2.](#) Minutes of the March 17, 2021 Urban Renewal Commission Meeting

COMMUNICATIONS

- [3.](#) Financial Reports for the Fiscal Year Ended June 30, 2020

ADJOURNMENT

PUBLIC COMMENT GUIDELINES

Complete a Comment Card prior to the meeting and submit it to the City Recorder. When the Mayor/Chair calls your name, proceed to the speaker table, and state your name and city of residence into the microphone. Each speaker is given three (3) minutes to speak. To assist in tracking your speaking time, refer to the timer on the table.

As a general practice, the City Commission does not engage in discussion with those making comments. Electronic presentations are permitted but shall be delivered to the City Recorder 48 hours in advance of the meeting.

ADA NOTICE

The location is ADA accessible. Hearing devices may be requested from the City Recorder prior to the meeting. Individuals requiring other assistance must make their request known 48 hours preceding the meeting by contacting the City Recorder's Office at 503-657-0891.

Agenda Posted at City Hall, Pioneer Community Center, Library, City Website.

Video Streaming & Broadcasts: The meeting is streamed live on the Oregon City's website at www.orcity.org and available on demand following the meeting. The meeting can be viewed on Willamette Falls Television channel 28 for Oregon City area residents as a rebroadcast. Please contact WFMC at 503-650-0275 for a programming schedule.



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Commission
From: City Manager Tony Konkol

Agenda Date: 04/21/2021

SUBJECT:

Commercial Lease Renewal with Clackamas Landscape Supply, Inc.

STAFF RECOMMENDATION:

Review Tenant's Response Letter and Reconsider the Month-to-Month Lease

EXECUTIVE SUMMARY:

The Urban Renewal Commission is the landlord of commercial property located at 1795 Washington Street, Oregon City, OR 97045, The current tenant is Clackamas Landscape Supply, Inc. The tenant is seeking to renew its lease with the Urban Renewal Commission starting retroactively on January 1, 2021 and expiring on December 31, 2023.

During the March 17, 2021 meeting, the Urban Renewal Commission via majority vote decided not to renew the proposed lease but instead enter into a month-to-month lease with the tenant. Further, the Commission agreed unanimously to revisit the matter at its next meeting.

BACKGROUND:

Clackamas Landscape Supply, Inc. ("Tenant") is seeking to renew its lease with the Urban Renewal Commission ("Landlord") starting retroactively on January 1, 2021 and expiring on December 31, 2023. In the previous draft lease, the Landlord could terminate the lease at any time during the term of the lease including any renewal term by providing the tenant with not less than a twelve-month prior written notice of termination. The Urban Renewal Commission in its sole discretion may allow the Tenant to exercise an option to renew the proposed lease for two (2) successive terms of one (1) year each.

On December 31, 2020, the Tenant's base rent was \$3,750.83. At the last meeting, it was recommended that the current lease be renewed at a new base rent amount of \$3,844.60, a 2.5% increase over the previous monthly base rent amount. The proposed monthly base rent would increase each year thereafter at a rate of 2.5% over

the monthly base rent of the immediately preceding year. The Tenant shall be responsible for all real property taxes and assessments levied during the lease term. In 2020/2021 the property taxes were \$9,327.61.

However, during the March 17, 2021 meeting, the Urban Renewal Commission via majority vote decided not to renew the proposed lease but instead enter into a new month-to-month lease with the tenant. Further, the Commission agreed unanimously to revisit the matter at its next meeting.

After the meeting, staff discussed with the tenant the decision made by the Commission. In a letter to the Urban Renewal Commission, the tenant offers alternative options. The tenant's letter is attached to this staff report.

OPTIONS:

1. Review the tenant's response letter and reconsider the month-to-month lease.
2. Maintain the month-to-month lease.

BUDGET IMPACT:

Amount:	\$3,750.83 Old Lease
	\$3,844.60 New Month-to-Month Lease (2.5% increase)

FY(s): FY2021/2023

Funding Source(s): Tenant's Monthly Base Rent

Clackamas Landscape Supply
1795 Washington St
Oregon City, Or 97045

4/10/2021

To the Members of the Oregon City Urban Renewal Commission,

I am writing to you in regards to our commercial lease on the property located at 1795 Washington Street. I'm hoping that we can get an extension agreement worked out that would be beneficial to both parties. I have greatly appreciated the opportunity to operate a business in Oregon City. While I live across the river in Gladstone, I feel like I am a part of the Oregon City community and have been proud to call the End of the Oregon Trail home for the last 23 years.

I was unable to attend your last meeting, but did take the time to watch it online. This caught me up to speed on the potential projects around our property, and also your concerns about having flexibility with the property we are currently on. I would like to assure you that the last thing I want to do is be a hindrance, or hold up any project that would benefit the city. Just as we did when we moved our boundary for the Amtrak project, we would be happy to work with the city to adjust our business if any of the property was needed.

The sticking point for all of us seems to be the length of the contract, and the amount of notice to terminate the lease. The nature of our business creates a busy season in the spring, summer, and fall, with an off season in the winter. A 12 month notice would allow us to plan the depletion of our inventory, and move out our equipment, buildings, and concrete blocks in an organized and timely manner. A full 12 months would allow us to work this plan around the seasonality of our business. I also have a very loyal core group of employees. Five have worked with me for 25+ years, and another four for 15+ years. Should we need to vacate the property, I would like to give them as much notice as possible to set them up for success. Of course we would also like the opportunity to properly thank and say goodbye to the community that has supported us for the last 23 years.

With your concerns and mine in mind, I've come up with the following options:

1. A 2-3 year term, keeping the 12 month early termination option.
2. An 18 month term with a 12 month early termination option that we could revisit around the 12 month period (December/January), to allow for flexibility if a timeline is established for a new use for the property. If at that time there is nothing urgent happening with the property, we could potentially extend for another 18 months.

I plan to attend your next meeting by zoom, and would be happy to discuss these options with you, or answer any questions. It was nice to hear all of your kind words, and how we are viewed as an asset to the community with the products and services we provide. I look forward to seeing you all next week.

Thank you,

Steven C. Pearson
Clackamas Landscape Supply

COMMERCIAL LEASE

DATE: January 1, 2021

BETWEEN: Oregon City Urban Renewal Agency
625 Center Street
Oregon City, Oregon 97045 ("Landlord")

AND: Clackamas Landscape Supply, Inc.
Steven C. Pearson, President
P. O. Box 610
Oregon City, Oregon 97045 ("Tenant")

RECITALS

A. Landlord owns a certain parcel of real property located at 1795 Washington Street, Oregon City, Oregon, and commonly known as Assessor's Map No. 2-2E-29, Tax Lot 1402 ("Tax Lot 1402"). Landlord desires to lease to Tenant, and Tenant desires to lease from Landlord, that certain portion of Tax Lot 1402 depicted on Exhibit A attached hereto and by this reference incorporated herein as the "Use Area" of Tax Lot 1402, consisting of approximately 225,970 square feet (the "Property"); and

B. Landlord desires to lease the Property to Tenant, and Tenant desires to lease the Property from Landlord, subject to the terms and conditions set forth below, including the condition that this Lease be approved by the Oregon City Urban Renewal Commission.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties, intending to be legally bound, agree as follows:

AGREEMENT

1. NEW LEASE AGREEMENT.

1.1. New Lease; Contingency. In consideration of the covenants and agreements herein contained to be paid, kept and faithfully performed by Tenant, Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, the Property, on the terms and conditions stated herein. This Lease shall be contingent on approval of the City of Oregon City Urban Renewal Commission and shall be null and void if such approval is not obtained by **March 17, 2021**. The parties agree that if such approval is obtained by such date, the terms of this lease shall be effective retroactive January 1, 2021.

1.2. Term. The term of this Lease shall be for a period of **three years**, commencing on **January 1, 2021**, and expiring at midnight on **December 31, 2023**, unless sooner terminated, as provided herein. Notwithstanding the foregoing, Landlord may terminate this lease at any time during the term of this lease, including any renewal term, by providing Tenant with not less than twelve (12) months' prior written notice of termination.

1.3. Possession. Tenant acknowledges that Tenant is currently in possession of the Property, and accordingly, Tenant's right to possession under this Lease shall commence immediately upon mutual execution of this document.

1.4. Renewal Terms. If this lease is not in default at the time each option is exercised or at the time the renewal term is to commence, in the sole discretion of the Urban Renewal Commission, the landlord may allow Tenant to exercise an option to renew this Lease for two (2) successive terms of one (1) year each, as follows:

1.4.1 Notice to exercise an option may be communicated by written notice to Landlord given not less than 60 days before the last day of the expiring term. Giving such notice shall be sufficient to allow the

Landlord to consider its desire to allow this Lease to be binding for the renewal term without further action of the parties; provided, however, if Landlord has provided Tenant with a notice of termination under Section 1.2 above, whether before or after Tenant communicates its desire to obtain an option to renew, the renewal term shall expire on the termination date set forth in the termination notice. Upon Landlord allowing the Tenant to exercise an option to renew as provided herein, Landlord and Tenant shall then be bound to take the steps required in connection with the determination of rent as specified below.

1.4.2 Each renewal term shall commence on the day following expiration of the preceding Term.

1.4.3 The terms and conditions of the Lease for each renewal term shall be identical with the original Term, except for rent and except that Tenant will no longer have any option to renew this Lease for the option that has been exercised.

1.4.4 The monthly base rent for a renewal term shall be the greater of (a) the monthly base rent during the preceding term, plus two and one-half percent (2.5%); or (b) a reasonable rental for the ensuing term as agreed by the parties. If the parties do not agree on a reasonable rental within 30 days after Landlord's receipt of Tenant's notice of election to renew, the reasonable rental for the ensuing term shall be determined by a qualified, independent real property appraiser familiar with commercial rental values in the Oregon City, OR area. The appraiser shall be chosen by Tenant from a list of not fewer than three such persons submitted by Landlord. If Tenant does not make the choice within five days after submission of the list, Landlord may do so. If Landlord does not submit such a list within 10 days after written request from Tenant to do so, Tenant may name as an appraiser any individual with such qualifications. Within 30 days after the appraiser's appointment, the appraiser shall make a determination of the reasonable rental for the ensuing term, which shall be final and binding on both parties. Regardless of the appraiser's determination of the reasonable rent, in no event shall the monthly base rent be less than the monthly base rent during the preceding term, plus two and one-half percent (2.5%). The cost of the appraisal shall be borne equally by both parties.

1.5. Condition of Property. Landlord makes no representations or warranties as to the condition of the Property or any improvements thereon and Tenant accepts the Property in "AS-IS" condition.

