10.7.c.

TO: Board of Commissioners
FROM: Bill Van Vactor

March 10, 2004

RE: Refinance Florence Events Center

Attached is the January 21, 2004 Agenda Cover Memo, a copy of CVALCO's response to your referral February 5, 2004 and the City Of Florence's request to move the proposal forward as originally requested, February, 2004.

After the item was referred to CVALCO at there January 2, 2004 Board meeting a special committee met with Rodger Bennet to consider the request. Commissioner Morrison, Green and I attended a portion of that meeting and the February 5, 2004 CVALCO letter reflects the discussion.

It is my understanding that at this point in time CVALCO would like you support the refinance but take a firm policy position that the TRT allocated to the Florence Events Center be dedicated to capital only. I do not recommend that you take that position at this time for several reasons. Last year you authorized the use of a portion of the capital portion of the TRT for a reserve at the Fairgrounds. This is a prudent direction consistent with Lane County financial policies. However, if the triggers for use of the reserve occur, the funds would in fact end up being used for operations. So right now the bright line of "capital only" is a bit blurry. The Fairgrounds currently has some difficult financial issues, and you may be asked to allow even more TRT for operations. Finally as result of the tourism summit, the Board may eventually developed new programs or policies for this portion of the TRT. With this many uncertainties, it does not seem prudent to establish the bright line CVALCO has requested.

I therefore recommend that you authorize revision of the Florence IGA to reduce the annual payment by $10,000/year. This effect of this is the Fairgrounds will then receive an additional $10,000 per year under your "sweep" order. With regard to the $40,000 per year in reduced cash demands, indicate that you will make the decision on whether the funds much be used for capital in the annual budget process. This will require Florence to advise you each budget season how they would like to spend the funds, until the bonds are paid off. A draft board order reflecting this recommendation is attached.

If at some point you develop a bright line on how these funds are to be used, that can be communicated to Florence well in advance of the next budget process. In fact under existing arrangements I am confident that the City of Florence will be an active participant in the development of any new policy.

T. 4. b.

AGENDA MEMORANDUM
Date: January 21, 2004
WP ca/mi/orders/04001/T

TO: Lane County Board of Commissioners

DEPARTMENT: County Administrator's Office

PRESENTED BY: William VanVactor, County Administrator

AGENDA ITEM TITLE: DISCUSSION/In the Matter of Revising the 1994 Intergovernmental Agreement with the City of Florence Regarding the Financing of the Florence Events Center.

I. MOTION

None. Discussion and direction to staff.

II. ISSUE OR PROBLEM

In 1994 Lane County executed an intergovernmental agreement with the City of Florence to authorize payment of $200,000 for debt financing of what was then called the Florence All Events Center. With low interest rates available, the City of Florence has proposed refinancing of what is now called the Florence Events Center (FEC). They propose two changes to the intergovernmental agreement:

1) Reduce the annual payment from $200,000 to $190,000; and
2) Allow the City to use up to $40,000 of the $190,000 payment per year for operations of the events center.

The term of the agreement remains the same and will terminate in August of 2015.

III. DISCUSSION

A. Background

See the request of the City of Florence dated December 23, 2003, the Refunding Analysis prepared by Seattle-Northwest Securities dated December 12, 2003, the Agenda Cover Memo and Intergovernmental Agreement dated July 27, 1994, and copies of LC 4.110 and 4.175.

B. Analysis

In view of the low interest rates, it is a prudent financial decision to refinance the Florence Events Center debt. In order for the Board to make the policy choices involved, a background on the debt is important. As you recall, there are two pieces to the room tax: the 5% "debt service" piece (LC 4.110(1)) and the 3% "visitor industry" piece (LC 4.110(2)). The 5% is dedicated for debt service (LC 4.175(5)); however there is some flexibility in that the dedication also states: "Any amounts derived from the tax imposed by LC 4.110(1) above in excess of annual debt service shall be used for future capital projects or as directed by the Board through the annual budget process." The 3% "visitor industry" piece is actually only 2% in the Western Lane County region, but 3% throughout the rest of Lane County. It is dedicated for the visitor industry, and is the source of funding for what is known as the 70/10/10/10 split for marketing (CVALCO)/Historical Museum/Special projects/Rural tourism marketing. The Florence payments are made out of the 5% debt service piece.

The City of Florence has proposed both reducing the annual payment, and allocating a portion of the remaining payment for operations. This involves several policy choices which the Board needs to make in order to give staff direction on how to return this to the Board for action.

1. The first policy choice for the Board is whether they want to reduce the annual payment, and if so, by how much.

2. The second policy choice for the Board is whether they want to permit the City to use $40,000 of the payment for operations. Such an use would be a permitted use of transient lodging taxes under the recently enacted 2003 Or. Laws Ch 818, as it would be for a "tourism-related facility", which is defined to include a conference center, convention center or visitor information center. The existing intergovernmental agreement makes clear that conferences, convention business and tourism were intended uses of the facility. However, use of the funds for operations raises an issue for the Board under the Lane Code language dedicating the funds, as explained below.

3. The third choice, if the Board does decide to permit use of room tax funds for operations, is whether to a) direct staff to revise the Lane Code language regarding the use of the 5% piece, i.e., redefine the dedication so that it is not limited to capital projects, or b) direct staff to bring the use of the $40,000 to the Board as part of the annual budget process. The Board last year approved the use of some of the 5% funds for the Fairgrounds to make repayment on the planetarium loan and to fund a rainy day reserve -- that use was approved through the annual budget process, and will appear again for the Board this year in the annual budget process. Staff can add to that order the Florence Events

Center operational use as part of the annual budget process. That there are two such items of an on-going nature raises the issue of whether the Boards wants to revise the Code language itself, or whether it is awaiting development and outcome of the tourism summit.

4. The last choice is to reject the proposal from the City of Florence, and continue to make payments of $200,000 per year, to be used for debt service. This would cause the debt to be repaid more quickly; however, the intergovernmental agreement should be revised so that it specifies that the obligations to make payments ends when the debt is retired (or if the debt is refinanced, when the refinanced debt is retired) or when the County has made 40 payments, whichever occurs first.

C. Alternatives/Options

See policy choices above.

D. Recommendations

As mentioned earlier, it is prudent to refinance the Florence Events Center debt. With regard to how to reallocate the savings, that involves policy choices for the Board. Absent strategic direction on use of the Transient Room Tax, the City of Florence's proposal appears reasonable, as it benefits both Lane County and the City. Until there is strategic direction, I would also recommend approving the use of the funds for operational purposes annually through the budget process.

E. Timing

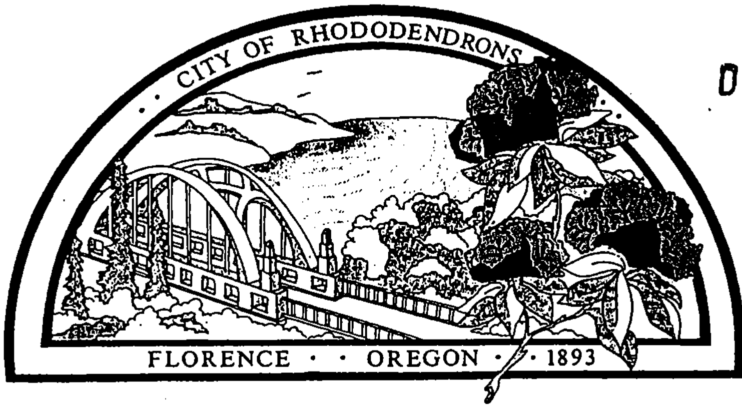
Depending on the policy choices made, staff will bring the matter back to the Board for implementation before the August payment.

