

**Date:** February 25, 2015  
**To:** Board of Directors  
**From:** Neil McFarlane *Neil McFarlane*  
**Subject:** RESOLUTION 15-02-08 AUTHORIZING A CONTRACT WITH BLUE TREE STRATEGIES INC. FOR BROKER SERVICES, FOR TRANSIT TAX CREDITS

**1. Purpose of Item**

The purpose of this item is to request that the TriMet Board of Directors (“Board”) adopt a Resolution authorizing the General Manager to execute a contract with Blue Tree Strategies Inc. (“Blue Tree”) for broker services related to the sale of Oregon Department of Energy/TriMet Transit Improvement tax credits.

**2. Type of Agenda Item**

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

**3. Reason for Board Action**

Board approval is required for personal services contracts obligating TriMet to pay in excess of \$150,000.

**4. Type of Action:**

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

**5. Background**

For a number of years, the Oregon legislature has authorized the State, (through administration by the Oregon Department of Energy (“ODOE”)) to offer a variety of tax credits to incentivize conservation of energy and production of renewable energy resources. The 2011 Legislature added provisions to offer similar credits related to “Transportation Projects.” “Transit Services” provided to members of the public by a public or nonprofit entity may qualify in the context of this program.

TriMet has previously submitted two applications to ODOE for creation of credits related to the District’s provision of general transit services. Those applications have been approved for credits available during the 2013-2015 biennium and TriMet has received “pre-certification” for a total of \$3,600,000 in available credits. The credits are typically marketed

to “pass-through partners,” who may be business entities or individuals seeking to reduce their State of Oregon tax liability. Outside brokerage services are needed to locate qualified partners and to assist in structuring and finalizing the transaction(s). The full amount of credits available may require packaging and sale of smaller transaction portions.

#### **6. Procurement Process**

TriMet issued a Request for Proposals (“RFP”) for the broker service contract. While notice of the RFP was sent to a large group of prospective contractors (e.g. accounting and law firms), the process resulted in a single proposal from Blue Tree. Blue Tree has placed similar credits for a number of local government units throughout the State of Oregon and is therefore deemed to have the requisite expertise to execute these transactions on TriMet’s behalf. The fee structure (discussed in paragraph 8 below) is deemed to be fair and reasonable for this kind of transaction.

#### **7. Diversity**

Blue Tree has a very small staff of one employee and three marketing consultants. Neither diversity in their workforce or in any subcontracting role was a consideration in the procurement process.

#### **8. Financial/Budget Impact**

The fees paid to Blue Tree under the contract, will be contingent upon the total amount of credits sold, but has been negotiated to be 5% of the placement amount. If the total credits available (\$3,600,000) are sold, the commission paid to the broker may be as much as \$180,000. A market discount may be required to place the total credit amount, and is estimated to be up to \$900,000. Both of those costs would be netted from the purchase amount. The net proceeds to TriMet for a full placement of the \$3,600,000 of available credits would be between \$2.5 and \$3.4 million.

#### **9. Impact if Not Approved**

If this Resolution is not approved, TriMet could issue a new RFP for these services. Given the fact that the optimal time to market the tax credits is leading up to and prior to the April 15 tax filing deadline, issuance of a new RFP is not recommended.

**RESOLUTION 15-02-08**

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH BLUE TREE STRATEGIES INC. FOR BROKER SERVICES, FOR TRANSIT TAX CREDITS**

**WHEREAS**, TriMet has authority under ORS 267.200 to enter into a contract with Blue Tree Strategies Inc. for broker services, for transit tax credits (“Contract”); and

**WHEREAS**, the total amount of the Contract will exceed \$150,000; and

**WHEREAS**, the TriMet Board of Directors (“Board”), by Resolution dated November 25, 2009, adopted a Statement of Policies requiring the Board to approve personal services contracts obligating TriMet to pay in excess of \$150,000;

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

1. That the Contract shall be in conformance with applicable laws.
2. That the General Manager is authorized to execute the Contract.

Dated: February 25, 2015

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

Attest:

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

Approved as to Legal Sufficiency:

  
\_\_\_\_\_  
Legal Department