2. RENT.

2.1. Base Rent. For the twelve-month period beginning **January 1, 2021** and ending on **December 31, 2021**, Tenant shall pay the following monthly base rent to Landlord for the Property: **\$3,844.60 (three thousand eight hundred and forty-four dollars and sixty cents)**. For the twelve-month period beginning January 1, 2022 and ending on December 31, 2022, monthly base rent shall increase by two and one-half percent (2.5%) over monthly base rent for the immediately preceding twelve-month period. For the twelve-month period beginning January 1, 2023 and ending on December 31, 2023, monthly base rent shall increase by two and one-half percent (2.5%) over monthly base rent for the immediately preceding twelve-month period. Monthly base rent for any renewal period shall be determined as provided in Section 1.4.4 above. Rent shall be payable on the first day of each month in advance at such place as may be designated by Landlord.

2.2. Security Deposit. No security deposit is required for this Lease.

2.3. Additional Rent. All insurance costs and utility charges that Tenant is required to pay by this Lease, and any other sum that Tenant is required to pay to Landlord or third parties, shall be additional rent.

2.4. Taxes. Tenant shall be responsible for all real property taxes and assessments levied during the lease term on Tax Lot 1402. Tenant shall be responsible for payment of the entire amount of personal property taxes for improvements (including any office structure) located on the Property and separately assessed on the tax rolls; provided, however, that Tenant shall not be responsible for payment of any property taxes for improvements not located on the Property (but located on the same tax lot) and separately assessed on the tax rolls. In 2020/2021, these property taxes were as follows: **\$9,327.61**.

The Landlord shall pay any property taxes due (excluding real property taxes billed directly to Tenant) prior to their due date and send a bill to the Tenant seeking reimbursement of any property taxes paid. Reimbursement by Tenant shall be made within thirty (30) days after billed by Landlord, and any late payment shall be subject to a late payment charge as provided in Section 2.5.

2.5. Late Payment. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other charges due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. If any installment of rent or any other charge due from Tenant is not received by Landlord within ten (10) days after such amount shall be due, then, at Landlord's election and upon Landlord's demand, Tenant shall pay to Landlord a late charge equal to five percent (5%) of such overdue amount, and in such event the parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of the late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any other rights and remedies granted to it hereunder.

3. USE OF PROPERTY.

3.1. Permitted Use. The Property shall be used for the operation of a building materials supply company and for no other purpose without the prior written consent of Landlord.

3.2. Restrictions on Use. In connection with the use of the Property, Tenant shall:

3.2.1 Promptly conform to and comply with and cause all other persons to conform to and comply with, all laws, ordinances, regulations, directions, rules, and other requirements of all public authorities applicable to the use or occupancy of the Property and, in this respect, promptly correct at Tenant's expense any failure of compliance, and promptly make all required repairs, alterations, and additions.

3.2.2 Refrain from any activity that would make it impossible to insure the Property against casualty, would increase the insurance rate, or would prevent Landlord from taking advantage of any ruling of the Oregon Insurance Rating Bureau, or its successor, allowing Landlord to obtain reduced premium rates for long-term fire insurance policies.

3.2.3 Refrain from any use that would be reasonably offensive to owners or users of neighboring premises or that would tend to create a nuisance or damage the reputation of the Property.

3.2.4 Comply with all rules and regulations as may be adopted and made available to Tenant by Landlord from time to time for the safety, care, cleanliness and orderly operation of the Property.

3.3. Hazardous Substances. Tenant shall not cause or permit any Hazardous Substance to be spilled, leaked, disposed of, discharged or otherwise released on or under the Property. Tenant may use or otherwise handle on the Property only those Hazardous Substances typically used or sold in the prudent and safe operation of the business specified in Section 3.1; provided, however, if the Tenant uses or handles Hazardous Substances on the Property in the operation of the business specified in Section 3.1, Tenant shall assume full and complete responsibility therefore and all liability and expense relating thereto or arising therefrom. Tenant may store such Hazardous Substances on the Property only in quantities necessary to satisfy Tenant's reasonably anticipated needs. Tenant shall comply with all Environmental Laws and exercise the highest degree of care in the use, handling, and storage of Hazardous Substances and shall take all practicable measures to minimize the quantity and toxicity of Hazardous Substances used, handled, or stored on the Property. Upon the expiration or termination of this Lease, Tenant shall, at Tenant's sole expense, remove all Hazardous Substances brought or permitted by Tenant from the Property. If Tenant breaches the obligations stated in this Section 3.3, or if the presence of Hazardous Materials on the Property caused or permitted by Tenant results in contamination of the Property, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including without limitation diminution in value of the Property, damages for the loss or restriction on the use of rentable or usable space or of any adverse impact on marketing of space on the Property, and sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the lease term as a

result of such contamination. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work required by any federal, state or local governmental agency, political subdivision, lender or buyer because of Hazardous Material present in the soil or groundwater on or under the Property brought or permitted by Tenant, diminution in value of the Property, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Property, and sums paid in settlement of claims, attorneys' fees, consultant fees, laboratory fees and expert fees. Without limiting the foregoing, if the presence of any Hazardous Materials on the Property caused or permitted by Tenant results in any contamination of the Property, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Property to the condition existing prior to the contamination of the Property by any such Hazardous Materials. Tenant will deliver to Landlord copies of any documents received from, or sent by Tenant to, the United States Environmental Protection Agency and/or any state, county or municipal environmental or health agency concerning the Tenant's operations on the Property. The term Environmental Law shall mean any federal, state, or local statute, regulation, or ordinance or any judicial or other governmental order pertaining to the protection of health, safety or the environment. The term Hazardous Substance shall mean any hazardous, toxic, infectious or radioactive substance, waste, and material as defined or listed by any Environmental Law and shall include, without limitation, petroleum oil and its fractions.

3.4. Continuity of Use. Tenant shall occupy the Property continuously for the purpose stated in Section 3.1 and carry-on business during the hours customary in comparable businesses similarly situated.

4. REPAIRS AND MAINTENANCE.

4.1. Tenant's Obligations. Tenant shall, at Tenant's sole cost and expense, maintain and keep the Property, and all improvements now located or hereafter placed thereon, in repair, operating condition, working order and appearance during the entire term of this Lease which shall be equal to or better than at the commencement of the Lease. Tenant shall, at Tenant's sole cost and expense, perform and be responsible for all repairs, maintenance, alterations and replacements to the Property.

4.2. Reimbursement for Repairs Assumed. If Tenant fails or refuses to make repairs that are required by this Section 4, Landlord may at its option make the repairs on Tenant's behalf and charge the actual costs of repairs to Tenant. Such expenditures by Landlord shall be reimbursed by Tenant on demand together with interest at the rate of nine percent (9%) per annum from the date of expenditure by Landlord.

4.3. Inspection of Property. Landlord shall have the right to inspect the Property at any reasonable time or times to determine the necessity of repair.

5. ALTERATIONS.

5.1. Alterations Prohibited Without Landlord's Consent. Tenant shall make no permanent improvements or alterations on the Property of any kind without first obtaining Landlord's written consent.

5.2. Ownership and Removal of Alterations. Improvements and alterations installed by Tenant shall, at Landlord's option, be removed by Tenant upon expiration or earlier termination of this Lease and the Property restored unless the applicable Landlord's consent specifically provides otherwise.

5.3. Liens. Except with respect to activities for which Landlord is responsible, Tenant shall pay as due all claims for work done on and for services rendered or material furnished to the Property and shall keep the Property free from any liens. If Tenant fails to pay any such claims or to discharge any lien, Landlord may at its option do so and collect the cost as additional rent. Any amount so added shall bear interest at the rate of nine percent (9%) per annum from the date expended by Landlord and shall be payable on demand. Such action by Landlord shall not constitute a waiver of any right or remedy which Landlord may have on account of Tenant's default.

6. INSURANCE.

6.1. Personal Property Insurance. Tenant shall, at Tenant's own expense, keep all personal property of Tenant on the Property insured against fire and other risks covered by a standard fire insurance policy.

6.2. Waiver of Subrogation. Neither party shall be liable to the other (or to the other's successors or assigns) for any loss or damage caused by fire or any of the risks enumerated in a standard fire insurance policy with an extended coverage endorsement, and in the event of insured loss, neither party's insurance company shall have a subrogated claim against the other. This waiver shall be valid only if the insurance policy in question expressly permits waiver of subrogation or if the insurance company agrees in writing that such a waiver will not affect coverage under the policies. Each party agrees to use best efforts to obtain such an agreement from its insurer if the policy does not expressly permit a waiver of subrogation.

7. TAXES; UTILITIES.

7.1. Real Property Taxes. Landlord shall pay as due all real property taxes and special assessments, levied, imposed or assessed against the Property, and Tenant shall reimburse Landlord for such payment as provided in Section 2.4.

7.2. Property Taxes. Tenant shall pay as due all taxes levied, assessed or imposed on its trade fixtures, furnishings, equipment and other personal property located on the Property.

7.3. Special Assessments. If an assessment for a public improvement is made against the Property, Landlord may elect to cause such assessment to be paid in installments, in which case all of the installments payable with respect to the lease term shall be treated the same as general real property taxes for purposes of Section 7.1.

7.4. Contest of Taxes. Landlord shall be permitted to contest the amount of any tax or assessment as long as such contest is conducted in a manner that does not cause any risk that Tenant's interest in the Property will be foreclosed for nonpayment.

7.5. Payment of Utility Charges. Tenant shall obtain utilities for the Property, if any, in Tenant's name and shall pay when due all charges for services and utilities incurred in connection with the use, occupancy, operation, and maintenance of the Property, including but not limited to charges for fuel, water, gas, heat, electricity, sewage disposal, and power, together with any taxes thereon.

8. DAMAGE OR DESTRUCTION.

8.1. Definitions.

8.1.1 "Property Partial Damage" shall herein mean damage or destruction to the Property to the extent that the cost of repair is less than fifty percent (50%) of the then replacement cost of the Property.

8.1.2 "Property Total Destruction" shall herein mean damage or destruction to the Property to the extent that the cost of repair is fifty percent (50%) or more of the then replacement cost of the Property.

8.1.3 "Insured Loss" shall herein mean damage or destruction which was caused by an event required to be covered by the insurance described in Section 6 above.

8.2. Partial Damage - Insured Loss. Subject to the provisions of Sections 8.4, 8.5 and 8.6, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of Property Partial Damage, then Landlord shall, at Landlord's expense, repair such damage, but not Tenant's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect.

8.3. Partial Damage - Uninsured Loss. Subject to the provisions of Sections 8.4, 8.5 and 8.6, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Property Partial Damage, unless caused by a negligent or willful act of Tenant (in which event

Tenant shall make the repairs at Tenant's expense), Landlord may at Landlord's option either (i) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this Lease. Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event this Lease shall continue in full force and effect, and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such 10-day period, this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

8.4. Total Destruction. If at any time during the term of this Lease there is damage, whether or not an Insured Loss (including destruction required by any authorized public authority), which falls into the classification of Property Total Destruction, this Lease shall automatically terminate as of the date of such total destruction.