IV. IMPLEMENTATION

See III. E. above.

V. ATTACHMENTS

December 23, 2003 letter from Roger Bennett
December 12, 2003 Refunding Analysis, Seattle-Northwest Securities Corporation
July 27, 1994 Agenda Cover Memo
Board Order 94-7-26-16 (omitting Ex. A, Draft IGA) Intergovernmental Agreement (executed) between Lane County and Florence, July 26, 1994



DEC 2 4 2003

City of Florence

City Manager's Office

250 Highway 101
Florence, OR 97439-7628

Voice/TDD: (541) 997-3437
FAX: (541) 997-6814

December 23, 2003

Mr. William A. Van Vactor, County Administrator
Lane County Public Service Building
125 East Eighth Avenue
Eugene, Oregon 97401

Dear Mr. Van Vactor:

This is written to follow our meeting of yesterday, Monday, December 22, 2003. Thanks to you and to Dave Garnick for taking the time to meet with Janice Riessbeck and me.

Please consider this as a request to modify the existing intergovernmental agreement (IGA) between Lane County (County) and the City Of Florence (City) for assistance in debt service payments on the Florence Events Center (FEC). More specifically, we request that the agreement be modified to allow for both the County and the City to take advantage of currently low interest rates on public debt by refinancing existing debt incurred in the construction of the FEC. We also request that a portion of that savings be allowed to be used for maintenance and operations of the FEC to compensate for interest income lost – also because of current rates.

We are advised that if the City will issue "Full Faith and Credit" notes that two things could occur. First, an existing reserve fund could be used to reduce the capital balance of the debt, thereby reducing annual cash demands by approximately $40,000. Second, estimated reduction in interest rates due to the restructuring and current debt market could further reduce annual cash needs by approximately $10,000. This is measured against current debt service payments of approximately $200,000 per year.

Although, in some scenarios, the City's risk could be higher because of "Full Faith and Credit" as opposed to "Pledged Revenues", we feel that it would be a mistake to pass up an opportunity to save public dollars. We propose that the amount of cash flow savings attributable to closing the reserve fund continue to be forwarded to the City in order that we can continue to operate and maintain the FEC in a quality manner. We further propose that the savings due to lowered interest rates would benefit the County. That way, both entities could enjoy a portion of the savings.

Timeliness is important in order to capture the advantage current market interest rates.

It is our intent to ask the Florence City Council to adopt a resolution of sale during their regular meeting of January 5, 2004. We would ask that the County could move this issue expeditiously so, pending approval by both governing bodies, the transaction could take place before the end of January, 2004.

Thanks again for meeting with us and thanks too, for your consideration of our request.

Best wishes for the happiest of holiday seasons!

Sincerely,

Rodger L. Bennett
City Manager

Copies: Mayor and Council
Anna Morrison, Lane County Commissioner, District One
Janice Riessbeck, Finance Director
David Garnick, Senior Management Analyst

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Suite 1800
Portland, Oregon 97205
(503) 275-8300

$1,535,000
CITY OF FLORENCE, OREGON
FULL FAITH AND CREDIT
REFUNDING OBLIGATIONS, SERIES 2003

REFUNDING ANALYSIS

DECEMBER 12, 2003

SUMMARY OF REFUNDING RESULTS

City of Florence
2003 Refunding of Series 1995 COPS
Market Conditions as of December 12, 2003

Dated Date	01/01/2004
Delivery Date	01/29/2004
Arbitrage yield	3.372200%
Escrow yield	1.704858%
Bond Par Amount	1,535,000.00
True Interest Cost	3.632848%
Net Interest Cost	3.521306%
All-In TIC	3.971430%
Average Coupon	3.290584%
Average Life	6.232
Par amount of refunded bonds	1,725,000.00
Average coupon of refunded bonds	5.962059%
Average life of refunded bonds	6.707
PV of prior debt to 01/29/2004 @ 3.632848%	2,000,322.77
Net PV Savings	98,473.15
Percentage savings of refunded bonds	5.708588%
Percentage savings of refunding bonds	6.415189%

SAVINGS

City of Florence
2003 Refunding of Series 1995 COPS
Market Conditions as of December 12, 2003

Date	Prior Debt Service	Refunding Debt Service	Refunding Receipts	Refunding Net Cash Flow	Savings	Annual Savings	Present Value to 01/29/2004 @ 3.6328481%
01/29/2004	-	-	3,348.33	-3,348.33	3,348.33	-	3,348.33
02/15/2004	50,152.50	5,261.67	-	5,261.67	44,890.83	-	44,819.06
08/15/2004	155,152.50	171,525.00	-	171,525.00	-16,372.50	31,866.66	-16,054.70
02/15/2005	47,370.00	20,625.00	-	20,625.00	26,745.00	-	25,757.99
08/15/2005	157,370.00	130,625.00	-	130,625.00	26,745.00	53,490.00	25,298.46
02/15/2006	44,455.00	19,772.50	-	19,772.50	24,682.50	-	22,930.99
08/15/2006	159,455.00	129,772.50	-	129,772.50	29,682.50	54,365.00	27,084.22
02/15/2007	41,350.00	18,755.00	-	18,755.00	22,595.00	-	20,249.32
08/15/2007	166,350.00	133,755.00	-	133,755.00	32,595.00	55,190.00	28,690.04
02/15/2008	37,912.50	17,490.00	-	17,490.00	20,422.50	-	17,655.14
08/15/2008	162,912.50	132,490.00	-	132,490.00	30,422.50	50,845.00	25,830.89
02/15/2009	34,412.50	16,023.75	-	16,023.75	18,388.75	-	15,334.83
08/15/2009	174,412.50	141,023.75	-	141,023.75	33,388.75	51,777.50	27,346.96
02/15/2010	30,422.50	14,273.75	-	14,273.75	16,148.75	-	12,990.62
08/15/2010	175,422.50	139,273.75	-	139,273.75	36,148.75	52,297.50	28,560.54
02/15/2011	26,072.50	12,367.50	-	12,367.50	13,705.00	-	10,634.92
08/15/2011	176,072.50	137,367.50	-	137,367.50	38,705.00	52,410.00	29,498.81
02/15/2012	21,572.50	10,305.00	-	10,305.00	11,267.50	-	8,434.26
08/15/2012	186,572.50	145,305.00	-	145,305.00	41,267.50	52,535.00	30,339.61
02/15/2013	16,622.50	7,942.50	-	7,942.50	8,680.00	-	6,267.63
08/15/2013	186,622.50	142,942.50	-	142,942.50	43,680.00	52,360.00	30,977.67
02/15/2014	11,437.50	5,512.50	-	5,512.50	5,925.00	-	4,127.02
08/15/2014	191,437.50	145,512.50	-	145,512.50	45,925.00	51,850.00	31,418.08
02/15/2015	5,947.50	2,887.50	-	2,887.50	3,060.00	-	2,056.05
08/15/2015	200,947.50	152,887.50	-	152,887.50	48,060.00	51,120.00	31,716.01
	2,460,455.00	1,853,696.67	3,348.33	1,850,348.34	610,106.66	610,106.66	495,312.77

Savings Summary

PV of savings from cash flow	495,312.77
Less: Prior funds on hand	-398,000.00
Plus: Refunding funds on hand	1,160.38
Net PV Savings	98,473.15

SUMMARY OF BONDS REFUNDED

City of Florence
2003 Refunding of Series 1995 COPS
Market Conditions as of December 12, 2003

