



Deschutes County Board of Commissioners
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AGENDA REQUEST & STAFF REPORT

For Board WORK SESSION of September 2, 2015

DATE: August 26, 2015

FROM: Wayne Lowry Finance 6559

TITLE OF AGENDA ITEM:

Consideration of Board signature to authorize refinancing of County Debt.

PUBLIC HEARING ON THIS DATE? No

BACKGROUND AND POLICY IMPLICATIONS:

Two outstanding bond issues are able to be refinanced at this time. Due to lower current interest rates than when the debt was issued, the County can realize significant saving if these issues are refinanced at this time.

The first issue is a loan from the Oregon Economic and Community Development Department for improvement to the Fair Grounds parking areas. This loan was originally issued in 2002 for \$550,000 and has a current outstanding balance of \$325,000.

The second issue is the Series 2005 Full Faith and Credit bonds issued in 2005 for an original amount of \$6,300,000. The outstanding balance on these bonds is \$3,510,000.

The attached resolution #2015- 098 grants authority to the Finance Director to make all necessary decisions and to take all necessary actions to complete the refinancing of these two debt obligations.

FISCAL IMPLICATIONS:

Refinancing of these two debt obligations at this time is estimated to save the County over \$380,000 in interest through 2027.

RECOMMENDATION & ACTION REQUESTED:

Staff recommends the Board approve resolution #2015- 098

ATTENDANCE: Wayne Lowry, Finance Director.

DISTRIBUTION OF DOCUMENTS:

Wayne Lowry, Jeanine Faria

REVIEWED

LEGAL COUNSEL

For Recording Stamp Only

BEFORE THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON

A Resolution Authorizing the Refunding of
County Full Faith and Credit Refunding
Obligations and Loan

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RESOLUTION NO. 2015-098

WHEREAS, the County is authorized by Oregon Revised Statutes Section 271.390 and 287A.360 to enter into financing agreements to finance or refinance real or personal property and to authorize certificates of participation in the right to receive the payments due from the County under those financing agreements; and,

WHEREAS, the estimated weighted average life of a financing agreement shall not exceed the estimated dollar weighted average life of the real or personal property to be financed or refinanced by such financing agreement; and,

WHEREAS, the County is authorized by ORS 287A.105 to make these financing agreements “limited tax bonded indebtedness” which the County is unconditionally obligated to pay; and,

WHEREAS, the County previously financed property purchase, a remodel of the County courthouse, expansion of the County jail, Americans with Disabilities Act updates to County facilities, and improvements to County Fair & Expo facilities (the “2005 Projects”) pursuant to a Financing Agreement (the “2005 Financing Agreement”) and Escrow Agreement (the “2005 Escrow Agreement”) dated as of February 1, 2005; and,

WHEREAS, the 2005 Escrow Agreement authorized the issuance of Full Faith and Credit Obligations, Series 2005 in the original aggregate principal amount of \$6,300,000 (the “2005 Obligations”); and

WHEREAS, the County has a loan outstanding with Business Oregon, formerly the State of Oregon Economic and Community Development Department, dated January 2002 and in the original principal amount of \$550,000 (the “2002 Loan”) which financed the Deschutes County Fairgrounds parking expansion (the “2002 Projects”); and

WHEREAS, under current market conditions refunding all or a portion of the 2005 Obligations and the 2002 Loan may produce debt service savings; and,

WHEREAS, the Board hereby determines that the 2002 Projects and the 2005 Projects are needed, and that it is desirable to refinance the 2002 Projects and the 2005 Projects pursuant to ORS 271.390 and ORS 287A.365; and

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF DESCHUTES COUNTY, OREGON, as follows:

Section 1. Authorization.

The Board hereby authorizes the issuance of full faith and credit financing agreements to refund all or any portion of the 2005 Obligations and the 2002 Loan that achieves adequate debt service savings. The financing agreements authorized by this Section shall be executed and sold pursuant to ORS 271.390, ORS 287A.360 and the other relevant provisions of ORS Chapter 287A and as provided in this resolution. The financing agreements may be issued in an amount sufficient to prepay the portions of the 2005 Obligations and the 2002 Loan that are being refunded and to pay estimated costs related to the refunding and the financing agreements.

Section 2. Delegation.

