



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(revised 12/31/09)

Board Clerk Use Only

Meeting Date: 8/26/2010
Agenda Item #: R-4
Est. Start Time: 11:10 am

Agenda Title: **Resolution Authorizing the Creation of Recovery Zone Under the Provisions of the American Recovery and Reinvestment Act of 2009 (ARRA) to Issue Recovery Zone Economic Development Bonds (RZEDBs)**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title sufficient to describe the action requested.

Requested Meeting Date: August 26, 2010 Amount of Time Needed: 5 Minutes
Department: Nondepartmental Division: Comm McKeel/District 4
Contact(s): Mark Campbell
Phone: (503) 988-6229 Ext. I/O Address: 503/531
Presenter(s): Mark Campbell

General Information

1. What action are you requesting from the Board?

Approve the resolution to designate the entire geographic area of Multnomah County as a "Recovery Zone" as authorized in the ARRA legislation.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

ARRA authorized certain local governments to issue RZEDBs pursuant to volume cap allocated to them. Multnomah County is authorized to issue up to \$5,435,000 of RZEDBs based on the volume cap allocated within the State of Oregon. ARRA requires local governments to designate a recovery zone, based on certain economic conditions, before they can issue RZEDBs.

This resolution designates all of Multnomah County as a recovery zone. Exhibit A provides the factual basis for making this determination. It highlights the County's unemployment rate and the monthly notices of home loan defaults over the past few years.

If authorized, designation of Multnomah County as a recovery zone will allow us to use the allocated volume cap to reduce the overall cost of borrowing associated with the East County Courthouse. The RZEDBs are tax exempt bonds that provide for a 45% interest subsidy. At that level of subsidy they offer savings above a traditional, tax exempt borrowing.

It is anticipated that the volume cap allocation will be used in combination with a full faith and

credit borrowing to provide up to \$15 million for construction of the East County Courthouse. The terms and structure of the borrowing will be determined later in the year. However, the RZEDB allocation must be used before January 1, 2011.

3. Explain the fiscal impact (current year and ongoing).

The interest subsidy related to the RZEDBs will result in a lower overall cost of borrowing. Savings associated with the RZEDBs will range from **\$500,000 to \$1 million** over the life of the bonds issued to finance the East County Courthouse depending upon the financing structure chosen and the timing of the bond sale.

4. Explain any legal and/or policy issues involved.

ARRA requires the County to designate a recovery zone prior to issuance of RZEDBs.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

Elected Official or
Department/
Agency Director:



Date: Aug 18, 2010