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
1995 Certificates of Participation, 95COP:					
SERIAL	08/15/2004	5.300%	105,000.00	-	-
	08/15/2005	5.300%	110,000.00	-	-
	08/15/2006	5.400%	115,000.00	08/15/2005	100.000
	08/15/2007	5.500%	125,000.00	08/15/2005	100.000
	08/15/2008	5.600%	125,000.00	08/15/2005	100.000
	08/15/2009	5.700%	140,000.00	08/15/2005	100.000
2012TERM	08/15/2012	6.000%	460,000.00	08/15/2005	100.000
2015TERM	08/15/2015	6.100%	545,000.00	08/15/2005	100.000
			1,725,000.00		

BOND DEBT SERVICE

City of Florence
2003 Refunding of Series 1995 COPS
Market Conditions as of December 12, 2003

Dated Date	01/01/2004
Delivery Date	01/29/2004

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
01/29/2004	-	-	-	-	-
02/15/2004	-	-	5,261.67	5,261.67	-
08/15/2004	150,000	1.200%	21,525.00	171,525.00	176,786.67
02/15/2005	-	-	20,625.00	20,625.00	-
08/15/2005	110,000	1.550%	20,625.00	130,625.00	151,250.00
02/15/2006	-	-	19,772.50	19,772.50	-
08/15/2006	110,000	1.850%	19,772.50	129,772.50	149,545.00
02/15/2007	-	-	18,755.00	18,755.00	-
08/15/2007	115,000	2.200%	18,755.00	133,755.00	152,510.00
02/15/2008	-	-	17,490.00	17,490.00	-
08/15/2008	115,000	2.550%	17,490.00	132,490.00	149,980.00
02/15/2009	-	-	16,023.75	16,023.75	-
08/15/2009	125,000	2.800%	16,023.75	141,023.75	157,047.50
02/15/2010	-	-	14,273.75	14,273.75	-
08/15/2010	125,000	3.050%	14,273.75	139,273.75	153,547.50
02/15/2011	-	-	12,367.50	12,367.50	-
08/15/2011	125,000	3.300%	12,367.50	137,367.50	149,735.00
02/15/2012	-	-	10,305.00	10,305.00	-
08/15/2012	135,000	3.500%	10,305.00	145,305.00	155,610.00
02/15/2013	-	-	7,942.50	7,942.50	-
08/15/2013	135,000	3.600%	7,942.50	142,942.50	150,885.00
02/15/2014	-	-	5,512.50	5,512.50	-
08/15/2014	140,000	3.750%	5,512.50	145,512.50	151,025.00
02/15/2015	-	-	2,887.50	2,887.50	-
08/15/2015	150,000	3.850%	2,887.50	152,887.50	155,775.00
	1,535,000		318,696.67	1,853,696.67	1,853,696.67

T11a

AGENDA COVER MEMO

Agenda Date: July 27, 1994

TO: LANE COUNTY BOARD OF COMMISSIONERS
FROM: LEGAL COUNSEL
BY: TERESA J. WILSON, County Counsel Teresa J Wilson

TITLE: In the matter of granting $200,000/year for 20 years to the City of Florence for its All Events Center, approving an agreement, and transferring funds from operational contingency to materials and services in Fund 23 for implementation.

I. MOTION:

I MOVE TO APPROVE THE AGREEMENT WITH THE CITY OF FLORENCE AND TO GRANT $200,000 PER YEAR FOR 20 YEARS FOR THE ALL EVENTS CENTER.

OR

I MOVE TO APPROVE THE AGREEMENT WITH THE CITY OF FLORENCE WITHOUT A NON-COMPETITION CLAUSE, AND TO GRANT THE CITY $200,000 PER YEAR FOR 20 YEARS FOR THE ALL EVENTS CENTER.

II. ISSUE OR PROBLEM:

The grant to the City of Florence for the All Events Center needs to be finalized and the intergovernmental agreement approved so that the City can proceed to issue the necessary debt. A budget transfer is necessary within Fund 23 to authorize the first year's payments.

III. DISCUSSION:

A. Background. In November, 1988, an Intergovernmental Task Force on Convention and Visitor Facilities recommended four future visitor and convention projects for capital financing from transient room tax revenues, one of which was a conference center in the City of Florence. On September 26, 1990, the Board of County Commissioners gave the City of Florence a conditional pledge of transient room tax funds for the All Events Center,

TJW/11838

subject to six conditions, detailed in the order. In May and June of this year, the City presented the Board with evidence of compliance of the conditions, also detailed in the order.

After review of the City's plans and preliminary design, the Board indicated its willingness to provide $200,000 per year for 20 years in transient room tax revenues, subject to appropriation, and directed staff return with an Order to implement the decision.

B. Analysis. The Order as presented approves the grant, the intergovernmental agreement that has been negotiated, and transfers appropriate funds within Fund 23 for the first year's payments. Section 3.1 of the agreement provides that the $200,000 per year is subject to annual appropriation. Through the definition of "debt" (Section 1), and the description of the use of the funds (Section 2.3), it permits the City to use the payments for short or long term obligations it may incur in the construction. This would include interim payments for such things as architectural fees or short-term debt prior to issuance of longer term obligations, and would provide needed flexibility for the City to begin the project as soon as possible.

As reassurance to the City, the County makes certain covenants: that the County will make reasonable efforts to not over-extend the capacity of the room tax for capital improvements, that staff will use its best efforts to include appropriations for the 20 years, and that should an appropriation of less than the full amount be considered, the County will give the City reasonable notice under the circumstances, and an opportunity to be heard. These are designed to address the City's concerns about the marketability of the debt it issues, and what that debt's priority or superiority would be with respect to any debt we might subsequently issue. Given that we are not the debt issuer for the All Events Center, there is not a lien on the revenues that would support a covenant of priority or superiority. Moreover, this is not language that is commonly accepted is a grant.

In fact the market itself affords the City reassurance, in that we will have to take steps to adequately reserve funds for this obligation in order to issue subsequent debt ourselves. The marketability of the debt issued by Florence will more likely be a result of the choices Florence makes in what type of debt to issue (general obligation bonds vs. certificates of participation vs. limited tax revenue bonds) and in their relative size in the market, than in the presence or absence in the agreement of a covenant from us to not issue any debt superior to this obligation.

There is one covenant for which the City has strongly advocated: the non-competition covenant in Section 3.3.4. In it, the County promises that within a 30 mile radius, it will not construct, operate or financially assist any public or private enclosed facility over 8000 sq. ft. which would compete with the All Events Center, without the City's consent. This could apply to such things as community centers or sports facilities or the County approval of industrial development bonds or enterprise zones which might provide for a destination resort with conference facilities, and would apply as far as Mapleton. The City believes that this covenant is important for protection of its market. Its representatives have indicated that the County is protected if there is a significant development for the area, because the City's consent cannot be unreasonably withheld. Is the Board comfortable with this limitation for the life of the agreement?

C. Alternatives/Options. The Board can: 1) accept the Order and Agreement as written, 2) direct that staff negotiate with the City for modified terms along lines specified by the Board, and return for subsequent Board approval, 3) reject certain terms in the agreement but otherwise approve the documents with direction to the County Administrator to sign only in accordance with the proposed revisions, or 4) reject the agreement.

D. Recommendation. I recommend the Board reject the non-competition clause in the agreement, and approve the order and the remaining terms, with direction to the County Administrator to sign accordingly. The non-competition clause is so broadly written that may apply in a large variety of circumstances. The length of this agreement means that we would all be relying on future County Commissioners and City Councilors to understand what non-competition meant in a 1994 context. It does not seem prudent to subject government decision making to such a restriction for that long into the future.

