

Meeting called to order by Mayor William Ward. Present: Council members Herman Bagge, Marc Berry, Iva Harmon, and Mike Kennedy (absent: Dan Rasmussen and Peny Wallace); City Attorney Dan Kearns, Recorder Treasurer Jeanne Reeves, Mark Cherniack, Allan Rodrick, Janet Ward, Wayne Haythorne, Willis Gholston, and Katie and Grace Skakel (Gholston and Skakels left the meeting at 7:15 p.m.).

Motion (#1) by Marc Berry, second by Iva Harmon, to approve the minutes of December 1, 2004, as written. Motion unanimously approved.

Katie Skakel made a request to purchase a plot in the Pioneer Cemetery for cremains. Willis Gholston suggested opening the Pioneer Cemetery for cremain burials in the northeast corner. The Skakels' request would be for ½ of a regular lot. **Motion (#2)** by Iva Harmon, second by Herman Bagge, to open the Pioneer Cemetery for cremain burials. Motion approved unanimously. The current cemetery rate schedule would apply to the Pioneer Cemetery. Allan Rodrick asked about segregating the new burials from the old ones. Willis Gholston stated they would be in different sections.

The Oregon Investment Board approved the City's request for \$80,000; however, rather than a grant/loan, it would be all loan with the possibility of being forgiven in part or total. Mark Cherniack distributed a letter from Steve Schafroth, Loan Fund Manager, outlining the details. **Motion (#3)** by Iva Harmon, to postpone discussions on the OIB project. Motion failed for lack of a second. In further discussion, the question is under what terms can the City take on an almost \$80,000 commitment. The City's Charter limits debt to \$5,000 without consent of the citizens. Mayor Ward recapped the proposal: \$50,000 would be for purchase of the railroad property and \$30,000 for getting the development going. He suggested establishing a Land Acquisition Fund which would not be an obligation of the taxpayers. This fund would be self-paying. It might be funded by sale of excess City land. The City is borrowing about \$800,000 for the water project, which will be repaid from a dedicated fund. Mark Cherniack stated there would also be a loan fee of \$1,168 plus interest on any money withdrawn. Mark also stated the need to spend the \$30,000 in the next six to seven months for a land and environmental survey and also an aerial survey, which needs to be done while the leaves are off the trees.

Dan Kearns stated he has read the loan documents. Exhibit A calls for a loan at 4% interest with a \$1,168 loan fee. It is a loan commitment to repay \$80,000. There is no collateral, just the general faith of the City. The Charter provision has a floating loan cap of \$5,000. This loan would be creating floating indebtedness. The Loan Agreement says the City is responsible for the \$80,000, and it could be in trouble if it takes the money. The Loan Agreement would have to be revised to have it secured by property. He stated that in the short term, the City can't enter into the Agreement. It would be a Line of Credit to go forward to Union Pacific. A developer would need to be in hand before the purchase of the property. When the City activates the Line of Credit, it needs to know how the money is going to be repaid. Mayor Ward stated the City needs to have a letter of commitment on the sale of the reservoir property. He recommended moving forward making it contingent upon having the property sale. There needs to be a time line and set of tasks for the next 60-90 days. Mark Cherniack