



CITY OF MANZANITA

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COUNCIL WORK SESSION

Zoom Video Conference
<https://ci.manzanita.or.us>

AGENDA

May 10, 2023
02:00 PM Pacific Time

Video Meeting: Council will hold this meeting through video conference. The public may watch live on the [City's Website: ci.manzanita.or.us/broadcast](https://ci.manzanita.or.us/broadcast)

or by joining the Zoom meeting:

<https://us02web.zoom.us/j/82139517991?pwd=TUs3NFFIM0l1UVhxcMzsb2VBempFQT09>

Meeting ID: 821 3951 7991

Passcode: 091814

Call in number:

+1 253 215 8782

Note: Agenda item times are estimates and are subject to change.

- 1. CALL TO ORDER (2:00)**
Deb Simmons, Mayor
- 2. CITY HALL FINANCING OPTIONS**
Leila Aman, City Manager
- 3. WATER RATE STUDY**
Dan Weitzel, Public Works Director
- 4. ADJOURN (4:00)**
Deb Simmons, Mayor

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at cityhall@ci.manzanita.or.us or phone at 503-368-5343. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's youtube channel](#).



MEMORANDUM

To: Mayor and City Council

Date Written: May 9, 2023

From: Leila Aman, City Manager

Subject: **May 10th, 2023, City Council Work Session**

1. CITY HALL FINANCING DISCUSSION

Becky Baxter, Program and Policy Coordinator at Business Oregon for the Special Public Works Fund (SPWF) will join the first part of the meeting to provide Council with an overview of the program, the general terms of the program and where the city is at in the process for the program. She will be available to answer questions from the Council. Attached to this packet includes a handbook on the SPWF Program and a summary of a few possible scenarios for financing the City Hall project if Council elects to use the SPWF. These scenarios are illustrative and should not be considered final.

John Peterson, Vice President, Piper Sandler. John is the City's Financial Advisor and will help the city place debt whether we use the SPWF, a private placement of Full Faith and Credit or a General Obligation Bond. John ran an option to compare the costs associated with a GO Bond and FFC. These, again, are illustrative and are based on a 15-year repayment.

City Council will have an opportunity to review these options and staff is requesting direction from the Council on a range of debt options for further study.

2. WATER RATE DISCUSSION

Dan Weitzel will present an updated rate sheet and options for the city council to consider and to provide guidance to staff on the implementation of a new water rate.



Special Public Works Fund (SPWF)

Program Handbook

Updated: February 2020

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Introduction

Business Oregon is pleased to provide the latest edition of the Special Public Works Fund (SPWF) Program Guidelines. The SPWF program is supported by Oregon State Lottery funds appropriated by the Legislature and is valued at approximately \$250 million. The fund can be utilized to assist communities with the development of a wide spectrum of infrastructure projects for improving economic and community development.

The purpose of these guidelines is to provide applicants and staff with a concise, easy to use reference for SPWF program information pertaining to project development, eligibility, the application process, and conditions for an award. The content is organized into two sections, Program Information and Process. The information included is as specific as possible, however it is difficult to foresee and address the variety of project circumstances that exist in communities. Your regional development officer will always be the best resource for determining a solution to your project needs. Locate contact information from our web site.

This program guidance document is based on legislative statutes, administrative rules, and department policy and is subject to periodic revisions to meet evolving economic development needs or to advance the priorities for program funding. While the agency will do its best to provide revisions to this guidance as they occur, should a discrepancy be found between this document and legislative statute, administrative rule and/or department policy, those authoritative documents will override the program guidance document.

Suggestions and comments regarding the program guidelines are always welcome. Please direct suggestions to:

SPWF Program and Policy Coordinator
Business Oregon
775 Summer St. NE, Suite 200
Salem, OR 97301-1280

Program Information

Purpose

The Special Public Works Fund (SPWF) program was established by the Legislature in 1985 to provide funding for municipally-owned facilities that support economic and community development in Oregon. The program provides financing to local governments to construct, improve and repair public infrastructure and facilities that will support economic growth and create new jobs.

Governing Rules and Statutes

The *Applicant's Handbook and Program Guidelines* are published to give applicants guidance on project eligibility, project development, how to apply for funds, and how to administer projects financed by the program.

Current Oregon Revised Statutes (ORS) applicable to the SPWF program can be found in [ORS 285B.410 to 285B.482](#). Current Administrative Rules can be found in [OAR 123, Division 42](#).

The SPWF program is capitalized through 1) biennial appropriations from the Oregon Lottery Economic Development Fund by the Oregon Legislature, 2) bond sales for dedicated project funds, 3) loan repayments, and 4) interest earnings. The Special Public Works Fund is appropriated to and administered by the Oregon Business Development Department, commonly referred to as Business Oregon.

Program funding is used primarily to make loans and is managed so that the fund provides a continuing source of financing. Grants may be given only when loans are not feasible due to the financial need of a municipality, or under circumstances of a project as specified by administrative rule. The loan or grant funding amount, if any, will be determined by Business Oregon on a case-by-case basis.

The definitions for administration of the Special Public Works Fund Program are listed in Oregon Administrative Rules 123-42-0020 (see Appendix A).

Eligible Applicants

An eligible applicant is defined and referred to as a municipality. The following entities are defined in the ORS as a "Municipality" and are eligible to apply:

- Airport district organized under ORS 838
- Cities
- Counties
- County service districts organized under ORS 451
- District as defined in ORS 198.010 (see Appendix B for the specific list)
- Domestic water supply districts organized under ORS 264
- Ports incorporated under ORS 777.005 to 777.725 & 777.915 to 777.953 & 778.010
- Sanitary authority, water authority or joint water and sanitary authority organized under ORS 450.600 to 450.989
- Sanitary districts organized under ORS 450.005 to 450.245
- Tribal Councils of Indian Tribes in Oregon

Eligible Projects and Activities

Eligible activities must **assist a municipality with economic and/or community development** and are classified by one of the three types of projects “development project, planning project, or emergency project.” Additionally, allowable project costs are identified following project types.

1. **Development Project (construction):**
 - a. **Public transportation facilities** including public depots, public parking, public docks, public wharves, railroads, railroad spurs, or sidings when publicly owned, operated and maintained, and airport facilities;
 - b. **Roads** including streets, highways, throughways or alleys; road-related structures that are in the right-of-way such as tunnels, culverts or similar structures, and structures that provide for continuity of the right-of-way, such as bridges;
 - c. **Sewage treatment facilities** including all facilities necessary for collecting, pumping, treating, and disposing of sanitary or storm sewage;
 - d. Solid waste disposal sites as defined by ORS 459.005;
 - e. **Water supply systems** including all facilities necessary for tapping natural sources of domestic and industrial water, the transmission, treatment, storage, and distribution of system water to the point of sale to any public or private entity for domestic, municipal, and industrial water supply service.

2. **Planning project** (non-construction) is related to a potential development project or industrial site certification or development and may include the following eligible activities:
 - a. Preliminary, final or construction engineering;
 - b. A survey, site investigation, or environmental action;
 - c. A financial, technical or other feasibility report, study or plan;
 - d. An activity that Business Oregon determines to be necessary or useful for a potential development project.

3. **Emergency project** means a development project resulting from an emergency to which federal disaster relief has been committed. Funding up to the amount required for the local match for federal disaster relief assistance committed to a project is an eligible program activity.

4. **Levee project** means a planning project, development project, or other project that is directly related to and necessary for required inspections, levee certification, accreditation, or repairs.

5. **Allowable Project Costs:**
 - a. **Acquisition** of real property directly related to or necessary for the proposed development project, including rights-of-way, easements, and facility sites;
 - b. **Acquisition, reconstruction, rehabilitation, operation or maintenance** of an abandoned railroad line or railroad line that has been designated as subject to abandonment within a three-year period, pursuant to federal law and regulations;
 - c. **Direct project management expenses** that are directly related to a project and incurred by the municipality solely to support or manage the eligible project;
 - d. **Financing costs** including capitalized interest and construction contingencies, as approved by Business Oregon;
 - e. **Necessary services** that support construction, including property acquisition, disposition and clearance, engineering plans and specifications, architectural plans, working drawings, and as-built drawings, mapping, and construction inspections;

- f. **Pre-awarded expenses:** Business Oregon may authorize reimbursement for certain pre-award expenses such as preliminary engineering and architectural work, surveying, soil testing, and similar costs. Costs must be necessary to allow the project to proceed and are limited to those incurred within 12 months of the award date to be eligible for reimbursement and should be requested at the “Project Intake Notification” step. Expenses must also meet all programmatic eligibility requirements, be requested in the application for funding, and be authorized by the Business Oregon. Pre-award expenses for Planning Project activities are not eligible for reimbursement. Additional IRS requirements may apply to funds derived from tax-exempt bonds; (see IFA Policy for Reimbursement of Pre-Award Expenses).
- g. Preliminary and final engineering, surveying, architectural, and other support activities necessary for implementation of a development project defined in this section;
- h. **Public facilities** that are essential to support continuing and expanded economic development activity;
- i. **Purchase of off-site property** for purposes directly related to the project, such as **wetland mitigation**.

Ineligible Activities

- A. Assistance to facilities that are or will be privately owned;
- B. Assistance to projects that primarily focus on relocating businesses or economic activity from one part of the state to another, except in cases where the business or economic activity would otherwise locate outside of Oregon;
- C. Routine or ongoing expenses of the municipality;
- D. Purchase of general purpose motor vehicles and other equipment, not directly related to the development project;
- E. Project operating and maintenance expenses (except for eligible activities defined in subsection 4(4) (B)) for railroads;
- F. Pre-award expenses **not** authorized by Business Oregon (see Ineligible Activities f.).

Project Priority

- A. The intent of the Special Public Works Fund is to provide financial assistance necessary to enable municipalities to construct, improve and repair facilities essential for supporting continuing and expanded economic activity. Project proposals will be evaluated to ensure that priority for funding assistance is given to those projects that will stimulate industrial growth and commercial enterprise, and promote employment opportunities in Oregon. When determining a development project’s overall eligibility, Business Oregon will consider the following criteria for prioritizing projects for funding, including but not limited to:
 - 1) Projects that help create or retain permanent jobs;
 - 2) Projects for which a municipality has documented a strong likelihood of creating construction jobs or otherwise promoting or contributing to economic and community development;
 - 3) Projects for which a municipality has documented substantial local commitment to the project’s success;
 - 4) Projects for which a municipality has documented how the benefits of the project will be preserved over the project life;
 - 5) Projects to develop or replace essential community facilities.

Types of Financial Assistance Available

- A. Program funding is used primarily to provide loans to municipalities for projects. The level of loan or grant funding, if any, will be determined by Business Oregon on a case-by-case basis. Business Oregon may offer an alternative mix or a lower amount of assistance than that requested. Business Oregon also may investigate or recommend other sources of funds for all or part of a proposed project. A financing package (see Loan Information, Rates, and Terms G.) may include direct loans, interim loans subject to permanent bond loan financing, and/or grants. Business Oregon's determination of the final amount of financing and the loan/grant/bond-loan mix will include consideration of:
- 1) Whether the project meets other minimum program criteria to be eligible for a grant;
 - a. Projects that help create or retain permanent jobs.
 - b. Projects for which a municipality has documented a strong likelihood of creating construction jobs or otherwise promoting or contributing to economic and community development.
 - c. Projects for which a municipality has documented substantial local commitment to the project's success.
 - d. Projects for which a municipality has documented how the benefits of the project will be preserved over the project life.
 - 2) The financial feasibility and reasonable cost estimate for the project;
 - 3) The individual credit strength of the applicant;
 - 4) The ability of the applicant to afford annual payments on loans from enterprise funds or other sources;
 - 5) Maximizing the use of available resources while maintaining the desired credit standards of the fund;
 - 6) Future beneficiaries of the project; and, other applicable issues.
- B. Loans may be funded directly from available program resources or through the sale of revenue bonds. Additionally, the Oregon Bond Bank has been established to leverage loan funds through the sale of state of Oregon revenue bonds. The bond proceeds will be loaned to the applicant. Revenue bond financing can offer applicants low interest rates and financing terms consistent with the nature of the project.

Loan Information, Rates and Terms

- A. The maximum loan amount is \$10,000,000 but does not include funding from other sources. Business Oregon will consider waivers for needs that exceed this amount (see section 18). Awards for loan funding of \$3,000,000 and above must be approved by the Infrastructure Finance Authority Board (IFA Board or board). The maximum loan amount for a project will be based primarily on the board's financial and credit analysis of the municipality's capacity to repay. Though there is not an aggregate limit if an applicant is pursuing multiple loans, such initiatives should be pursued to Business Oregon. Projects that Business Oregon determine are not financially feasible or loans that cannot be adequately secured, will not be funded.
- B. The loan will be a full faith and credit obligation, which is payable from any taxes that the municipality may levy within the limitations of Article XI, Sections 11 and 11b, of the Oregon Constitution and all legally available funds of the municipality.
- C. Specific revenues of the municipality may be required to be pledged as security, including revenues of the project, special assessment revenues, and other collateral.

