

Intergovernmental Agreement: Credit Facility Services

Gresham Redevelopment Advisory Committee

April 12, 2023



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BACKGROUND / REVIEW

Urban Renewal – Basic Structure

- Programs and Projects – funded with debt proceeds
- Tax Increment Financing – used to repay debt issued

Funding Tools Used (2003 – 2023)

- City Issued Debt on behalf of GRDC
- Revolving Line of Credit between City and GRDC
 - Multi-year investment
 - Overnight borrowing

All existing debt agreements end in FY2022/23

Funding Tools – Future (After July 1, 2023)

- ***Potential Option*** – Extend existing agreement with City
 - Pros
 - Would allow repayment term longer than overnight
 - Cons
 - Would require new rating (Moody's, S&P or similar)
 - Estimated to cost >\$50,000
 - *Conclusion: Current and anticipated cash flow needs can be met with overnight borrowing*
- ***Recommended Option*** – Establish new credit facility agreement between City and GRDC allowing overnight borrowing

Credit Facility Terms and Conditions

- Allows for overnight borrowing
- No interest charges applied
 - No cost to GRDC
- Amount to be borrowed cannot exceed Tax Increment Financing proceeds GRDC has on hand
 - Avoids risk to City
- Establishes simple internal procedures
 - Minimum draw = \$500,000 (unless otherwise agreed upon)

Next Steps

- GRDC and City approval of Credit Facility – April 18, 2023
- Proposed Budgets for City and GRDC to include appropriations for 1 year of borrowing/repayment of forecasted TIF revenues
 - GRDC - Financing Proceeds and Debt Repayment will look similar to how they have appeared in the past
 - City – will explicitly show **xxxx** and **xxxx** as revenues and expenses within the budget
- City budget adoption process in June will include resolution authorizing Interfund Loan
- Intent will be to maximize borrowing up to appropriations and/or cash on hand each fiscal year
- If GRDC expenditure plans require greater near term cash outlay additional options can be considered.

Requested Action:

Provide feedback on the Intergovernmental Agreement between the City of Gresham and GRDC for Credit Facility Services