8.5. Abatement of Rent. In the event of damage described in Sections 8.2 or 8.3, and Landlord or Tenant repairs or restores the Property pursuant to the provisions of this Section 8, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's use of the Property is impaired, except that there shall be no rent abatement where the damage occurred as a result of the fault of Tenant. Except for abatement of rent, if any, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration.

8.6. Waiver. Landlord and Tenant waive the provisions of any statutes which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

9. CONDEMNATION.

9.1. Partial Taking. If a portion of the Property is condemned and Section 9.2 does not apply, this Lease shall continue on the following terms:

9.1.1 Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation.

9.1.2 Landlord shall proceed as soon as reasonably possible to make sure repairs and alterations to the Property as are necessary to restore the remaining Property to a condition as comparable as reasonably practicable to that existing at the time of the condemnation.

9.1.3 After the date on which title vests in the condemning authority or an earlier date on which alterations or repairs are commenced by Landlord to restore the balance of the Property in anticipation of taking, the rent shall be reduced in proportion to the reduction in value of the Property as an economic unit on account of the partial taking.

9.1.4 If a portion of Landlord's property not included in the Property is taken, and severance damages are awarded account of the Property, or an award is made for detriment to the Property as a result of activity by a public body not involving a physical taking of any portion of the Property, this shall be regarded as a partial condemnation to which Sections 9.1.1 and 9.1.3 apply, and the rent shall be reduced to the extent of reduction in rental value of the Property as although a portion had been physically taken.

9.2. Total Taking. If a condemning authority takes all of the Property or a portion sufficient to render the remaining Property reasonably unsuitable for the use that Tenant was then making of the Property, this Lease shall terminate as of the date the title vests in the condemning authorities. Such termination shall have the same effect as a termination by Landlord under Section 8.4. Landlord shall be entitled to all of the proceeds of condemnation, and Tenant shall have no claim against Landlord as a result of the condemnation.

9.3. Sale in Lieu of Condemnation. Sale of all or part of the Property to a purchaser with the power of eminent domain in the face of a threat or probability of the exercise of the power shall be treated for the purposes of this Section 9 as a taking by condemnation.

10. LIABILITY INSURANCE AND INDEMNITY.

10.1. Liability Insurance. Tenant shall provide at its expense on or before the commencement of this Lease and keep in force at all times during the term of this Lease, naming Landlord, and any lender and Tenant as insured parties, (i) a commercial general liability insurance policy or such successor comparable form of coverage in the broadest form then available (hereinafter referred to as a "Liability Policy") written on an "occurrence basis," including, without limitation, blanket contractual liability coverage, broad form property damage, independent contractor's coverage, and personal injury coverage, protecting Landlord, and the holders of any deeds of trust and Tenant against any liability whatsoever, occasioned by any occurrence on or about the Property or any appurtenances thereto; and (ii) an "All Risk" property policy insuring the full replacement cost of improvements paid for by Tenant and all of the furniture, trade fixtures, and other personal property of Tenant located in the Property against loss or damage by fire, theft, and such other risks or hazards. Such policies shall also insure against physical damage to the Property arising out of an accident covered thereunder, shall be written by good and solvent insurance companies licensed to do business in the State of Oregon satisfactory to Landlord, and shall be in such limits and with such maximum deductibles as Landlord may reasonably require. As of the date of this Lease, Landlord reasonably requires limits of liability under (i) the Liability Policy of not less than \$1,000,000 combined single limit per occurrence for bodily or personal injury (including death) and property damage combined; and (ii) the "All Risk" Property policy equal to the full replacement cost of any improvements paid for by Tenant, furniture, trade fixtures, and other personal property subject to a commercially reasonable deductible. Prior to the time such insurance is first required to be carried by Tenant and thereafter, at least thirty (30) days prior to the expiration date of any such policy, Tenant agrees to deliver to Landlord a certificate evidencing such insurance coverage. Said certificate shall contain an endorsement that such insurance may not be canceled except upon sixty (60) days' prior written notice to Landlord. All policies shall provide the interest of Landlord, and any holders of any deeds to secure debt shall not be invalidated because of any breach or violation of any warranties, representations, declarations, or conditions contained in the policies. All policies must contain a waiver of subrogation of claims against Landlord and/or Landlord's insurer, severability of interest clause, and a cross-liability clause, and shall be primary and shall not provide for contribution of any other insurance available to Landlord, its managing agent, or the holders of any such deeds to secure debt. Notwithstanding anything to the contrary contained in this Lease, the carrying of insurance by Tenant in compliance with this Section 10.1 shall not modify, reduce, limit, or impair Tenant's obligations and liabilities under Section 10.2 hereof.

10.2. Indemnification. Neither Landlord (nor its members, directors, officers, agents, servants, employees, successors or assigns), or any holder of any deed of trust or mortgage, shall be liable to Tenant, or to Tenant's employees, agents, invitees, licensees, contractors, or visitors, or to any other person, for any injury to person or damage to property or for consequential damages of any nature on or about the Property, (i) caused by third parties, (ii) caused by any act or omission of Tenant, its agents, servants, or employees, or of any other persons entering upon the Property, under express or implied invitation by Tenant, or (iii) caused by the condition of the Property, or the improvements located thereon or the failure or cessation of any service provided by Landlord (including security service and devices). Tenant agrees to indemnify, defend, and hold harmless Landlord (and its members, directors, officers, agents, servants, employees, successors and assigns), and any holder of any deed of trust or mortgage, of and from any and all liability, damage, expenses, attorney's fees, causes of actions, suits, claims or judgments, arising out of or connected with (i) Tenant's use, occupancy, management, or control of the Property, (ii) any failure of Tenant to comply with the terms of this Lease, and (iii) the acts or omissions of Tenant, its agents, officers, directors, employees, or invitees. Tenant shall, at its own cost and expense, defend any and all suits which may be brought against Landlord (or its members, directors, officers, agents, servants, employees, successors or assigns) either alone or in conjunction with others upon any such above mentioned cause or claim, and shall satisfy, pay, and discharge any and all judgments that may be recovered against any of them in any such action or actions in which any of them may be a party defendant. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to persons, in, upon or about the Property arising from any cause and Tenant hereby waives all claims in respect thereof against Landlord. The provisions of this Section 10.2 shall survive the expiration or earlier termination of this Lease.

11. QUIET ENJOYMENT; MORTGAGE PRIORITY.

11.1. Quiet Enjoyment. Landlord warrants that it is the owner of the Property and will defend Tenant's right to quiet enjoyment of the Property from the lawful claims of all persons during the Lease term.

11.2. Estoppel Certificate. Tenant will, within ten (10) days after notice from Landlord, execute and deliver to Landlord a certificate stating whether or not this Lease has been modified and is in full force and effect and specifying any modifications or alleged breaches by Landlord. The certificate shall also state the amount of monthly base rent, the dates to which rent has been paid in advance, and the amount of any security deposit or prepaid rent. Failure to deliver the certificate within the specified time shall be conclusive upon Tenant that this Lease is in full force and effect and has not been modified except as represented in the notice requesting the certificate.

12. ASSIGNMENT AND SUBLETTING.

12.1. Landlord's Consent. Tenant shall not, either voluntarily or by operation of law, sell, assign or transfer this Lease or sublet the Property or any part thereof, or assign any right to use the Property or any part thereof (each a "Transfer") without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion. Any attempt to do so without such prior written consent shall not be void and, at Landlord's option, shall terminate this Lease. If Tenant requests Landlord's consent to any Transfer, Tenant shall promptly provide Landlord with a copy of the proposed agreement between Tenant and its proposed transferee, which agreement must provide that the transferee expressly assumes and agrees in writing to be bound by and directly responsible for all of Tenant's obligations hereunder, and with all such other information concerning the business and financial affairs of such proposed transferee as Landlord may request. Landlord may withhold such consent if the proposed transferee (i) is unsatisfactory to Landlord as to credit, net worth, character and business standing, (ii) is a person or entity whose possession of the Property would be inconsistent with Landlord's commitments with other tenants or with the mix of uses Landlord desires at the Property, or (iii) will not occupy the Property for the use authorized under this Lease. Landlord's consent to any such Transfer shall in no event release Tenant from its liabilities or obligations hereunder nor relieve Tenant from the requirement of obtaining Landlord's prior written consent to any further Transfer. Landlord's acceptance of rent from any other person shall not be deemed to be a waiver by Landlord of any provision of this Lease or a consent to any Transfer.

12.2. Involuntary Assignment in Bankruptcy. If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, 11 U.S.C. Section 101, et seq. (the "Bankruptcy Code") any and all moneys or other consideration payable or otherwise to be delivered to Landlord shall be and remain the exclusive property of Landlord and shall not constitute property of the Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any and all moneys or other considerations constituting Landlord's property shall be held in trust for the benefit of Landlord and be promptly paid or delivered to Landlord. Any person or entity to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code, shall be deemed without further act or deed to assume all of the obligations arising under this Lease. Any such assignee shall upon demand execute and deliver to Landlord an instrument confirming such assumption.

12.3. Payment to Landlord and Termination of Lease.

12.3.1 Landlord may, as a condition to its consideration of any request for consent to a proposed Transfer, impose a fee to cover Landlord's administrative and legal expenses in connection therewith. Such fee shall (i) be payable by Tenant upon demand, (ii) include all legal fees incurred by Landlord, and (iii) be retained by Landlord regardless of whether such consent is granted.

12.3.2 If any such proposed Transfer provides for the payment of, or if Tenant otherwise receives, rent, additional rent or other consideration for such Transfer which is in excess of the rent and all other amounts which Tenant is required to pay under this Lease (regardless of whether such excess is payable on a lump sum basis or over a term), then in the event Landlord grants its consent to such proposed Transfer, Tenant shall pay Landlord the amount of such excess as it is received by Tenant. Any violation of this paragraph shall be deemed a material and noncurable breach of this Lease.

12.3.3 Landlord shall have the option in lieu of granting consent to the Transfer, of terminating this Lease and releasing Tenant from its remaining obligations hereunder. The option granted to Landlord under this paragraph must be exercised within thirty (30) days after Landlord's receipt of all information concerning such proposed Transfer which Tenant is required to provide pursuant to Section 12.1.

12.3.4 If Tenant is a corporation, an unincorporated association, a partnership, a limited partnership, or a limited liability company, the transfer, assignment or hypothecation of any stock or interest in such entity in the aggregate in excess of twenty-five percent shall be deemed a Transfer of this Lease within the meaning and provisions of this Section 12.

12.4. Effect of Violation. Any attempted transfer in violation of the requirements of this Section 12 shall be null and void and, at the option of Landlord, will cause termination of this Lease.

