



Debt Overview

[Presented to the Board of
County Commissioners]

Multnomah County
May 13, 2015

Located at: www.multco.us/budget

Overview // Agenda

- Financing Options Available to County
 - “Pay Go” vs. “Pay Use”
 - Issuance of Debt Authorized in Statute
 - Other Financing Tools
- County Debt Issuance Policy
 - Statutory and Policy Limits
 - Use of One-Time-Only Revenues
- Conduit Debt
- Review Current and Anticipated Debt
 - Debt Capacity Memo



Project Financing

- “Pay Go” For Routine Maintenance and Repairs
 - Fees Charged to Building Occupants (Facilities)
 - Gas Tax and State Revenue Sharing (Transportation)
 - One-Time-Only Revenue (Facilities/IT)
- “Pay Use” For Major Capital Construction or Renovation
 - Long-Term in Nature
 - Can Include “Soft” Costs (i.e., Planning/Design)
 - Debt Issuance Does Not Support Operations



Statutory Citations

- ORS, 287A.100

“ . . . a county may issue general obligation bonds to finance capital construction or capital improvements upon approval of the electors of the county.”

- ORS, 287A.150

“ . . . a public body may authorize revenue bonds by resolution or nonemergency ordinance pursuant to this section for a public purpose.”

- ORS, 287A.315

“ . . . when a public body pledges its full faith and credit and taxing power to pay an obligation, the pledge constitutes an enforceable promise or contract by the public body to pay the obligation out of lawfully available funds of the public body . . . ”

- Debt Capacity Pegged to Real Market Value



Characteristics of Long-Term Debt

- General Obligation Bonds
 - Require Voter Approval
 - Highest Credit Rating (Aaa From Moody's)
 - Finance “Essential” Capital Projects
 - Property Tax Levy Outside of Measure 5 and 50 Limits
- Revenue Bonds
 - Have Dedicated Funding Source(s)
 - Size of Bond Measure Dependent on Revenue Estimates
 - Slightly Higher Risk; Rating Based on Cash Flow
- Full Faith & Credit Obligations
 - Pledges “Full Faith & Credit” of County
 - Credit Rating One Step Lower Than GO Bonds (Aa1)
 - Authorized by Board Resolution
 - Subject To Policy Limits



Other Financing Options

- Capital Leases
 - Equipment/Projects w/ Limited Useful Life
 - Used When Bonding Is Not Economically Feasible
 - Payments Included In Operating Budgets
- Bank Qualifications
 - Up to \$30 Million Through “Direct Placement”
 - Lower Cost of Issuance, Less Time Consuming
 - Interest Rates Comparable to Bonding
- Internal Loans
 - Authorized in Statute, Term Limited to 10 Years
 - Provide for Short-Term Bridge Financing
 - Greatest Flexibility in Establishing Payment Schedule



Capital and Debt Policies

County Financial and Budget Policies Address the Following Infrastructure Related Topics:

- Facilities and Property Management
- Transportation (Roads and Bridges)
- Information Technology
- ***Short-Term and Long-Term Debt Financing***



Debt Limits and County Policy

- Statutory Limits
 - GO Bonds = 2% RMV = \$2.15 Billion
 - Revenue and FFC Bonds = 1% RMV = \$1.08 Billion
- County Policy
 - Direct General Fund Debt Service No More Than 5% of Ongoing “Corporate” Revenue
 - Debt Issued in Support of Projects That Have Extended Useful Life
 - Preferred Maximum Term 20 Years But Policy Provides Flexibility
 - FY 2015 Policy Revision on Use of One-Time-Only Revenues
- County Debt Low Compared to Similar Jurisdictions
 - Noted by Moody’s and S&P in Recent Credit Rating Upgrades

