

RESOLUTION NO. 3302

WHEREAS, the Albany City Council finds that the development of the Engine Repair Shop (the Project) by the Willamette & Pacific Railroad would foster the economic growth and legislative policy as set forth in ORS 285.403; and

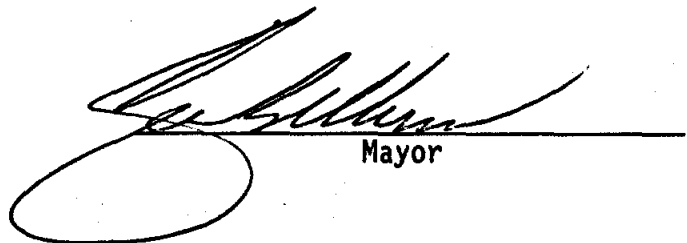
WHEREAS, ORS 285.413 requires, before the approval of an Oregon Business Development Fund project by the State of Oregon, that the governing body of the appropriate local government recommend the Project; and

WHEREAS, the City Council finds that the Project is permitted under the City's acknowledged Comprehensive Plan and is consistent with all applicable adopted local economic development plans to encourage growth and to add family-wage jobs in the community; and

WHEREAS, the City Council finds that the completion of the Engine Repair Shop within the city of Albany would be in the best interests of the citizens of Albany.

NOW, THEREFORE, BE IT RESOLVED that the Albany City Council requests the Economic Development Commission and the State of Oregon to assist in the financing of the Engine Repair Shop Project within the city of Albany, through the Oregon Business Development Fund, secured by the improvements as provided by ORS 285.413.

DATED this 27th day of October 1993.


Mayor

ATTEST:


City Recorder



OREGON.

Oregon Economic Development Department • 775 Summer Street NE • Salem, OR 97310 • Phone: 503-373-1240 • Fax: 503-581-5115

Oregon Business Development Fund

Program Description

The Oregon Business Development Fund (OBDF) is a revolving loan fund administered by the Oregon Economic Development Department. Manufacturing, processing and regionally significant tourism projects are eligible. The OBDF provides long term, fixed rate financing for land, buildings, equipment and machinery, and permanent working capital. Loans will be made only where there is a demonstrated creation of new jobs or retention of existing jobs. The program places particular emphasis on rural areas, enterprise zones and on businesses with fewer than 50 employees.

Program guidelines include:

- The maximum loan is forty percent of eligible project costs;
- A private lender is required for a portion of the project;
- Refinance of existing debt is generally ineligible;
- Individual OBDF loans may not exceed \$250,000 per project;
- The fund gives preference to projects which will create a minimum of one job per every \$15,000 of OBDF investment.
- Money is set aside for:
 1. Loans of \$50,000 or less;
 2. Loans to emerging small enterprises in economically depressed areas;
 3. Loans in severely affected communities; and
 4. Loans in rural areas of the State.
- OBDF may not supplant other sources of economic development financing. The OBDF is designed to complete a financing package where equity and bank financing have been maximized.
- Relocation of a firm from one labor market to another generally will not be allowed.

The OBDF program was originally funded with \$2 million federal Economic Development Administration grant and matched with \$667,000 of funds provided by the State of Oregon. The OBDF has been recapitalized with lottery proceeds. Loans will be made directly to private firms, incorporated cities, counties and local development corporations located in Oregon.

Activities which are expressly ineligible include:

- Construction of office buildings, including corporate headquarters;
- Retail businesses, shopping centers, food service facilities or product distribution facilities.

The maximum loan term is 20 years. Loan terms may be consistent with other loans obtained to finance the balance of the transaction. The loan term may not exceed the life of the assets financed. The OBDF will provide only permanent or "take-out" financing. Firms must agree to enter a First Source hiring agreement with a local provider of job training.

The interest rate will be one percentage point more than the prevailing interest rate on U.S. Treasury issues of a similar maturity.

Collateral and security:

- OBDF loans may be subordinated to other project financing.
- OBDF loans must be fully secured. The Department may consider relaxing collateral requirements in distressed areas.
- Additional security may be required (e.g., life insurance, personal guarantees and off-project assets).
- In most cases, an equity injection of at least ten percent will be required. Startups will usually require a least 30 percent equity.

Application Procedure

The Department has an eligibility review or "pre-screen" procedure to help determine eligibility. Full applications are considered for approval by the Finance Committee which meets once a month, or, for loans of \$50,000 or less, by the Director of the Oregon Economic Development Department.

For more information, please contact:

Oregon Economic Development Department
Business Finance Section
775 Summer Street N.E.
Salem, Oregon 97310
Phone: 503-373-1240 ext. 337.