12.5. Effect of Consent. Consent by Landlord to one transfer shall not constitute a consent to any further transfer. In the absence of an express written agreement executed by Landlord releasing Tenant, no transfer by Tenant shall act as a release of Tenant or any personal guarantor of this Lease, who shall remain primarily liable under this Lease, and any subsequent amendment of this Lease or forbearance by Landlord shall not release the Tenant or any personal guarantor from such liability.

13. DEFAULT. The following shall be events of default:

13.1. Default in Rent. Failure of Tenant to pay any rent or other charge within ten (10) days after it is due.

13.2. Default in Other Covenants. Failure of Tenant to comply with any term or condition or fulfill any obligation of this Lease (other than the payment of rent or other charges) within twenty (20) days after written notice by Landlord specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 20-day period, this provision shall be complied with if Tenant begins correction of the default within the 20-day period and thereafter proceeds with reasonable diligence and in good faith to affect the remedy as soon as practicable.

13.3. Insolvency. Insolvency of Tenant; an assignment by Tenant for the benefit of creditors; the filing by Tenant of a voluntary petition in bankruptcy; an adjudication that Tenant is bankrupt or the appointment of a receiver of the properties of Tenant; the filing of any involuntary petition of bankruptcy and failure of Tenant to secure a dismissal of the petition within thirty (30) days after filing; attachment of or the levying of execution on the leasehold interest and failure of Tenant to secure discharge of the attachment or release of the levy of execution within ten (10) days shall constitute a default, provided, however, in the event that any provision of this Section 13.3 is contrary to any applicable law, such provision shall be of no force or effect.

13.4. Abandonment. Failure of Tenant for seven (7) days or more to occupy the Property for the purposes permitted under this Lease, unless such failure is excused under other provisions of this Lease.

14. REMEDIES ON DEFAULT.

14.1. Termination. In the event of a default this Lease may be terminated at the option of Landlord by written notice to Tenant. Whether or not this Lease is terminated by the election of Landlord or otherwise, Landlord shall be entitled to recover damages from Tenant for the default, and Landlord may reenter, take possession of the Property, and remove any persons or property by legal action or by self-help with the use of reasonable force and without liability for damages and without having accepted a surrender.

14.2. Reletting. Following reentry or abandonment, Landlord may relet the Property and, in that connection, may make any suitable alterations or refurbish the Property, or both, or change the character or use of the Property, but Landlord shall not be required to relet for any use or purpose other than that specified in this Lease, or to any tenant that Landlord may reasonably consider objectionable. Landlord may relet all or part of the Property,

alone or in conjunction with other properties, for a term longer or shorter than the term of this Lease, upon any reasonable terms and conditions, including the granting of some rent-free occupancy or other rent concession.

14.3. Damages. In the event of termination or retaking of possession following default, Landlord shall be entitled to recover immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the lease term, the following amounts as damages:

14.3.1 The loss of rental from the date of default until a new tenant is secured and paying out.

14.3.2 The reasonable costs of reentry and reletting including without limitation the cost of any cleanup, refurbishing, removal of Tenant's property and fixtures, costs incurred under Section 14.5, or any other expense occasioned by Tenant's default, including but not limited to, any remodeling or repair costs, attorney fees, court costs, broker commissions, and advertising costs.

14.3.3 Any excess of the value of the rent and all of Tenant's other obligations under this Lease over the reasonable expected return from the Property for the period commencing on the earlier of the date of trial or the date the Property are relet and continuing through the end of the lease term. The present value of future amounts will be computed using a discount rate equal to the prime loan rate of major Oregon banks in effect on the date of trial.

14.4. Right to Sue More Than Once. Landlord may sue periodically to recover damages during the period corresponding to the remainder of the Lease term, and no action for damages shall bar a later action for damages subsequently accruing.

14.5. Landlord's Right to Cure Defaults. If Tenant fails to perform any obligation under this Lease, Landlord shall have the option to do so upon written notice to Tenant. All of Landlord's expenditures to correct the default shall be reimbursed by Tenant on demand with interest at the rate of nine percent (9%) per annum from the date of expenditure by Landlord. Such action by Landlord shall not waive any other remedies available to Landlord because of the default.

14.6. Remedies Cumulative. The foregoing remedies shall be in addition to and shall not exclude any other remedy available to Landlord under the terms of this Lease or applicable law.

15. SURRENDER AT EXPIRATION.

15.1. Condition of Property. Upon expiration of the lease term or earlier termination on account of default, Tenant shall surrender the Property in first-class condition. Alterations constructed by Tenant with permission from Landlord shall not be removed or restored to the original condition unless the terms of permission for the alteration so require. Tenant's obligations under this Section shall be subordinate to the provisions of Section 8 relating to destruction.

15.2. Fixtures.

15.2.1 All fixtures placed upon the Property during the Term, other than Tenant's trade fixtures, shall, at Landlord's option, become the property of Landlord. If Landlord so elects, Tenant shall remove any or all fixtures that would otherwise remain the property of Landlord and shall repair any physical damage resulting from the removal. If Tenant fails to remove such fixtures, Landlord may do so and charge the cost to Tenant with interest at the legal rate from the date of expenditure.

15.2.2 Prior to expiration or other termination of the Term Tenant shall remove all furnishings, furniture, and trade fixtures that remain its property. If Tenant fails to do so, this shall be an abandonment of the property, and Landlord may retain the property and all rights of Tenant with respect to it shall cease or, by notice in writing given to Tenant within twenty (20) days after removal was required, Landlord may elect to hold Tenant to its obligation of removal. If Landlord elects to require Tenant to remove, Landlord may affect a removal and place the property in public storage for Tenant's account. Tenant shall be liable to Landlord for the cost of removal,

transportation to storage, and storage, with interest at the legal rate on all such expenses from the date of expenditure by Landlord.

15.3. Holdover.

15.3.1 If Tenant does not vacate the Property at the time required, Landlord shall have the option to treat Tenant as a tenant from month to month, subject to all of the provisions of this Lease, except the provisions for term and at a rental rate equal to one hundred fifty percent (150%) of the rent last paid by Tenant during the original term, or to eject Tenant from the Property and recover damages caused by wrongful holdover. Failure of Tenant to remove fixtures, furniture, furnishings, or trade fixtures that Tenant is required to remove under this Lease shall constitute a failure to vacate to which this section shall apply if the property not removed will substantially interfere with occupancy of the Property by another tenant or with occupancy by Landlord for any purpose including preparation for a new tenant.

15.3.2 If a month-to-month tenancy results from a holdover by Tenant under this Section 15.3, the tenancy shall be terminable at the end of any monthly rental period on written notice from Landlord given not less than ten (10) days prior to the termination date which shall be specified in the notice. Tenant waives any notice that would otherwise be provided by law with respect to a month-to-month tenancy.

16. MISCELLANEOUS.

16.1. Nonwaiver. Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. No waiver shall be binding unless executed in writing by the party making the waiver.

16.2. Attorney Fees. In the event this Lease is referred to an attorney for collection of any sums due hereunder, or to enforce any other obligation of Tenant, Tenant agrees to pay Landlord's reasonable attorney fees even though no suit or action is filed thereon. In the event any suit, action, or other legal proceeding is instituted to construe, interpret or enforce the terms of this Lease (including any bankruptcy, insolvency or similar proceeding affecting creditor's rights generally), the prevailing party shall be entitled to recover from the other party such sum as the court may adjudge reasonable as attorney fees at trial or on appeal of such suit or action, and on petition for review and for collection of any judgment, in addition to all other sums provided by law.

16.3. Notices. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be effective and deemed received the following business day when sent by a recognized overnight delivery service, upon the date of transmission when sent by facsimile or e-mail (electronically confirmed), on the third business day after the date of mailing when mailed by certified mail, postage prepaid, return receipt requested, from within the United States, or on the date of actual delivery, whichever is the earliest, and shall be sent to the parties at the addresses shown on the first page of this Agreement, or at such other address as either party may hereafter designate by written notice to the other.

16.4. Succession. Subject to the above-stated limitations on transfer of Tenant's interest, this Lease shall be binding on and inure to the benefit of the parties and their respective heirs, personal representatives, successors and assigns.

16.5. Recordation. This Lease shall not be recorded without the written consent of Landlord.

16.6. Entry for Inspection. Landlord shall have the right to enter upon the Property at any time to determine Tenant's compliance with this Lease, to make necessary repairs to the building or to the Property, or to show the Property to any prospective tenant or purchaser, and in addition shall have the right, at any time during the last 12 months of the term of this Lease, to place and maintain upon the Property notices for leasing or selling of the Property.

16.7. Interest on Rent and Other Charges. Any rent or other payment required of Tenant by this Lease shall, if not paid within ten (10) days after it is due, bear interest at the rate of nine percent (9%) per annum

(but not in any event at a rate greater than the maximum rate of interest permitted by law) from the due date until paid.

16.8. Proration of Rent. In the event of commencement or termination of this Lease at a time other than the beginning or end of one of the specified rental periods, then the rent shall be prorated as of the date of commencement or termination and in the event of termination for reasons other than default, all prepaid rent shall be refunded to Tenant or paid on its account.

16.9. Time of Essence. Time is of the essence of the performance of each of Tenant's obligations under this Lease.

16.10. Entire Agreement. This document is the entire, final and complete agreement of the parties related to the subject matter hereof and supersedes and replaces all written and oral agreements heretofore made or existing by and between the parties or their representatives with respect to such subject matter. Tenant hereby acknowledges that neither Landlord, nor any of Landlord's employees or agents, has made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of the Property. Tenant acknowledges that Tenant assumes all responsibility regarding the legal use and adaptability of the Property and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease.

16.11. Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, or termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

16.12. Transfer of Landlord's Interest. In the event of any transfer or transfers of Landlord's interest in the Property, other than a transfer for security purposes only, Landlord shall be automatically relieved of any and all obligations and liabilities on the part of Landlord accruing from and after the date of such transfer and Tenant agrees to attorn to the transferee who shall assume all Landlord's obligations hereunder.

16.13. Landlord's Consent. Any consent required by Landlord under this Lease shall be valid only if granted in writing and, unless otherwise specifically provided herein, may be withheld or conditioned by Landlord in its sole and absolute discretion.

16.14. No Partnership. Landlord is not by virtue of this Lease a partner or joint venturer with Tenant in connection with the business carried on under this Lease and shall have no obligation with respect to Tenant's debts and other liabilities.

16.15. Severability. In the event any provision or portion of this Lease is held to be unenforceable or invalid by any court of competent jurisdiction, the remainder of this Lease shall remain in full force and effect and shall in no way be affected or invalidated thereby.

16.16. Amendment. No amendment or modification of this Lease shall be valid unless in writing and signed by duly authorized representatives of both parties.

