

# CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

## Staff Presentation Worksheet

Presentation Date: August 4, 2009 Time: 11:00 am Length: 30 minutes

Presentation Title: CCSD No. 1 Debt Authorization and Phase I CMP Update

Department: Water Environment Services

Presenters: Mike Kuenzi, Doug Waugh, Chris Storey

### **ISSUE & BACKGROUND:**

Board Order No. 2008-108 (the "Order") authorized CCSD No. 1 to issue up to \$95 million in Revenue Obligations as part of the financing of Phase I of the Capacity Management Plan. Section 4.4 of the Order. It states:

[The District shall] negotiate appropriate intergovernmental agreements with the Tri-City Service District ("TCSD") governing the construction, pricing and relationship of the District and TCSD and with the City of Milwaukie regarding wholesale pricing for wastewater treatment and related services, with the direction that said negotiations be completed prior to taking the 2008 Revenue Obligations to market and provided that the final intergovernmental agreements shall be approved by the Board.

The District entered into an agreement with TCSD on December 18<sup>th</sup>, 2008 prior to the issuance of the first bonds. No agreement was reached with Milwaukie, and the debt offering was revised accordingly. To satisfy this condition in the order, the District issues the assurance letter attached as Exhibit A hereto. Subsequently, negotiations were reopened and the Board is aware of their course. The District must now address this condition prior to moving forward with the next anticipated borrowing.

Based on current cash flow projections for Phase I, staff estimates the second borrowing under the authority granted by Order 2008-108 will need to occur in late September or early October 2009. It is possible that the Milwaukie discussions will be resolved at that point, but if not the Order's language would need to be addressed.

Staff also wish to provide an update to the Board on the overall status of the project, focusing on the above mentioned cash flow projections and the amount and timing of the second borrowing necessary to fund those projections and to continue the successful financing of Phase I.

### **OPTIONS AVAILABLE:**

1. The Order's language remains the same and the District forebear borrowing until the situation with Milwaukie is resolved.
2. The Order's language be amended to remove the condition of Milwaukie's approval.

### **RECOMMENDATIONS:**

Staff respectfully requests that the Board amend Order 2008-108 to remove Milwaukie's approval.

**QUESTION(S) PRESENTED FOR CONSIDERATION:**

How would the Board like staff to address the existing conditions in the Board Order authorizing issuance of debt?

**SCHEDULE FOR STUDY SESSION:**

Division Director/Head Approval \_\_\_\_\_  
Department Director/Head Approval M. Kuevick  
County Administrator Approval \_\_\_\_\_

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