IV. IMPLEMENTATION/FOLLOWUP:

If approved, the agreement will be executed as soon as possible, and the first payment made within 15 days of execution.

V. ATTACHMENTS:

Order with attached form of intergovernmental agreement.

IN THE BOARD OF COUNTY COMMISSIONERS OF LANE COUNTY, OREGON

ORDER NO. 94-7-26-16

) IN THE MATTER OF GRANTING
) $200,000/YEAR FOR 20 YEARS TO
) THE CITY OF FLORENCE FOR ITS
) ALL EVENTS CENTER, APPROVING
) AN AGREEMENT, AND TRANSFER-
) RING FUNDS FROM OPERATIONAL
) CONTINGENCY TO MATERIALS AND
) SERVICES IN FUND 23 FOR IM-
) PLEMENTATION

WHEREAS, in November, 1988, an Intergovernmental Task Force on Convention and Visitor Facilities recommended four future visitor and convention projects for capital financing from transient room tax revenues, one of which was a conference center in the City of Florence, and

WHEREAS, on September 26, 1990, by Order No. 90-9-26-1, the Board of County Commissioners gave the City of Florence a conditional pledge of transient room tax funds for the All Events Center, subject to six conditions:

1. That payment, subject to the availability of appropriated funds, would be approximately $1.8 million over 20 years for capital construction.
2. That the City would be responsible for all costs and obligations for the life of the facility.
3. That the Board approve the initial operations, maintenance and marketing plans and budgets for the facility.
4. That the City secure funding for the balance of the construction costs.
5. That the City secure control of the land.
6. That the City agree to a policy allowing open use by groups throughout Lane County consistent with reasonable rules, and

WHEREAS at joint meetings of the Board of Commissioners and City Council for Florence on May 4 and June 29, 1994, the City presented the Board with evidence of compliance of the conditions as follows:

1. The construction cost is estimated at just over $3 million, for which the City requested payments sufficient to fund $2.2 million over 20 years.
2. The City has assumed responsibility for all costs and obligations of owning and operating the facility for its useful life.
3. The City presented the Board with initial operations and marketing plans and budgets.

4. The City has obtained local pledges of $1.1 million for construction, the City voters have approved the project, and the City has traded assets and future resources worth $430,000 for the building site.

5. The City has entered into an Option Agreement with the Siuslaw School District to acquire the site for a value of $430,000.

6. The City has prepared a rate schedule which allows use by anyone, consistent with reasonable rules, and

WHEREAS, the Board of Commissioners accepted the City's plans, reviewed the preliminary design, and indicated its willingness to provide $200,000 per year for 20 years in transient room tax revenues, subject to appropriation, for the All Events Center, and

WHEREAS, an Intergovernmental Agreement has been negotiated which reflects these commitments, and

WHEREAS, funding for the first year's payment under the agreement is available within the Bond Retirement Fund through operational contingency, and

WHEREAS, the Board may, by resolution transfer up to 15% of the fund's total appropriations from contingency, now therefore, it is hereby

ORDERED that the Board of County Commissioners approves granting $200,000 per year of transient room tax funds for 20 years, subject to annual appropriation, to the City of Florence for the All Events Center, and it is further

ORDERED that the Board approves entering into an intergovernmental agreement with the City of Florence in substantially the form as Exhibit A, attached hereto and incorporated by this reference, and delegates authority to the County Administrator to execute such an agreement, and it is further

ORDERED that $200,000 be transferred from the Operational Contingency to Materials and Services in General Expense in the Fair Board Bond Retirement Fund (Fund 23) to allow the annual payment specified in the agreement for FY 95 for the Florence All Events Center.

DATED this 26th day of July, 1994.

Jerry Rust

Chair, Lane County Board of Commissioners

APPROVED AS TO FORM

Date 7/18/94 lane county

Teresa Wilson

OFFICE OF LEGAL COUNSEL

TJW/11837

INTERGOVERNMENTAL AGREEMENT

BETWEEN:	**LANE COUNTY**, an Oregon political subdivision	(County)
AND:	**CITY OF FLORENCE**, an Oregon municipal corporation	(City)
EFFECTIVE:	**July 26, 1994**	
CONCERNING:	**FLORENCE ALL EVENTS CENTER**	(AEC)

RECITALS:

A. County is a home-rule chartered political subdivision of the State of Oregon with a general grant of powers over matters of county concern to the full extent of the law. In the exercise of those powers it has by section 4.110 of the Lane Code imposed on all transients occupying a hotel room in Lane County a privilege tax on the rent charged by the hotel operator for the occupancy. Part of the revenue realized from this privilege tax has been dedicated to be used for the enhancement of the visitor industry.

B. City is a home-rule chartered municipal corporation of the State of Oregon with a general grant of all powers the constitutions, statutes and common law of the United States and of the State of Oregon expressly or impliedly grant or allow municipalities.

C. Both County and City have the authority to construct publicly owned and operated facilities for conferences, gatherings, meetings, performances, banquets and related functions for their citizens and visitors to the coastal area of Lane County.

D. ORS 190.010 empowers units of local government to enter into written agreements for the performance of any or all functions and activities that a party to the agreement has authority to perform.

E. City has prepared and County has reviewed the preliminary design features of the AEC and given conceptual approval to the scope of the facility.

F. As proposed, the AEC is to be constructed by City containing facilities for conferences, gatherings, meetings, performances, banquets and related functions and will provide an important cultural and community facility to serve the coastal area of Lane County and to attract convention business and tourism. Such facilities will help produce additional transient room tax revenues.

G. Through private pledges and donations, the citizens of the coastal area of Lane County have made available to the City about one-third of the estimated cost to construct the proposed AEC.

NOW THEREFORE, in consideration of the mutual promises herein provided:

1. **DEFINITIONS.** As used in this agreement the following words shall have the meaning ascribed to them:

"AEC"	The Florence All Events Center.
"Construction"	The initial erection of the AEC generally in compliance with the preliminary design.
"Debt"	The temporary and long-term obligations incurred by City for the construction of the AEC with attendant costs of debt issuance, bond insurance, debt refinancing, refunding and early calling.

2. **CITY COMMITMENTS:**

2.1 Obligation to Construct and Finance. In the absence of events beyond the control of City, City will begin construction of a facility generally in compliance with the AEC preliminary design features within 90 days of the execution of this agreement and will diligently prosecute the completion of construction and the commencement of the operation of the AEC. City will diligently incur the Debt.

2.2 Completion of Construction. In the absence of events beyond the control of City, City intends to commence operation of the AEC on or about July 1, 1996.

2.3 Use of Payments from County. All payments received from the County under this agreement shall be deposited into a trust fund and applied exclusively to pay the Debt. City may deposit other funds in the trust for purposes of financing and constructing the AEC; however, all money received from County shall be used exclusively as provided in this paragraph.

2.4 Marketing. In order to enhance the region as a destination point and as a tourism center, when marketing the AEC, City shall cooperate with the Convention and Visitors Association of Lane County, or any successor entity whose purpose is county-wide tourism and convention marketing.

2.5 Use of AEC. The AEC will be used for conferences, gatherings, meetings, performances, banquets and related functions including activities which attract convention business and tourism, and for such other uses as the City may choose. City shall allow residents of Lane County to use the AEC subject to paying the fees in accordance with the City-adopted fee schedule and subject to complying with reasonable rules for use of the AEC.