16.17. Governing Law and Venue. This Lease shall be interpreted, construed and governed by and under the laws of the State of Oregon as to interpretation, enforcement, validity, construction, and effect and in all other respects, without regard to the choice of law provisions thereof. Each of the parties submits to the jurisdiction of any state or federal court sitting in Portland, Oregon in any action or proceeding arising out of or relating to this Lease and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each party also agrees not to bring any action or proceeding arising out of or relating to this Lease in any other court. Each of the parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other party with respect thereto. Each party agrees that a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity.

16.18. Joint and Several Liability. Each individual person and each entity signing this Lease shall be jointly and severally liable for payment and performance of all of Tenant's obligations hereunder.

16.19. Captions. The caption headings of the sections and subsections of this Lease are for convenience of reference only and are not intended to be, and should not be construed as, a part of this Lease.

16.20. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original instrument and all of which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed in duplicate on the day and year first above written.

LANDLORD:

OREGON CITY URBAN RENEWAL AGENCY

Tony Konkol
Executive Director

TENANT:

CLACKAMAS LANDSCAPE SUPPLY, INC.

Steve Pearson
President

ATTACHMENT:

Exhibit A – Boundary Survey identifying Use Lines

P:\Facilities\Real Property\1810 Washington\Clackamas_Landscape_Lease 122311.doc

PDX_DOCS:474026.3 [34758.00800]
DRAFT 11/21/11



CITY OF OREGON CITY

URBAN RENEWAL COMMISSION

DRAFT MINUTES

Virtual Meeting
Wednesday, March 17, 2021 at 6:00 PM

VIRTUAL MEETING OF THE URBAN RENEWAL COMMISSION

CALL TO ORDER

Chair Denyse McGriff called the meeting to order at 6:03 PM.

ROLL CALL

PRESENT: 6 - Commission Chair Denyse McGriff, Commission Vice Chair Shawn Cross, Commissioner Frank O'Donnell, Commissioner Doug Neeley, Commissioner Rachel Lyles Smith, Commissioner Rocky Smith, Jr.

STAFFERS: 5 - City Manager Tony Konkol, Economic Development Manager James Graham, Assistant City Recorder Jakob Wiley, City Recorder Kattie Riggs, and Finance Director Matt Zook

CITIZEN COMMENTS

There were no citizen comments.

DISCUSSION ITEMS

1. Commercial Lease Renewal with Clackamas Landscape Supply, Inc.

James Graham, Economic Development Manager, introduced the commercial lease and the background information. Clackamas Landscape Supply was seeking to renew its lease with the Urban Renewal Commission starting retroactively on January 1, 2021 and expiring on December 31, 2023. As part of the lease provisions, the Commission is required to provide the tenant with not less than a twelve-month prior written notice of termination. The Commission may allow an option to renew the proposed lease for two (2) successive terms of one (1) year each. There is also a new 2.5% base rent amount increase.

Commissioner O'Donnell had concerns about executing this lease, as there are many issues concerning the six-acre property, including potential uses to expand the Metro South Transfer Station as well as other potential projects. Commissioner O'Donnell supported a one-year lease option rather than a longer lease.

Commissioner Lyles Smith discussed the property as a possible extension to the Metro South Transfer Station and that she would prefer a shorter lease to give the City more options.

Commissioner Smith supports a shorter lease due to all that is going on in the immediate area, including a potential hotel and major retail site.

Commissioner Neeley commented on his concerns related to the adjacent Metro property and his desire to see the property used rather than remain vacant.

Mr. Graham reviewed the lease options with the Commissioners.

Commissioner Cross suggested a two-year lease with three one-year extensions.

Commissioner O'Donnell commented that the Commission should not focus exclusively on the property being used by Metro and that the property is valuable by virtue of the location. Commissioner O'Donnell supports a one-year lease with extensions.

Chair McGriff discussed the comments from the Metro South Advisory Committee and that they are conducting due diligence up to one year, to determine the impact of relocating the transfer station to the Clackamas industrial area. Under consideration is relocating the commercial activity from the current location to a new site and enhancing the existing property for homeowner recycling and environmental education.

Commissioner O'Donnell did not support tying up the property longer than a year and felt the property is highly valuable to the community.

Mr. Konkol read from the current Urban Renewal Plan as to possible property uses, for the benefit of the Commission. This included potential private sector investment and the timing involved.

Commissioner O'Donnell reminded the Commission that private sector investment tends to move faster than public sector, when considering various projects.

Commissioner Lyles Smith suggested a two-year lease as a compromise to allow for potential use by Metro in the future.

Motion made by Commissioner O'Donnell, seconded by Chair McGriff, to offer a 1-year lease backdated to January 1, 2021 and ending December 31, 2021, with 6-month extensions.

The City Commission continued discussion regarding sharing the property with both the current tenant and potential use by Metro.

Commissioner O'Donnell amended his motion to offer a 1-year lease backdated to January 1, 2021 with optional six-month extensions, and subject to an initial discussion with Metro and the current tenants to determine if some portion of the property could be used by Metro during the term of the lease.

The Commissioners and Mr. Konkol had further discussion on development of the property and the current lessee. Commissioner McGriff wanted to ask Metro if they would like to share the property with the current tenants. Commissioner O'Donnell wanted to pursue asking the current tenants and Metro if they would be willing to share the property with Metro for the expanded Metro South Transfer Station.

Commissioner O'Donnell withdrew his earlier motion.

Motion made by Commissioner O'Donnell, seconded by Chair McGriff, to continue the lease on a month-to-month basis until June 30, 2021. The motion failed by the following vote:

Yea: 3 - Commissioner O'Donnell, Commissioner McGriff, Commissioner Smith, Jr.

Nay: 2 - Commissioner Cross, Commissioner Lyles Smith

Abstaining: 1 - Commissioner Neeley

There was brief discussion.

Motion made by Commissioner Neeley, seconded by Commissioner Cross, to approve a 1-year lease starting at January 1, 2021 through December 31, 2021 with a possibility of a 1-year extension, and a 1-year notice to cancel the lease. The motion failed by the following vote:

Yea: 3 - Commissioner Cross, Commissioner Neeley, Commissioner Lyles Smith

Nay: 3 - Commissioner O'Donnell, Commissioner McGriff, Commissioner Smith, Jr.

There was brief discussion about the current status of the expired lease and whether it has reverted to a month-to-month lease. Mr. Konkol discussed the time required to develop the property in another way and the challenges with the location in the floodplain.

Motion made by Commissioner McGriff, seconded by Commissioner O'Donnell, to continue the lease on a month-to-month basis. The motion passed by the following vote:

Yea: 4 - Commissioner O'Donnell, Commissioner Cross, Commissioner McGriff, Commissioner Smith, Jr.

Nay: 2 - Commissioner Neeley, Commissioner Lyles Smith

There was brief discussion during the vote as to whether the motion included revisiting the issue at the next meeting. Mr. Konkol confirmed that he had clear direction to include further discussion at the next meeting in April 2021.

2. Alternatives Analysis – Study of Urban Renewal

There was consensus of the Commission to postpone this agenda item until the next meeting.

3. Urban Renewal Agency Financial Information

Matt Zook, Finance Director, presented a financial summary report. The report provided a financial summary for the Urban Renewal Agency (URA) for the previous two fiscal years and the current fiscal year through February 28, 2021. Under normal circumstances, the annual financial report for June 30, 2020 would be available for presentation to the Commission in early 2021. Due to federal funds (CARES Act) received by the City of Oregon City in fiscal year 2019-20, additional audit procedures were required. The Federal Office of Management and Budget released guidance pertaining to the CARES Act audit late in December 2020 and the audit is being performed in March 2021. The annual financial reports for the URA will be finalized in tandem with the City's financial reports in late March and presented to the Commission at the next available meeting.

The Commissioners had no questions.

4. Minutes of 01-26-2021 Urban Renewal Commission Meeting

Motion made by Commissioner Neeley, seconded by Commissioner Lyles Smith, to approve the adoption of the January 26, 2021 minutes. The motion passed by the following vote:

Yea: 6 - Commissioner Cross, Commissioner McGriff, Commissioner Neeley, Commissioner Lyles Smith, Commissioner Smith, Jr. and Commissioner O'Donnell.

COMMUNICATIONS

ADJOURNMENT

Chair Denyse McGriff adjourned the meeting at 6:53 PM.

Respectfully submitted,

Kattie Riggs, City Recorder



CITY OF OREGON CITY

Staff Report

625 Center Street
Oregon City, OR 97045
503-657-0891

To: Urban Renewal Commission
From: Finance Director Matt Zook

Agenda Date: 4/21/2021

SUBJECT:

Financial Reports for the Fiscal Year Ended June 30, 2020

STAFF RECOMMENDATION:

Information Only

EXECUTIVE SUMMARY:

The Urban Renewal Agency (URA) staff prepares the Annual Financial Report (AFR) each year and invites a qualified municipal audit firm to perform an annual audit of the financial report. Included with this Staff Report is the AFR for the fiscal year ended June 30, 2020. In addition, there is a letter from the audit firm, Merina & Co, LLP, to the Commission that is required by the firm's auditing standards.

The auditors issued an unmodified or "clean" opinion, which means that the financial statements present fairly, in all material respects, the financial position and activities of the Agency for the year. The attached report has been submitted to the Secretary of State in accordance with municipal audit law.

The Management's Discussion and Analysis on pages 4-6 of the attached AFR provides a brief, three-page summary of the financial status, activity, and highlights of the Urban Renewal Agency. In summary, the net financial position of the URA improved slightly over \$1 million over the previous year, primarily due the reduction of total liabilities, expressly long-term debt, as well as a modest increase in assets. After June 30, 2020, the Urban Renewal Commission approved the full retirement of all long-term debt, and the URA financial position is presently comprised of cash and capital assets.

BACKGROUND:

Under normal circumstances, the Urban Renewal Annual Financial Report for June 30, 2020 would be available for presentation to the Commission in early 2021. However, due to federal funds (CARES Act) received by the City of Oregon City in fiscal year

2019-20, additional audit procedures were required (referred to as a single audit). The Federal Office of Management and Budget (OMB) released guidance pertaining to the CARES Act audit late in December 2020. The single audit was being performed in March 2021. The Annual Financial Report for the URA was finalized in tandem with the City's financial reports in late March and is now presented to the Commission at its next available meeting.