- D. If repayment of a loan substantially depends on revenues the municipality will receive from a lessee or payments from a benefiting business, Business Oregon will assess the financial capacity of the payer, the adequacy of the security, the financial instrument(s) requiring such payments to the municipality, and any liens, pledge(s), or assignments of collateral from the payer to the municipality. Business Oregon may require an assignment of such revenue and collateral from the municipality. When using **tax increment financing**, secured financing may limit the maximum indebtedness and the term by the project period identified in the urban renewal plan and report.
- E. If repayment of the loan substantially depends on a pledge of tax increment revenues from an urban renewal agency to the borrowing municipality, Business Oregon's financial analysis will extend to the financial feasibility of the projected revenues and the financial and legal adequacy of the proposed pledge of tax increment revenue.
- F. Interim or temporary project financing maybe offered for Oregon Bond Bank loans. When Business Oregon makes an "interim" loan to finance temporary project financing, all of the following apply:
- 1) The Municipality must receive an award from Business Oregon before construction begins;
 - 2) The award will consist of a loan only, and will not exceed the cost of the project;
 - 3) The repayment terms of the loan can include deferred repayment of principal and/or interest for the term of the loan.
- G. A "development project" may receive loan funding as follows:
- 1) The term of a loan is limited to the usable life of the contracted project, or 30 years from the year of project completion, whichever is less. The typical contract term is for 30 years, however, the agency's public finance officers will determine, based on prudent underwriting practices, the term of the loan. Exceptions consistent with statutory restrictions may be considered;
 - 2) The interest rate for direct loans is set by Business Oregon. Interest rates are determined on a quarterly basis based on market conditions for bonds with similar terms and credit characteristics. Rates are also reviewed each month for a potential decline. The interest rate extended to the borrower will be either the quarterly rate or the rate determined on a monthly basis, whichever is lower at the time of an award;
 - 3) The interest rate on a state revenue bond loan will be equal to the coupon rates on the bonds. Until the state revenue bonds are sold, the municipality will pay interest on the outstanding principal balance of the loan at the rate established by Business Oregon.
- H. A "planning project," may be eligible for loan assistance as a stand-alone project.
- I. A "levee" project allow for the following provisions: the maximum loan amount cannot exceed \$2,500,000; a principal only, zero percent (0%) interest rate loan of up to \$1,000,000 may be awarded for each levee certification project area. A zero percent loan cannot exceed 50 percent (50%) of the total loan amount from the Special Public Works Fund.

Grant Information

Business Oregon will determine the amount of grant for an eligible project on a case-by-case basis in accordance with the standards in the administrative rules and adopted policy. No more than 85% of the total project cost will be financed by a SPWF grant. (Grants may be 100% of the 25% local match for an Emergency Project but not to exceed \$500,000.) The standards may include the award of grants as a financial incentive to accomplish the goals of the Special Public Works Fund. The following criteria are used to determine overall project eligibility:

- A. A “development project” that qualifies as a “Firm Business Commitment” project may be eligible to receive a grant. The amount of grant will be based on the number of eligible commercial and industrial jobs proposed to be created or retained with the potential of up to \$5,000 for each job created or retained. **Business Oregon will use available tool/s to determine the value of each job in order to determine the amount of grant funds.** The maximum grant amount allowed by administrative rule for a development project is \$500,000 per project or 85% of allowable project costs, whichever is less. The maximum grant will be awarded only in special circumstances described in Business Oregon’s policy. In addition to the criteria and process contained in policies on grant and loan funding, Business Oregon will apply the following minimum criteria:
- 1) Municipality’s financial analysis determines that the borrowing capacity is sufficient to support the amount of the loan requested for the project; The eligible jobs created or retained as a result of the project are those created and retained by businesses selling goods or services in markets for which national or international competition exists; confirmation required;
 - 2) For retained jobs, confirmation via a firm business commitment that the jobs will be lost, if the municipality does not receive a grant for the project.
- B. A “planning project” conducted for the purpose of developing industrial lands, including industrial site certification, is eligible for a grant of up to \$60,000 per site, per biennium, or 85% of the allowable planning project cost, whichever is less;
- C. An “emergency project” may be eligible for a grant not to exceed \$500,000 per development project, or the amount of the federally required local match, whichever is less.
- D. A “levee project” may be eligible for one grant not to exceed \$50,000.

Process

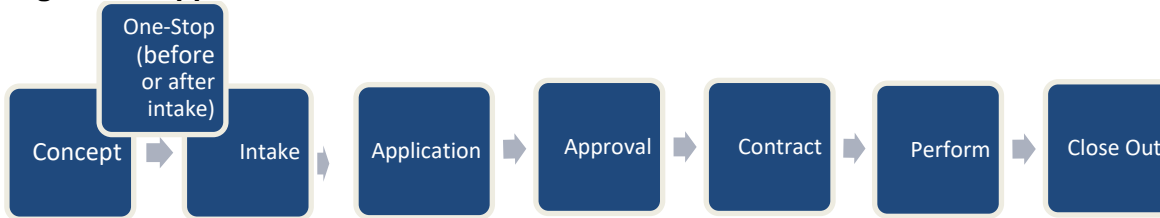
How to Get Started

Business Oregon has regional development officers to assist you with developing your project. Regional development officers are assigned to the different geographic areas of the state. Early in the process, we would encourage you to [contact your regional development officer for help](#) to assist you in the development of a project. They can assist you with activities such as:

- A. Discussing a project concept to clarify eligibility criteria, identifying potential funding resources, overall project development and avoiding any potential pitfalls in a proposal;
- B. Gathering information needed for preparation of a Project Notification and Intake Form;
- C. Setting up on-site meetings between applicants, the project engineer, and other agency representatives;
- D. Scheduling of a “One-Stop” meeting to review **potential** financing scenarios for your proposed project with multiple funding agencies.

It is important to involve funding agencies in the project planning process as early as possible.

High-level Application Process



The Project Notification and Intake Form (Intake) is used by Business Oregon staff to help determine the most appropriate funding program(s) for each proposed project. Your regional development officer will assist with the preparation of the Intake and will work in close collaboration with you to obtain the information necessary to do so. Completed Intakes are then circulated to appropriate staff for project review advice or questions about the proposal. Once staff finds that the Intake provides sufficient information to determine that the potential project is eligible and ready-to-proceed, the regional development officer will invite the prospective applicant to submit a complete application.

Project applicants are strongly encouraged to hold at least one public hearing on each proposal or funding request being considered as early in their project development process as practical. The results of a public meeting that show strong community and governing body support are important criteria in the SPWF project selection process. The hearing may be held in conjunction with a regularly scheduled meeting of the governing body, but must provide opportunity for public input. Notice of the hearing should briefly describe the purpose of the proposed project and the hearing, and be published or posted in accordance with local practice for notice of public hearings.

We offer a “One-Stop” meeting to optimize discussion at one time and place with federal and state financial assistance partners. This meeting will provide broad funding perspective and multiple program eligibility considerations and may include several federal and state agencies. Large or multi-phase projects that require funding from multiple sources are best suited for “One-Stop” meetings. Meetings are generally held after the project proponent has completed a master plan or facilities plan and/or has estimated costs for final design and construction of the desired improvements. **Potential** funding scenarios utilizing the most suitable programs will be developed for review with project representatives for the community. Meetings may be held in Salem or at the potential applicant’s location of choice, and last about 1-1/2 hours for each project. One Stop meetings are usually scheduled when a project has been developed to a level where the scope of work, potential repayment sources and other eligibility factors have been vetted through. Please contact the regional development officer that serves your region to schedule a “One-Stop.”

Construction projects should be ready to proceed and be able to be completed within 36 months of receiving an executed financing contract. The municipality must document that an Oregon registered professional engineer has certified in an engineering report or engineering plan that the proposed project is feasible, is the most cost-effective solution, and adequately serves the applicable land uses in both the short and long term. Project cost estimates must also be prepared by a qualified architect or engineer and should be projected to the amounts that are anticipated at the bid opening with the same start of construction date/s.

Planning projects should be completed within 24 months of receiving an executed financing contract.

Interested applicants should [contact their regional development officer](#) for consultation and preparation of a project intake.

Application Information

This Handbook describes Business Oregon's application procedures to assist an applicant's understanding of the development project and planning project application processes. Intakes are completed by the regional development officer, with assistance from the potential applicant, for circulation within Business Oregon to help staff determine the most appropriate funding program(s) for each proposed project. An application will not be accepted until Business Oregon has made a preliminary determination of eligibility and authorized its submission.

A General Application form, Application Supplement, and Tax Compliance Verification must be completed for all project proposals. Separate supplements have been developed for use with the two distinct project types—Development and Planning projects. The regional development officer will inform the applicant and provide the appropriate supplement to use at the time an application is invited. An application must include the general application, appropriate supplement, and all applicable attachments specified in the supplement at the time it is submitted or else it will be considered incomplete.

Applications for projects with overlapping municipal boundaries must be accompanied by an intergovernmental cooperation agreement setting out the duties and obligations of each entity.

Applications may be invited and subsequently accepted at any time.

An application must be signed by the municipality's highest elected official or a properly authorized official. Documentation that verifies the official's authorization to sign on behalf of the applicant such as a resolution, ordinance, order, governing body meeting minutes, or charter must be submitted with the application.

A development project/construction application must contain all the following information:

- A. A brief description of the purpose of the proposed project, including the problem or opportunity the applicant is facing that creates need for the project;
- B. A brief description of the proposed solution or response to the problem/opportunity, including major alternatives that were considered by the applicant;
- C. A detailed project description that clearly describes all proposed project work to be accomplished;
- D. A detailed project budget listing the individual project budget line items with the requested amounts by Business Oregon funding sources and non-Business Oregon sources, including the status of availability of all non-Business Oregon sources that are needed to complete the project;
- E. The project work plan, listing the significant project activity milestones by estimated start and completion dates;
- F. Detailed maps showing the location of the project, including tax lots/parcels, zoning designations, road widths, etc;
- G. The study conducted to determine the feasibility of the project, or any preliminary architectural/engineering/planning work that has been completed for the proposed facility/improvements. The study must include discussion of the most cost-effective solution, an estimate of project costs, a construction schedule, and plan for paying operation, maintenance, and replacement costs. Feasibility documents must be stamped and signed by a professional architect/engineer who is registered or licensed in the state of Oregon for their specialty;
- H. Plans and specifications for the project if available;

- I. Documentation from the city or county planning agency that indicates the project is consistent with the acknowledged local comprehensive plan and land use regulations. This information must include, where applicable, identification of any land use related requirements that will affect the project's readiness to proceed immediately upon award of funding assistance and execution of an award contract.

If the applicant will own the facility and another entity will operate the facility, attach an executed copy of the operating agreement between the parties;

For **Firm Business Commitment** projects: A "Job Creation/Retention and Average Wages" form (Attachment L of the application) for each of the businesses that are committed to creating or retaining jobs if the development project occurs. A letter from each business with a description of factors such as the nature of the business, significance of the project to economic growth, baseline employment levels, employee benefits provided, and the need for and timing of the new jobs is recommended to assist in the determination of the potential grant eligibility in a funding award for the project;

A copy of the municipality's adopted budget for the current fiscal year, and the projected fiscal year when applicable;

A list of the ten largest tax payers in the applicant's jurisdiction, their type of business, total taxes, and current assessed value (Attachment F of the application);

A schedule of pro forma revenues and expenditures for the applicable fund(s) that will be pledged to repay the loan for each of the next five years and any underlying assumptions used (Attachment G of the application);

Business Oregon's review of individual project applications will include, whenever possible, a site visit to verify application information and to gain a thorough understanding of the project.

Development Project Application Review Criteria

- A. Business Oregon must find that the amount of Special Public Works Fund assistance needed for the project is the minimum amount necessary to enable the project to proceed and be completed, based on the financial need of the applicant and special circumstances of the project.
- B. Applications are evaluated on overall project and engineering feasibility, and financial strength of the applicant. Business Oregon will assess an applicant's ability to service debt given its current financial condition and debt structure, the economic diversity and stability of the local economy, and the management capacity of the applicant.
- C. Projects where the benefit is primarily commercial and industrial entities (commercial/industrial business development projects) and/or the principal source of repayment will be from income derived from the lease of land and/or improvements, additional underwriting conditions and criteria will be necessary to obtain SPWF loan approval. Please see Appendix F for Underwriting Requirements and Conditions.
- D. To award SPWF assistance, Business Oregon must:
 - 1) Determine that the proposed project is feasible and other funds needed to complete the project are available and committed to the project. If a portion of the non-SPWF funds needed to complete the project is not available at the time an award is made, the award will be conditional on securing the other needed funds;
 - 2) Assess the credit quality of the applicant and determine if there are sufficient resources to repay the loan. The applicant must also certify to this effect. For revenue-backed projects, project feasibility must include an evaluation of potential earnings or revenue to be generated

- by the project and debt service coverage. If a project involves the general obligation guarantee of an applicant, the analysis must include an evaluation of the general fund and taxing powers of the jurisdiction;
- 3) Determine that the existing infrastructure is inadequate to support the projected demand (future capacity) or now prevents industrial and/or commercial development from occurring. The proposed project must be of sound design, the most cost-effective solution;
 - 4) Award financing within the limits specified in OAR Section 123-042-0026 to maximize the use of available resources and maintain the credit standards of the SPWF program. In doing so, Business Oregon will use reasonable and prudent standards for evaluating applications that first consider the use of bond financing and second, a direct loan. If a financial analysis determines the municipality's borrowing capacity is insufficient to support the amount of loan requested for the project, Business Oregon may consider awarding a grant. If the project is not eligible for a grant, loans that cannot be adequately secured will not be funded;
 - 5) Determine that the project complies with statewide planning goals and is compatible with applicable acknowledged city and county comprehensive plans and land use regulations;
 - 6) Determine that a high probability exists for industrial or eligible commercial development of the properties served by the project;
 - 7) Determine that SPWF funding is or will be available for the project;
 - 8) Determine that the applicant is willing and able to enter into a contract with Business Oregon for repayment, and either has sufficient administrative ability to undertake and complete the project or is able to obtain those administrative services.
- E. Business Oregon will require security pledges for all approved loan financing. The form and amount of security will be consistent with the nature of the project and the credit strength of the applicant. The security may include pledges of utility revenues or other revenue funds, or payments from benefitted properties.
- F. If Business Oregon determines that the applicant and/or the proposed project do not meet the requirements of this section, Business Oregon will require further documentation from the applicant or may reject the application.

