



# Capital Debt Financing

## Series 2017 FFC Bond Sale

Board of County Commissioners  
September 28, 2017

# Overview

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- Purpose of Authorizing Resolution
  - Steps in the Process of Issuing Debt
- Description of Projects
  - Financing Strategy
  - Courthouse Financing
- Impact on Debt Capacity
  - Implications for Future Debt Issuance and Management
- Recommendation on Method of Sale



# Debt Issuance Process

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- What Does The Resolution Signify?
  - Debt Calendar
  - Players in the Process
- Preliminary Official Statement (POS)
  - Prospectus for Potential Investors
- Selecting an Underwriter
  - Recommending a Split Sale
  - Competitive v. Negotiated Method of Sale



# Financing Strategy

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- Lesson Learned From Sellwood Project
  - Pace of Project Dictates Timing of Financing
- Use of “Pay/Go” Strategy
  - OTO Revenue, Property Sales, and TIF Proceeds
- Recommendation on Courthouse Financing
  - Timing of State Bond Sale

| <b>Project</b>                  | <b>Total Cost</b>     | <b>Other Sources</b>  | <b>Debt to Issue</b>  |
|---------------------------------|-----------------------|-----------------------|-----------------------|
| 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             |
|                                 | <b>\$ 473,900,000</b> | <b>\$ 262,550,000</b> | <b>\$ 211,350,000</b> |
| Amount Authorized in Resolution |                       |                       | 175,000,000           |
| Remainder to Borrow             |                       |                       | <b>\$ 36,350,000</b>  |