2.6 Maintenance. During the term of this agreement, City will maintain the AEC in good operational condition and pay all utility charges, assessments and taxes, if any. County and its agents may enter the AEC at reasonable times and in a manner not to disturb any authorized use of the AEC for the purpose of assuring itself that City is performing its obligations under this paragraph.

2.7 Limitation on Assignment or Transfer of AEC. Except for the purpose of providing security for borrowings to construct, reconstruct, expand or replace the AEC and its equipment and except for use permits that are part of the normal operation of the AEC, City will not pledge, hypothecate, assign or transfer all or part of the AEC to another without first obtaining County's consent, which consent County shall not unreasonably withhold.

2.8 County Use. City shall make all or part of the AEC available for use by County, its officers, employees, agents and committees. Such use shall not conflict with previously scheduled uses and shall be coordinated through the County's Administrator. Based upon City's adopted schedule of fees for use of any room in the AEC, County shall have an annual credit against such fees of $1,000. Unused portions of each year's user fee credit shall not be carried into succeeding the year. The annual amount of user fee credit stated herein, or unused portion thereof, shall be automatically increased at the time and by the same percentage as any increase is made in the room use fee for the flat floor area of the AEC.

2.9 Reports. City will provide County such reports as it may reasonably require concerning City's performance of this agreement.

2.10 City Warranty and Covenant. City warrants and covenants:

2.10.1 That it has full power and authority to enter into this agreement.

2.10.2 That it will faithfully perform all agreements made regarding the Debt.

3. **COUNTY COMMITMENTS:**

3.1 Payment of Transient Room Tax Revenue. County agrees to pay, within 15 days of the execution of this agreement and thereafter on or before the first of February and August of each year during the term of this agreement the sum of $100,000 to City for the use described in paragraph 2.3 below up to $4,000,000.00, to the extent such funds are annually available and appropriated for such use from the transient room tax imposed under Lane Code Sections 4.100 -4.190, or any succeeding ordinance imposing such a tax.

3.2 City's Reliance and Assignment. City may pledge, assign or transfer City's right to receive payments under paragraphs 3.1 to another, or City may otherwise direct where County shall make the payments required by paragraph 3.1 herein.

3.3 Covenants. County covenants:

3.3.1 That at the time of the execution of this agreement it has incurred the indebtedness (with or without a non-appropriation clause) for the facilities and in the amounts described on Attachment A hereto, and incorporated herein by this reference, with the expectation that such indebtedness would be paid from its transient room tax revenues.

3.3.2 That during the term of this agreement, County assures City that it will make reasonable efforts to not over-extend the County transient room tax's capacity to finance capital improvements, and that in making its analysis, County will consider the AEC as a capital improvement which is being financed by the transient room tax.

3.3.3 County staff shall use their best efforts to include the expenditures described in paragraph 3.1 herein in County's annual budget and budget document presented to County's budget committee pursuant to Local Budget law, ORS 294.305 et.seq. If less than the amount stated in paragraph 3.1 is appropriated in any given fiscal year, in the next following fiscal year, County staff will renew their best efforts to include the expenditures for the proposed fiscal year and include an expenditure for the deficiency from the preceding fiscal year within the proposed annual budget presented to County's budget committee. Should County's budget committee or Board of

Commissioners wish to consider an appropriation of less than the amount described in paragraph 3.1 hereof, the County staff will give City such notice as is reasonable under the circumstances, striving to give at least 20 days notice, and County shall give City a reasonable opportunity to be heard, either orally or in writing, recognizing that if circumstances necessitate, the opportunity may occur after adoption of the initial budget and in contemplation of a supplemental budget.

3.4 Warranty. County warrants that it has full power and authority to enter into this agreement.

4. MUTUAL COMMITMENTS:

4.1 Limits of this Agreement. County's obligation under paragraph 3.1 above is limited to revenue from County's transient room tax. There is no pledge, obligation or commitment of any kind in this agreement that would require either party to use its general taxing power or any property tax or other revenue than that expressly committed to satisfy its obligations under this agreement.

4.2 No Security Interest or Lien. County has no security interest or lien against the AEC by virtue of this agreement.

4.3. Default: Notice, Correction and Remedies.

4.3.1 If a party believes the other party is in default of this agreement, the non-defaulting party shall give the other party notice of the default. The defaulting party shall have 10 days in which to correct the default. If the defaulting party fails to correct the default within 10 days, or if the nature of the default makes it impossible to correct the default within the ten days, and the defaulting party fails to communicate the corrective action being diligently pursued, the non-defaulting party may seek correction of the default under subparagraph 4.3.2 below.

4.3.2 If the party receiving notice does not believe it is in default, or if the non-defaulting party believes the response of the other party is not satisfactory, it shall notify the other party. The presiding officer of the governing body of each party shall then meet within ten days of such notice and endeavor to resolve the dispute. If they do not meet or fail to find resolution, either party may seek such remedies as are lawfully available.

4.4 Indemnification. To the extent legally possible and within the provisions of the Oregon constitution and tort claim statutes for governments within the State, each party shall indemnify and hold harmless the other, its officers, agents, employees and contractors, from and against any claims, liabilities, damages and costs (including costs of defense and attorney fees), resulting from any error, omission or act of negligence on the part of the indemnifying party, its officers, agents, employees and contractors in the performance of this agreement.

4.5 Attorney Fees and Costs. In the event of any dispute or litigation concerning the terms and provisions of this agreement, the prevailing party in any such dispute or litigation shall be entitled to recover from the other party the prevailing party's reasonable attorneys' fees and its reasonable costs and fees incurred in such dispute or litigation including its attorneys's fees and costs incurred in any appeal upon such dispute or litigation.

4.6 Notice. Any notice required or permitted under this agreement shall be in writing and shall be deemed given when actually delivered in person or seventy-two (72) hours after having been deposited in United States Mail as certified or registered mail addressed as follows:

To County: Lane County, Oregon
125 East 8th Avenue
Eugene, Oregon 97401
Attn: Office of County Administrator

To City: City of Florence, Oregon
P. O. Box 340
Florence, Oregon 97439
Attn: City Manager

Any party may change the address at which it is to receive notice by giving notice, in the manner described above, of such changed address.

4.7 Termination. Unless otherwise terminated by the parties or a court of competent jurisdiction, this agreement terminates upon

4.7.1 City's satisfaction of the Debt and upon County making 40 payments or their equivalent under paragraph 3.1 above; or

4.7.2 After pursuing its remedies under paragraph 4.3, City declaring this agreement terminated because of County's failure to appropriate the expenditure described in paragraph 3.1 in two successive fiscal years.

IN WITNESS WHEREOF, the parties, by resolution or order of their governing board or council, have caused this agreement to be executed on the last date shown below.

LANE COUNTY, OREGON	CITY OF FLORENCE, OREGON
By ______	By ______
Title: County Administrator	Title: City Manager
Date: 8/1, 1994	Date: July 26, 1994

APPROVED AS TO FORM
Date 7-29-94 lane county
OFFICE OF LEGAL COUNSEL

LANE COUNTY, OREGON
SCHEDULE OF FUTURE DEBT SERVICE REQUIREMENTS
USING TRANSIENT ROOM TAX REVENUES
OUTSTANDING AS OF JULY 1, 1994

	Convention Center Series 1989
Principal Maturities	
Year ending June 30:	
1995	$405,000
1996	170,000
1997	185,000
1998	195,000
1999	210,000
2000	225,000
2001	245,000
2002	260,000
2003	280,000
2004	300,000
2005	325,000
2006	
2007	
2008	
	$2,800,000

Bond Interest	
Year ending June 30	
1995	$ 181,921
1996	159,933
1997	147,991
1998	135,118
1999	121,295
2000	106,340
2001	90,064
2002	72,450
2003	53,550
2004	33,250
2005	11,375
2006	
2007	
2008	
	$1,113,287

AUTHORIZED BUT NOT ISSUED AS OF 7/1/94 - $2.5 MILLION FAIRGROUNDS BONDS

ATTACHMENT A TO AEC INTERGOVERNMENTAL AGREEMENT

Rent Package Plan. The consideration charged for both food and rent where a single rate is made for the total of both. The amount applicable to rent for determination of transient room tax under this ordinance shall be the same charge made for rent when consideration is not a part of a package plan.

Tax. Either the tax payable by the transient, or the aggregate amount of taxes due from an operator during the period for which collections must be reported. "Tax" includes both taxes imposed by LC 4.110(1) and (2) below.

Tax Administrator. The person designated as such by separate order of the Board or by intergovernmental agreement.

Tourism. The business of attracting and providing services and accommodations to those persons who are traveling for recreational or cultural purposes.

Transient. Any individual who exercises occupancy or is entitled to occupancy in a hotel or recreational vehicle park for a period of thirty (30) consecutive calendar days or less, counting portions of calendar days as full days. The day a transient checks out of the hotel or recreational vehicle park shall not be included in determining the thirty-day period if the transient is not charged rent for that day by the operator. Any such individual so occupying space in a hotel or recreational vehicle park shall be deemed to be a transient until the period of thirty days has expired unless there is an agreement in writing between the operator and the occupant providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of this ordinance may be considered. A person who pays for lodging on a monthly basis, irrespective of the number of days in such month, shall not be deemed a transient.

Transient Room Tax Review Committee. A committee composed of an accountant, attorney, an operator and two lay persons appointed by the Board.

Visitor Industry. The business of attracting and providing services and accommodations for both the convention business and tourism. *(Revised by Ordinance No. 8-73, Effective 9.14.73; 2-86, 7.1.86; 15-92A, 2.1.93; 7-94, 1.6.95)*

4.110 Tax Imposed.

(1) For the privilege of occupancy in any hotel or recreational vehicle park, on and after January 1, 1974, each transient shall pay a tax in the amount of five percent (5%) of the rent charged by the operator.

(2) Except in the area noted below, for the privilege of occupancy in any hotel or recreational vehicle park in Lane County, Oregon, on or after February 1, 1993, each transient shall pay an additional tax in the amount of three percent (3%) of the rent charged by the operator. After providing for the cost of administration, any refunds or credits authorized by this subchapter and any sum necessary to meet the County's annual bonds' service payment for the Fairground bonds described in LC 4.175 below, the revenues collected from the tax imposed by this subsection shall be used for enhancement of the visitor industry, as further described in LC 4.175(6) below.

(a) Due to the highly competitive nature of the tourism business among coastal areas, the Board finds it is prudent to provide for a graduated increase in Western Lane County in order to avoid seriously damaging that area's relative competitive position in the market. Therefore, within the area known as Lane County Road Maintenance Zone 5, as described on the Lane County 1989 Road Maps, on or after February 1, 1993, each transient shall pay an additional tax in the amount of two percent (2%) of the rent charged by the operator.

(3) The taxes imposed pursuant to this subchapter constitute a debt owed by the transient to the County which is extinguished only by payment to the operator or to the County. The transient shall pay the taxes to the operator at the time the rent is paid.

The operator shall enter the taxes on the records when rent is collected if the operator keeps records on a cash accounting basis and when earned if the operator keeps records on an accrual accounting basis. If rent is paid in installments, a proportionate share of the tax shall be paid by the transient to the operator with each installment. If for any reason the taxes due are not paid to the operator the Tax Administrator may require that such tax(es) shall be paid directly to the County. In all cases, the rent paid or charged for occupancy, shall exclude the sale of any goods, services and commodities, other than the furnishing of rooms, accommodations, space in mobile homes and trailers, and space in recreational vehicle parks.

(4) Any person subject to the payment or collection of a tax pursuant to the provisions of this subchapter shall be entitled to credit against the payment of such tax the amount due any incorporated city or town within Lane County for a Transient Lodgings Tax for the same occupancy taxable hereunder but not to exceed three percent (3%) of the rent upon which the tax is paid. *(Revised by Ordinance No. 8-73, Effective 9.14.73; 2-86, 7.1.86; 15-92A, 2.1.93; 7-94, 1.6.95; 9-94, 1.6.95)*

4.111 Local Revenue Sharing.

To discourage unnecessary duplication of local taxes and to permit centralized collection of a logical source of revenue for local governments, the Board shall, by grant or credit, or combination thereof, share with the incorporated cities within Lane County upon their request, a portion of the taxes collected by operators within each incorporated city, respectively. The County shall share an amount not to exceed sixty percent (60%) of the taxes collected under LC 4.110(1) above, less collection and other administrative costs described in LC 4.175 below. Except for the credit allowed by LC 4.110(4) above, such grants or credits shall be made available to an incorporated city upon passage of a resolution to participate in local revenue sharing. The resolution shall indicate the willingness of the city:

(1) To provide reasonable assistance in the collection of the tax imposed by this subchapter;

(2) To provide prompt reports of changes in the potential occupancy level within its jurisdiction due to construction, remodeling, or annexation; and

(3) To comply with all other applicable provisions of this subchapter.

The Board shall insure that all participating incorporated cities receive substantially similar grants and credits, or combinations thereof. *(Revised by Ordinance No. 8-73, Effective 9.14.73; 8-74, 7.19.74; 2-86, 7.1.86)*

4.115 Collection of Tax by Operator. Rules for Collection.

(1) Every operator renting rooms in a hotel or space in a recreational vehicle park in this County, the occupancy of which is not exempted under the terms of this ordinance, shall collect a tax from the occupant. The tax collected or accrued by the operator constitutes a debt owing by the operator to the County.

(2) In all cases of credit or deferred payment of rent, the payment of tax to the operator may be deferred until the rent is paid, and the operator shall not be liable for the tax until credits are paid or deferred payments are made.

(3) The Tax Administrator shall enforce provisions of this subchapter and shall have the power to recommend rules and regulations for approval by the Board not inconsistent with this subchapter as may be necessary to aid in the enforcement.

(4) For rent collected on portions of a dollar, the first one cent (1¢) of tax shall be collected on nine cents (9¢) through twenty-four cents (24¢), inclusive; the second one cent (1¢) of tax on twenty-five cents (25¢) through forty-one cents (41¢), the third one cent (1¢) of tax on forty-two cents (42¢) through fifty-eight cents (58¢), the fourth one

claim in writing therefore, stating the specific reason upon which the claim is founded, is filed with the Tax Administrator within three years from the date of payment. The claim shall be made on forms provided by the Tax Administrator. If the claim is approved by the Tax Administrator, the excess amount collected or paid may be refunded or may be credited on any amounts then due and payable from the operator from whom it was collected or by whom paid and the balance may be refunded to such operator, his or her administrators, executors or assignees. All refunds shall be charged to the Special Fund as set forth in LC 4.175 below.

