

Agenda Item Number 11.c.

Park Place Building Improvement Financing

Presenter: Bob Swank

Action Recommended: Authorize Borrowing for the LCOG Office Improvements in the Park Place Building

Background:

Last September the LCOG Board authorized borrowing \$1.5 million to pay for the improvements in the Park Place Building. The two best financing options that have been identified are an increase in the initial mortgage with Umpqua Bank and a loan from Wells Fargo Bank that is guaranteed by the City of Eugene.

Last week the initial mortgage on the Building was increased by \$800,000 to \$5.5 million. The purpose of this memo is to describe the loan from Wells Fargo and to gain approval of Resolution 2009-2 authorizing the loan.

A City of Eugene-guaranteed loan requires approval from the Eugene City Council. The guarantee is that the City will make payments on the loan if LCOG defaults on the payments. It also requires that LCOG fund a reserve equal to one year of payments so the City has time to adequate time to assume payments if necessary. The Resolution includes very specific language from bond counsel and LCOG legal counsel, which has taken longer to develop than expected and explains why the resolution is not attached to this memo. The resolution should be available for distribution at the Board meeting prior to discussion of this topic.

Action:

The LCOG Board is asked to adopt Resolution 2009-2 authorizing the City of Eugene guaranteed loan from Wells Fargo Bank for \$0.5 million.