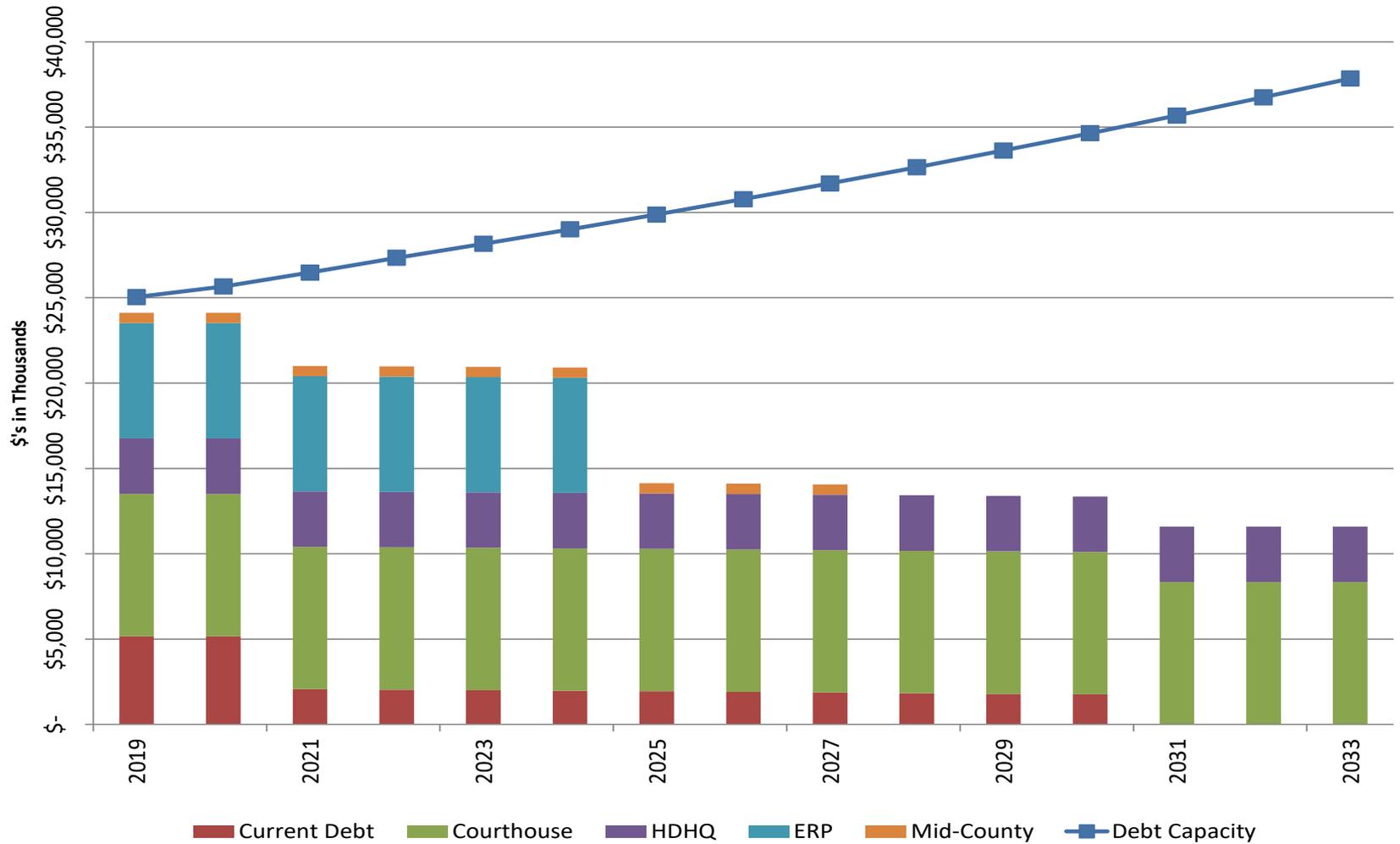
# Debt Limits and County Policy

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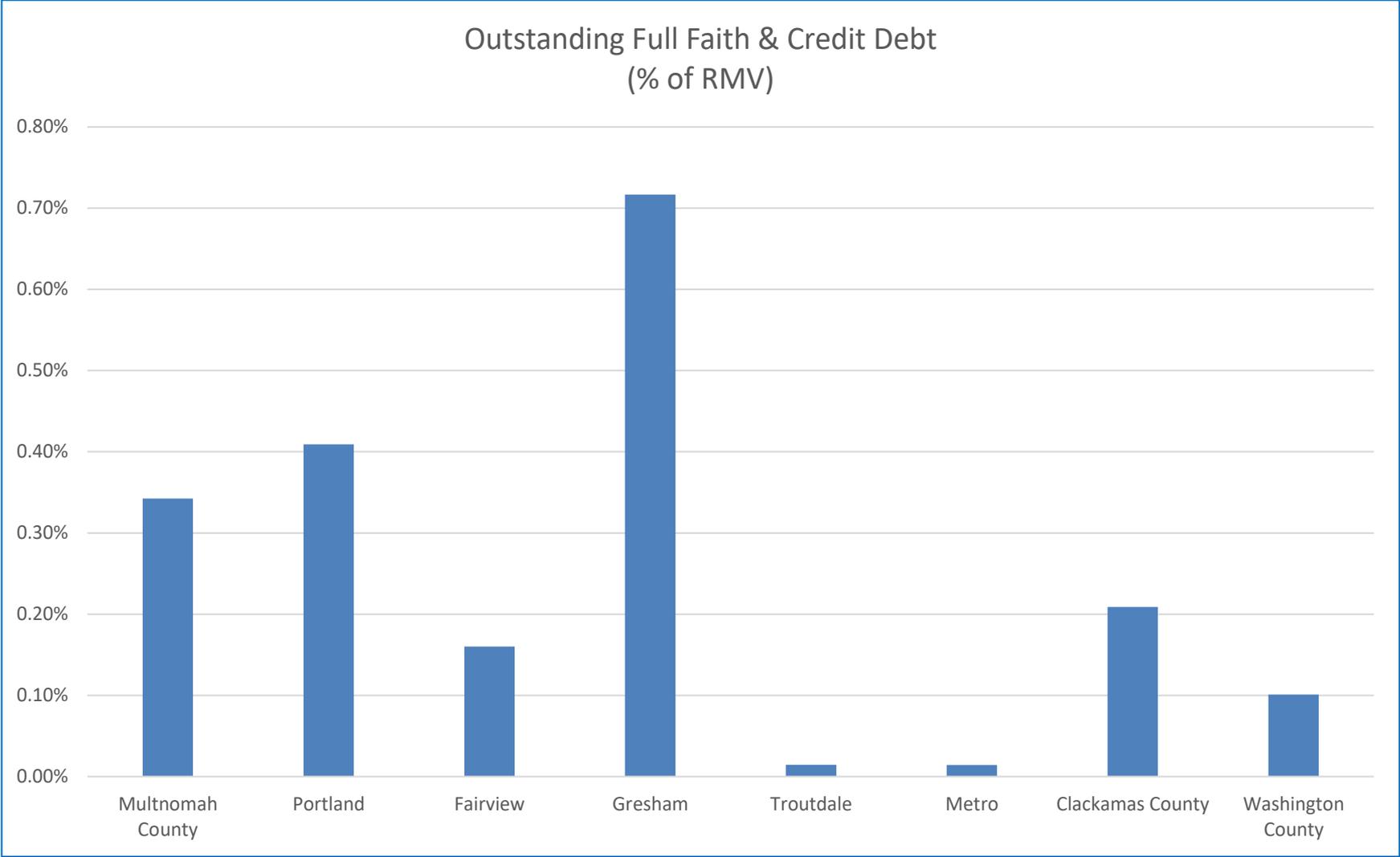
- Statutory Limits
  - GO Bonds = 2% of Real Market Value = \$2.8 Billion
  - Revenue and FFC Bonds = 1% of Real Market Value = \$1.4 Billion
- County Policy
  - Annual Debt Service Payments for Full Faith & Credit Bonds Can Not Exceed 5% of Ongoing General Fund Revenue
  - Debt Issued in Support of Projects That Have Extended Useful Life
  - Preferred Maximum Term 20 Years But Policy Provides Flexibility
- County Debt Compared to Other Local Jurisdictions



# Current and Proposed Debt



# Debt Comparison



# Method of Sale Recommendation

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- Recommendation Based on Financing Strategy
  - Need to Borrow Additional Funds to Complete Courthouse
- County Preference for Competitive Sale
  - County Debt Issues Have Attracted Many Bids
- Why Consider a Negotiated Sale?
  - “Story Bonds”
  - Other Goals (i.e., Target Local Investors, Identify Certified Firms to Participate )
- Split Sale Proposal
  - Two Series of Bonds, Issued Approximately Three Weeks Apart



# Summary/Questions

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- Alignment of Project Financing Needs
  - Limit Cost of Issuance and More Efficient Use of Staff Time
- Planned Debt Issuances Will Use Most of GF Debt Capacity in the Short Term
  - Work w/ County Financial Advisors and Strategic Capital Planning
- State Obligation for Courthouse and Cash Flow Projections
  - Timing of State Bond Proceeds Requires County to Float a Portion of the State's Obligation
- Participation of Under-Represented Communities

