

**DATE:** August 17, 2016  
**TO:** Board of Commissioners  
**FROM:** Faye Brown, Interim Executive Director  
**SUBJECT:** Report Number 16-44  
Authorizing an Amendment to the Intergovernmental Agreement with the City of Portland Office of Management and Finance in an Amount Not to Exceed \$1,500,000 for Debt Management Services

**BOARD ACTION REQUESTED**

Adopt Resolution No. 7205.

**ACTION DESCRIPTION**

This action by the Portland Development Commission (PDC) Board of Commissioners (Board) will authorize the Executive Director to amend the Intergovernmental Agreement (IGA) between PDC and the City of Portland (City) Office of Management and Finance (OMF) to provide debt management services for fiscal years (FYs) 2016-17 through 2020-21 in an amount not to exceed \$1,500,000.

**BACKGROUND AND CONTEXT**

OMF, the bureau responsible for issuing and managing the debt for the City, has provided all debt issuance and management functions for PDC. Historically, these services were budgeted and paid to OMF by PDC as a result of the City's annual interagency agreement process. PDC and OMF decided to enter into a formal IGA in FY 2013-14 to document total services and payment method. The proposed action is to replace the annual amendment with a one-time, five-year authorization that has a not-to-exceed amount of \$1,500,000.

**COMMUNITY AND PUBLIC BENEFIT**

All tax increment debt is held by the City (not PDC), and therefore OMF is required to issue and manage the debt. Implementation of this IGA amendment will provide the mechanism by which PDC will receive all debt management services and make payment to OMF. These services are necessary to implement all tax increment-funded projects and programs in PDC's 17 urban renewal areas (URAs).

**PUBLIC PARTICIPATION AND FEEDBACK**

None.

**BUDGET AND FINANCIAL INFORMATION**

The proposed IGA amendment represents an additional amount of \$1,500,000, which consists of \$900,000 for service delivery by OMF and \$600,000 to cover debt issuance costs and costs for outside legal services incurred by OMF in providing debt management services. Historically, PDC does not use

100 percent of the outside legal services allocation, as it often varies year-to-year based on specific issues that arise on the issuance of long-term debt. A portion of the IGA is budgeted by URA in the FY 2016-17 Adopted Budget based on an allocation of forecast tax increment debt proceeds in each district. Total annual amount of services and allocation by URA will be adjusted each FY based on updated demand for debt management services by district or requirements for bond counsel. Some issuance and legal fees are budgeted to PDC's General Fund as administrative overhead given for services that are general in nature and not specific to one URA. These costs are allocated to URA's based on PDC's indirect overhead allocation.

#### **RISK ASSESSMENT**

There are no significant risks to adopting the proposed IGA amendment. The form of the amendment is based on a structure that has been utilized for a number of years on similar IGAs.

#### **ALTERNATIVE ACTIONS**

The PDC Board could elect not to authorize the proposed IGA amendment, which may result in PDC's inability to reimburse OMF for debt management services costs being incurred as a result of previous and planned debt issuances.

#### **ATTACHMENTS**

None.