



DATE: September 29, 2021
TO: Board of Commissioners
FROM: Kimberly Branam, Executive Director
SUBJECT: Report Number 21-25
Authorize an Intergovernmental Agreement with the City of Portland Office of Management and Finance for Debt Management Services

BOARD ACTION REQUESTED AND BRIEF DESCRIPTION

Adopt Resolution No. 7431

This action by the Prosper Portland Board of Commissioners (Board) will authorize the Executive Director to amend the Intergovernmental Agreement (IGA) between Prosper Portland and the City of Portland (City) Office of Management and Finance (OMF) to provide debt management services for fiscal years (FYs) 2021-22 through 2025-26 in an amount not to exceed \$1,300,000.

STRATEGIC PLAN ALIGNMENT AND OUTCOMES

All tax increment debt is held by the City (not Prosper Portland), and therefore OMF is required to issue and manage the debt. Implementation of this IGA amendment will provide the mechanism through which Prosper Portland will receive all debt management services and make payment to OMF. These services are necessary to implement all tax increment-funded projects and programs all remaining tax increment finance districts. The intergovernmental agreement also provides services to support development and formation of new and amended tax increment district plans as directed by the Board of Commissioners and City Council, further supporting strategic plans and outcomes.

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 Prosper Portland. Services include:

1. Debt planning and transaction management;
2. Feasibility analyses;
3. Special projects assistance;
4. Compliance guidance; and
5. Administration of outside consultant contracts for debt management and related services.

Historically, these services were authorized via an annual intergovernmental agreement. In FY 2016-17, Prosper Portland and OMF entered into a five-year agreement for an amount not to exceed \$1,500,000 since annual services were largely anticipated to include routine, ongoing debt management services for each year in the five-year forecast.

EQUITY IMPACT

Provision of debt management services will facilitate provision of all remaining tax increment resources in existing tax increment districts necessary for current year planned spending and the Five-Year Forecast. TIF resources are critical to furthering Prosper Portland's Community Development, Lending, and Asset Management consistent with the FY 2021-22 budget priorities that:

1. Create healthy, complete neighborhoods throughout Portland through community-identified investments and direct redevelopment and place-making activities;
2. Foster wealth creation within communities of color and low-income neighborhoods by reducing barriers to property ownership and development and through agency construction and contracting business practices; and,
3. Form partnerships that address neighborhood affordability issues and provide community and climate resiliency benefits.

COMMUNITY PARTICIPATION AND FEEDBACK

No specific outreach has taken place as this action is administrative in nature to facilitate resources already identified and programmed in the FY 2021-22 Budget and Five-Year Forecast.

BUDGET AND FINANCIAL INFORMATION

Total debt management services (\$1,050,500 out of the total \$1,300,000 contract amount) are estimated not to exceed \$200,000 per year (for all tax increment districts and special projects such as new or amended districts). Third party legal and bank fees related to the issuance of debt are not expected to exceed \$250,000 (out of the total \$1,300,000 contract amount) over the five-year period of the IGA. The FY 2021-22 Adopted Budget and four-year forecast through FY 2025-26 include estimates for debt management services related to the IGA and may need to be updated annually based on where specific work is occurring. The actual services performed and billed will be adjusted annually based on prior year debt management activity requiring adjustments to specific tax increment district budgets as needed. Work related to proposed TIF Districts may require allocating funding from available predevelopment funds outside of existing TIF Districts. Payments related to third-party legal and banking fees will vary based on level of future bonded indebtedness and only invoiced and allocated to specific TIF Districts if services are needed.

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.

ATTACHMENTS

None.