Planning Project Application Review Criteria

To award Special Public Works Fund planning assistance as either loans and/or grants, the planning project must be related to a potential development project.

- A. For planning loans Business Oregon must find that:
- 1) The applicant has sufficient resources to repay the loan;
 - 2) The project addresses one or more of the priority criteria listed in these guidelines;
 - 3) The applicant has certified that the proposed project is feasible and the most cost-effective solution;
 - 4) The applicant has ensured that additional resources needed to complete the project are available or will be made available. If the additional resources are not available at the time of award, then the award will be made conditional upon securing the additional resources in a timely manner;
 - 5) The applicant has, or has demonstrated the ability to secure, the administrative capacity to undertake and complete the project;
 - 6) The applicant has certified that it will comply with all state laws, regulations and requirements applicable to the planning project and this program;

- 7) The project is ready to proceed upon the award of SPWF funding and the execution of an award contract between the state and the applicant.
- B. A planning project conducted for the purpose of developing industrial lands, including planning for industrial site certification, is eligible for a grant of up to \$60,000 per site, per biennium, or 85% of the allowable planning project cost, whichever is less;. Urban Growth Boundary expansions are not eligible grant planning project activities. In addition to the determinations listed in items 2 through 7 above, this type of planning project must meet the following criteria:
- 1) The project site is zoned “industrial;”
 - 2) The project site meets marketability standards adopted by Business Oregon, which indicates a high probability exists for industrial or commercial development, or both, for properties served by the planning project. The application should describe what site and community advantages are present, and describe recent inquiries and private interest in developing the land served by the project;
 - 3) There is a local marketing effort or capability among persons in the local area to market the community and the project benefit area;
 - 4) The amount of SPWF funds needed for the planning project is the minimum amount necessary to enable the project to proceed and be completed.

Notice of Decision

Business Oregon will notify applicants of the decision regarding individual applications. Our goal is to notify applicants of complete applications within 10 working days unless the project requires the Infrastructure Finance Authority Board’s approval.

Contract Administration

- A. The SPWF award will be contingent on Business Oregon’s receipt of the following:
- 1) Adequate documentation to evidence that the debt of the municipality and the security pledged by the municipality is valid and binding, including an SPWF contract signed by the highest elected or appointed official of the municipality;
 - 2) Documentation that all other funds necessary to undertake and complete the project have been committed and are available prior to issuance of the funding contract;
- B. Business Oregon will award funds by entering into a SPWF contract with the municipality. The contract will include, but will not be limited to, provisions regarding the following requirements:
- 1) An agreement that the municipality will proceed expeditiously to complete the project as approved by Business Oregon. The required completion will typically be within three years from the date of execution of the contract for a development project, and within two years from the date of execution of the contract for a planning project. The contract for a loan or grant shall be authorized by an ordinance, order or resolution adopted by the governing body of the municipality in accordance with the municipality’s requirements for public notice and authorizing debt;
 - 2) Municipality must certify that a registered professional engineer will be responsible for design and construction of the project. Municipality will ensure that any professional service providers retained for their professional expertise are certified, licensed, or registered as appropriate, in the state of Oregon for their specialty;

- 3) A plan for repayment that is evidenced by pledged resources, including assessments, user fees, fund revenues, or the general fund of the municipality. The municipality will make loan payments promptly when due, subject to any remedies set out in the contract;
- 4) If any portion of the assistance is in the form of a loan or the purchase of a bond of a municipality, a provision granting Business Oregon a lien on, or a security interest in, collateral as determined by Business Oregon to be necessary to secure repayment of the loan or bond;
- 5) For a development project, the contracted project must remain in municipal ownership for the life of the loan. If this condition is not met, A) recipient must repay any outstanding amount on the lien and B) any grant must be immediately repaid, unless otherwise allowed by Business Oregon in writing;
- 6) For a planning project that includes industrial zoned land, the land involved in the project must remain zoned as industrial and not be converted to another use for at least five years after completion of the project. If this condition is not met, the grant must be immediately repaid, unless otherwise allowed by Business Oregon in;
- 7) For firm business commitment projects: All jobs associated with the project must be created or retained within two years following completion of the project. The jobs must be maintained for a minimum of four consecutive calendar quarters within the two-year period. The job creation/retention calculations and verification will be documented with either: a) reporting from the Oregon Employment Department of quarterly hours worked by employees of the associated business or b) if unavailable from the Employment Department, the benefitted business will certify hours worked with accompanying payroll information. This form of documentation will be used by Business Oregon to establish the number of existing full-time equivalent jobs at the time of the funding application ("Base FTE"), and again at the end of the job maintenance period. If jobs are not maintained, municipality must repay a pro rata portion of the grant or (at the municipality 's options) the pro-rata portion may be added to the balance of the loan);
- 8) Businesses that provide a firm business commitment for job creation (defined as eligible commercial jobs project) identified in the funding application or SPWF contract must execute a First Source Hiring Agreement for new job hires with a local job provider or the Oregon Employment Department. Business Oregon must receive a copy of the appropriate agreement from the municipality before grant funds will be dispersed;
- 9) SPWF funds awarded to a project will be disbursed on an expense reimbursement basis as needed to pay for eligible project costs. The time between drawdown by the municipality and payment of funds to their contractors must be as brief as is administratively feasible. SPWF grant funds included in a firm business commitment award are typically drawn down (although we reserve the right to determines which comes first) before SPWF loan funds, as they are an incentive for job creation/retention;
- 10) The municipality shall maintain accounts and records for all activities associated with a funded project. Business Oregon shall be entitled to monitor the municipality 's records to verify compliance with the SPWF contract;

- 11) For a construction project, post a sign, provided by Business Oregon, at the project site or, if more than one site is included in the project, at a site visible to the general public stating that the project is being funded by lottery proceeds;
- 12) A provision that for a period of up to six (6) years after project completion, Business Oregon may request that the municipality, at its own expense, submit data on the economic development benefits of the project, including but not limited to, information on new or retained jobs resulting from the project, and other information necessary to evaluate the success and economic impact of the project.

Other Program Information

- A. Funding decisions will be based on applicable rules in place at the time of the award.
- B. Municipalities may apply for projects located inside their jurisdiction that are also within the jurisdiction of another municipality (e.g., a county application for a project within a city's boundaries) provided that an intergovernmental cooperation agreement is signed by both municipalities and a copy accompanies the application.
- C. Municipalities of SPWF awards must comply with all applicable state laws, regulations and requirements, such as Oregon Prevailing Wage Rates, municipal audit law, and procurement regulations. Municipalities shall follow standard construction practices, such as bonding of engineers and contractors, requiring errors and omissions insurance, inspection during construction, testing, and obtaining as-built drawings.
- D. Each applicant for a construction project must certify that they have adopted or will adopt, during the project period, a program for ongoing operation, maintenance and repair of the facility or system, which is acceptable to Business Oregon.
- E. If applicable, the municipality must install meters on all new water service connections from any distribution lines included in the funded project.
- F. Municipalities must be timely in keeping their regional development officer well informed of the progress of activities and any significant changes to a project. Amendments to the funding contract may be required when there are changes to the project's cost, budget, scope-of-work, location, purpose, or time frame for completion. The state's Bond Bank Trustee must also approve amendments for bond related projects. Failure to gain prior approval for amendments could result in ineligible expenses, a delay in reimbursement, or other appropriate levels of remedy.

Remedies

SPWF financing is documented by a Financial Assistance Contract executed by the applicant and Business Oregon. This contract details the terms and conditions under which financial assistance is provided. In the event an applicant fails to comply with these terms and conditions, Business Oregon may seek appropriate legal remedies.

Exceptions and Appeals

Applications that do not conform in every respect to these Program Guidelines are typically not considered. Applicants will be notified of this status and will be given reasonable time and opportunity to provide supplemental information or correct the application as necessary to bring it into conformance. The Administrator of Infrastructure Finance Authority may waive non-statutory requirements of the program if it is demonstrated such a waiver would serve to further the goals and objectives of the program.

The Administrator of Infrastructure Finance Authority will consider funding appeals of Business Oregon's funding decisions. Only the municipality may appeal. An appeal must be submitted in writing to the Executive Director within 30 days of the event or action that is being appealed. A project that would have been funded but because of a technical error in Business Oregon's review was not, will be funded as soon as sufficient funds become available, provided the project is still viable. The Executive Director's decision is final.

Appendix A – Special Public Works Definitions:

Oregon Administrative Rules (OAR) 123-042-0020, Definitions

For the purposes of these rules additional definitions may be found in Procedural Rules, OAR 123-001. As used in this OAR 123 division 42 the following terms have the meanings set forth below, unless the context clearly indicates otherwise.

- (1) “Authority” means the Infrastructure Finance Authority within the Oregon Business Development Department.
- (2) “Award” means the Authority’s determination that the project is eligible for funding and that the Authority has identified the specified funding type and amount for the activities described in the staff recommendation.
- (3) “Award date” means the date of the final Authority management signature approving the award.
- (4) “Board” means the Oregon Infrastructure Finance Authority Board.
- (5) “Commission” means the Oregon Business Development Commission.
- (6) “Development project” means a project for the acquisition, improvement, construction, demolition, or redevelopment of municipally owned utilities, buildings, land, transportation facilities, or other facilities that assist the economic and community development of the municipality, including but not limited to the following type of projects:
 - (a) Transportation projects.
 - (b) Utility system projects.
 - (c) Buildings, lands or other facility projects including planning project activities that are necessary or useful as determined by the Authority.
- (7) “Direct project management costs” means expenses directly related to a project that are incurred by a municipality solely to support or manage a project eligible for assistance under ORS 285B.410 to 285B.482. Direct project management costs do not include routine or ongoing expenses of the municipality.
- (8) “Eligible commercial jobs” means jobs that are created or retained by businesses selling goods or services into markets for which national or international competition exists.
- (9) “Emergency project” means a development project resulting from an emergency as defined in ORS 401.025.
- (10) “Essential Community Facilities” means municipally owned or operated facilities that provide or support services vital to public health and safety, including, but not limited to police and fire protection, medical treatment, public utilities, transportation, and auxiliary shelter facilities.
- (11) “Executive Director” means the administrator of the Infrastructure Finance Authority.
- (12) “Firm business commitment project” means a project in response to a specific business development, expansion or retention proposal where assistance is necessary to enable the proposal to proceed and where permanent, full-time equivalent jobs will be created or retained. The project must support industrial development or eligible commercial jobs and be consistent with local comprehensive plans and implementing ordinances.
- (13) “Fund” means the Special Public Works Fund created by ORS 285B.455.
- (14) “Levee project” means a planning project, development project, or other project that is directly related to and necessary for required inspections, levee certification, accreditation or repairs.
- (15) “Marine facility” has the meaning given that term in ORS 285B.410(7).
- (16) “Municipality” means an Oregon city, or county, the Port of Portland created by ORS 778.010, a county service district organized under ORS Chapter 451, a district as defined in 198.010, a tribal council of a federally recognized Indian tribe in this state, or an airport district organized under ORS 838, but does not include an ORS 190 entity.
- (17) “Planning project” means:
 - (a) A project related to a potential development project for preliminary, final, or construction engineering;
 - (b) A survey, site investigation or environmental action related to a potential development project;

(c) A financial, technical or other feasibility report, study or plan related to a potential development project; or

(d) An activity that the Authority determines to be necessary or useful in planning for a potential development project.

(18) "Project" means a development, planning or emergency project.

(19) "State revenue bond loan" means a loan funded in whole or part through the sale of state revenue bonds issued by the state of Oregon at the request of the department that are payable from specific revenue sources pledged by a municipality and are not a pledge of the full-faith and credit of the state of Oregon.

Appendix B – Definition of Municipality and Districts

SPWF's Definition of Municipality and Districts Defined in ORS 198.010 include the following:

- Cemetery maintenance district organized under ORS chapter 265.
- Domestic water supply district organized under ORS chapter 264.
- Drainage district organized under ORS chapter 547.
- Geothermal heating district organized under ORS chapter 523.
- Health district organized under ORS 440.305 to 440.410.
- Heritage district organized under ORS 358.442 to 358.474.
- Highway lighting district organized under ORS chapter 372.
- Irrigation district organized under ORS chapter 545.
- Library district organized under ORS 357.216 to 357.286.
- Mass transit district organized under ORS 267.010 to 267.390.
- Metropolitan service district organized under ORS chapter 268.
- Park and recreation district organized under ORS chapter 266.
- People's utility district organized under ORS chapter 261.
- Port organized under ORS 777.005 to 777.725 and 777.915 to 777.953.
- Radio and data district organized under ORS 403.500 to 403.542.
- Road assessment district organized under ORS 371.405 to 371.535.
- Rural fire protection district organized under ORS chapter 478.
- Sanitary authority, water authority or joint water and sanitary authority organized under ORS 450.600 to 450.989.
- Sanitary district organized under ORS 450.005 to 450.245.
- Special road district organized under ORS 371.305 to 371.360.
- Transportation district organized under ORS 267.510 to 267.650.
- Vector control district organized under ORS 452.020 to 452.170.
- Water control district organized under ORS chapter 553.
- Water improvement district organized under ORS chapter 552.
- Weather modification district organized under ORS 558.200 to 558.440.
- 9-1-1 communications district organized under ORS 403.300 to 403.380.