OPTIONS:

1. None for consideration

BUDGET IMPACT:

Amount: \$0

FY(s): 2019-20

Funding Source(s): Not Applicable

March 26, 2021

To the Agency Officials
City of Oregon City Urban Renewal Agency
Oregon City, Oregon

We have audited the financial statements of the governmental activities and the major fund of the City of Oregon City Urban Renewal Agency, a component unit of the City of Oregon City, Oregon as of and for the year ended June 30, 2020, and have issued our report thereon dated March 26, 2021. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated May 18, 2020, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the City of Oregon City Urban Renewal Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City of Oregon City Urban Renewal Agency is included in notes to the financial statements. As described in the New Accounting Pronouncements Note to the financial statements, the City of Oregon City Urban Renewal Agency implemented one new accounting pronouncement issued by the Governmental Accounting Standards Board (GASB). The pronouncement implemented is:

- GASB Statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on 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 markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements is accumulated depreciation.

Management's estimate of the accumulated depreciation is based on historical cost or estimated historical cost and straight-line depreciation.

We evaluated the key factors and assumptions used to develop this estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the City of Oregon City Urban Renewal Agency's financial statements relate to:

The disclosure of Capital Assets and Long-Term Debt in the notes to the financial statements summarizes the changes in capital assets and long-term debt for the year ended June 30, 2020.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. No misstatement were noted during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of Oregon City Urban Renewal Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, in a separate letter dated March 26, 2021.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the City of Oregon City Urban Renewal Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City of Oregon City Urban Renewal Agency's auditors.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit management's discussion and analysis, and do not express an opinion or provide any assurance on this information.


We were engaged to report on the schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under RSI, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

We were not engaged to report on the agency officials or other supplementary information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

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

If you should have any questions or comments, we would be pleased to discuss this report with you at your convenience.

Respectfully,



Merina+Co
Tualatin, Oregon
Focused on Your Wants and Understanding Your Needs

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A component unit of the City of Oregon City, Oregon)
ANNUAL FINANCIAL REPORT

Year Ended June 30, 2020

AGENCY OFFICIALS

(as of June 30, 2020)

Name	Term Expires
Dan Holladay	December 31, 2022
Denyse McGriff	December 31, 2020
Frank O'Donnell	December 31, 2020
Rachel Lyles Smith	December 31, 2022
Rocky Smith, Jr.	December 31, 2022
Shawn Cross	December 31, 2023

Agency members may be contacted at:
625 Center Street
Oregon City, Oregon 97045

Tony Konkol, City Manager
City Hall
625 Center Street
Oregon City, Oregon 97045

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CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
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Item #3.

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Agency Officials
City of Oregon City Urban Renewal Agency
(A component unit of the City of Oregon City, Oregon)
Oregon City, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the City of Oregon City Urban Renewal Agency, a component unit of the City of Oregon City, Oregon, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Oregon City Urban Renewal Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Oregon City Urban Renewal Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the City of Oregon City Urban Renewal Agency, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The schedule of revenues, expenditures and changes in fund balance – budget and actual, as listed in the table of contents under required supplementary information, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplemental and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oregon City Urban Renewal Agency's basic financial statements. The agency official and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The agency officials and other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements**Other Reporting Required by Oregon Minimum Standards**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 26, 2021, on our consideration of the City of Oregon City Urban Renewal Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance.



For Merina+Co
Tualatin, Oregon
March 26, 2021

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

Item #3.

As management of the Oregon City Urban Renewal Agency (the Agency), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial position and activities of the Agency for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the notes to the basic financial statements.

Overview of the Financial Statements

The Agency provides for rehabilitation of blighted and deteriorated areas within the City of Oregon City's designated urban renewal boundary. The Agency is a component unit of the City of Oregon City, Oregon. The governing body of the Agency is the Mayor and City Commission, plus two additional appointed members. The Agency's financial statements consist of agency-wide statements, fund financial statements, notes to the statements, and supplementary information. The agency-wide statements include the Statement of Net Position and the Statement of Activities.

Statement of Net Position - The Statement of Net Position presents all of the Agency's assets and liabilities with the difference reported as net position. Unrestricted net position represents the Agency's resources that are generally available to finance operations.

Statement of Activities - The Statement of Activities focuses on program costs and matching resources. It provides information on the changes to net position. Property taxes are the primary resource for funding urban renewal programs.

Fund Statements - Following the agency-wide statements is a section containing fund financial statements for the Agency's sole fund. The section includes a Budgetary Comparison Schedule as well.

Notes to the Statements - The notes to the financial statements provide additional information that is essential to a complete understanding of the data provided in the financial statements.

Financial Highlights

	2020	2019	Change
Net position	\$ 27,250,903	\$ 26,247,971	\$ 1,002,932
Change in net position	\$ 1,002,932	\$ 1,771,010	\$ (768,078)

- The Agency's assets exceeded its liabilities by \$27.25 million (reported as net position). Within the net position, \$20.78 million is invested in capital assets, net of related debt, while \$1.18 million is restricted for debt service. The remaining balance, \$5.29 million, is unrestricted net position and may be used to meet the Agency's obligations to citizens and creditors.
- Total assets increased by \$86,859 while liabilities decreased by \$916,073; this results in an increase in net position of \$1,002,932.

Financial Summary

The following table shows a summary of the statement of net position at fiscal year end and for the previous year end.

Statements of Net Position at June 30

	2020	2019
Assets:		
Current and other assets	\$ 6,518,573	\$ 5,595,734
Capital assets, net of depreciation	26,953,169	27,789,149
Total Assets	33,471,742	33,384,883
Liabilities:		
Current liabilities	46,919	103,352
Long-term debt	6,173,920	7,033,560
Total Liabilities	6,220,839	7,136,912
Net Position:		
Net investment in capital assets	20,779,249	20,755,589
Restricted for debt service	1,180,570	1,235,695
Unrestricted	5,291,084	4,256,687
Total Net Position	\$ 27,250,903	\$ 26,247,971

- Net capital assets decreased by \$835,980 due to depreciation of \$876,430 offset by \$40,450 of capital asset additions in the current year.
- The Agency made bond payments of \$859,640 during the year.

The following table presents a summary of revenues, expenses and changes in net position for the Agency during the current year and prior year.

Statements of Activities For the Years Ended June 30

	2020	2019
Revenues:		
Property taxes	\$ 3,173,432	\$ 2,743,700
Intergovernmental	-	80,000
Charges for services	100,545	91,476
Interest income	139,475	137,444
Total Revenues	3,413,452	3,052,620
Expenditures:		
Programs	2,410,520	1,281,610
Change in Net Position	1,002,932	1,771,010
Beginning Net Position	26,247,971	24,476,961
Ending Net Position	\$ 27,250,903	\$ 26,247,971

- The Agency generated approximately \$3.17 million in tax increment property taxes. This was an increase of \$429,732, or 15.66%, over the prior year.
- Expenses increased by \$1,128,910, or 88.09%. This included a payment of \$1,087,490 to repay the City's General Fund, which, over the prior three years, paid the Agency's bills, including staff time and contracts to operate. The Agency continues to defer various projects while awaiting the outcome of a lawsuit related to a measure restricting the use of tax increment revenues. Further information on this is found below under Economic Factors and in the Notes to the Financial Statements.

Budget Variances

The budget for the Agency was adopted on a biennial basis for the period beginning July 1, 2019 and ending June 30, 2021. There were no budget amendments during the year. There are no significant budget variances.

Capital Assets

At June 30, 2020, the Agency had \$26.95 million invested in capital assets including land, land improvements and street projects. Capital spending during the year consisted of building improvement projects related to the Amtrak Station. See notes to the financial statements for additional information on capital assets.

Debt Administration

The Downtown/North End Urban Renewal Plan includes an established debt limit of \$130.1 million as a maximum for urban renewal investment ("maximum indebtedness"). The Agency has \$6.17 million in outstanding urban renewal bonds and loans payable from ad-valorem property taxes. See notes to the financial statements for additional information on long-term debt.

Economic Factors and Next Year's Budget and Rates

The Urban Renewal Agency's goals include the elimination of blight within the Area and implementation of the objectives of Oregon City's Comprehensive Plan, including designation of the City as a "Regional Center" within the State's largest metropolitan area. The Area continues to thrive with infrastructure and surface enhancements and community programs like farmers markets, special events, and holiday celebrations. The assessed value of the area is projected to grow by 4.5% in fiscal year 2020-21.

The area has been limited in its capacity to complete capital projects to the extent that property tax increment revenue has been used to pay debt incurred to build existing improvements. The Clackamette Cove Project is expected to generate a significant increase in tax increment revenue to support enhanced activities within the Urban Renewal Area. Completion of the most recent Cove Project included the construction of 244 units of garden-style apartments, approximately 8,000 square feet of office space and a 3,000 square foot recreational building along with infrastructure improvements.

In November 2016, voters approved to amend the City Charter to restrict the use of tax increment revenues to the payment of existing debt. The Circuit Court determined that the amendment is inconsistent with State Law and that the Agency's expenditures are not restricted. The decision is currently under appeal. As a result of the litigation, the Agency has not budgeted for any new projects; appropriations have only been authorized for pre-existing obligations, management of the Agency, debt service, and property management obligations paid for by sources other than tax increment revenues.

Requests for Information

This financial report is designed to provide a general overview of the Oregon City Urban Renewal Agency's finances. Questions concerning the information provided in this report or requests for additional financial information should be addressed to the Finance Director, P.O. Box 3040, Oregon City, Oregon 97045.

BASIC FINANCIAL STATEMENTS

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF NET POSITION
JUNE 30, 2020

Item #3.

ASSETS

Cash and investments	\$ 6,406,091
Accounts receivable	5,652
Property taxes receivable	102,316
Deposits & prepaids	2,544
Due from other funds	1,970
Nondepreciable capital assets	5,527,364
Depreciable capital assets, net	21,425,805

TOTAL ASSETS	\$ 33,471,742
---------------------	----------------------

LIABILITIES

Accounts payable	\$ 6,625
Deposits	1,800
Accrued interest payable	38,494
Noncurrent liabilities:	
Due within one year:	
Bonds payable	884,640
Due in more than one year:	
Bonds payable	5,289,280

TOTAL LIABILITIES	6,220,839
--------------------------	------------------

NET POSITION

Net investment in capital assets	20,779,249
Restricted for debt service	1,180,570
Unrestricted	5,291,084

TOTAL NET POSITION	\$ 27,250,903
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The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Item #3.

REVENUES

Property taxes	\$ 3,173,432
Charges for services	100,545
Interest income	139,475

TOTAL REVENUES

3,413,452

EXPENDITURES

Oregon City Urban Renewal Agency	1,206,723
Depreciation	876,430
Interest on long-term debt	327,367

TOTAL EXPENDITURES

2,410,520

CHANGE IN NET POSITION

1,002,932

BEGINNING NET POSITION

26,247,971

NET POSITION, END OF YEAR

\$ 27,250,903

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
BALANCE SHEET – URBAN RENEWAL AGENCY
JUNE 30, 2020

Item #3.

