



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

(Revised: Feb. 2017)

Board Clerk Use Only

Meeting Date: 9/28/17
 Agenda Item #: R.2
 Est. Start Time: 9:55 am approx
 Date Submitted: 9/18/17

Agenda Title: **Resolution Authorizing the Issuance and Sale of Full Faith and Credit Financing Agreements, Series 2017**

Requested Meeting: September 28, 2017 **Time Needed:** 20 minutes
Department: County Management **Division:** Finance & Risk Mgmt
Contact(s): Mark Campbell
Phone: 503-988-6229 **Ext.** 86229 **Email:** mark.campbell@multco.us
Presenters: Mark Campbell, CFO

General Information

1. What action are you requesting from the Board?

Request Board approval to obtain financing for the Multnomah County Central Courthouse (MCCH), Gladys McCoy Health Department Headquarters, ERP, and DCJ Mid-County Campus projects in an amount not to exceed \$175,000,000.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer(s) this action affects and how it impacts the results.

The projects noted above are currently underway and are at various stages of completion. Staff has employed a “pay-go” strategy over the past few years to provide funding for these projects. This has come in the form of one-time-only General Fund contributions, proceeds from property sales, and grant proceeds from Prosper Portland (formerly PDC).

That strategy has allowed us to delay the issuance of long-term debt for the projects. We have managed project cash flows and all four projects will need debt proceeds at approximately the same time. The table below highlights total project costs, funding provided to date, and the amount of debt proceeds needed to complete the projects.

Project	Total Cost	Other Sources	Debt to Issue
Central Courthouse	\$ 324,500,000	\$ 204,000,000	\$ 120,500,000
Health Department HQ	94,100,000	49,800,000	44,300,000
ERP Project	43,300,000	2,000,000	41,300,000
DCJ Mid-County Campus	12,000,000	6,750,000	5,250,000
	<u>\$ 473,900,000</u>	<u>\$ 262,550,000</u>	<u>\$ 211,350,000</u>

Approval of this resolution authorizes the financing of up to \$175 million in principal. Debt service expenditures have been budgeted in FY 2018, it is anticipated that full year principal and interest payments will total approximately \$16 million. The payments are primarily supported by the General Fund although about half of the debt service associated with the ERP Replacement Project is supported by other funds.

Proceeds associated with this transaction will provide full funding for the Health Department HQ, ERP, and DCJ Mid-County Campus projects. A second bond issue to support the Central Courthouse project is planned for next year. Proceeds from this second bond issue will support the project's cash flow until the County receives \$92.6 million that was authorized by the Oregon legislature in the recently concluded 2017 session.

These bonds will be sold in two series approximately one month apart. The first sale will be a competitive sale which will offer up to \$160 million of the \$175 million authorized. The second sale will be a "negotiated sale" which will offer up to \$15 million where the underwriter is selected through an RFP process. This has been proposed as a way to gauge interest from local investors and, if successful, can serve as a model for future bond offerings.

3. Explain the fiscal impact (current year and ongoing).

At current interest rates annual debt service is projected to be about \$17 million. The debt is structured to ensure that projects meet Internal Revenue Service guidelines concerning their useful life. The ERP Replacement project will be amortized over 7 years, the DCJ Mid-County Campus project will be amortized over 10 years, the Health Department HQ project will be amortized over 20 years, and the Central Courthouse project will be amortized over 30 years. Debt service will decline from a maximum of \$17 million to \$7 million after 20 years.

There will be approximately \$37 million of debt capacity remaining under the Board's policy on debt issuance after these bonds are issued. The capacity increases each year along with the increase in General Fund revenues and it will increase significantly when the bonds supporting the ERP replacement project are retired.

4. Explain any legal and/or policy issues involved.

The County is authorized by ORS 271 & 287A to finance capital projects if such financing is approved by a majority of the governing body.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

**Elected
Official or
Department
Director:**

/s/ Marissa Madrigal

Date:

9/18/17