



Department of Finance

Public Services Building
2051 Kaen Road, Suite 490 | Oregon City, OR 97045

February 16, 2023

BCC Agenda Date/Item: _____

Board of County Commissioners
Clackamas County

Approval of a Resolution Authorizing a Debt Issuance of up to \$7 million to Finance the Purchase of a Facility and Property at 6433 Lake Road, Milwaukie for the Health Centers’ Behavioral Health Clinic. Deposit funded through Health Centers clinic revenues. No County General Funds are involved.

Previous Board Action/Review	Executive Sessions on 10/26/21, 11/30/21, 7/12/22, 10/25/22, 11/25/22, 12/6/22, and 2/7/23		
Performance Clackamas	1. Which indicator of success does this item affect? Ensure safe, healthy, and secure communities		
Counsel Review	Nate Boderman	Procurement Review	N/A
Contact Person	Sarah Jacobsen	Contact Phone	503-742-5303

EXECUTIVE SUMMARY: The Health Centers’ Stewart and Hilltop clinics, which provide mental health and substance abuse services to children, families, and adults, are being demolished as part of the Courthouse construction project. After reviewing alternative sites in different communities, staff identified a location that meets current and future expansion needs. The location at 6433 Lake Road in Milwaukie is a 48,000 square foot building with 5.01 acres of land.

While staff initially explored leasing the property, purchase was shown to be a more favorable financial option. As such, in October 2022, the Board directed staff to pursue bond financing of the project.

The price of the building and land is \$6.018 million. According to the appraisal that was done in December 2022, “Based on the As-Is Market Value conclusion within this report, the pending sale appears to be at market.”

Staff explored two options for securing the bond: use of the County’s Full Faith and Credit (FF&C) or clinic revenue. Information provided by County’s financing advisors, showed FF&C is less expensive, simpler and requires less time to finalize. Moreover, the risk is ultimately the County’s regardless of which option is selected. Accordingly, staff recommend using the FF&C option.

Included in the purchase process is a \$250,000 non-refundable deposit which the Health Centers will pay. No general funds are requested.

RECOMMENDATION: Staff recommends that the Board, as the governing body of Clackamas County, use its Full Faith and Credit to adopt the resolution as presented and secure the bond.

Respectfully submitted,

Elizabeth Comfort

Elizabeth Comfort
Finance Director

For Filing Use Only

BEFORE THE BOARD OF COUNTY COMMISSIONERS

OF CLACKAMAS COUNTY, STATE OF OREGON

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Borrowing of up to \$7,000,000 to
Provide a New Facility for the
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Whereas, the County is authorized by ORS Section 271.390 to enter into financing agreements to finance or refinance real or personal property which the Board of County Commissioners determines is needed, and to authorize certificates of participation in the right to receive the payments due from the County under those financing agreements; and

Whereas, the County is authorized by ORS 287A.105 to incur bonded indebtedness within the meaning of Section 10, Article XI of the Oregon Constitution; 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 desires to obtain financing in a maximum principal amount of not more than \$7,000,000 to provide a new facility for the Clackamas County Health Centers' Behavioral Health Clinic, including purchasing, improving, relocating and furnishing property (collectively, the "Project"); and

Whereas, the County may make expenditures on the Project (the "Expenditures") before the County borrows to finance the Project, and the rules of the United States Internal Revenue Service require the County to declare its official intent to reimburse itself for amounts that the County will spend before it borrows, in order for the County to reimburse itself for those Expenditures from the proceeds of a tax-exempt borrowing;

NOW THEREFORE, the Clackamas County Board of Commissioners does hereby resolve as follows:

Section 1. Finding of Need. The Board determines that the Project is needed, and that it is desirable to finance the Project.

Section 2. Authorization. The County may obtain financing in a maximum principal amount of not more than \$7,000,000 (the "2023 Borrowings") to provide the Project and pay the estimated costs of the 2023 Borrowings under the authority of ORS 271.390, ORS 287A.105 and the other applicable provisions or ORS Chapter 287A.

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Section 3. Declaration of Intent to Reimburse. The County hereby declares its official intent pursuant to Section 1.150-2 of the Treasury Regulations to reimburse itself with the proceeds of the 2023 Borrowings for any Expenditures paid before the 2023 Borrowings are issued.

Section 4. Delegation. The County Finance Director, the County Budget Manager, or a designee of either of those officials (each a "County Official") are hereby authorized, on behalf of the County and without further action by the Board, to:

1. Enter into one or more 2023 Borrowings for the purposes described in this Resolution and enter into one or more escrow agreements that authorize the escrow agent to issue obligations (the "Obligations") that are payable from payments the County makes under the 2023 Borrowings. The 2023 Borrowings shall constitute bonded indebtedness and be subject to the limits of ORS 287A.105. The obligation of the County to make financing payments under the 2023 Borrowings shall be unconditional. Pursuant to ORS 287A.315, the County Official may pledge the County's full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, and may agree to pay the 2023 Borrowings from any and all of the County's legally available funds, including specific revenue sources, such as revenues from the Health Centers' Behavioral Health Clinics. Subject to the limitations of this Resolution, the 2023 Borrowings may be in such form and contain such terms as the County Official may approve, including covenants for the benefit of the lenders or credit enhancement providers.
2. Determine whether the interest payable on each 2023 Borrowing will be includable in gross income or excludable from gross income under the Internal Revenue Code of 1986, as amended (the "Code").
3. Covenant for the benefit of the owners of tax-exempt obligations to comply with all provisions of the Code which are required for the interest component of financing payments payable under the related 2023 Borrowings to be excluded from gross income for federal income tax purposes.
4. Designate the 2023 Borrowings as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code, if applicable.

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5. 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.
6. Apply for and purchase ratings, municipal bond insurance, or other forms of credit enhancements for the 2023 Borrowings and the Obligations, and enter into related agreements, as necessary.
7. Enter into additional covenants for the benefit of the purchasers of the 2023 Borrowings and the Obligations which the County Official determines are desirable to sell the 2023 Borrowings and the Obligations on favorable terms.
8. Engage the services of escrow agents, paying agents and any other professionals whose services are desirable to accomplish the financings.
9. Negotiate and enter into agreements with various County entities to further secure the 2023 Borrowings and Obligations or comply with covenants related to the use of proceeds and the Project.
10. Subject to the limitations of this Resolution, determine the final principal amount of each 2023 Borrowing, the interest rate or rates which each 2023 Borrowing and each series of Obligations shall bear, and the County's prepayment rights and other terms of each 2023 Borrowing and each series of Obligations.
11. 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, select one or more underwriters, negotiate the terms of the sale of each series of Obligations, and sell that series to those underwriters; or select one or more commercial banks or other lenders, negotiate the terms of the sale of each 2023 Borrowing and sell each 2023 Borrowing to those commercial banks or lenders.
12. Execute and deliver any other certificates or documents and take any other actions which the County Official determines are desirable to accomplish the financing with the 2023 Borrowings and the Obligations in accordance with this Resolution.

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Section 5. Effective Date. This Resolution shall take effect on its date of adoption.

DATED this 16th day of February, 2023.

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary