



Debt Overview

[Presented to the Board of
County Commissioners]

Multnomah County
April 26, 2017

Located at: www.multco.us/budget

What I Want to Cover

- Financing Options Available to County
 - “Pay Go” vs. “Pay Use”
 - Other Financing Tools
- County Debt Issuance Policy
 - Statutory and Policy Limits
- Conduit Debt/Hospital Authority
- Review Current and FY 2018 Planned Borrowings
 - Policy on Use of One-Time-Only Revenue
 - Credit Rating Upgrade
 - Effect of Policy on Use of OTO Revenues



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 General Fund Revenue (Facilities/IT)
- “Pay Use” For Major Capital Construction or Renovation
 - Long-Term in Nature
 - Can Include “Soft” Costs (i.e., Planning/Design)
 - Financing Proceeds Do 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 . . . ”
- Statutory Debt Capacity a % of Real Market Value



Types of Debt Available to County

- General Obligation Bonds
 - Require Voter Approval
 - Property Tax Levy Outside of Measures 5 and 50 Limits
- Revenue Bonds
 - Have Dedicated Funding Source(s)
 - Slightly Higher Risk; Rating Based on Revenue Source
- Full Faith & Credit Obligations
 - Authorized by Board Resolution
 - Subject to Limits in *Financial & Budget Policies*
- Other Options
 - Bank Placements
 - Internal Loans



Debt Limits and County Policy

- 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
 - FY 2015 Policy Revision on Use of One-Time-Only Revenues
- Current County Debt Low Compared to Similar Jurisdictions
 - Noted by Moody's and S&P in Recent Credit Rating Upgrades