(2) Transient Refunds. Whenever the tax required by this subchapter has been collected by the operator, and deposited by the operator with the Tax Administrator, and it is later determined that the tax was erroneously or illegally collected or received by the Tax Administrator, it may be refunded by the Tax Administrator to the transient, provided a verified claim in writing therefore, stating the specific reason on which the claim is founded, is filed with the Tax Administrator within three years from the date of payment. All refunds shall be charged to the Special Fund as set forth in LC 4.175 below. *(Revised by Ordinance No. 8-73, Effective 9.14.73; 19-77, 7.1.78; 15-92A, 2.1.93)*

4.170 Collection Fee.

Every operator liable for the collection and remittance of the tax imposed by this subchapter may withhold five percent of the net tax due to cover the operator's expenses in the collection and remittance of the tax. *(Revised by Ordinance No. 8-73, Effective 9.14.73)*

4.175 Administration.

(1) Special Funds. After payment of appropriate administrative expense, the Tax Administrator shall deposit all net revenues collected pursuant to this subchapter to the credit of a capital projects debt service fund or as directed for special projects described in LC 4.175(5) and (6) below.

(2) Records Required from Operators, etc., Form. Every operator shall keep guest records of room sales and accounting books and records of the room sales. All records shall be retained by the operator for a period of three years and six months after they come into being.

(3) Examination of Records; Investigations. The Tax Administrator or any person authorized in writing by him or her may examine during normal business hours, the books, papers, and accounting records relating to room sales of any operator after notification to the operator liable for the tax and may investigate the business of the operator in order to verify the accuracy of any return made, or if no return is made by the operator, to ascertain and determine the amount required to be paid.

(4) Confidential Character of Information Obtained - Disclosure Unlawful. It shall be unlawful for the Tax Administrator or any person having an administrative or clerical duty under the provisions of this subchapter to make known in any manner whatever the business affairs, operations, or information obtained by an investigation of records and equipment of any person required to obtain a Transient Occupancy Registration Certificate, or pay a transient occupancy tax, or any other person visited or examined in the discharge of official duty, or the amount or source of income profits, losses, expenditures, or any particular thereof, set forth in any statement or application, or to permit any statement or application, or copy of either, or any book containing any abstract or particulars thereof to be seen or examined by any person. Provided that nothing in this subsection shall be construed to prevent:

(a) The disclosure to, or the examination of records and equipment by another Lane County official, employee, or agent for collection of taxes for the sole purpose of administering or enforcing any provisions of this subchapter; or enforcing any provisions of this subchapter; or collecting taxes imposed hereunder.

(b) The disclosure after the filing of a written request to that effect, to the taxpayer himself or herself, receivers, trustees, executors, administrators assignees, and guarantors, if directly interested, of information as to any paid tax, any unpaid tax or amount of tax required to be collected, or interest and penalties, further provided, however, that the County Counsel approves each such disclosure and that the Tax Administrator may refuse to make any disclosure referred to in this paragraph when in his or her opinion the public interest would suffer thereby.

(c) The disclosure of the names and addresses of any persons to whom Transient Occupancy Registration Certificates have been issued.

(d) The disclosure of general statistics regarding taxes collected or business done in the City.

(e) Necessary disclosures in connection with appeals or forced collections as provided in this subchapter.

(5) Special Purpose - Debt Service. Annual revenues from the Lane County Transient Room Tax Fund derived from the tax imposed by LC 4.110(1) above shall be credited for payment of debt service on: 1) the certificates of participation issued to finance the 1989 livestock arena/ice rink project at the fairgrounds, and 2) the debt issued to finance the 1994-95 fairgrounds projects. Any amounts derived from the tax imposed by LC 4.110(1) above in excess of annual debt service shall be used for future capital projects or as directed by the Board through the annual budget process. Any amounts derived from the tax imposed by LC 4.110(2) above in excess of previously committed debt service payments shall be used as described in LC 4.175(6) below.

(6) Special Purpose - Visitor Industry. The revenues derived from the tax imposed by LC 4.110(2) above in excess of annual debt service described in LC 4.175(5) above shall be used as described below. Except as noted, the funds shall be used for purposes which the Board determines bears a relationship to producing transient room tax revenues through the visitor industry. Through the annual budget process, the Board shall appropriate these funds as follows:

(a) Seventy percent (70%) shall be for marketing the visitor industry. This may include, but is not limited to, marketing for conventions, meetings, and trade shows; a countywide tourism program; development and implementation of a visitor marketing plan and program; and advertising. The marketing shall be pursuant to a plan developed with input of the cities and unincorporated areas of Lane County, and approved by the Board. The plan shall describe the relationship between where the funds are raised and where they are spent, with the general principle being that the areas which produce the taxes should benefit from their use.

(b) Ten percent (10%) shall be for operation of the Lane County Historical Museum or other museums as determined by the Board through the annual budget process. The Board specifically finds that the Lane County Historical Museum is a significant attraction for the visitor industry.

(c) Ten percent (10) shall be for Special Projects and administration. These funds shall be used for select special projects to enhance tourism as chosen by the Board annually under its own criteria, for more long-term funding for cultural or recreational projects or activities which the Board finds have significant impact on tourism, for administering and contract monitoring of expenditures of the LC 4.110(2) tax revenue, and for staffing for the Tourism Council.

(d) Ten percent (10%) shall be used for tourism marketing of the areas outside the urban growth boundaries of the cities of Eugene and Springfield. These funds shall be used for proposals chosen by the Board according to its own criteria, with the general principle being that the areas which produce the taxes should benefit from their use.

(e) The Board, after due consideration of previous commitments and the future impacts, may use these revenues for higher priority needs of the County in FY 95-96 during periods of projected budget shortfalls. *(Revised by Ordinance No. 8-73, Effective 9.14.73; 19-77, 7.1.78; 2-86, 7.1.86; 7-89, 7.21.89; 11-92, 10.16.92; 15-92A, 2.1.93; 4-95, 4.7.95; 7-95, 5.19.95)*

4.190 Appeals to Board.
Any person aggrieved by any decision of the Tax Administrator may appeal to the Board by filing a notice of appeal with the Tax Administrator within 10 days of the serving or the mailing of the notice of the decision given by the Tax Administrator. The Tax Administrator shall transmit said notice of appeal, together with the file of said appealed matter to the Board who shall fix a time and place for hearing such appeal from the decision of the Transient Room Tax Review Committee. The Board shall give the appellant not less than 10 days written notice of the time and place of hearing of said appealed matter. *(Revised by Ordinance No. 8-73, Effective 9.14.73; 8-74, 7.19.74)*

LANE COUNTY CAR RENTAL TAX

4.200 Title.
This subchapter may be referred to as the Lane County Car Rental Tax.

4.205 Definitions.
In addition to the general definitions included in LC 1.010, the following definitions shall apply, unless the context requires otherwise:

<u>Commercial Establishment</u>. Any person or other entity, any part of whose business consists of providing the use of motor vehicles for a rental fee.

<u>County Finance Officer</u>. The person designated by the Board of County Commissioners to perform the functions of the County Finance Officer.

<u>Motor Vehicle</u>. Includes, without limitation, all automobiles; pickups and any motorized passenger vehicles which are capable of being used on the highways of Oregon. Excluded are vehicles designed and used primarily for the transportation of property.

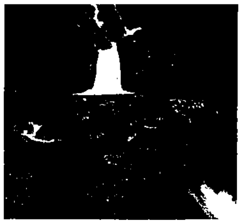
<u>Operator</u>. Any person operating a commercial establishment.

<u>Person</u>. A natural person, sole proprietorship, partnership, joint venture, association, corporation estate, trust or any other entity in the name of which a motor vehicle is rented under this subchapter.

<u>Rental or Renting</u>. Obtaining in Lane County the use of a motor vehicle from a commercial establishment in Lane County for a rental fee, and includes all services, supplies and commodities furnished by the commercial establishment in connection with providing the use of the vehicle, but does not include leasing or other transactions where title of a motor vehicle is permanently or temporarily transferred from the commercial establishment to any other person or entity. Excluded are fees or charges for refueling.