Appendix C – Shovel Ready Certification Grants

MEMORANDUM

Date: October 3, 2018

To: Chris Cummings, Assistant Director

From: Daniel Holbrook, AICP, Industrial Lands Specialist

Subject: SPWF Handbook Addendum - Planning Grants for Shovel Ready Certification

SPWF Planning grants may be used to pay for third party consultant costs associated with Shovel Ready Certification reviews. To engage the program, the following expedited process for this less than \$7K per project grant will need to be followed. First, the statutory authority and policies that guide this work will be reviewed.

Statutory review, the Special Public Works Fund per statute may directly or indirectly grant, expend or loan moneys in the fund or extend credit to purchase goods or services related to a project on behalf of a municipality per ORS 285B.455 (6)(b).

Furthermore, OAR 123-42-0020 broadly defines “planning projects” which includes technical or other feasibility reports, study or plan related to a potential development. And, OAR 123-042-0045 permits planning grants for industrial site certification. The land must be zoned “industrial”; and the land meets marketability standards as determined by the department using its adopted policy. Grants of up to \$60,000 per site, per biennium or 85% of the allowable planning project cost, whichever is less.

Funding Process:

1. The applying municipality submits the Certified Shovel Ready [Commitment for Certification](#) form; staff can add a box that specifies that a grant to cover the costs for a third party review is being requested. Note, this is only for publicly owned sites and this form will act as the intake and application for SPWF funding.
2. Industrial Lands Specialist reviews for sufficiency (all fields are complete and required attachments are attached). The applicant will also need to detail the costs (Phase 1 environmental, archeological predetermination letter, title report, and wetland determination report are examples) expended to date to prepare the required documentation.
3. Industrial Lands Specialist reviews for sufficient funds to cover planning grant.
4. Industrial Lands Specialist completes and submit for approval a modified staff recommendation to management, copy the program and policy coordinator and regional staff.
5. If the grant is approved, contact a third party consultant and verify that they are interested in completing this work. If the grant is not approved, inform the applicant that the grant is not approved. Note, there are three consultants (Cardno, Dowl, and Maul Foster Alongi) that responded to the agency’s RFP for the associated work. The consultants are selected by rotating thru the list alphabetically and on the firm’s availability.
6. Industrial Lands Specialist drafts and executes a contract with the third party reviewer.
7. Industrial Lands Specialist sends the municipality a communication with the name of the 3rd party consultant, what to expect, and OBDD contact.
8. Industrial Lands Specialist sends the consultant the Commitment for Certification form and packet.
9. The consultant reviews packet, prepares and provides final report to Business Oregon along with an invoice.

10. Industrial Lands Specialist processes the invoice for disbursement for the consultant's completed work.
11. Industrial Lands Specialist sends the final report to the municipality and updates Salesforce.

Appendix D – Policy for Reimbursement of Pre-Award Expenses

Programs Affected:

SDWRLF, SPWF, W/W, MNIF, OPRF, PPMF, CDBG

Statement:

The IFA's authority to reimburse for certain pre-award expenses can be a valuable tool to expedite project development. This policy establishes the IFA's limits on pre-award expenses, and applies to all forms of financial assistance, both grants and loans, and to taxable and tax-exempt sources of funds.

The federal IRS has specific restrictions for tax-exempt debt in 26 C.F.R. § 1.150-2. Those programs that may use tax-exempt funding (all, except CDBG, federal brownfields and no-state-match SDW (source water protection)) must follow the IRS restrictions separately.

Policy:

When an applicant requests reimbursement of pre-award costs, the IFA will apply the following policy to determine what, if any, reimbursement is allowable.

1. Sufficient documentation has been provided with the application (including but not limited to the nature of the expense, when it was paid, and its cost) to determine that the expenditures and their reimbursement meet any specific programmatic eligibility requirements.
2. The expenses must be necessary to the project and must have been incurred in accordance with program rules, and any other state and federal rules and IFA policies.
3. Pre-award expenses must be:
 - Necessary to enable the applicant to complete the project,
 - The size of the pre-award costs cannot exceed 20% of the total cost of the project, and,
 - The expenses must have been paid by the applicant not more than 12 months prior to the IFA award.
4. For information purposes, when using tax-exempt funds, the IRS has general requirements for adopting an "official intent" within a short time period (no more than 60 days after payment) for "construction" expenses, and "preliminary expenditures over 20%", or else they become ineligible for tax exempt funding. Consult with a contracting officer and/or public finance officer if there is any indication of these kinds of expenses.
5. Pre-award expenses for Technical Assistance or Planning Projects are not allowed unless permitted by specific program rules.
6. Exceptions to this policy require the execution of a policy waiver by the IFA administrator.

The following table provides information, by program, where or if pre-award expenses are allowed for preliminary activities and construction activities. For assistance, please contact the Regional Development Officer in your area.

| Program | Are pre-award expenses for preliminary activities ⁽¹⁾ allowed? | Are pre-award expenses for construction activities ⁽²⁾ allowed? |
|--|--|--|
| Safe Drinking Water Revolving Loan Fund (SDWRLF) | Yes, up on review and approval. | No |
| Special Public Works Fund (SPWF) | Yes, upon review and approval. | Yes, upon review and approval. |
| Water / Wastewater Financing Program (W/W) | Yes, upon review and approval. | Yes, upon review and approval. |
| Marine Navigation Improvement Fund (MNIF) | Yes, upon review and approval. | Yes, upon review and approval. |
| Oregon Port Revolving Fund | Yes, upon review and approval. | Yes, upon review and approval. |
| Port Planning and Marketing Fund | No | Not Applicable |
| Community Development Block Grant | No, federally restricted. | No |
| Federal Brownfields Cleanup Fund | No, except for limited exceptions upon Program and Policy Coordinator (PPC) review and approval. | No, except for limited exceptions upon Program and Policy Coordinator (PPC) review and approval. |
| State Brownfields Redevelopment Fund | Yes, upon review and approval. | Yes, upon review and approval. |

⁽¹⁾ Preliminary expenditures includes architectural, engineering, surveying, soil testing, and similar costs incurred prior to construction (borrowed from IRS definition).

⁽²⁾ Includes construction, land acquisition, site preparation, and similar costs incidental to commencement of construction (borrowed from IRS definition).

Procedure:

1. Applications will include questions for an applicant to include a description of the nature, the amount, and the date paid, of project expenses already incurred or anticipated to be incurred prior to the IFA's award, if it requests reimbursement for such costs. The project budget must identify any pre-award expenses on a separate line item.
2. Regional Coordinators will work with the Program Policy Coordinator to review pre-award reimbursement requests and identify activities eligible for reimbursement. When using tax-exempt funds, see policy item #4.
3. The eligible pre-award expenses must be identified in the award (Staff Recommendation) and included in the contract.

Appendix E – Planning Project Grant and Loan Funding

Program Affected:

SPWF, created by ORS 285B.455

Policy applying to grants for planning projects eligible under 123-042-0045(2):

OAR 123-042-0045 (2)(b) requires the IFA to make determination that an industrial site meets the IFA's marketability criteria. The IFA's Regional Development Officer will document the following marketability criteria to determine the project's eligibility for grant funding.

The IFA marketability criteria are:

1. Utilities currently in place.
2. Buildability: configuration, soil, terrain, current usage / condition.
3. Ease of access.
4. Attractiveness of site.
5. Attractiveness / compatibility of neighborhood.
6. Local labor market conditions.
7. Site economics: pricing / incentives / property taxes / site preparation costs.
8. Site and community marketing / promotional materials.
9. The competitive real estate marketplace.
10. Is there a firm business commitment?

Appendix F – Commercial/Industrial Development Underwriting

Projects for which the Department determines are primarily for the benefit of commercial and industrial entities (commercial/industrial business development projects) and/or that the principal source of repayment will be from income derived from the lease of land and/or improvements, the following additional underwriting conditions and criteria are necessary to obtain a Special Public Works Fund (SPWF) or Port Revolving Fund (PRF) loan approval.

Interest rate pricing for commercial/industrial business development projects will be based upon the taxable rate determined on the date a complete application is received.

Loan repayment will be on a quarterly basis.

Note: While some pre-award activities may be eligible for reimbursement, the work is limited to those items that do not break ground/begin construction prior to loan approval and/or contract execution. Please check with the Regional Development Officer or Regional Project Manager prior to doing any work.

Supplemental Requirements

The applicant agrees to secure the loan with a Deed of Trust on the subject property and/or improvements. Depending on the project loan-to-value ratio, without additional cash equity being invested, additional collateral may be required to provide adequate security for the loan. Collateral conditions may necessitate the creation/subdivision/partition of tax lots for the loan to be secured by the assets being financed and/or necessary to secure the loan.

Commercial/industrial projects may require an appraisal. Business Oregon will solicit for appraisal services in accordance to State Procurement rules. Business Oregon will select the vendor to provide the appraisal services. The applicant will pay the cost of the appraisal upon receipt of an invoice from the vendor. Work will not start on the appraisal until the vendor is paid in full. Appraisals will be ordered after a complete application is received. Loan approval may be obtained and conditioned on favorable results of the appraisal.

The applicant will be required to pledge the revenue derived from the income generating property and, depending on the overall debt service/ debt coverage ratio for the project, may be required to pledge additional revenue(s) and/or security in addition to the full faith and credit of the applicant.

Collateral requirements and pledged revenue requirements will be made on a case-by-case basis.

As a condition of approval, the applicant will be required to provide all necessary insurance, which may include, but is not limited to:

- Hazard, liability, business and/or personal property insurance*,
- Flood insurance (if determined to be applicable by the Department)*, and
- Title insurance, including rider policies, as stipulated by the Department.

*Business Oregon to be listed as a loss payee.

Supplemental Procedures

As the secondary source of repayment in the event of a default would be derived from the liquidation of the assets securing the loan, the following independent appraisals and assessments may be required at the cost of the applicant as a condition of approval (the Department will independently procure the services but the costs will be paid for by the applicant as incurred):

- Commercial appraisal (estimated cost \$3-6,000 depending on location and timing) to include:
 - Sales Valuation
 - Cost Valuation
 - Income Valuation
- Environmental questionnaire
 - Phase I environmental assessment (as necessary with estimated cost of \$3-5,000 depending on location and timing)
 - Phase II environmental assessment (as necessary cost TBD by Phase I)
 - Environmental remediation (as necessary costs TBD by Phase II)

Supplemental Documentation

Supplemental documentation will be necessary to assess the viability of the tenant(s), compliance with superseding agreements (such as FAA grant and lease agreements), current development plans and terms of the proposed lease(s), which may include, but is not limited to:

- Financials of the tenant(s) for the operating entity and the principal owners (those with 20% or more ownership of the operating entity). *RDO will provide the Credit Report Authorization and Release / Authorization of Financials Form to the tenant/principal owners. A separate form must be completed for each tenant/principal owner.*
 - 3 most current years of tax returns (corporate and personal)
 - Current year income statement/profit and loss statement and like statements for the prior fiscal year
 - Current year balance sheet
 - Debt schedule including contingent liabilities (corporate and personal)
 - Current accounts receivable (AR) and accounts payable (AP) aging reports
 - Personal financial statement
 - Applicants assessment/analysis of tenant which could include pro forma and assumptions
 - Tenant pro forma and assumptions, if needed.
- FAA grant/lease agreement with port or municipality (or any other superseding agreements)
- For Ports, current Strategic Plan that incorporates the proposed project and includes:
 - Development plan for the next 1-5 years
 - Executive summary of the project with narrative linking it to the Strategic Plan
- Building and land lease with terms matching the term of the loan (options to extend)
 - The terms must be accepted in writing by the tenant
 - The final lease to be approved by the Department as a funding condition

Department Analysis

- Volatility of lessees industry – global perspective.
- Financials – Applicant and Lessee
 - Liquidity
 - Leverage
 - Assets to liability
 - Debt service coverage ratio historical
 - Debt coverage ratio including this project (projected/pro forma)
- Loan to value of building
 - Verify contract price to build or rehab (use lower of this or appraisal to establish LTV)
- Relative strength of Applicant (Set Benchmarks)
 - Size
 - Operating Revenue
 - Balance Sheet Size
 - Diversity of Revenue
 - Competitive position
 - Volatility/stability of revenue
 - Customers
 - Leverage
 - Debt to operating revenue
 - DCR's, history and projected
 - Liquidity
 - Cash to debt ratio
 - Some other ratio
- Appraisal
 - Signed acknowledgement from Borrower re cost of appraisal. *RDO will provide Appraisal Acknowledgement Form.*
 - PFO will coordinate with the RPM on type of appraisal to be requested. RPM submits contract request form (purchase order) for the appraisal in accordance to department policy once complete application is received.
 - PFO reviews appraisal to ensure value as needed for loan (loan may be approved contingent upon appraisal review and approval, if needed, to ensure timely movement of application).
- Preliminary Title Report
 - A preliminary title report will be ordered by the PFO when a complete application has been received.
 - PFO will review preliminary title report for owner of record, liens, encumbrances and other exceptions as part of its financial review.
 - Title insurance policy provided at closing.
- Escrow Closing

When PFO determines it is in the best interest of the agency, the loan will be closed through escrow closing.