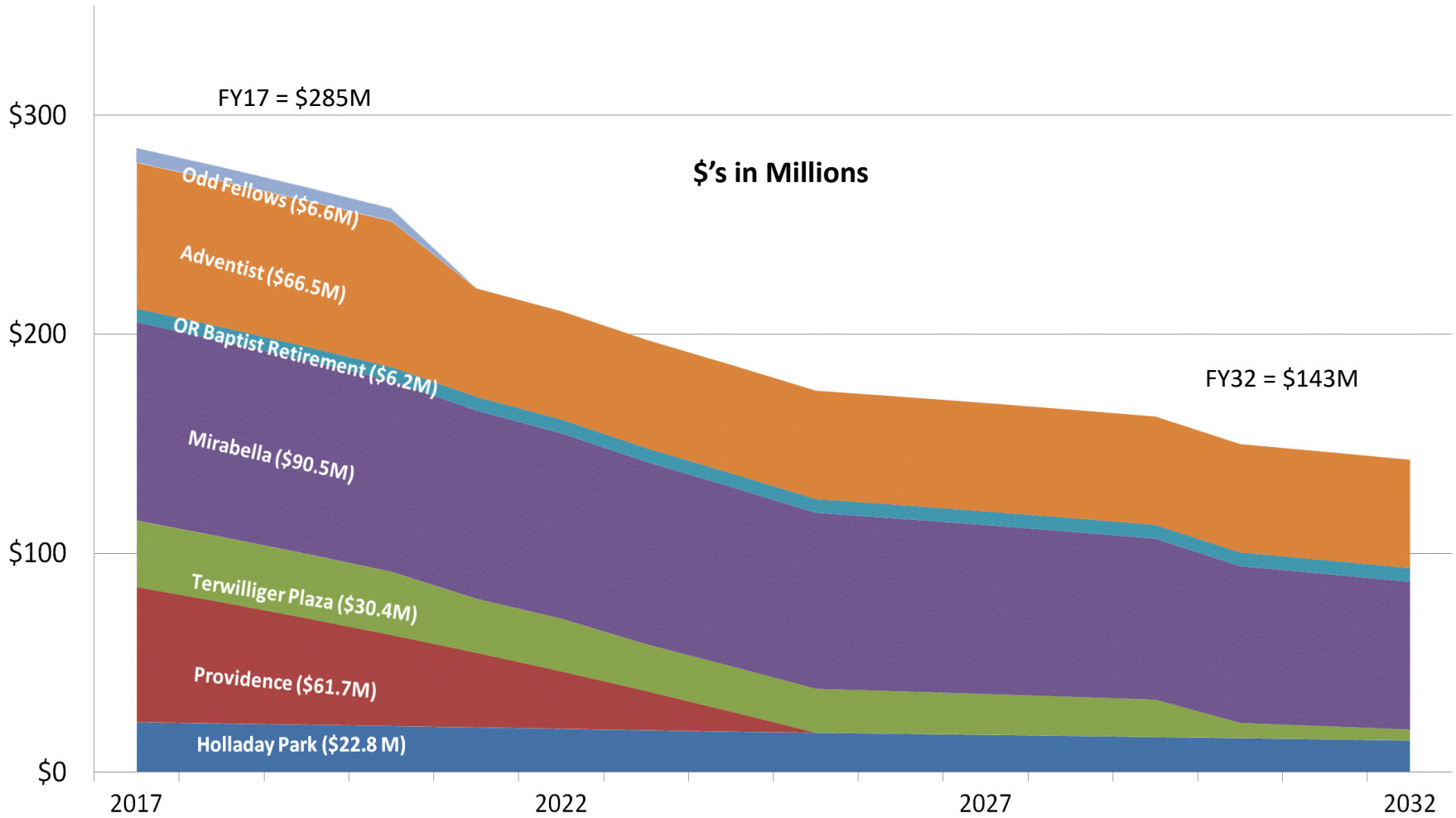


Conduit Debt

- County Can Act as “Conduit” Financier for Projects Specified in State Statute
 - Hospital Authority
 - 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)
- 2015 Legislation Expanded Definition of “Hospital”
 - Provides a Low Cost Alternative Financing Tool for County’s Non-Profit Partners



Outstanding Hospital Authority Debt



Outstanding County Bond Issues

County Debt Issues	Issued For	Credit Rating	Maturity Date	Outstanding Principal
Series 1999 Pension Obligation Bonds	Unfunded PERS Liability	Aaa	6/1/2030	\$ 94,263,000
Series 2010B Full Faith & Credit Obligatons	East County Courthouse	Aaa	6/1/2030	15,000,000
Series 2012 Full Faith & Credit Obligatons	Sellwood Bridge Replacement	Aaa	6/1/2030	110,910,000
Series 2014 Full Faith & Credit Obligations	Refunding-Various Uses	Aaa	8/1/2019	14,175,000
Total Outstanding Principal @ 6/30/17				\$ 234,348,000

- All County Debt Issues Upgraded to Aaa by Moody's (Feb, 2017)
 - PERS Bonds Originally Rated Aa3
 - Washington County Only Other Aaa Rated County in Oregon
- Aaa Rating = Lowest Interest Rate



