

AGENDA

SPECIAL CITY COUNCIL MEETING

August 13, 2012

5:30 p.m.

313 Court Street
The Dalles, Oregon
City Council Chamber

1. CALL TO ORDER
 2. APPROVAL OF AGENDA
 3. ACTION ITEMS
 - A. Resolution No. 12-012 Approving a Joint Resolution With Klickitat County for a \$250,000 Loan for Construction of an Airport Maintenance Hangar
 4. ADJOURNMENT
-

Prepared by/
Julie Krueger, MMC
City Clerk





CITY OF THE DALLES

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AGENDA STAFF REPORT

CITY OF THE DALLES

MEETING DATE:	AGENDA LOCATION:	AGENDA REPORT #
August 13, 2012	Action Items	

TO: Honorable Mayor and City Council

FROM: Gene E. Parker, City Attorney

THRU: Nolan K. Young, City Manager *ny*

DATE: July 27, 2012

ISSUE: Resolution No. 12-012, approving a joint resolution with Klickitat County for a loan agreement of \$250,000 for construction of a maintenance hangar at the Columbia Gorge Regional Airport.

RELATED CITY COUNCIL GOAL: None.

PREVIOUS AGENDA REPORT NUMBERS: #12-041.

BACKGROUND: The City and Klickitat County have awarded a contract for the construction of a maintenance hangar at the Columbia Gorge Regional Airport. To assist with the funding for construction of the maintenance hangar, Klickitat County agreed to a \$250,000 loan, with the amount of the loan to be secured by the rental income paid by American Aerospace Engineering, LLC pursuant to a 5 year Hangar Lease which was recently approved by the City and Klickitat County.

Enclosed with this staff report is a joint resolution and a loan agreement, the terms of which have been negotiated with Klickitat County. City staff and representatives from Klickitat County were unable to complete the proposed joint resolution and loan agreement in time to have these items scheduled for the July 23, 2012 Council meeting. The contractor has initiated work on the

project, and will be submitting invoices in the month of August for payment. In order to be able to process the invoices for payment, the City needs to finalize the terms of the loan agreement with Klickitat County, so that funds can be transferred to the City.

BUDGET IMPLICATIONS: The loan agreement provides the loan will be repaid in annual principal installments of \$25,000. The first annual payment is included in the 2012-2013 budget.

ALTERNATIVES:

Staff Recommendation. *Move to adopt Resolution No. 12-012.*

BEFORE THE BOARD OF COUNTY COMMISSIONERS
Klickitat County, Washington

IN THE MATTER OF }
A JOINT RESOLUTION OF THE KLICKITAT }
COUNTY BOARD OF COMMISSIONERS AND }
THE CITY OF THE DALLES OREGON APPROVING }
A CAPITAL IMPROVEMENT PROJECT AT THE }
COLUMBIA GORGE REGIONAL AIRPORT AND }
A LOAN OF FUNDS FOR THE PROJECT }

Klickitat County Resolution # _____
City of The Dalles Resolution # 12-012

WHEREAS, the Board of County Commissioners, meeting in regular session, and having before it the need to consider a request for a loan of funds to the City of The Dalles for construction of a maintenance hangar at the Columbia Gorge Regional Airport (Airport); and

WHEREAS, Klickitat County and the City of The Dalles, Oregon entered into an agreement effective November 1, 2002 for joint operation of the Columbia Gorge Regional/The Dalles Airport the purpose of which is to help ensure that the Airport becomes a self-sufficient catalyst for economic growth in the near term; and

WHEREAS, the Parties intend to share equally in the costs and benefits of the Airport consistent with the agreement including, but not limited to, the joint approval of capital improvements to the airport; and

WHEREAS, the City of The Dalles and Klickitat County entered into a bid process and as a result has awarded bid for construction of a maintenance hangar project at the airport and

WHEREAS, it has been determined that a need does exist to grant a loan of \$250,000 to the City of The Dalles to construct a maintenance hangar with repayment of the loan to be made from the rental income from the lease between American Aerospace Engineering, LLC and the City and Klickitat County dated May 30, 2012 ; and

WHEREAS, this loan will be funded from available .09 Distressed Counties Tax funds within the Cumulative Reserve Fund #125; and

WHEREAS, for purposes of this loan the City of The Dalles will serve as fiscal agent;

NOW THEREFORE IT IS MUTUALLY AGREED: that the following described capital improvement project is approved for construction at the Columbia Gorge Regional Airport.

One Maintenance Hangar

NOW, THEREFORE BE IT RESOLVED, that the Treasurer is hereby authorized and directed to transfer the cash from the Cumulative Reserve Fund #125 to the General Fund.

