



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: 1/11/2016)

Board Clerk Use Only

Meeting Date: 5/26/16
Agenda Item #: R.11
Est. Start Time: 11:35 am
Date Submitted: 5/17/16

Agenda Title: RESOLUTION Authorizing Interim Financing for County Capital Projects in an Amount Not to Exceed \$25,000,000

Note: Title should not be more than 2 lines but be sufficient to describe the action requested.

Requested Meeting Date: May 26, 2016 **Time Needed:** 15 Minutes
Department: County Management **Division:** Finance & Risk Management
Contact(s): Mark Campbell
Phone: (503) 988-6229 **Ext.** X86629 **I/O Address:** 503/531
Presenter Name(s) & Title(s): Mark Campbell, Chief Financial Officer

General Information

1. What are you requesting from the Board?

Request Board approval to obtain interim financing, in the form of a line-of-credit from Bank of America, for the Downtown Courthouse and Health Department Headquarters projects. The amount of the financing will not exceed \$25 million.

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

Construction on both the Downtown Courthouse and Health Department Headquarters projects will begin late in FY 2017. There is sufficient funding, in the form of General Fund contributions, bonds issued by the State of Oregon, and tax increment financing from the Portland Development Commission (PDC) to carry those project costs through the end of next year. However, both the State bonds and the PDC funding have features that could have an impact on project cash flows. For example, the County submits reimbursement requests to the State to draw down bond proceeds which means that costs have had to be incurred before we actually have the revenue.

For this reason, staff is recommending an interim financing, in the form of a line-of-credit, to serve as a cash flow buffer in the event it becomes necessary. Construction schedules will dictate the timing of long-term debt issuance but we are hoping to secure funding for both the Downtown Courthouse and the Health Department Headquarters projects in one bond issue. In this way we would be able to avoid some costs of issuance that would be incurred if we went into the market twice.

It is estimated that both projects would require no more than \$25 million until bonds are issued. The County has received a proposal from Bank of America to establish a line-of-credit that can be accessed through June 30, 2017. We will draw down only what is necessary to support project cash flows and the line-of-credit will be fully paid off upon issuance of long-term debt.

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

Closing costs will be minimal as Bank of America is not charging a fee for originating this line-of-credit. However, the County will pay 30 basis points (.3%) on any unused amount. If we were to draw down the entire amount we would expect to pay around \$250,000 in interest. If we don't draw anything we would pay \$75,000 upon termination of the agreement. This represents a significant savings from the amount of interest that would be paid on a similarly structured long-term debt issue.

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

None. Documents have been reviewed by both external bond counsel and the County Attorney's Office. The County is authorized by state statute to enter into these types of financing arrangements.

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

None.

Required Signature

**Elected Official
or Department/**

Agency Director: Marissa Madrigal /s/ **Date:** May 17, 2016

Note: Please submit electronically. Insert names of your approvers followed by /s/ - we no longer use actual signatures. Please insert date approved for submittal.