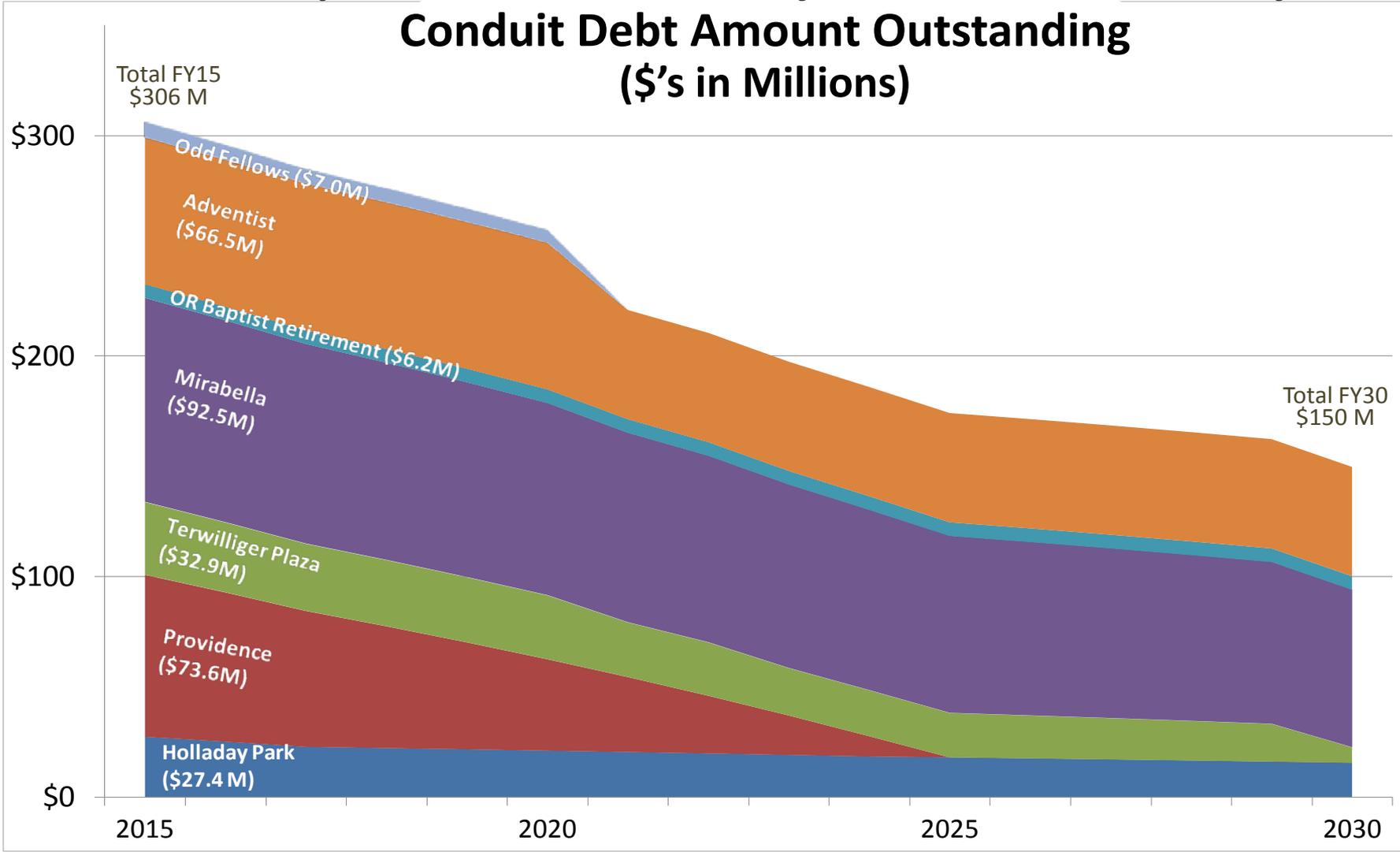


Conduit Debt

- County Can Act as “Conduit” Financier For Projects Specified in State Statute
 - Hospital Authority
 - County Created Multnomah HFA in 1998
 - Higher Education Facilities
 - Solid Waste Facilities
- Conduit Debt **Not** an Obligation of Multnomah County
 - Does Not Count Against County Debt Capacity
 - County Not Responsible For Continuing Disclosure
 - County Receives an Issuer Fee (10 bps)
- HB 3132
 - Potential Expansion of Conduit Authority



Hospital Facilities Authority of Multnomah County Conduit Debt Amount Outstanding (\$'s in Millions)



Debt Limits and County Policy

County Debt Issues	Issued For	Credit Rating	Maturity Date	Outstanding Principal
Series 2010 General Obligation Bonds	Libraries and Public Safety	Aaa	10/1/2016	\$ 11,570,000
Series 1999 Pension Obligation Bonds	Unfunded PERS Liability	Aa2	6/1/2030	118,093,000
Series 2010A Full Faith & Credit Obligations	Facilities Capital, IT Projects, Library	AA	6/1/2017	2,935,000
Series 2010B Full Faith & Credit Obligatons	East County Courthouse	Aa1	6/1/2030	15,000,000
Series 2012 Full Faith & Credit Obligatons	Sellwood Bridge Replacement	Aa1	6/1/2030	119,790,000
Series 2014 Full Faith & Credit Obligations	Refunding-Variou Users	Aa1	8/1/2019	22,530,000
Total Outstanding Principal @ 6/30/15				\$ 289,918,000