Executive Management/IFA Board of Directors Policy Review

- Total outstanding debt to Business Oregon.
- Assess limits for commercial/industrial development projects

<https://www.bloomberg.com/quote/BVMB30Y:IND>
 3.24% on AAA index of issuance 30-year tax exempt

| Repayment Phase Loan Summary | | | | | | |
|---|--------------|---------------------------------|--------------|---------------|----------------------|------------------------|
| Program | Award Amount | Forgivable Loan or Grant Amount | Loan Amount | Interest Rate | Amortized (in years) | Est. Annual Payment*** |
| SPWF | \$ 3,500,000 | \$ - | \$ 3,500,000 | 3.56% | 20 | \$ 247,600 |
| *** Actual payment will likely be different. Payment rounded to nearest \$100. Construction Period Interest is expected to be paid prior to or with the 1st scheduled P&I payment date. | | | | | | |

| Repayment Phase Loan Summary | | | | | | |
|---|--------------|---------------------------------|--------------|---------------|----------------------|------------------------|
| Program | Award Amount | Forgivable Loan or Grant Amount | Loan Amount | Interest Rate | Amortized (in years) | Est. Annual Payment*** |
| SPWF | \$ 3,500,000 | \$ - | \$ 3,500,000 | 3.96% | 30 | \$ 201,400 |
| *** Actual payment will likely be different. Payment rounded to nearest \$100. Construction Period Interest is expected to be paid prior to or with the 1st scheduled P&I payment date. | | | | | | |

| Repayment Phase Loan Summary | | | | | | |
|---|--------------|---------------------------------|--------------|---------------|----------------------|------------------------|
| Program | Award Amount | Forgivable Loan or Grant Amount | Loan Amount | Interest Rate | Amortized (in years) | Est. Annual Payment*** |
| SPWF | \$ 4,500,000 | \$ - | \$ 4,500,000 | 3.56% | 20 | \$ 318,300 |
| *** Actual payment will likely be different. Payment rounded to nearest \$100. Construction Period Interest is expected to be paid prior to or with the 1st scheduled P&I payment date. | | | | | | |

| Repayment Phase Loan Summary | | | | | | |
|---|--------------|---------------------------------|--------------|---------------|----------------------|------------------------|
| Program | Award Amount | Forgivable Loan or Grant Amount | Loan Amount | Interest Rate | Amortized (in years) | Est. Annual Payment*** |
| SPWF | \$ 4,500,000 | \$ - | \$ 4,500,000 | 3.96% | 30 | \$ 259,000 |
| *** Actual payment will likely be different. Payment rounded to nearest \$100. Construction Period Interest is expected to be paid prior to or with the 1st scheduled P&I payment date. | | | | | | |



City of Manzanita

General Obligation Bonds vs. Full Faith and Credit Obligations Analysis

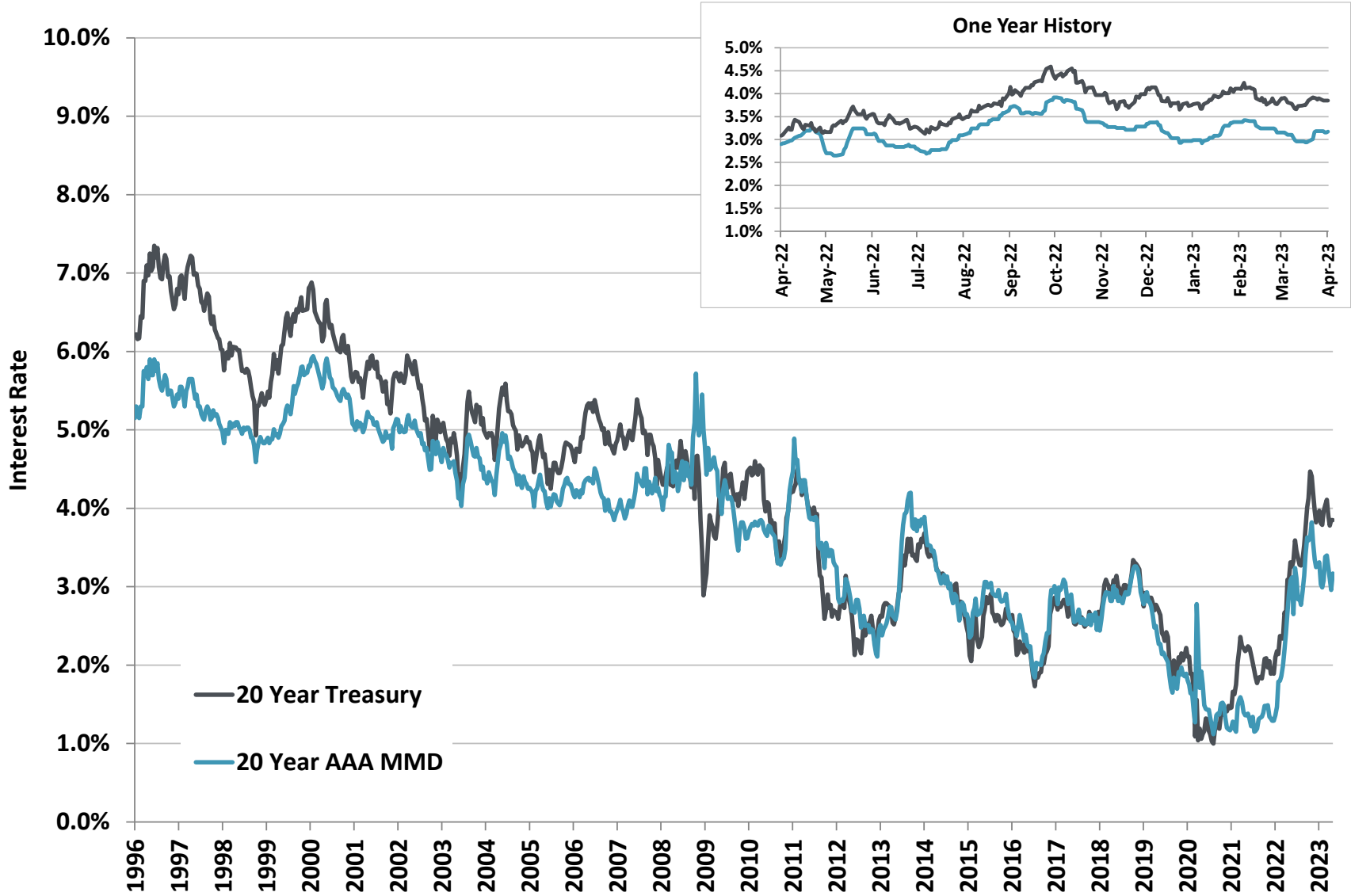
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April 27, 2023

HISTORICAL INTEREST RATES

20 Year Tax-Exempt (AAA MMD) vs. 20 Year Treasury Rates



CITY OF MANZANITA Historical Property Values

| Fiscal Year | M5 Real Market Value | % RMV Growth | Total Assessed Value | % Total AV Growth |
|-------------|----------------------|--------------|----------------------|-------------------|
| 2023 | \$ 1,212,915,873 | 30.66% | \$ 611,198,140 | 5.38% |
| 2022 | 928,293,807 | 15.70% | 579,995,350 | 4.12% |
| 2021 | 802,309,110 | -0.90% | 557,040,338 | 3.44% |
| 2020 | 809,608,781 | 3.64% | 538,510,529 | 3.94% |
| 2019 | 781,177,513 | 6.40% | 518,111,646 | 4.22% |
| 2018 | 734,185,666 | 7.14% | 497,118,469 | 4.36% |
| 2017 | 685,265,386 | 3.63% | 476,357,351 | 4.33% |
| 2016 | 661,280,474 | 5.32% | 456,587,266 | 3.82% |
| 2015 | 627,891,864 | 3.03% | 439,774,782 | 3.69% |
| 2014 | 609,433,387 | 1.56% | 424,117,581 | 3.45% |
| 2013 | 600,086,342 | -11.22% | 409,962,287 | 3.32% |
| 2012 | 675,944,428 | -7.19% | 396,776,711 | 3.54% |
| 2011 | 728,272,973 | -8.32% | 383,219,415 | 3.86% |
| 2010 | 794,405,719 | -6.25% | 368,991,461 | 3.92% |
| 2009 | 847,325,824 | 1.34% | 355,059,640 | 5.04% |
| 2008 | 836,122,543 | 22.93% | 338,016,036 | 6.54% |
| 2007 | 680,151,629 | 42.73% | 317,254,481 | 5.96% |
| 2006 | 476,514,451 | 22.33% | 299,417,352 | 6.23% |
| 2005 | 389,547,672 | 11.65% | 281,869,078 | 5.20% |
| 2004 | 348,901,522 | 6.02% | 267,927,981 | 5.43% |
| 2003 | 329,082,890 | --- | 254,135,043 | --- |

Source: Tillamook County Department of Assessment and Taxation

Legal General Obligation Debt Capacity

| | |
|---|------------------|
| Real Market Value (Fiscal Year 2023) | \$ 1,212,915,873 |
| Debt Capacity | |
| General Obligation Debt Capacity (3.00% of Real Market Value) | \$ 36,387,476 |
| Less: Outstanding Debt Subject to Limit | - |
| Remaining General Obligation Debt Capacity | \$ 36,387,476 |
| Percent of Capacity Issued | 0.00% |

CITY OF MANZANITA
Historical General Obligation Bonds

| | Purpose | Date of Issue | Date of Maturity | Amount Issued | Amount Outstanding |
|----------------------------------|----------------------------|---------------|------------------|---------------|--------------------|
| <i>General Obligation Bonds:</i> | | | | | |
| Series 2003 | Laneda Avenue Improvements | 08/22/03 | 07/15/08 | \$ 740,000 | \$ - |
| Total General Obligation Bonds | | | | | - |

Outstanding Full Faith and Credit Debt

| Governmental Activities | Purpose | Date of Issue | Date of Maturity | Amount Issued | Amount Outstanding ⁽¹⁾ |
|---|---------------------------------------|---------------|------------------|---------------|-----------------------------------|
| <i>Full Faith and Credit Obligations:</i> | | | | | |
| 2013 Note | Construction of Vistor Center | 01/17/13 | 2028 | 575,000 | 253,582 |
| 2017 Note | Purchase of Underhill Plaza | 09/22/17 | 2028 | 1,350,000 | 788,664 |
| Total Full Faith and Credit Obligations | | | | | 1,042,246 |
| Total Governmental Activities Debt | | | | | \$ 1,042,246 |
| Business-type Activities | | | | | |
| <i>Full Faith and Credit Obligations:</i> | | | | | |
| Series 2018 | Refunding of 2002 Water Revenue Bonds | 05/30/18 | 2045 | 2,960,000 | 2,680,000 |
| Total Full Faith and Credit Obligations | | | | | 2,680,000 |
| Total Business-Type Activites Debt | | | | | \$ 2,680,000 |

(1) As of end of Fiscal Year ending June 30, 2022.

CITY OF MANZANITA

Summary of Structuring Scenarios – General Obligation Bonds vs. Full Faith and Credit Obligations

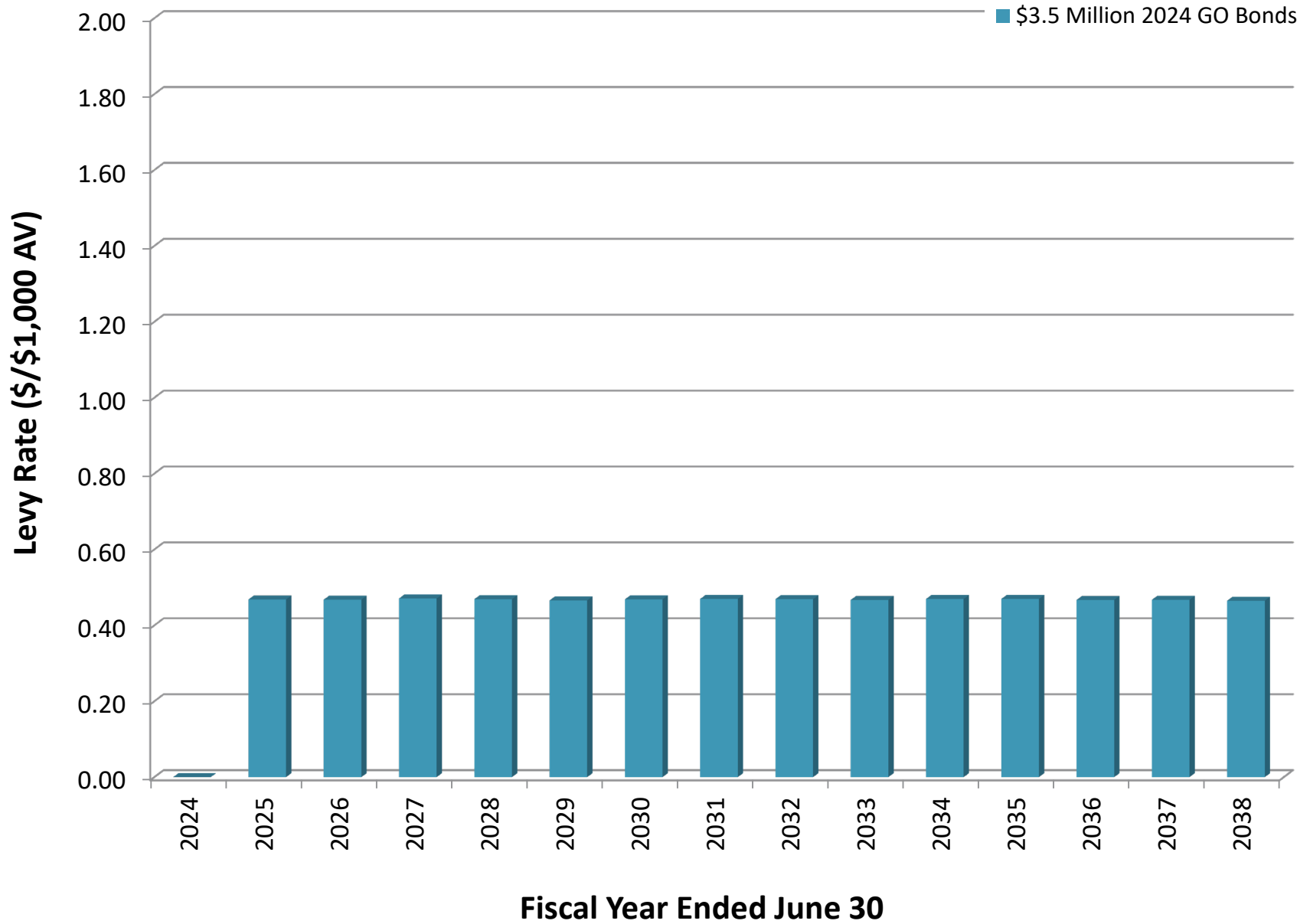
Assumes November 2023 Election for General Obligation Bonds

