

Priority: Accountability
Program Offer Type: Existing Operating
Related Programs:

Lead Agency: Non-Departmental - All
Program Contact: Mindy Harris

Program Characteristics:

Executive Summary

The Revenue Bond Program accounts for the principal and interest payments on the Revenue Bonds, Series 1998 (Regional Children's Campus. Inc. in the amount of \$3,155,000), Motor Vehicle Rental Tax Revenue Bond, Series 2000A (Port City in the amount of \$2,000,000) and Motor Vehicle Rental Tax Revenue Bond, Series 2000B (Oregon Food Bank in the amount of \$3,500,000) issued to acquire and construct facilities that are being financed in partnership with the County.

Program Description

The County's Debt Policy includes a section on issuing revenue bonds in partnership with a 501(c)(3) nonprofit agency. The agency must demonstrate that it cannot obtain conventional financing at a reasonable cost. The County assists small to medium size agencies that have total annual revenues from all sources of at least \$1,000,000 but not greater than \$10,000,000. The planned use of the revenue bond proceeds must be consistent with County policy priorities or benchmarks. The County will assist the agency by issuing tax exempt revenue bonds to finance no more than 60% of the capital project and related allowable debt issuance costs. The agency is responsible for raising the remaining project funds. The agency is responsible for all bond issuance costs. The County must have title, or first lien rights if the escrow agent holds title on behalf of the lender, to the property while debt is outstanding. Once the project is completed, the County leases the project back to the non-profit. The agency is responsible for all ongoing costs related to the financing. These include annual debt payments, paying agent costs, or other related costs. Once the bonds are paid off, the County transfers title to the project back to the non-profit. The County has entered into three of these partnerships - Oregon Food Bank, Port City, and Regional Children's Campus. The County also limits the amount of revenue bonds that will be issued in partnership with nonprofits. The limit is \$8,500,000. The current principal amount outstanding is \$5,320,000.

Program Justification

This offer links to the Accountability priority by displaying sound financial management of County resources, as displayed through our financial ratings and bond interest rates. The proceeds of the debt were used to support Basic Living Needs programs for youth services at the Regional Children's Campus, programs and services to people with disabilities at Port City, while the Oregon Food Bank provides food to the less fortunate throughout the State of Oregon.

Performance Measures

Measure Type	Primary Measure	Previous Year Actual (FY06-07)	Current Year Purchased (FY07-08)	Current Year Estimate (FY07-08)	Next Year Offer (FY08-09)
Output	Series 1998 Revenue Bonds Moody's Rating A3	1	1	1	1
Outcome	Series 2000A&B Revenue Bonds Moody's Rating Aaa	1	1	1	1

Performance Measure - Description

Maintaining an investment grade bond rating limits the amount the County might otherwise have to pay towards annual debt service; (1)-indicates Moody's A3 rating or above, (0)-represents rating lower than A3. The debt repayment is linked to sound financial management in the Accountability priority. Both issues are investment grade. The Oregon Food Bank has prepaid all of its lease payment. The Regional Children's Campus and Port City lease had to be restructured to prevent a default. Multnomah County has never defaulted on a debt payment.

Legal/Contractual Obligation

The Regional Children's Campus Revenue Bonds Series 1998 and Lease Agreements were approved by the Board of County Commissioners by Resolution 97-207 adopted December 4, 1997. The Oregon Food Bank Revenue Bonds Series 2000B and Lease Agreements were approved by the Board of County Commissioners by Resolution 00-156 adopted September 21, 2000. The Port City Revenue Bonds Series 2000A and Lease Agreements were approved by the Board of County Commissioners by Resolution 00-157 adopted September 21, 2000. Revenue bond principal and interest is required under the bond covenants entered into by the County.

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2008	2008	2009	2009
Contracts	\$0	\$16,000	\$0	\$30,000
Debt Service	\$0	\$827,621	\$0	\$827,135
Unappropriated & Contingency	\$0	\$4,877,759	\$0	\$4,354,365
Subtotal: Direct Exps:	\$0	\$5,721,380	\$0	\$5,211,500
Administration	\$0	\$0	\$0	\$0
Program Support	\$0	\$0	\$0	\$0
Subtotal: Other Exps:	\$0	\$0	\$0	\$0
Total GF/non-GF:	\$0	\$5,721,380	\$0	\$5,211,500
Program Total:	\$5,721,380		\$5,211,500	
Program FTE	0.00	0.00	0.00	0.00
Program Revenues				
Fees, Permits & Charges	\$0	\$2,324,380	\$0	\$31,500
Other / Miscellaneous	\$0	\$3,397,000	\$0	\$5,180,000
Program Revenue for Admin	\$0	\$0	\$0	\$0
Total Revenue:	\$0	\$5,721,380	\$0	\$5,211,500

Explanation of Revenues

Revenues are received from beginning working capital, interest earnings and lease payments from the Regional Children's Campus and Port City. The Oregon Food Bank prepaid their lease in FY 2006.

Significant Program Changes

Last year this program was: #10028, Revenue Bonds

It is anticipated that the Regional Children's Campus will be sold in FY 2008 and the residual proceeds will be deposited into the Revenue Bond Fund to be used to retire the debt.