ASSETS

Cash and investments	\$ 6,406,091
Accounts receivable	5,652
Property taxes receivable	102,316
Deposits & prepaids	2,544
Due from other funds	1,970

TOTAL ASSETS	\$ 6,518,573
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND
FUND BALANCE**

LIABILITIES

Accounts payable	\$ 6,625
Deposits	1,800

TOTAL LIABILITIES	8,425
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DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue	79,704
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FUND BALANCE

Restricted for debt service	1,180,570
Committed for urban renewal capital projects	5,249,874

TOTAL FUND BALANCE	6,430,444
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TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 6,518,573
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The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY

Item #3.

(A Component Unit of the City of Oregon City, Oregon)**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION****JUNE 30, 2020**

FUND BALANCE \$ 6,430,444

The Statement of Net Position reports receivables at their net realizable value. However, receivables not available to pay for current period expenditures are deferred in governmental funds.

79,704

Capital assets are not financial resources in governmental funds, but are reported in the Statement of Net Position at their net depreciable value.

Cost 40,584,568

Accumulated depreciation (13,631,399)

All liabilities are reported in the Statement of Net Position. However, if they are not due and payable in the current period, they are not recorded in governmental funds.

Bonds and notes payable (6,173,920)

Accrued interest payable (38,494)

NET POSITION \$ 27,250,903

The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY**(A Component Unit of the City of Oregon City, Oregon)****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
URBAN RENEWAL AGENCY
YEAR ENDED JUNE 30, 2020****REVENUES**

Property taxes	\$ 3,163,683
Charges for services	100,545
Interest income	139,475

TOTAL REVENUES	3,403,703
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EXPENDITURES

Economic development	1,247,173
Debt service	
Principal	859,640
Interest	335,255

TOTAL EXPENDITURES	2,442,068
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NET CHANGE IN FUND BALANCE	961,635
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FUND BALANCE, BEGINNING OF YEAR	5,468,809
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FUND BALANCE, END OF YEAR	\$ 6,430,444
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The notes to the financial statements are an integral part of this statement

CITY OF OREGON CITY URBAN RENEWAL AGENCY**(A Component Unit of the City of Oregon City, Oregon)****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

NET CHANGE IN FUND BALANCE	\$ 961,635
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Amounts reported in the Statement of Activities are different because:

Governmental funds consider revenues that do not provide current financial resources to be unearned revenue. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	9,749
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Governmental funds do not report expenditures for unpaid interest expense since they do not require the use of current financial resources. However the Statement of Activities reports such expenses when incurred, regardless of when settlement ultimately occurs.	7,888
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Capital outlays are reported as expenditures in governmental funds. However, the Statement of Activities allocates the cost of capital outlay over their estimated useful lives as depreciation expense.

Capital outlay	40,450
Depreciation	(876,430)

Repayments of long-term debt use current financial resources and are reported as expenditures in governmental funds. However, the payment of debt principal does not affect the Statement of Activities. It is reported as a decrease in noncurrent liabilities in the Statement of Net Position.

Debt principal paid	859,640
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CHANGE IN NET POSITION	\$ 1,002,932
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The notes to the financial statements are an integral part of this statement

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Urban Renewal Agency (Agency) of the City of Oregon City, Oregon (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting standards. The more significant of the Agency's accounting policies are described below.

Reporting Entity

The Agency, a component unit of the City of Oregon City, was created on October 5, 1983 to provide for rehabilitation of blighted and deteriorated areas within the City's designated urban renewal areas. The Agency is governed by a seven-member board of directors that include the City's mayor and other commission members.

The Agency is a legally separate entity governed by the Agency's Board. The City Commission has the ability to impose its will over the Agency as determined on the basis of budget adoption, taxing authority and funding for the Agency. Therefore, under the criteria of the Governmental Accounting Standards Board, the Agency is considered a component unit of the City and the Agency's financial activities are included as a blended component unit (a special revenue fund) in the financial statements of the City.

Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial levels. All of the Agency's activities are categorized as governmental activities.

Government-wide financial statements display information about the reporting government as a whole. These statements focus on the sustainability of the Agency as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

Fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified and summarized as governmental, proprietary or fiduciary. Currently, the Agency has one governmental fund.

Basis of Presentation

The financial transactions of the Agency are recorded in a single individual fund accounted for by providing a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenses.

GAAP set forth minimum criteria (percentage of the assets, liabilities, revenues or expenses of either fund category or the government and enterprise combined) for the determination of major funds. The Agency's sole fund is considered a major fund. The Downtown Urban Renewal Agency Fund accounts for property taxes collected to improve the Downtown District.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Agency receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
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YEAR ENDED JUNE 30, 2020

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available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt are reported as other financing sources.

The accounts of the Agency are organized and operated as a single fund. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the agency-wide statements, reconciliations are provided to explain the differences between the fund financial statements and the agency-wide statements.

Assets, Liabilities, Deferred Inflows/Outflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Agency maintains cash and investments in a common pool, maintained by the City.

Oregon Revised Statutes authorize the Agency to invest in certificates of deposit, savings accounts, bank repurchase agreements, bankers' acceptances, general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon Municipalities and the State Treasurer's Local Government Investment Pool, among other options. Investments are stated at fair value.

Receivables and Deferred Inflows/Outflows of Resources

Property taxes are levied by the County Assessor and collected by the County Tax Collector. The taxes are levied and become a lien as of July 1. They may be paid in three installments of equal payments due November 15, February 15, and May 15. Uncollected property taxes levied for the current and prior years are recorded as a receivable at year-end. The Agency's property tax collection records show that most of the property taxes due are collected during the year of levy and delinquent taxes are collected in the next few years.

In the fund financial statements, property taxes receivable that have been collected within 60 days of fiscal year-end are considered measurable and available and are recognized as revenue. The remaining balance is recorded as a deferred inflow of resources as it is deemed unavailable to finance operations of the current period. In the government-wide financial statements, property taxes receivable are recognized as revenue when earned.

Capital Assets

Capital assets (items costing more than \$5,000 and lasting more than one year) are valued at estimated historical cost or actual historical cost. Capital assets are recorded as expenditures in the fund financial statements and capitalized on the Statement of Net Position. Maintenance and repairs of fixed assets are charged to expenditures in the fund as incurred and are not capitalized. Upon disposal, the capital asset records are relieved of the related cost. Depreciation is computed on capital assets on the straight-line basis of their estimated useful lives up to 40 years. Interest is not capitalized as a cost of construction of capital assets.

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
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Fund Balance

In the fund financial statements, the fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the Agency is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Governmental Fund type fund balances are required to be reported in the following classifications, when applicable.

Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.

Fund balance is reported as restricted when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as committed when the Agency takes formal action that places specific constraints on how the resources may be used. The Agency can modify or rescind the commitment at any time through taking a similar formal action.

Resources that are constrained by the Agency's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the Agency approves which resources should be "reserved" during the adoption of the annual budget. The Agency's Finance Director uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the Agency's Annual Financial Report.

Unassigned fund balance is the residual classification for the fund. This classification represents fund balance that has not been restricted, committed, or assigned within the fund.

Budget and Budgetary Accounting

A biennial budget is prepared for the Agency's fund in accordance with the modified accrual basis of accounting. Appropriations are made at the organizational unit and object levels (Oregon City Urban Renewal Agency, Debt Service and Contingency). Expenditures may not legally exceed appropriations. Appropriations lapse at the end of each biennium. Budget amounts include original approved amounts and all subsequent appropriation transfers approved by the Agency. After budget approval, the Agency may approve supplemental appropriations through the use of appropriation resolutions and require supplemental budget procedures in some cases if an occurrence, condition, or need exists which had not been ascertained at the time the budget was adopted. A supplemental budget requires hearings before the public, publications in newspapers and approval by the Agency Board.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from those estimates.

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

CASH AND INVESTMENTS

Cash and investments are comprised of the following at June 30, 2020:

Deposits with financial institutions	\$ 441,452
Local Government Investment Pool	5,964,639
	<hr/>
Total cash and investments	\$ 6,406,091
	<hr/>

Deposits

The book balance and bank balance of the Agency's bank deposits (checking accounts) was \$441,452 at year end. Bank deposits are secured to legal limits by federal deposit insurance. Any remaining amount is secured in accordance with ORS 295 under the collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Agency's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Agency's deposits with financial institutions for up to \$250,000 each for the aggregate of all demand deposits and the aggregate of all time deposit and savings accounts at each financial institution. Deposits in excess of FDIC coverage are held with institutions participating in the Oregon Public Funds Collateralization Program (PFCP). The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2020, \$191,452 of the Agency's bank balances were exposed to custodial credit risk.

Investments

The State Treasurer of the State of Oregon maintains the Oregon Short-term Fund, of which the Local Government Investment Pool (LGIP) is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2020, the fair value of the position in the Oregon State Treasurer's Short-term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-term Fund is not subject to risk evaluation. Separate financial statements for the Oregon Short-term Fund are available from the Oregon State Treasurer.

Interest Rate Risk

In accordance with its investment policy, the Agency manages its exposure to declines in fair value of its investments by limiting the weighted average maturity of its investments, specifically by maintaining funds in the Local Government Investment Pool.

CITY OF OREGON CITY URBAN RENEWAL AGENCY
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Custodial Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the Agency will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. Currently the Agency's investments are limited to the Local Government Investment Pool.

The LGIP is administered by the Oregon State Treasury with the advice of other state agencies and is not registered with the U.S. Securities and Exchange Agency. The LGIP is an open-ended no-load diversified portfolio offered to any agency, political subdivision, or public corporation of the state that by law is made the custodian of, or has control of any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon Legislature established the Oregon Short-term Fund Board, which has established diversification percentages and specifies the types and maturities of the investments. The purpose of the Board is to advise the Oregon State Treasury in the management and investment of the LGIP. These investments within the LGIP must be invested and managed as a prudent investor would, exercising reasonable care, skill and caution. Professional standards indicate that the investments in external investment pools are not subject to custodial risk because they are not evidenced by securities that exist in physical or book entry form. Nevertheless, management does not believe that there is any substantial custodial risk related to investments in the LGIP.

