

# **Mosier Fire District Board Work Session**

## **Tuesday June 29th, 2021 at 4:00pm**

### **Held as a Zoom Meeting**

## **Minutes**

### **In attendance:**

**Board: Phil Evans, Barb Ayers, Todd Reeves, Joanne Rubin, Steve Fisher.**

**Staff: Chief Renault, Maggie Goter**

**Guest: David Ulbricht from SDAO**

### **Minutes taken by Goter**

### **Call to Order at 1602**

### **Agenda additions or corrections**

### **Business:**

1. Zoom call with David Ulbricht from SDAO to hear information about municipal bonding.

Background: we are considering putting a bond on the Nov ballot to fund final construction of JUF.

Last week we were allocated \$750K by the state. We're on Sen. Merkley's list of 10 potential projects to get federally funded which would bring in \$1.5 million. Our professional fundraiser says we're getting close to the 75-80% mark where we can get foundation grants.

Ulbricht heads up the Municipal Advisory Services Group at SDAO and helps represent local governments looking to fund projects.

We'll need to file a SEL 805 form with the county clerk to get a measure on the ballot in Nov. Essentially the same as form 803. Deadline Aug **13th for public notice of intent to go to bond**. Deadline for 803 form is 61 days before the election.

There are certain specific requirements with those forms; SDAO helps with that.

We'll also need to engage a bond attorney who specializes in municipal finance & fed tax code. We'll need an Authorizing Resolution from the board which authorizes a district representative to place a measure on the ballot. There will be another Authorizing Resolution authorizing issuance of the bonds after the measure passes.

SDAO fee is a fixed \$10,000. Fee only collected if there is a successful election and bonds are issued. Collected at the end of the process. No fee if we terminate the contract and don't move forward.

Costs associated with bond measure (e.g. bond attorney) can be capitalized in the bond.

Ulbricht then took questions from the board.

Ayers has been reading normal term for municipal bonds is 1-10 years, or up to 11-12. This proposed bond is for 20 years. That's to control costs to the taxpayer per year.

Ulbricht's scenario for \$1 mil raised: \$55 per 100K per year assessed over life of bond assuming 3% annual growth rate and "collection factors." So over 10 years that would be closer to \$100 per 100K.

Our bond would go to retail type investors. Too small for bond funds, mutual funds. Buyers drive interest rates.

If interest rates go up, the person who owns the bonds loses value but we (the borrower) do not. That regards investors if they were to sell our bond part way through the term to another investor.

Rate levied isn't steady. Total raised is steady. If assessed valuations go down over time, we need to levy more per \$100K assessed. That's why you can't guarantee a rate. It's unlike a local option levy where you say "We're levying \$.50/1000 per year for operations." We need to pay a certain amount of the bond off per year by law.

It can end up going up quite a bit over time. If you want to keep the tax rate about the same every year, you can push principal back into later years assuming assessed valuations go up. Can raise interest cost over time a little though. This would be a "level tax levy scenario."

ORS 478: We have general obligation bond authority but we have to ask voters for ability to sell that bond.

ORS 271.390: Allows us to borrow money: Limited tax obligation. You borrow money and pay through normal operating revenue. No ability to raise taxes.

Fire districts are a little unique: we have revenue bond authorization but it's limited as to use for certain fire protection purposes. Does not apply here.

We could also increase our rate from base \$1.65 and use that to pay bond.

Fed interest rate could have an impact up until we sell/issue bond. After that it's a fixed rate.

What about cost overruns in construction project? Options: We can look to ORS 271.390 to borrow money and pay with operating budget. We can go back to voters and ask for more. We can seek state or federal money.

May want to consider potential for cost overruns in bond. We don't have to issue the full amount of bond. Can also issue bonds in series. E.g. we can get authorization from the voters for \$1.5 mil, then issue \$1 mil, then only issue the remaining \$.5 mil if needed.

Evans asks about realistic time period for outreach. Do we have enough time to shoot for the November election? Ulbricht says we have to move quickly, but we can get this on the ballot by November if we have a well-organized plan and community support. We could also wait and see what state or federal funds come through. That would give us more of an idea of what we need as well as more time to work on organizing public outreach.

November or May elections are best. Only need a simple majority. September or March elections have double majority requirement. (50% of registered voters have to vote, and among those 50% plus one have to vote in favor). May works best wrt budget season as we'll already be finalizing the budget for next year.

Bonds pay semi-annually. If the bond passes in Nov, first payment won't be until December of 2022 because the payment isn't in the adopted 2021-2022 budget. Can't receive payment in current fiscal year.

If we don't want funds ASAP and want to wait for more funds from other sources to come in, we can wait to actualize bond. That might help with fundraising from foundations, etc as it would show community support. There is no expiration date on the authorization, but some bond attorneys would suggest we go back to voters if we wait 5 years without issuing any debt.

Ayers is concerned that there hasn't been a lot of public discussion on this and if we rush a bond too fast it could fail. That's happened locally and that would kill momentum. Ulbricht: most people take a while to plan their outreach/marketing efforts before bond vote.

The District opted to do this bond instead of the city because we have a larger tax base. We'd be the only guarantor.

Who would own the building? Current plan is for the city to own. Does that make the most sense? We'd have to decide on this before moving forward. Ulbricht says we'll definitely be working with joint ownership under an IGA if both groups are contributing funds.

Who is responsible for public outreach? SDAO doesn't provide that. We'd need to engage another group. Reid Wagner is with a group in PDX called Winning Mark - he used to be on board of SDAO. They provide that type of service. Campbell DeLong, another firm that does that kind of work.

Ayers says in her experience bonds usually require a specialized PR firm. There are rules and laws about governmental officials advocating for a levy. In HR County they hired a firm that looked into what could motivate people and used that to inform outreach.

Ulbricht doesn't know how much a firm like that would cost but he'll ask Wagner to get in touch with Evans; get us in contact with Campbell DeLong. Ballpark guesses range \$15K-30K.

Ayers: muni bonds are popular among high-income specialized investors. Is there a chance our local large donors might rather buy the bond? It's only 2% interest, but it's tax-free. Tax-equivalent yield is about 3.25%. But if we looked to locals would this cannibalize our donor pool?

Evans: Total TAV for the entire district is \$149,546,971. Is there a way to find the average TAV or can we just look up individual tax lots? Hard to figure out which properties have not gone up in TAV in a long time without looking them all up. Our tax base goes up about 5% a year on average (3-7% over last 5 yrs).

Reeves: is there a way to sell something like a mini-bond to locals to raise funds? Oregon may have a "Citizens bond program" - Ulbricht will investigate. We can carve out how we want to issue the debt from various sources. We'd want to find out if we have takers first.

### **Adjournment at 1759**

*Next Month's Regular Board Meeting will be on July 8<sup>th</sup>.*