| Structure | | General Obligation Bonds | | | | | | Full Faith and Credit Obligations | | | |
|--------------------------------------|------------|--------------------------|----------|--------------------|----------|--------------------|----------|--------------------------------------|--------------------|--------------------|-----------|
| | | \$3.5M Par | | \$4.0M Par | | \$4.5M Par | | \$3.5M Par | \$4.0M Par | \$4.5M Par | |
| Par Amount | | \$3,500,000 | | \$4,000,000 | | \$4,500,000 | | \$3,500,000 | \$4,000,000 | \$4,500,000 | |
| Dated Date | | 2/15/2024 | | 2/15/2024 | | 2/15/2024 | | 12/1/2023 | 12/1/2023 | 12/1/2023 | |
| First Coupon | | 12/1/2024 | | 12/1/2024 | | 12/1/2024 | | 6/1/2024 | 6/1/2024 | 6/1/2024 | |
| Final Maturity | | 6/1/2038 | | 6/1/2038 | | 6/1/2038 | | 6/1/2038 | 6/1/2038 | 6/1/2038 | |
| Amortization Period | | 14.29 Years | | 14.29 Years | | 14.29 Years | | 14.5 Years | 14.5 Years | 14.5 Years | |
| Projected Average Levy Rates* | | | | | | | | | | | |
| | Prior Debt | New Bonds | Combined | New Bonds | Combined | New Bonds | Combined | Estimated Stats | New Bonds | New Bonds | New Bonds |
| 2023 to 2024 | \$ - | \$- | \$- | \$- | \$- | \$- | \$- | Max. Annual DS | \$341,453 | \$390,518 | \$438,094 |
| 2025 to 2038 | - | 0.47 | 0.47 | 0.54 | 0.54 | 0.60 | 0.60 | Avg. Annual DS (excluding FY2024) | \$339,056 | \$387,950 | \$436,072 |
| Interest Estimates | | | | | | | | | | | |
| Cushion over Current Interest Rates | | +1.5% | | +1.5% | | +1.5% | | +1.5% | +1.5% | +1.5% | |
| True Interest Cost (TIC)** | | 4.90% | | 4.90% | | 4.90% | | 4.97% | 4.97% | 4.97% | |
| Total Interest | | \$1,540,674 | | \$1,763,886 | | \$1,982,751 | | \$1,417,638 | \$1,623,742 | \$1,823,998 | |
| Total Interest as % of Par | | 44% | | 44% | | 44% | | 41% | 41% | 41% | |

* Projected average levy rates are based on a variety of assumptions regarding AV growth, tax collections & interest rates. Debt service will be fixed when bonds are sold but levy rates are preliminary until the assessor certifies values each year.

** True interest cost is the blended, overall interest rate for the issue. Includes the interest rate cushion.

CITY OF MANZANITA
General Obligation Bonds, Series 2023 – \$3.5 Million in Par



City of Manzanita
\$3,500,000
General Obligation Bonds, Series 2024
Projected Bond Levy Rates
14.29 Year Issue

| Bond Issue Data | |
|----------------------------|------------|
| Dated Date: | 02/15/2024 |
| First Coupon: | 12/01/2024 |
| Final Maturity | 06/01/2038 |
| Term (years): | 14.29 |
| Current Market Rates Plus: | 1.50% |

| 2023 Property Tax Data (000s) | |
|---|------------|
| Total Assessed Value: | \$ 611,198 |
| Less Standard Rate Urban Renewal Value: | - |
| Assessed Value - Bonds: | \$ 611,198 |

| Summary | |
|------------------------------------|--------------|
| Issue Amount: | \$ 3,500,000 |
| Total Interest Cost: | \$ 1,540,674 |
| Interest Cost as a Percent of Par: | 44% |

| Structuring Assumptions | | | |
|-------------------------|-------|--------------------------------|-------|
| AV Growth | | Tax Collections ⁽¹⁾ | |
| 2024 | 3.00% | 2025 | 95.0% |
| 2025 | 3.00% | 2026 | 95.0% |
| 2026 | 3.00% | 2027 | 97.5% |
| 2027 | 3.00% | 2028 | 97.5% |
| Thereafter | 3.00% | Thereafter | 97.5% |

| Fiscal Year Ending 6/30 | AV for New Bond Levies (000s) | Estimated Debt Service Requirements | | |
|----------------------------|-------------------------------------|-------------------------------------|--------------|-------------|
| | | Total Prior Debt | New Bonds | FY Total |
| 2023 | \$ 611,198 | \$ - | \$ - | \$ - |
| 2024 | 629,534 | - | - | - |
| 2025 | 648,420 | - | 288,397 | 288,397 |
| 2026 | 667,873 | - | 296,740 | 296,740 |
| 2027 | 687,909 | - | 315,790 | 315,790 |
| 2028 | 708,546 | - | 323,910 | 323,910 |
| 2029 | 729,803 | - | 331,422 | 331,422 |
| 2030 | 751,697 | - | 343,368 | 343,368 |
| 2031 | 774,248 | - | 354,510 | 354,510 |
| 2032 | 797,475 | - | 364,711 | 364,711 |
| 2033 | 821,399 | - | 373,975 | 373,975 |
| 2034 | 846,041 | - | 387,315 | 387,315 |
| 2035 | 871,422 | - | 398,985 | 398,985 |
| 2036 | 897,565 | - | 408,671 | 408,671 |
| 2037 | 924,492 | - | 421,246 | 421,246 |
| 2038 | 952,227 | - | 431,635 | 431,635 |
| | | \$ - | \$ 5,040,674 | |

| Projected Levy Rates ⁽¹⁾ \$/\$1,000 AV | | |
|--|--------------|-----------------------|
| Prior Debt ⁽²⁾ | New Bonds | Combined Levy Rate |
| \$ - | \$ - | \$ - |
| - | - | - |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.47 | 0.47 |
| - | 0.46 | 0.46 |

(1) Includes estimated delinquencies. Beginning in FY 2027 assumes collection year delinquencies will be offset by back tax collections.

(2) 2023 prior debt rate shown is actual rate levied.

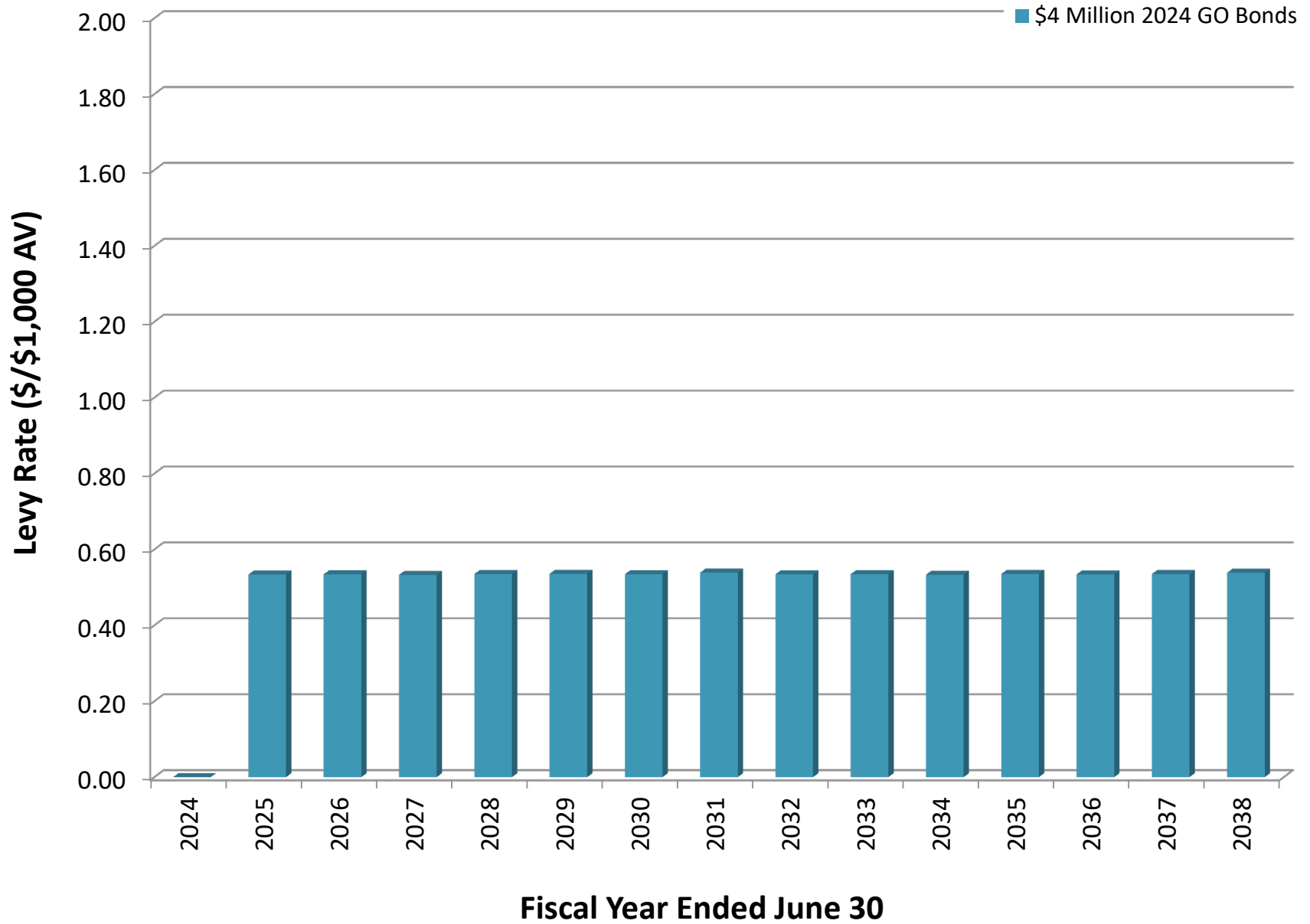
City of Manzanita
Projected Debt Service Schedule
\$3,500,000
General Obligation Bonds, Series 2024
14.29 Year Issue

| Payment Date | Principal | Coupon | Interest | Total Debt Service | FY Total | Estimated (1) Delinquencies | Estimated (2) Amount to Levy |
|--------------|---------------------|--------|---------------------|---------------------|---------------------|-----------------------------|------------------------------|
| 12/01/2024 | | | \$ 133,373 | \$ 133,373 | \$ - | \$ - | \$ - |
| 06/01/2025 | 75,000 | 4.41% | 80,024 | 155,024 | 288,397 | 15,179 | 303,575 |
| 12/01/2025 | | | 78,370 | 78,370 | | | |
| 06/01/2026 | 140,000 | 4.25% | 78,370 | 218,370 | 296,740 | 15,618 | 312,358 |
| 12/01/2026 | | | 75,395 | 75,395 | | | |
| 06/01/2027 | 165,000 | 4.17% | 75,395 | 240,395 | 315,790 | 8,097 | 323,887 |
| 12/01/2027 | | | 71,955 | 71,955 | | | |
| 06/01/2028 | 180,000 | 4.16% | 71,955 | 251,955 | 323,910 | 8,305 | 332,215 |
| 12/01/2028 | | | 68,211 | 68,211 | | | |
| 06/01/2029 | 195,000 | 4.13% | 68,211 | 263,211 | 331,422 | 8,498 | 339,920 |
| 12/01/2029 | | | 64,184 | 64,184 | | | |
| 06/01/2030 | 215,000 | 4.12% | 64,184 | 279,184 | 343,368 | 8,804 | 352,172 |
| 12/01/2030 | | | 59,755 | 59,755 | | | |
| 06/01/2031 | 235,000 | 4.17% | 59,755 | 294,755 | 354,510 | 9,090 | 363,600 |
| 12/01/2031 | | | 54,855 | 54,855 | | | |
| 06/01/2032 | 255,000 | 4.21% | 54,855 | 309,855 | 364,711 | 9,352 | 374,062 |
| 12/01/2032 | | | 49,488 | 49,488 | | | |
| 06/01/2033 | 275,000 | 4.24% | 49,488 | 324,488 | 373,975 | 9,589 | 383,564 |
| 12/01/2033 | | | 43,658 | 43,658 | | | |
| 06/01/2034 | 300,000 | 4.44% | 43,658 | 343,658 | 387,315 | 9,931 | 397,246 |
| 12/01/2034 | | | 36,993 | 36,993 | | | |
| 06/01/2035 | 325,000 | 4.71% | 36,993 | 361,993 | 398,985 | 10,230 | 409,216 |
| 12/01/2035 | | | 29,336 | 29,336 | | | |
| 06/01/2036 | 350,000 | 4.98% | 29,336 | 379,336 | 408,671 | 10,479 | 419,150 |
| 12/01/2036 | | | 20,623 | 20,623 | | | |
| 06/01/2037 | 380,000 | 5.16% | 20,623 | 400,623 | 421,246 | 10,801 | 432,047 |
| 12/01/2037 | | | 10,818 | 10,818 | | | |
| 06/01/2038 | 410,000 | 5.28% | 10,818 | 420,818 | 431,635 | 11,068 | 442,703 |
| Total | \$ 3,500,000 | | \$ 1,540,674 | \$ 5,040,674 | \$ 5,040,674 | \$ 145,041 | \$ 5,185,715 |

(1) Beginning in FY 2027 assumes collection year delinquencies will be offset by back tax collections.

