



Deschutes County Board of Commissioners
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AGENDA REQUEST & STAFF REPORT

For Board Business Meeting of April 13, 2016

DATE: April 1, 2016

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:

The Series 2007 Full Faith and Credit Obligation bonds issued in 2007 are able to be refinanced on June 1, 2016. Due to lower current interest rates than when the debt was issued, the County can realize significant savings if this issue is refinanced at this time.

The Series 2007 bonds were originally issued in the amount of \$9,615,000 and the proceeds were used to fund the construction of the recycling facility at the Knott Landfill and some smaller improvements to both the RV Park and the Fair and Expo Center.

The attached resolution 2016- 009 grants authority to the Finance Director to make all necessary decisions and to take all necessary actions to complete the refinancing of this debt obligation.

FISCAL IMPLICATIONS:

Refinancing of this debt obligation at this time is estimated to save the County over \$900,000 in interest through 2027.

RECOMMENDATION & ACTION REQUESTED:

Staff recommends the Board approve resolution 2016- 009

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 County's Full
Faith and Credit Refunding Obligations

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RESOLUTION NO. 2016-009

WHEREAS, the County is authorized by Oregon Revised Statutes Section 271.390 and 287A.365 to enter into loan 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 loan agreements; and,

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

WHEREAS, the County previously financed 1) the construction of new waste and recyclables receiving facilities commonly known as the Knott Landfill North Area Development project and (2) the construction of a recreational vehicle (RV) park at the County Fair and Expo Center (collectively, the "Projects") pursuant to a Financing Agreement (the "2007 Financing Agreement") and Escrow Agreement (the "2007 Escrow Agreement") dated as of March 1, 2007; and,

WHEREAS, the 2007 Escrow Agreement authorized the issuance of Full Faith and Credit Obligations, Series 2007 in the original aggregate principal amount of \$9,615,000 (the "2007 Obligations"); and

WHEREAS, the County may be able to reduce its debt service costs by refinancing all or a portion of its obligations under the 2007 Financing Agreement and the 2007 Escrow Agreement; and

WHEREAS, the Board hereby determines that the Projects are needed, and that it is desirable to refinance the 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 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:

1.1. Negotiate, execute and deliver one or more financing agreements, loan agreements, credit facilities or other financing documents (the "Financing Agreements") in an aggregate principal amount that provides net proceeds sufficient to refinance all or a portion of the County's obligations under the 2007 Financing Agreement and 2007 Escrow Agreement and to pay estimated costs of the refinancing. 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..

1.2. 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 loan 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.

1.3. 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.

1.4. Engage the services of escrow agents, trustees or verification agent and any other professionals whose services are desirable for the financing.

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

1.6. Solicit competitive bids for the purchase of each series of the Obligations and award their sale to the bidder offering the most favorable terms to the County, or select one or more underwriters, negotiate the terms of the sale of each series of Obligations, and sell that series to those underwriters, or place any Financing Agreement directly with a commercial bank or other lender.

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

1.8. 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.

1.9. 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.

1.10. 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.

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

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

1.13. Execute and deliver any other certificates or documents and take any other actions which the County Official determines are desirable to carry out this Resolution.

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

Section 2. Security.

The Financing Agreements shall constitute “limited tax bonded indebtedness” as defined in ORS 287A.105 and the obligation of the County to make loan 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 3. Appointment of Special Counsel and Municipal Advisor

The law firm of Hawkins Delafield & Wood LLP is appointed as special counsel to the County and Western Financial Group LLC is appointed as municipal advisor to the County with respect to the Obligations.

Section 4. Effective Date

This Resolution shall take effect immediately upon its adoption. The foregoing Resolution adopted this _____ day of _____, 2016.

BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON

ALAN UNGER, Chair

TAMMY BANEY, Vice Chair

TONY DEBONE, Commissioner at Large

ATTEST:

Recording Secretary

Record of Adoption Vote

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