Calculation of Policy Limit

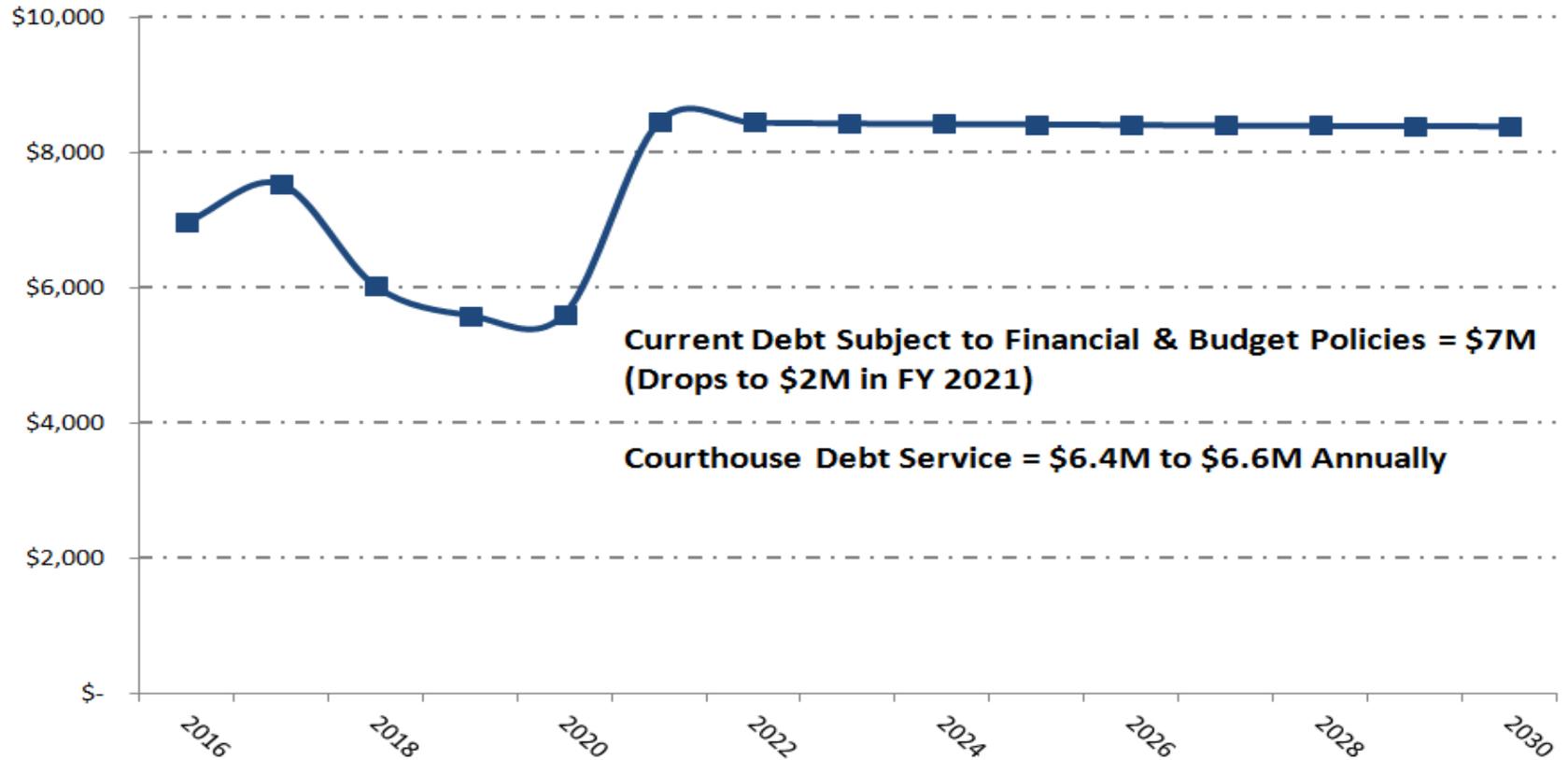
	Principal and Interest	Paid by GF
Series 2010A - Full Faith and Credit	\$ 1,551	\$ 800
Series 2010B - Full Faith and Credit	713	393
Series 2012 - Full Faith and Credit	9,471	-
Series 2014 - Full Faith and Credit	7,479	3,989
Sellwood Lofts - Capital Lease	118	-
Sheriff's Office Warehouse - Capital Lease	134	134
Totals	\$ 19,465	\$ 5,316
(Less) Debt Service Paid From BWC		(20)
Net General Fund Obligation		\$ 5,296
 FY 2015 General Fund Revenues		 \$ 407,000
 5% Policy Limit on Debt Service		 \$ 20,350
(Less) Net General Fund Obligation		(5,296)
Net Revenue Available for New Debt Issuance		\$ 15,054
 Estimated Principal Available Under Policy Limit		 \$206,000

Note - \$'s in \$1,000's



Debt Service Subject to Policy Limit

County Debt w/ Downtown Courthouse (Excludes PERS and Sellwood Bridge Bonds)



Summary

- Capital Financing
 - Match Financing Tool to Nature of Project
 - Long-Term Debt When Warranted
 - One-Time-Only Revenues Reduce Amount of Borrowing
- Discussion of Financing Tools Available to County
 - Conduit Debt as Tool For Supporting Community Assets
- County Debt Load is Low
 - Most Debt Subject to Policy Paid Off by FY 2020
 - Approximately **\$206 Million** in Current Debt Capacity
- County Debt Limits More Restrictive Than ORS Limits
 - Ultimately, Debt Capacity Limited by Ability to Pay