(2) Actual levy amount should be calculated annually based on County's current delinquency rates, actual debt service requirements and debt service fund balance, if any.

CITY OF MANZANITA
General Obligation Bonds, Series 2023 – \$4.0 Million in Par



City of Manzanita
\$4,000,000
General Obligation Bonds, Series 2024
Projected Bond Levy Rates
14.29 Year Issue

| Bond Issue Data | |
|----------------------------|------------|
| Dated Date: | 02/15/2024 |
| First Coupon: | 12/01/2024 |
| Final Maturity | 06/01/2038 |
| Term (years): | 14.29 |
| Current Market Rates Plus: | 1.50% |

| 2023 Property Tax Data (000s) | |
|---|------------|
| Total Assessed Value: | \$ 611,198 |
| Less Standard Rate Urban Renewal Value: | - |
| Assessed Value - Bonds: | \$ 611,198 |

| Summary | |
|------------------------------------|--------------|
| Issue Amount: | \$ 4,000,000 |
| Total Interest Cost: | \$ 1,763,886 |
| Interest Cost as a Percent of Par: | 44% |

| Structuring Assumptions | | | |
|-------------------------|-------|--------------------------------|-------|
| AV Growth | | Tax Collections ⁽¹⁾ | |
| 2024 | 3.00% | 2025 | 95.0% |
| 2025 | 3.00% | 2026 | 95.0% |
| 2026 | 3.00% | 2027 | 97.5% |
| 2027 | 3.00% | 2028 | 97.5% |
| Thereafter | 3.00% | Thereafter | 97.5% |

| Fiscal Year Ending 6/30 | AV for New Bond Levies (000s) | Estimated Debt Service Requirements | | |
|----------------------------|-------------------------------------|-------------------------------------|--------------|-------------|
| | | Total Prior Debt | New Bonds | FY Total |
| 2023 | \$ 611,198 | \$ - | \$ - | \$ - |
| 2024 | 629,534 | - | - | - |
| 2025 | 648,420 | - | 328,963 | 328,963 |
| 2026 | 667,873 | - | 339,223 | 339,223 |
| 2027 | 687,909 | - | 357,423 | 357,423 |
| 2028 | 708,546 | - | 369,709 | 369,709 |
| 2029 | 729,803 | - | 381,181 | 381,181 |
| 2030 | 751,697 | - | 391,888 | 391,888 |
| 2031 | 774,248 | - | 406,794 | 406,794 |
| 2032 | 797,475 | - | 415,535 | 415,535 |
| 2033 | 821,399 | - | 428,326 | 428,326 |
| 2034 | 846,041 | - | 439,970 | 439,970 |
| 2035 | 871,422 | - | 454,863 | 454,863 |
| 2036 | 897,565 | - | 467,429 | 467,429 |
| 2037 | 924,492 | - | 482,515 | 482,515 |
| 2038 | 952,227 | - | 500,065 | 500,065 |
| | | \$ - | \$ 5,763,886 | |

| Projected Levy Rates ⁽¹⁾ \$/\$1,000 AV | | |
|--|--------------|-----------------------|
| Prior Debt ⁽²⁾ | New Bonds | Combined Levy Rate |
| \$ - | \$ - | \$ - |
| - | - | - |
| - | 0.53 | 0.53 |
| - | 0.53 | 0.53 |
| - | 0.53 | 0.53 |
| - | 0.54 | 0.54 |
| - | 0.54 | 0.54 |
| - | 0.53 | 0.53 |
| - | 0.54 | 0.54 |
| - | 0.53 | 0.53 |
| - | 0.54 | 0.54 |
| - | 0.54 | 0.54 |
| - | 0.54 | 0.54 |

(1) Includes estimated delinquencies. Beginning in FY 2027 assumes collection year delinquencies will be offset by back tax collections.

(2) 2023 prior debt rate shown is actual rate levied.

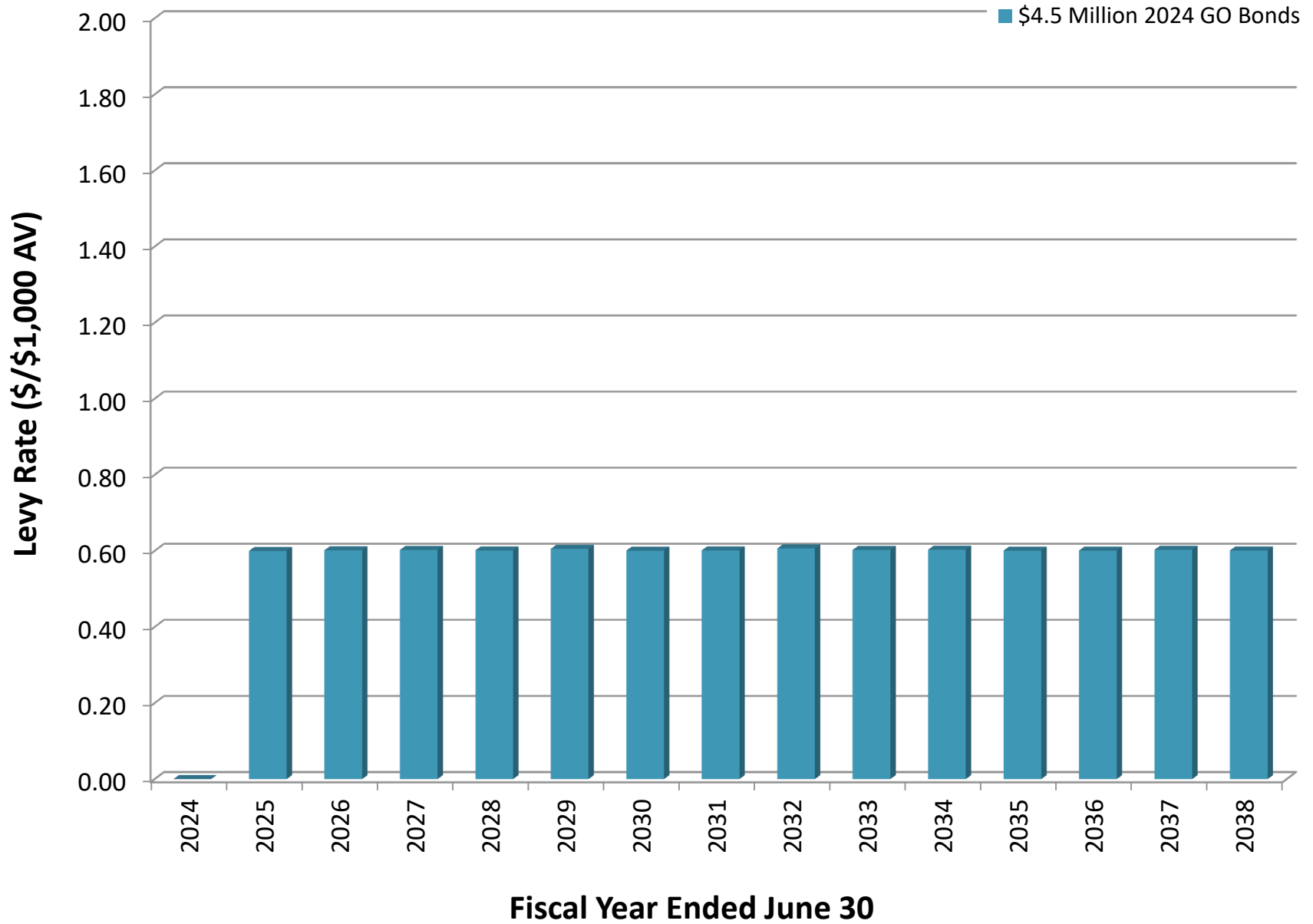
City of Manzanita
Projected Debt Service Schedule
\$4,000,000
General Obligation Bonds, Series 2024
14.29 Year Issue

| Payment Date | Principal | Coupon | Interest | Total Debt Service | FY Total | Estimated (1) Delinquencies | Estimated (2) Amount to Levy |
|--------------|---------------------|--------|---------------------|---------------------|---------------------|-----------------------------|------------------------------|
| 12/01/2024 | | | \$ 152,477 | \$ 152,477 | \$ - | \$ - | \$ - |
| 06/01/2025 | 85,000 | 4.41% | 91,486 | 176,486 | 328,963 | 17,314 | 346,276 |
| 12/01/2025 | | | 89,612 | 89,612 | | | |
| 06/01/2026 | 160,000 | 4.25% | 89,612 | 249,612 | 339,223 | 17,854 | 357,077 |
| 12/01/2026 | | | 86,212 | 86,212 | | | |
| 06/01/2027 | 185,000 | 4.17% | 86,212 | 271,212 | 357,423 | 9,165 | 366,588 |
| 12/01/2027 | | | 82,354 | 82,354 | | | |
| 06/01/2028 | 205,000 | 4.16% | 82,354 | 287,354 | 369,709 | 9,480 | 379,189 |
| 12/01/2028 | | | 78,090 | 78,090 | | | |
| 06/01/2029 | 225,000 | 4.13% | 78,090 | 303,090 | 381,181 | 9,774 | 390,955 |
| 12/01/2029 | | | 73,444 | 73,444 | | | |
| 06/01/2030 | 245,000 | 4.12% | 73,444 | 318,444 | 391,888 | 10,048 | 401,937 |
| 12/01/2030 | | | 68,397 | 68,397 | | | |
| 06/01/2031 | 270,000 | 4.17% | 68,397 | 338,397 | 406,794 | 10,431 | 417,225 |
| 12/01/2031 | | | 62,768 | 62,768 | | | |
| 06/01/2032 | 290,000 | 4.21% | 62,768 | 352,768 | 415,535 | 10,655 | 426,190 |
| 12/01/2032 | | | 56,663 | 56,663 | | | |
| 06/01/2033 | 315,000 | 4.24% | 56,663 | 371,663 | 428,326 | 10,983 | 439,309 |
| 12/01/2033 | | | 49,985 | 49,985 | | | |
| 06/01/2034 | 340,000 | 4.44% | 49,985 | 389,985 | 439,970 | 11,281 | 451,252 |
| 12/01/2034 | | | 42,432 | 42,432 | | | |
| 06/01/2035 | 370,000 | 4.71% | 42,432 | 412,432 | 454,863 | 11,663 | 466,526 |
| 12/01/2035 | | | 33,714 | 33,714 | | | |
| 06/01/2036 | 400,000 | 4.98% | 33,714 | 433,714 | 467,429 | 11,985 | 479,414 |
| 12/01/2036 | | | 23,757 | 23,757 | | | |
| 06/01/2037 | 435,000 | 5.16% | 23,757 | 458,757 | 482,515 | 12,372 | 494,887 |
| 12/01/2037 | | | 12,533 | 12,533 | | | |
| 06/01/2038 | 475,000 | 5.28% | 12,533 | 487,533 | 500,065 | 12,822 | 512,888 |
| Total | \$ 4,000,000 | | \$ 1,763,886 | \$ 5,763,886 | \$ 5,763,886 | \$ 165,827 | \$ 5,929,713 |

(1) Beginning in FY 2027 assumes collection year delinquencies will be offset by back tax collections.

(2) Actual levy amount should be calculated annually based on County's current delinquency rates, actual debt service requirements and debt service fund balance, if any.