BE IT FURTHER RESOLVED, that the Board of County Commissioners of Klickitat County hereby authorizes and directs the Treasurer of Klickitat County to issue a check payable to the City of The Dalles in the amount of \$250,000 from the Cumulative Reserve Fund #125 representing available .09 Distressed Counties Tax funds. This loan is repayable on or before _____, 2022 with interest and principal payments made pursuant to the provisions as outlined in the "Loan Agreement" attached hereto.

BE IT FURTHER RESOLVED that the City Council of the City of The Dalles hereby authorizes Nolan K. Young, City Manager to execute the loan agreement between the City of The Dalles and Klickitat County for the sum of \$250,000.

The City's portion of this Joint Resolution shall be considered effective as of the 13th day of August, 2012.

PASSED AND ADOPTED this 13th day August, 2012.

Voting Yes, Councilor: _____

Voting No, Councilor: _____

Absent, Councilor: _____

Abstaining, Councilor: _____

AND APPROVED BY THE MAYOR this 13th day of August, 2012.

Attest:

James L. Wilcox, Mayor

Julie Krueger, MMC, City Clerk

The County's portion of this Joint Resolution shall be considered effective as of the _____ day of _____, 2012.

BOARD OF COUNTY COMMISSIONERS
Klickitat County, Washington

Ray Thayer, Chairman

David M. Sauter, Commissioner

Rex F. Johnston, Commissioner

ATTEST:

Clerk of the Board

in and for the County of Klickitat, State of
Washington

LOAN AGREEMENT

\$250,000

_____month ____day, 2012

For Construction of one Maintenance Hangar

For value received, The City of The Dalles, Oregon, promises to pay to the order of the Klickitat County Treasurer, at 205 S. Columbus, MS-CH-22, Goldendale, Washington the principal sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (**\$250,000**), or so much thereof as may be advanced in lawful money of the United States, with interest accruing on the unpaid principal balance from time to time remaining unpaid prior to maturity payable as follows:

1. Payment of Principal and Interest: The principal and interest of this loan agreement shall be payable as follows:
 - a) The term of this loan agreement is for a period of ten (10) years from the date of when the money is anticipated to be drawn down, which date is _____, 2012.
 - b) Interest on this loan agreement shall accrue from the date of the Loan Draw and shall be computed on the principal amount of the Loan Draw outstanding on the basis of a 360 day year for the actual number of days the principal amount of the Loan Draw is outstanding. When a payment is made on the loan, interest is to be calculated at the average interest rate of the State Local Government Investment Pool during that payment period, plus .05% as an administrative fee.
 - c) Annual principal installments in the amount of \$25,000 (TWENTY FIVE THOUSAND DOLLARS) will be due on the 30th business day following the one year anniversary of the date of signing of this Agreement, with a like annual installment on the 30th business day after the anniversary of the signing of each succeeding year thereafter to maturity. All payments are to be made as scheduled on this LOAN AGREEMENT. The amount of the principal, interest and administrative fee then owed each year will be calculated by the Klickitat County Treasurer as per the formula set forth in the previous paragraph and transmitted to the Finance Director for the City of The Dalles, Oregon at least 14 business days prior to the due date..

- 2). Maturity: This LOAN AGREEMENT shall mature (i.e., all outstanding principal, together with all interest, shall be due and payable in full) on _____ 2022.

PROMISSORY NOTE Loan Agreement #C _____ Initials _____

-Page 1 of 3 Initials _____

- 3) This note is secured by the rental income paid by American Aerospace Engineering, LLC ("AAE"), pursuant to the Hangar Lease dated May 30, 2012 between AAE and the City and Klickitat County. The City will also provide a copy of the City's adopted budget to the Klickitat County Treasurer for each fiscal year the loan remains outstanding to ensure there are sufficient monies allocated in the Airport Debt Service Fund to repay the loan.

If this loan agreement shall be placed in the hands of an attorney for collection, or if suit shall be brought to collect any of the principal or interest of this note, the City of The Dalles promises to pay a reasonable attorney's fee and court costs.

This loan agreement shall be interpreted according to the law of the State of Washington. Any legal action will be filed in a court of competent jurisdiction in Klickitat County, Washington.

This loan agreement expresses the full intent of the parties and cannot be interpreted by reference to any prior writings or verbal communications. It may only be amended by a writing signed by all parties.

Each maker of this note executes the same as a principal and not as a surety.

Dated this ____ day of _____, 2012.

By: _____
Nolan K. Young, City Manager

PROMISSORY NOTE Loan Agreement #C _____ Initials _____

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