Financing Proceeds in FY 2018 Budget

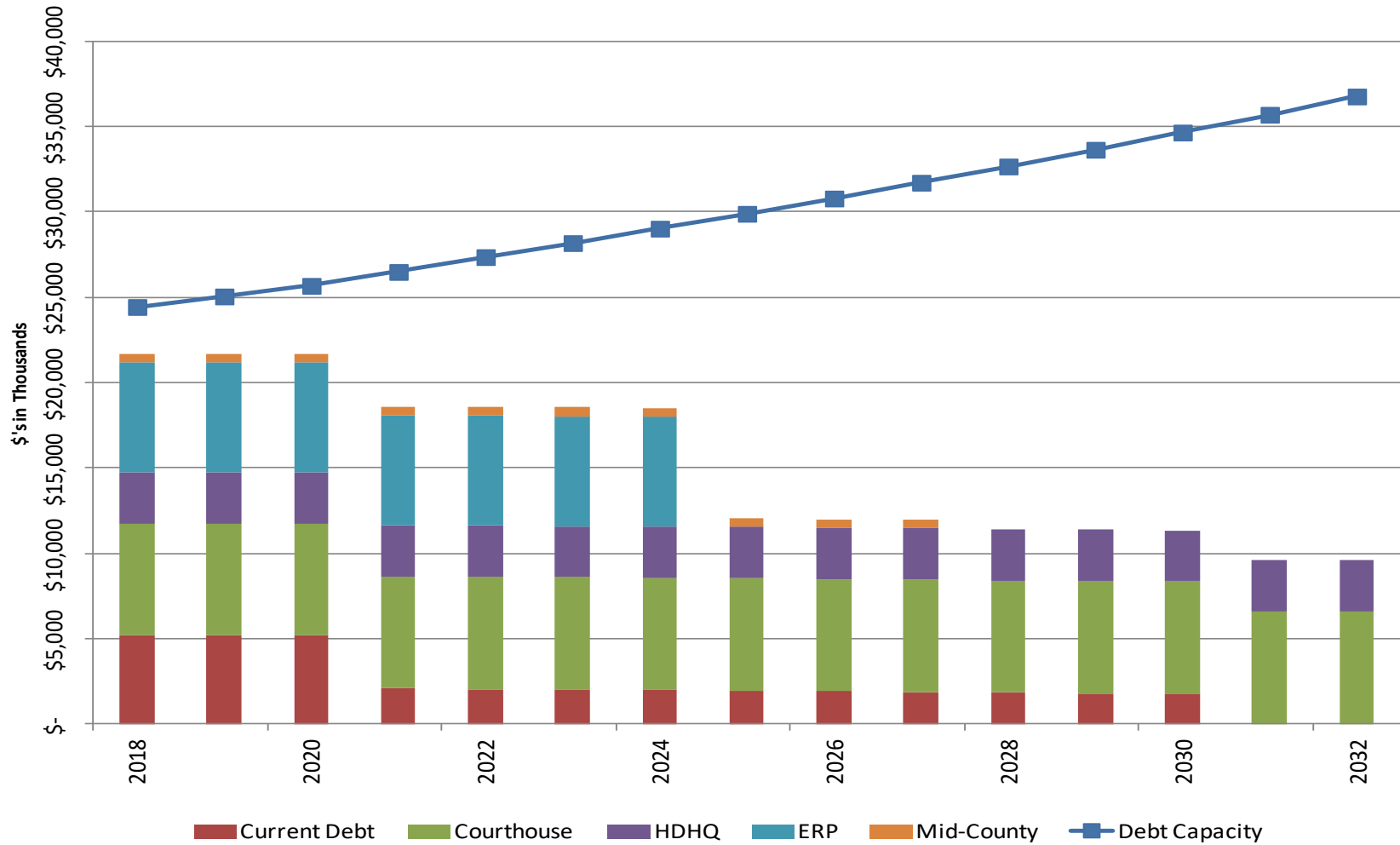
Project	Other Funds	OTO Funds	Bond Proceeds	Total Cost
Multnomah County Central Courthouse	\$ 125,000	\$ 79,390	\$ 95,685	\$ 300,075
Gladys McCoy Health Department HQ	36,398	13,400	42,802	92,600
ERP System	-	2,000	40,800	42,800
DCJ Mid-County Facility	-	6,750	5,250	12,000
	\$ 161,398	\$ 101,540	\$ 184,537	\$ 447,475

- Full Faith & Credit Strategy
 - “Pay Go” Financing Supports Acquisition and Design Activities
 - Project Cash Flows Point to September, 2017 Bond Issue
 - Estimated Debt Service Does Not Exceed County Policy Limits

- Ready Levee Ready Columbia (\$3.1 Million)
 - County Serving as Fiscal Agent for Project



Current and Proposed Debt



Calculation of Policy Limit

	Principal and Interest	Paid by GF
Series 2010B - Full Faith and Credit	\$ 713	\$ 713
Series 2012 - Full Faith and Credit	9,470	-
Series 2014 - Full Faith and Credit	5,317	4,459
OTIB Loan - DCS/Transportation	291	-
Totals	\$ 15,791	\$ 5,172
FY 2018 General Fund Revenues		\$ 488,480
5% Policy Limit on Debt Service		\$ 24,424
(Less) Current GF Obligation		(5,172)
(Less) FY 2018 Budgeted Debt Service		(16,515)
Net Revenue Available for New Debt Issuance		\$ 2,737
Estimated Principal Available Under Policy Limit		\$ 37,200

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



Summary

- Capital Financing
 - Match Financing Tool to Nature of Project
 - One-Time-Only Revenues Reduce Amount of Borrowing
- Discussion of Financing Tools Available to County
 - Conduit Debt as a Tool to Support Community Assets
- County Debt Upgraded by Moody's
 - Planned Borrowing w/in County Policy and Has Been Factored Into Financial Forecasts
 - Capacity Grows as Debt is Retired
- County Debt Limits More Restrictive Than ORS Limits
 - Ultimately, Debt Capacity Limited by Ability to Pay

