

**Date:** April 24, 2019

**To:** Board of Directors

**From:** Doug Kelsey 

**Subject:** **RESOLUTION NO. 19-04-27 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH BANK OF THE WEST FOR A \$60 MILLION REVOLVING LINE OF CREDIT**

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**1. Purpose of Item**

This Resolution requests that the TriMet Board of Directors (“Board”) authorize the General Manager to execute a contract with Bank of the West for a \$60 million revolving Line of Credit (the “Services”).

**2. Type of Agenda Item**

- Initial Contract
- Contract Modification
- Other \_\_\_\_\_

**3. Reason for Board Action**

Board approval is required for goods and services contracts obligating TriMet to pay in excess of \$1,000,000.

**4. Type of Action**

- Resolution
- Ordinance 1<sup>st</sup> Reading
- Ordinance 2<sup>nd</sup> Reading
- Other \_\_\_\_\_

**5. Background**

TriMet has a need for a revolving bank Line of Credit (LOC) to provide a readily available backstop for fluctuations in its cash position. The LOC will help offset funding shortfalls due to uncertainty in the current federal environment, as well as bridge gaps due to the timing of receipt of seasonable revenues, such as HB2017 funds or payroll taxes.

In late 2018, the federal government entered a partial shutdown, which resulted in TriMet being unable to access \$67 million in overdue federal grant funds. This caused a strain on Agency operations and on TriMet’s overall financial health, causing TriMet to enter into a short-term agreement with Wells Fargo for a \$10 million Line of Credit. This Line of Credit was paid off in early February.

A revolving Line of Credit for \$60 million will provide the needed financial security and cash flow flexibility for the Agency. This LOC could provide interim financing for capital projects and/or working capital in the event of reduced or delayed federal grant

disbursements, or reduced payroll tax revenues. The LOC will be secured by a subordinate pledge of TriMet’s payroll tax revenues, and interest on the credit outstanding may be taxable or tax-exempt, depending on the purpose of the draw.

Resolution 19-01-03 authorized the General Manager to enter into the necessary documentation to secure a revolving Line of Credit or similar financial instrument for this purpose.

**6. Procurement Process**

TriMet conducted a competitive Request for Proposals (“RFP”) process to select a contractor to provide the Services. The RFP was issued on February 1, 2019 with a due date of February 22, 2019. A total of 117 firms were directly notified of the RFP on TriMet’s vendor registration website, TriP\$, of which 30 downloaded the documents. In addition, TriMet staff reached out to several banks prior to release of the RFP in order to encourage competition. TriMet received six proposals in response to the RFP from Bank of America (“B of A”); Bank of the West; Citigroup Global Markets (“Citigroup”); JP Morgan Chase & Co. (“JP Morgan”), U.S. Bank, N.A. (“U.S. Bank”) and Wells Fargo Bank N.A. (“Wells Fargo”).

An Evaluation Committee (“EC”) comprised of staff from TriMet’s Finance and Administrative Services Division and TriMet’s Financial Advisor, Ross Financial, was appointed to review, evaluate and score the proposals. The evaluation criteria in the RFP included Qualifications of Firm and References; and Fees, Select Terms, and Additional Supporting Information. The following table summarizes initial scoring:

Criterion (points)	Proposers					
	Bank of America	Bank of the West	Citigroup	JP Morgan	US Bank	Wells Fargo
Qualifications of Firm and References (50 Points)	44.50	44.00	45.50	45.25	45.00	43.50
Fees, Select Terms and Additional Supporting Info (50 Points)	40.50	49.50	38.75	37.00	45.50	44.50
<b>Total</b>	<b>85.00</b>	<b>93.50</b>	<b>84.25</b>	<b>82.25</b>	<b>90.50</b>	<b>88.00</b>

Based on the initial scoring, the EC determined that interviews were not necessary. The EC determined that Bank of the West offered the best value to TriMet, including the most favorable rates. The EC did have several clarifying questions for Bank of West, which were issued on March 8, 2019. Bank of the West’s responses were received on March 13, 2019. The EC determined that responses were satisfactory and that no changes to the initial scores were necessary. The EC determined that Bank of the West offered the best value to TriMet, and that its rates were determined to be fair and reasonable based on competition and analysis by members of the EC.

**7. Diversity**

Bank of the West workforce is comprised of 54% women and 20% minorities. Bank of the West will be self-performing all work.

**8. Financial/Budget Impact**

The costs for the Services will vary, depending on TriMet's use of the Line of Credit. For example, if in one year \$20 million were drawn down and \$40 million remained available for use, there would be a total annual cost of \$586,000. The greater the amount of the draw, the greater the cost. TriMet has included the cost for a \$20 million draw on the line and associated interest in the FY2020 Debt Service budget. If costs exceed this amount, the charges will also be held in the debt service accounts and may require a budget transfer in FY2020.

**9. Impact if Not Approved**

TriMet could re-procure the contract, however, this option is not recommended. Bank of the West is a well-qualified firm and has offered fair and reasonable pricing. Re-procurement would not result in more or better competition.

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**TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A**  
**CONTRACT WITH BANK OF THE WEST FOR A \$60 MILLION REVOLVING**  
**LINE OF CREDIT**

**WHEREAS**, TriMet has authority under ORS 267.200 to enter into a Contract with Bank of the West for a \$60 million revolving Line of Credit (the "Contract");

**WHEREAS**, the total amount of the Contract exceeds \$1,000,000; and

**WHEREAS**, the TriMet Board of Directors ("Board"), by Resolution dated October 25, 2017, adopted a Statement of Policies requiring the Board to approve goods and services contracts obligating TriMet to pay in excess of \$1,000,000.

**NOW, THEREFORE, BE IT RESOLVED:**

1. That the Contract shall conform with applicable laws.
2. That the General Manager or his designee is authorized to negotiate and execute the Contract and related documentation necessary to implement the \$60 million revolving Line of Credit, which may be renewed annually.

Dated: April 24, 2019

\_\_\_\_\_  
Presiding Officer

Attest:

\_\_\_\_\_  
Recording Secretary

Approved as to Legal Sufficiency

  
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Legal Department