<u>Rental Fee</u>. The gross fee, whatever the basis of its calculation, paid to a commercial establishment by any person for the rental of a motor vehicle.

<u>Transaction Business</u>. A commercial establishment's solicitations to rent motor vehicles via the printed or telecommunications media, or delivery of motor vehicles for rent, or obtaining of signed rental agreements, or arrangements for or obligation of payment for rental of a motor vehicle. *(Revised by Ordinance No. 12-01, Effective 1.12.02)*



CVALCO
115 W 8th Ste 190
PO Box 10286
Eugene OR 97440

Convention & Visitors Association of
Lane County
OREGON

Phone: (541) 484-5307
US & Canada:
(800) 547-5445
Fax: (541) 343-6335
E-mail: info@cvalco.org
VisitLaneCounty.org

February 5, 2004

FEB 09 2004

Board of County Commissioners
Lane County
125 E. 8th
Eugene, OR 97401

Dear Commissioners:

In response to the BCC's request for input on the proposal brought forth by Rodger Bennett, City Manager for Florence, to refinance the debt on the Florence Event Center, the CVALCO Board of Directors offers the following:

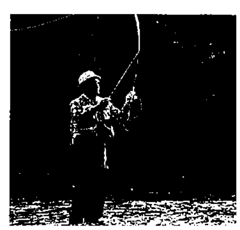
1. CVALCO wholeheartedly endorses the concept of refinancing the debt at a lower interest rate and commends the City of Florence for taking the initiative and the related risk to ensure that public dollars are not wasted.

2. CVALCO supports the continued flow of dollars up to the amount agreed to in Lane County's intergovernmental agreement with Florence for the duration of the repayment of the debt.

3. CVALCO believes these dollars are best earmarked for capital uses, appropriately adhering to current County policy on the use of these particular dollars. Allocating these dollars to the Florence Event Center for a capital reserve and capital uses should help to ensure that the FEC is in good financial stead for future capital needs at the end of the current agreement.

4. CVALCO feels these allocations should be made on an annual basis as allowed by the current code. Any revisions of the code should be held to such a time as the BCC has time to review the findings around infrastructure development called for in the recent Tourism Summit. As this process will likely take a year, we urge the BCC to make annual allocations for the present time.

5. CVALCO feels that from a policy perspective, Lane County should facilitate construction, but not operation of facilities. We recognize that Lane County is often approached for assistance with capital projects. In order to preserve that important leadership role in addition to its county-wide marketing, special projects grants and rural re-distribution leadership roles, funds should not be usurped for facility operations, particularly for facilities not owned by Lane County.



Thank you for asking for input from CVALCO. We appreciate the opportunity to discuss the policy implications for Lane County and give you our thoughts on this matter. We respect very much the leadership that Lane County has shown with regards to the investment of transient occupancy tax and recognize the complexity of allocation decisions you must make with regards to this special resource.

Sincerely,

Kari Westlund

Kari Westlund
President & CEO

FEB 13 2004

City of Florence

City Manager's Office

250 Highway 101
Florence, OR 97439-7628

Voice/TDD: (541) 997-3437
FAX: (541) 997-6814

February 12, 2004

Mr. William A. Van Vactor, County Administrator
Lane County Public Service Building
125 East Eighth Avenue
Eugene, Oregon 97401

Dear Mr. Van Vactor:

It was good talking with you Tuesday afternoon. Thank you so much for continuing to show interest and to help with the City of Florence's (City) interest in enjoying the cash flow savings created by the potential refinancing the debt on the Florence Events Center (FEC).

Like you, we have seen the recommendation from the CVALCO Policy Committee regarding the issue. We are pleased that they recognize the wisdom of refinancing the issue and saving precious public dollars. We are also pleased that they recommend that the payments be continued to the City in the same amounts as in the original agreement between Lane County (County) and the City.

As you probably recall, our original December 23, 2003 letter stated, "We are advised that if the City will issue 'Full Faith and Credit' notes, two things could occur. First, an existing reserve fund could be used to reduce the capital balance of the debt, thereby reducing annual cash demands by approximately $40,000. Second, estimated reduction in interest rates due to the restructuring and current debt market could further reduce annual cash needs by approximately $10,000. This is measured against current debt service of approximately $200,000 per year."

It went on to say, "Although, in some scenarios, the City's risk could be higher because of 'Full Faith and Credit' as opposed to 'Pledged Revenues', we feel that it would be a mistake to pass up an opportunity to save public dollars. We propose that the amount of cash flow savings attributable to closing the reserve fund continue to be forwarded to the City in order that we can continue to operate and maintain the FEC in a quality manner. We further propose that the savings due to lowered interest rates would benefit the County. That way, both entities could enjoy a portion of the savings."

We feel that this arrangement provides maximum benefit to both agencies and, because much of the cash flow savings is because of the use of the reserve, can be construed to fall within the recommendation of CVALCO.

Toward the process of taking advantage of the currently favorable interest market, we would like to renew the City's request that the agreement between the County and the City be altered to allow the proceeds to be used for operations and capital reserve as well as for debt service. It is our understanding that the County Code allows for such activity as part of the annual budget process. Under this scenario, the City would be required to submit a budget for the FEC which would display the amount used for operations, capital improvements and capital reserve. We feel that this approach would provide for maximum visibility and accountability while meeting the goals of cash savings for both the County and the City.

It also seems appropriate that the modified agreement would be clear in its intent to continue the County's commitment to the FEC and the City's commitment to provide the maximum reserve for the future. That way our successors will know exactly what was intended when the deal was made.

Please let me repeat the thanks of the City for all the effort you have given and all the attention shown for this issue by the Board of County Commissioners. We value your help and your partnership.

Sincerely,

Rodger L. Bennett
City Manager

Copies: Mayor and Council
Janice Riessbeck, Finance Director
Commissioner Anna Morrison

IN THE BOARD OF COUNTY COMMISSIONERS
OF LANE COUNTY, OREGON

ORDER NO. 04-3-	) IN THE MATTER OF REVISING THE 1994) INTERGOVERNMENTAL AGREEMENT WITH) THE CITY OF FLORENCE REGARDING THE) FINANCING OF THE FLORENCE EVENTS) CENTER

WHEREAS, in 1994 Lane County executed an intergovernmental agreement with the City of Florence to authorize payment of $200,000 of Transient Room Tax funds for debt financing of what was then called the Florence All Events Center, and

WHEREAS, with low interest rates available, the City of Florence has proposed refinancing what is now called the Florence Events Center and has requested two changes to the agreement: 1) reduce the annual payment from Lane County from $200,000 to $190,000, and 2) permit the City to use up to $40,000 of the $190,000 per year for operation of the events center, and

WHEREAS, Lane County has consulted with CVALCO regarding the City's request, and

WHEREAS, Lane County is willing to reduce the annual payment, and is willing to consider the operational use of a portion of the payment on an annual basis through the budget process, per LC 4.175(5),

NOW, THEREFORE IT IS HEREBY ORDERED that the Board of County Commissioners approves an amendment to the Florence Intergovernmental Agreement regarding financing of the Florence Events Center that would reduce the annual payment from $200,000 to $190,000, and that would provide that a portion of the funds up to $40,000 per year could become available for operational use if and only if the Board approved the expenditure annually through the budget process per LC 4.715(5), and it is further

ORDERED that the County Administrator is delegated authority to execute an amendment to the Intergovernmental Agreement that contains such provisions.

DATED this ______ day of ____________________________, 2004.

____
Bobby Green, Chair
Lane County Board of Commissioners