CITY OF MANZANITA
General Obligation Bonds, Series 2023 – \$4.5 Million in Par



City of Manzanita
\$4,500,000
General Obligation Bonds, Series 2024
Projected Bond Levy Rates
14.29 Year Issue

| Bond Issue Data | |
|----------------------------|------------|
| Dated Date: | 02/15/2024 |
| First Coupon: | 12/01/2024 |
| Final Maturity | 06/01/2038 |
| Term (years): | 14.29 |
| Current Market Rates Plus: | 1.50% |

| 2023 Property Tax Data (000s) | |
|---|------------|
| Total Assessed Value: | \$ 611,198 |
| Less Standard Rate Urban Renewal Value: | - |
| Assessed Value - Bonds: | \$ 611,198 |

| Summary | |
|------------------------------------|---------------------|
| Issue Amount: | \$ 4,500,000 |
| Total Interest Cost: | \$ 1,982,751 |
| Interest Cost as a Percent of Par: | 44% |

| Structuring Assumptions | | | |
|-------------------------|-------|--------------------------------|-------|
| AV Growth | | Tax Collections ⁽¹⁾ | |
| 2024 | 3.00% | 2025 | 95.0% |
| 2025 | 3.00% | 2026 | 95.0% |
| 2026 | 3.00% | 2027 | 97.5% |
| 2027 | 3.00% | 2028 | 97.5% |
| Thereafter | 3.00% | Thereafter | 97.5% |

| Fiscal Year Ending 6/30 | AV for New Bond Levies (000s) | Estimated Debt Service Requirements | | |
|----------------------------|-------------------------------------|-------------------------------------|--------------|---------|
| | | Total | | FY |
| | | Prior Debt | New Bonds | Total |
| 2023 | \$ 611,198 | \$ - | \$ - | \$ - |
| 2024 | 629,534 | - | - | - |
| 2025 | 648,420 | - | 369,402 | 369,402 |
| 2026 | 667,873 | - | 381,612 | 381,612 |
| 2027 | 687,909 | - | 403,962 | 403,962 |
| 2028 | 708,546 | - | 415,205 | 415,205 |
| 2029 | 729,803 | - | 430,637 | 430,637 |
| 2030 | 751,697 | - | 440,105 | 440,105 |
| 2031 | 774,248 | - | 453,775 | 453,775 |
| 2032 | 797,475 | - | 471,265 | 471,265 |
| 2033 | 821,399 | - | 482,372 | 482,372 |
| 2034 | 846,041 | - | 497,320 | 497,320 |
| 2035 | 871,422 | - | 510,214 | 510,214 |
| 2036 | 897,565 | - | 525,659 | 525,659 |
| 2037 | 924,492 | - | 543,255 | 543,255 |
| 2038 | 952,227 | - | 557,968 | 557,968 |
| | | \$ - | \$ 6,482,751 | |

| Projected Levy Rates ⁽¹⁾ | | |
|-------------------------------------|--------------|-----------------------|
| \$/\$1,000 AV | | |
| Prior Debt ⁽²⁾ | New Bonds | Combined Levy Rate |
| \$ - | \$ - | \$ - |
| - | - | - |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.61 | 0.61 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |
| - | 0.60 | 0.60 |

(1) Includes estimated delinquencies. Beginning in FY 2027 assumes collection year delinquencies will be offset by back tax collections.

(2) 2023 prior debt rate shown is actual rate levied.

City of Manzanita
Projected Debt Service Schedule
\$4,500,000
General Obligation Bonds, Series 2024
14.29 Year Issue

| Payment Date | Principal | Coupon | Interest | Total Debt Service | FY Total | Estimated (1) Delinquencies | Estimated (2) Amount to Levy |
|--------------|---------------------|--------|---------------------|---------------------|---------------------|-----------------------------|------------------------------|
| 12/01/2024 | | | \$ 171,501 | \$ 171,501 | \$ - | \$ - | \$ - |
| 06/01/2025 | 95,000 | 4.41% | 102,901 | 197,901 | 369,402 | 19,442 | 388,844 |
| 12/01/2025 | | | 100,806 | 100,806 | | | |
| 06/01/2026 | 180,000 | 4.25% | 100,806 | 280,806 | 381,612 | 20,085 | 401,697 |
| 12/01/2026 | | | 96,981 | 96,981 | | | |
| 06/01/2027 | 210,000 | 4.17% | 96,981 | 306,981 | 403,962 | 10,358 | 414,320 |
| 12/01/2027 | | | 92,602 | 92,602 | | | |
| 06/01/2028 | 230,000 | 4.16% | 92,602 | 322,602 | 415,205 | 10,646 | 425,851 |
| 12/01/2028 | | | 87,818 | 87,818 | | | |
| 06/01/2029 | 255,000 | 4.13% | 87,818 | 342,818 | 430,637 | 11,042 | 441,679 |
| 12/01/2029 | | | 82,553 | 82,553 | | | |
| 06/01/2030 | 275,000 | 4.12% | 82,553 | 357,553 | 440,105 | 11,285 | 451,390 |
| 12/01/2030 | | | 76,888 | 76,888 | | | |
| 06/01/2031 | 300,000 | 4.17% | 76,888 | 376,888 | 453,775 | 11,635 | 465,411 |
| 12/01/2031 | | | 70,633 | 70,633 | | | |
| 06/01/2032 | 330,000 | 4.21% | 70,633 | 400,633 | 471,265 | 12,084 | 483,349 |
| 12/01/2032 | | | 63,686 | 63,686 | | | |
| 06/01/2033 | 355,000 | 4.24% | 63,686 | 418,686 | 482,372 | 12,369 | 494,741 |
| 12/01/2033 | | | 56,160 | 56,160 | | | |
| 06/01/2034 | 385,000 | 4.44% | 56,160 | 441,160 | 497,320 | 12,752 | 510,072 |
| 12/01/2034 | | | 47,607 | 47,607 | | | |
| 06/01/2035 | 415,000 | 4.71% | 47,607 | 462,607 | 510,214 | 13,082 | 523,296 |
| 12/01/2035 | | | 37,829 | 37,829 | | | |
| 06/01/2036 | 450,000 | 4.98% | 37,829 | 487,829 | 525,659 | 13,478 | 539,137 |
| 12/01/2036 | | | 26,628 | 26,628 | | | |
| 06/01/2037 | 490,000 | 5.16% | 26,628 | 516,628 | 543,255 | 13,930 | 557,185 |
| 12/01/2037 | | | 13,984 | 13,984 | | | |
| 06/01/2038 | 530,000 | 5.28% | 13,984 | 543,984 | 557,968 | 14,307 | 572,275 |
| Total | \$ 4,500,000 | | \$ 1,982,751 | \$ 6,482,751 | \$ 6,482,751 | \$ 186,495 | \$ 6,669,245 |

(1) Beginning in FY 2027 assumes collection year delinquencies will be offset by back tax collections.

(2) Actual levy amount should be calculated annually based on County's current delinquency rates, actual debt service requirements and debt service fund balance, if any.

CITY OF MANZANITA
Levy Rates in Neighboring Cities

| Entity | Primary County | Assessed Value (Net of Urban Renewal) | 2023 Levy Rates | | | |
|---------------------|----------------|---|-----------------|----------------------|-----------|---------------|
| | | | Billing Rate | Local Option Rate | Bond Rate | Total Rate |
| Wheeler City | Tillamook | 60,730,572 | 2.2213 | - | 1.0163 | 3.2376 |
| Garibaldi City | Tillamook | 113,316,291 | 2.8468 | - | 0.3794 | 3.2262 |
| Bay City | Tillamook | 167,358,617 | 1.5375 | 0.9000 | 0.1284 | 2.5659 |
| Tillamook City | Tillamook | 422,731,358 | 1.8021 | - | - | 1.8021 |
| Nehalem City | Tillamook | 40,886,105 | 1.4658 | - | - | 1.4658 |
| Rockaway Beach City | Tillamook | 500,776,102 | 0.9880 | - | - | 0.9880 |
| Manzanita City | Tillamook | 611,198,140 | 0.4233 | - | - | 0.4233 |

We are writing or providing this material to provide you with certain regulatory disclosures as required by the Municipal Securities Rulemaking Board. As part of our services, Piper Sandler may provide advice concerning the structure, timing, terms, and other similar matters concerning an issue of municipal securities that Piper Sandler is underwriting or placing. However, Piper Sandler intends to serve as an underwriter or placement agent and not as a financial advisor to you in this transaction; and the primary role of Piper Sandler is to purchase securities for resale to investors or arrange for the placement of securities in an arm's-length commercial transaction between you and Piper Sandler. Piper Sandler has financial and other interests that differ from your interests.

| Table 3: Current vs Proposed Rates | | | | \$1,499,207.76 | |
|--|-----------------------|-------------------------|-----------|-------------------------------|--------------------|
| Rate Comparison Current vs Proposed | | | | | |
| Current Base Rates | | | | | |
| | Residential | Commercial | Outside | Meter Multiplier | Allowances |
| 5/8"- 3/4" | \$ 39.50 | \$ 39.50 | \$ - | Currently Not Used | 4000 |
| 5/8"- 3/4" out | \$ - | \$ - | \$ 49.25 | | 4000 |
| 1" | \$ - | \$ 55.00 | \$ 68.75 | | 0.00 |
| 1 1/2" | \$ - | \$ 70.75 | \$ 88.50 | | 0.00 |
| 2" | \$ - | \$ 114.00 | \$ 142.50 | | 0.00 |
| 3" | \$ - | \$ 427.50 | \$ - | | 0.00 |
| 2" BULK | \$ - | \$ - | \$ - | | 0.00 |
| 3" BULK | \$ - | \$ - | \$ - | | % of Budget |
| | | | | Allowance % | -0.04% |
| Current Unit (Consumption) Charges | | | | | |
| Tiers Levels | Per Unit | | | | |
| One ¹ | \$ 2.50 | \$ 2.50 | \$ 3.25 | | Fill In from |
| Proposed Base Rates | | | | Meter Multiplier ² | Allowances |
| | Residential | Commercial ³ | Outside | | |
| 5/8"- 3/4" | \$ 47.56 | \$ 57.07 | \$ - | 1.0 - 1 | 2000 |
| 5/8"- 3/4" out | | \$ - | \$ 57.07 | 1.0 - 1 | 2000 |
| 1" | \$ 66.58 | \$ 79.89 | \$ 79.89 | 1.4 - 1 | 2800 |
| 1 1/2" | \$ 85.60 | \$ 102.72 | \$ 102.72 | 1.8 - 1 | 3600 |
| 2" | \$ 137.91 | \$ 165.49 | \$ 165.49 | 2.9 - 1 | 5800 |
| 3" | \$ 523.11 | \$ 627.73 | | 11.0 - 1 | 22000 |
| 2" BULK | \$ 137.91 | | | 2.9 - 1 | 5800 |
| 3" BULK | \$ 523.11 | | | 11.0 - 1 | 22000 |
| Meter size will determine base rate | | | | % of Budget | 76.81% |
| Proposed Unit (Consumption) Charges | | | | Allowance % | 50% |
| Tiers Levels | Per Unit ⁴ | | | | |
| One STRs | \$ 9.50 | \$ 11.40 | \$ 11.40 | | |
| | \$ - | \$ - | \$ - | | |
| One No STRs | \$ 10.24 | \$ 12.29 | \$ 12.29 | | |
| Change in Rates for Single Family Residential Users | | | | | |
| | Current | Proposed | | | |
| 5/8"- 3/4" | | | | | |
| | | | | | |
| 3.90 ⁵ | \$ 39.50 | \$ 65.59 | | | |
| 6.00 | \$ 44.50 | \$ 85.52 | | | |
| 10.00 | \$ 54.50 | \$ 123.48 | | | |
| Budget includes maintenance at ≈ \$316K to cover costs of Capital Improvements for Groups A & B | | | | | |
| 1 - Current unit (consumption) rate is considered "flat" rate | | | | | |
| 2 - American Water Works Association standard for meter multiplier (replacement costs) | | | | | |
| 3 - STRs classified as "commercial" if not, base rate would be \$47.56 | | | | | |
| 4 - Tier (consumption) rates classifying STRs are commercial and non-commercial (Current) | | | | | |
| 5 - 3.9 units average usage per month during (SUMMER) months (3rd QTR), 1.6 units per month (WINTER) | | | | | |

Mayor and City Councilors,

I appreciate so much the hard work you all do to keep our town healthy, safe and up to date. I am sorry you are saddled with a former elected official's over blown plans for a new city hall. The conundrum is keeping all of us distracted from more important issues.

First, I would like to say that we should probably look at moving into and renovating the building by the bank. If that's not doable, I hope we can find a less costly option. We are a tiny town and should adopt a little humility regarding this project. Small, thrifty and efficient might be words to live by.

Second, we have bigger concerns and we will all be better served if we could seriously address some of them immediately. I think the Mayor is working hard to bring the town into compliance with best practices and the law when it comes to running the various departments. Good work! Keep it up.

Looking ahead, we need to build a variety of new homes that are aimed at housing lower and moderate income folks and those of us who want to rent rather than own a house.

It will take effort and creativity, but we can build housing for our teachers, care givers, nurses, restaurant workers, craftsmen, retirees etc.. Think of the boost it would give our economy and the dynamic and healthy community we could have with a diverse population living together in attractive apartments and maybe a cute tiny home development surrounded by a public park.

Our short term rental piece should be just that; a small fraction of our housing stock and income, not the driving force. The current policy puts money in the pockets of a few and sucks the life blood out of the town as a whole.

I also would like to encourage the city to pay attention to water quality. Cities across the country are waking up to the fact that their systems are contaminated with chemicals they have never even heard of much less tested for. These "forever" chemicals are everywhere in our environment, our food, and our bodies. Fire retardants like those we spray on our coastal forests and herbicides are loaded with them, so we should be testing and planning for treatment systems that can ameliorate this serious health threat.

Thank you for taking time to hear my thoughts and concerns. Work hard and true.

Sincerely,

Jane Harris
Manzanita

4/17/23

Dear City Council,

I am writing once again to express my concern regarding the City Hall building project, its design and cost. I understand that the city manager was hired by the former city council to get the City Hall built and get it built on Underhill Plaza. In spite of repeated requests by many concerned citizens no other alternatives or locations were ever seriously explored. At this stage of the process no alternatives will be considered.

The results of the City's own survey showed that the public's number one concern was cost yet the budget presented thus far is still excessive for our small town.

I think that no matter what the architects present on April 19th a citizen vote on the project's funding is in order. At that point we shall see if we can move on to alternative options.

Let ALL the voters' voices be heard, not just the loud minority.

Sincerely,

Linda Ballard

Manzanita homeowner