The Finance Director, the County Administrator or the Finance Director's designee (the "County Official") is hereby authorized on behalf of the County and without further action by the Board, to:

2.1. Negotiate, execute and deliver one or more financing agreements, credit facilities or other financing documents (the "Financing Agreements") in an aggregate principal amount that provides net proceeds sufficient to refund all or a portion of the County's obligations under the 2005 Financing Agreement, 2005 Escrow Agreement and the 2002 Loan and to pay estimated costs of the refunding. Subject to the limitations of this Resolution the Financing Agreements may be in such form and contain such terms as the County Official may approve.

2.2. Negotiate, execute and deliver one or more escrow agreements or similar documents (the "Escrow Agreements") which provide for the issuance of one or more series of "certificates of participation" or "full faith and credit obligations" (the "Obligations") which represent ownership interests in the financing payments due from the County under the Financing Agreements. Subject to the limitations of this Resolution, the Escrow Agreements and each series of Obligations may be in such form and contain such terms as the County Official may approve.

2.3. Deem final and authorize the distribution of a preliminary official statement for each series of Obligations, authorize the preparation and distribution of a final official statement or other disclosure document for each series of Obligations, and enter into agreements to provide continuing disclosure for owners of each series of Obligations.

2.4. Engage the services of municipal advisors, escrow agents, trustees or verification agent and any other professionals whose services are desirable for the refunding.

2.5. Determine the final principal amount of each Financing Agreement, the interest rate or rates which each series of financing payments shall bear, the County's prepayment rights and other terms of each Financing Agreement and each series of Obligations;

2.6. Negotiate the sale of any series of the Obligations with one or more underwriters and enter into contracts for purchase with those institutions, or solicit competitive bids for the purchase of the Obligations and award the sale to the bidders offering the most favorable terms to the County, or place any Financing Agreement directly with a commercial bank or other lender.

2.7. Undertake to provide continuing disclosure for each series of Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

2.8. Apply for ratings for each series of Obligations, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancement for each series of Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.

2.9. Enter into additional covenants for the benefit of the purchasers of the Obligations which the County Official determines are desirable to obtain more favorable terms for the Financing Agreements.

2.10. Call and prepay the 2002 Loan and the 2005 Obligations and take any other action desirable to refinance the 2002 Projects and the 2005 Projects.

2.11. Issue any qualifying Financing Agreement as a “tax-exempt bond” bearing interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, (the “Code”) and enter into covenants to maintain the excludability of interest on those Financing Agreements from gross income under the Code.

2.12. If federal law changes to allow federal tax credits, federal interest rate subsidies or other federal benefits for any Financing Agreements, issue any qualifying Financing Agreement as a “tax credit bond,” “federal subsidy bond” or other obligation that is eligible for federal tax credits, federal interest rate subsidies or other federal benefits, and enter into any covenants and take any actions that are required to qualify for those federal benefits.

2.13. Issue any Financing Agreement as a “taxable bond” bearing interest that is includable in gross income under the Code.

2.14. Designate any qualifying Financing Agreement as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Code, if applicable.

2.15. Execute and deliver any other certificates or documents and take any other actions which the County Official determines are desirable to refinance the 2002 Projects and the 2005 Projects with the Financing Agreements and the Obligations in accordance with this Resolution.

Section 3. Security.

The Financing Agreements shall constitute “limited tax bonded indebtedness” as defined in ORS 287A.105 and the obligation of the County to make financing payments under the Financing Agreements is unconditional. The County Official may pledge the County’s full faith and credit and taxing power within the limitations of Section 11 and 11b of Article XI of

the Oregon Constitution, and any and all of the County's legally available funds, including the proceeds of the Financing Agreements, to make the payments due under the Financing Agreements.

Section 4. Appointment of Bond Counsel

The law firm of Hawkins Delafield & Wood LLP, is appointed as bond counsel to the County with respect to the Obligations.

Section 5. Effective Date

This Resolution shall take effect immediately upon its adoption.

The foregoing Resolution adopted this _____ day of September, 2015.

BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON

ANTHONY DEBONE, Chair

ALAN UNGER, Vice Chair

TAMMY BANEY, Commissioner

ATTEST:

Recording Secretary

Record of Adoption Vote

Commissioner	Yes	No	Abstained	Excused
Anthony DeBone	_____	_____	_____	_____
Alan Unger	_____	_____	_____	_____
Tammy Baney	_____	_____	_____	_____