CAPITAL ASSETS

The changes in the capital assets for governmental activities for the year ended June 30, 2020 are as follows:

	Balance June 30, 2019	Additions	Retirements	Reclasses	Balance June 30, 2020
Nondepreciable capital assets					
Land	\$ 5,084,459	\$ -	\$ -	\$ -	\$ 5,084,459
Construction in progress	442,905	-	-	-	442,905
Total non-depreciable	5,527,364	-	-	-	5,527,364
Depreciable capital assets					
General improvements	35,016,754	40,450	-	-	35,057,204
Total depreciable	35,016,754	40,450	-	-	35,057,204
Accumulated depreciation					
General improvements	(12,754,969)	(876,430)	-	-	(13,631,399)
Total accumulated depreciation	(12,754,969)	(876,430)	-	-	(13,631,399)
Depreciable capital assets, net	22,261,785	(835,980)	-	-	21,425,805
Total capital assets, net	\$ 27,789,149	\$ (835,980)	\$ -	\$ -	\$ 26,953,169

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

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LONG-TERM DEBT

Long-term debt transactions for the year were as follows:

	Outstanding June 30, 2019	Issued	Matured / Redeemed	Outstanding June 30, 2020	Due Within One Year
Tax Increment Revenue Bonds					
Urban Renewal Commission Revenue Bonds, Series 2008A, issued July 18, 2008, interest rate at 4.95%	\$ 5,655,000	\$ -	\$ (515,000)	\$ 5,140,000	\$ 540,000
Direct Placement Debt					
Urban Renewal Commission Revenue Bonds, Series 2013, issued January 31, 2013, Tax Exempt, interest at 3.05%	492,789	-	(123,197)	369,592	123,197
Urban Renewal Commission Revenue Bonds, Series 2013, issued January 31, 2013, Taxable, interest at 4.55%	885,771	-	(221,443)	664,328	221,443
Total long-term debt	<u>\$ 7,033,560</u>	<u>\$ -</u>	<u>\$ (859,640)</u>	<u>\$ 6,173,920</u>	<u>\$ 884,640</u>

Tax Increment Revenue Bonds

Urban Renewal Commission Revenue Bonds, Series 2008: On July 1, 2000, the Oregon City Urban Renewal Agency issued \$10,000,000 of Urban Renewal Tax Increment Revenue Bonds to provide financing for projects within the Oregon City Downtown Urban Renewal area. The bonds bear interest at 4.95%. Semiannual payments of interest are due on December 1 and June 1 of each year, and annual payments of principal are due on June 1 of each year. The twenty year bond is secured by and payable from the Tax Increment Revenue of the Urban Renewal Agency. In addition, a covenant to maintain a Debt Service Reserve Account in an amount not less than the lesser of the following:

- Maximum annual debt service due on the Credit Facility; or
- 125% of the average amount of principal, interest and premium due on the Credit Facility, or
- 10% of the proceeds of the Credit Facility.

The Urban Renewal Agency was in compliance with all covenants at June 30, 2020.

Direct Placement Debt

Urban Renewal Commission Revenue Bonds, Series 2013: On January 31, 2013, the URC issued \$3,446,400 of Urban Renewal Tax Increment Revenue Bonds to refinance the URC's Line of Credit. Part of the bonds issued are tax exempt while part are taxable. The City covenants and agrees that it will file and collect tax increment revenues in each fiscal year in an amount equal to or greater than 110% of the annual debt service. Interest rate on the tax exempt bonds is 3.05% while the taxable bonds is 4.55%. The bonds mature on February 21, 2023.

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Future debt service requirements are as follows:

Fiscal Year Ending June 30,	Bonds			Direct Placement Debt			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 540,000	\$ 254,430	\$ 794,430	\$ 344,640	\$ 41,499	\$ 386,139	\$ 884,640	\$ 295,929	\$ 1,180,569
2022	565,000	227,700	792,700	344,640	27,666	372,306	909,640	255,366	1,165,006
2023	4,035,000	199,733	4,234,733	344,640	13,833	358,473	4,379,640	213,566	4,593,206
	<u>\$ 5,140,000</u>	<u>\$ 681,863</u>	<u>\$ 5,821,863</u>	<u>\$ 1,033,920</u>	<u>\$ 82,998</u>	<u>\$ 1,116,918</u>	<u>\$ 6,173,920</u>	<u>\$ 764,861</u>	<u>\$ 6,938,781</u>

NEW ACCOUNTING PRONOUNCEMENTS

The Agency will implement new GASB pronouncements no later than the required fiscal year. During the fiscal year ended June 30, 2020, the Agency implemented the following GASB pronouncement:

GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26, 2021, the date on which the financial statements were available to be issued.

At a meeting of the Urban Renewal Commission on August 19, 2020, the Commission decided to retire all outstanding bonded indebtedness of the Urban Renewal Agency as soon as practicable. As of December 1, 2020, the Urban Renewal Agency had retired all of its outstanding bonded indebtedness.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OREGON CITY URBAN RENEWAL AGENCY**(A Component Unit of the City of Oregon City, Oregon)****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - URBAN RENEWAL AGENCY****YEAR ENDED JUNE 30, 2020**

	Budget Amounts		Actual			Variance
	Original	Final	FY 2020	FY 2021	Biennial	
REVENUES						
Property Taxes	\$ 5,759,000	\$ 5,759,000	\$ 3,163,683	\$ -	\$ 3,163,683	\$ (2,595,317)
Charges for services	207,000	207,000	100,545	-	100,545	(106,455)
Interest income	180,000	180,000	139,475	-	139,475	(40,525)
Total Revenues	6,146,000	6,146,000	3,403,703	-	3,403,703	(2,742,297)
EXPENDITURES						
Oregon City Urban Renewal Agency	1,807,490	1,807,490	1,247,173	-	1,247,173	560,317
Debt Service						
Principal	1,744,280	1,744,280	859,640	-	859,640	884,640
Interest	631,186	631,186	335,255	-	335,255	295,931
Contingency	127,000	127,000	-	-	-	127,000
Total Expenditures	4,309,956	4,309,956	2,442,068	-	2,442,068	1,867,888
NET CHANGE IN FUND BALANCE	1,836,044	1,836,044	961,635	-	961,635	(874,409)
FUND BALANCE, BEGINNING OF YEAR	5,403,980	5,403,980	5,468,809	-	5,468,809	64,829
FUND BALANCE, END OF YEAR	\$ 7,240,024	\$ 7,240,024	\$ 6,430,444	\$ -	\$ 6,430,444	\$ (809,580)

OTHER SUPPLEMENTARY INFORMATION

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2020

Item #3.

Tax Year	Uncollected Balances June 30, 2019	2019-2020 Levy	Interest, Discounts & Adjustments	Turnovers	Uncollected Balances June 30, 2020
2019-20	\$ -	\$ 3,266,050	\$ (92,015)	\$ (3,106,752)	\$ 67,283
2018-19	51,313	-	(854)	(33,215)	17,244
2017-18	16,732	-	28	(7,379)	9,381
2016-17	8,866	-	1,007	(6,304)	3,569
2015-16	3,701	-	556	(3,267)	989
2014-15 and prior	6,078	-	(421)	(1,807)	3,849
Total	<u>\$ 86,690</u>	<u>\$ 3,266,050</u>	<u>\$ (91,700)</u>	<u>\$ (3,158,725)</u>	<u>\$ 102,316</u>

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF DEBT TRANSACTIONS
YEAR ENDED JUNE 30, 2020

	Interest Rate	Year of Issue	Maturity	Outstanding June 30, 2019	Debt Issued	Principal Paid	Outstanding June 30, 2020
PRINCIPAL TRANSACTIONS							
2008 Urban Renewal Revenue Bonds	4.95%	2008	2023	\$ 5,655,000	\$ -	\$ (515,000)	\$ 5,140,000
2013 Urban Renewal Revenue Bonds - Exempt	3.05%	2013	2023	492,789	-	(123,197)	369,592
2013 Urban Renewal Revenue Bonds - Taxable	4.55%	2013	2023	885,771	-	(221,443)	664,328
				<u>\$ 7,033,560</u>	<u>\$ -</u>	<u>\$ (859,640)</u>	<u>\$ 6,173,920</u>

	Interest Rate	Year of Issue	Maturity	Outstanding June 30, 2019	New Issues	Interest Paid	Outstanding June 30, 2020
INTEREST TRANSACTIONS							
2008 Urban Renewal Revenue Bonds	4.95%	2008	2023	\$ 961,786	\$ -	\$ (279,923)	\$ 681,863
2013 Urban Renewal Revenue Bonds - Exempt	3.05%	2013	2023	37,574	-	(15,030)	22,544
2013 Urban Renewal Revenue Bonds - Taxable	4.55%	2013	2023	100,757	-	(40,303)	60,454
				<u>\$ 1,100,117</u>	<u>\$ -</u>	<u>\$ (335,256)</u>	<u>\$ 764,861</u>

CITY OF OREGON CITY URBAN RENEWAL AGENCY
(A Component Unit of the City of Oregon City, Oregon)
SCHEDULE OF FUTURE DEBT REQUIREMENTS BY ISSUE
JUNE 30, 2020

Fiscal Year Ending June 30,	2008 Revenue Bonds			2013 Tax Exempt Revenue Bonds			2013 Taxable Revenue Bonds			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 540,000	\$ 254,430	\$ 794,430	\$ 123,197	\$ 11,272	\$ 134,469	\$ 221,443	\$ 30,227	\$ 251,670	\$ 884,640	\$ 295,929	\$ 1,180,569
2022	565,000	227,700	792,700	123,197	7,515	130,712	221,443	20,151	241,594	909,640	255,366	1,165,006
2023	4,035,000	199,733	4,234,733	123,198	3,757	126,955	221,442	10,076	231,518	4,379,640	213,566	4,593,206
	<u>\$ 5,140,000</u>	<u>\$ 681,863</u>	<u>\$ 5,821,863</u>	<u>\$ 369,592</u>	<u>\$ 22,544</u>	<u>\$ 392,136</u>	<u>\$ 664,328</u>	<u>\$ 60,454</u>	<u>\$ 724,782</u>	<u>\$ 6,173,920</u>	<u>\$ 764,861</u>	<u>\$ 6,938,781</u>

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON STATE REGULATION**

Honorable Mayor and Agency Officials
City of Oregon City Urban Renewal Agency
(A component unit of City of Oregon City, Oregon)
Oregon City, Oregon

We have audited the basic financial statements of the City of Oregon City Urban Renewal Agency, a component unit of the City of Oregon City, Oregon, as of and for the year ended June 30, 2020 and have issued our report thereon dated March 26, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State.

Compliance

As part of obtaining reasonable assurance about whether the City of Oregon City Urban Renewal Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, as set forth below, noncompliance with which could have a direct and material effect on the financial statements:

- Deposits of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayments.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets. The City of Oregon City Urban Renewal Agency does not receive highway funds.
- Authorized investment of surplus funds. (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, and 279C).
- Accountability for collecting or receiving money by elected officials. The City of Oregon City Urban Renewal Agency does not have any elected officials collecting or receiving money.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Minimum Standards for Audits of Oregon Municipal Corporations*.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City of Oregon City Urban Renewal Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 City of Oregon City Urban Renewal Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Oregon City Urban Renewal Agency's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Minimum Standards of Audits of Oregon Municipal Corporations*, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



For Merina+Co
Tualatin, Oregon
March 26, 2021

Public Comment for URC - 04/21/2021

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