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Memorandum Date: February 14, 2007  
Order Date: February 14, 2007

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**TO:** Board of County Commissioners

**DEPARTMENT:** Management Services, Finance Division

**PRESENTED BY:** Kay Blackburn, Financial Services Manager

**AGENDA ITEM TITLE:** ORDER/IN THE MATTER OF AUTHORIZING THE REDEMPTION OF BUILDING BONDS, SERIES 1993 AND DELEGATING AUTHORITY FOR THE COUNTY ADMINISTRATOR TO SIGN A RECONVEYANCE/SATISFACTION OF MORTGAGE ON THE SCHAEFERS BUILDING

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**I. MOTION**

Move approval of Order 07-02-14-XX authorizing the redemption of Building Bonds, Series 1993 and delegating authority for the County Administrator to sign a reconveyance/satisfaction of mortgage on the Schaefers Building.

**II. AGENDA ITEM SUMMARY**

The County assisted Lane Council of Governments (LCOG) in refinancing the property known as the Schaefers Building in 1993. To effect that refinancing, LCOG conveyed the property to the County, and the County issued Building Bonds to provide funding for the refinancing. LCOG now wishes to pay off the outstanding building bonds and regain title to the property.

**III. BACKGROUND/IMPLICATIONS OF ACTION**

**A. Board Action and Other History**

LCOG conveyed title to the Schaefer Building property to the County through a warranty deed recorded on September 8, 1993. The consideration for the conveyance was \$2,165,000 in proceeds from the sale of Building Bonds, Series 1993 issued by the County. The County issued a Trust Deed on the property as security for the bonds. Additionally, the County entered into a Land Sale Contract with LCOG for repurchase of the property as the bond obligation is satisfied.

The Land Sale Contract contained an optional prepayment provision whereby the outstanding bonds due after August 2003 can be called (prepaid) at any time after

that date. LCOG has provided the County with notice of intention to exercise the prepayment provision. LCOG has deposited the funds necessary to prepay the bonds in escrow.

**B. Policy Issues**

Redemption of the bonds is consistent with the County's debt policies (APM Chapter 2, Section 21) which call for minimizing debt service requirements and maintaining adequate capacity for new debt issuance.

**C. Board Goals**

This proposal is consistent with the strategic plan goal of providing efficient and effective financial and administrative support and systems, and protecting the public's assets.

**D. Financial and/or Resource Considerations**

The administrative costs associated with redeeming the bonds and transferring title will be reimbursed by LCOG in accordance with the Land Sale Contract. The County will be released from obligation on the bonds once prepayment is made.

**E. Analysis**

In accordance with Order 93-8-11-1 the County issued bonds to assist LCOG, a partner agency, in financing the property. Early redemption of the bonds and transfer of the title is in the interest of the partner agency, as it allows them to pursue other financing opportunities. This transaction serves the interests of the County by liquidating debt in the County's name and providing additional debt capacity for new projects.

**F. Alternatives/Options**

1. Authorize redemption of the bonds and delegate authority for the County Administrator to convey title of the Schaefer Building property to LCOG.
2. Retain title to the property. Because title was transferred to the County for the purpose of securing financing, there is no reason to retain title once the financing obligation is satisfied.

**IV. TIMING/IMPLEMENTATION**

Funds have been obtained by LCOG and deposited in escrow to pay off the remaining bonds. Once authorized, notice will be provided to the Bond Trustee, and a payoff date will be established. At the time of bond redemption, a satisfaction of the Trust Deed will be obtained and recorded. When the Trust

Deed has been recorded, Lane County's obligation regarding the property will have been satisfied and the County Administrator will be asked to convey the property to LCOG.

**V. RECOMMENDATION**

The Financial Services Manager recommends that the motion be approved.

**VI. FOLLOW-UP**

If approved, the transaction will be completed as detailed above in Section IV.

**VII. ATTACHMENTS**

Order # 07-2-14-XX

**THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY, OREGON**

**ORDER NO.** ) IN THE MATTER OF AUTHORIZING THE REDEMPTION  
**07-2-14-** ) OF BUILDING BONDS, SERIES 1993 AND DELEGATING  
 ) AUTHORITY FOR THE COUNTY ADMINISTRATOR TO  
 ) SIGN A RECONVEYANCE/SATISFACTION OF  
 ) MORTGAGE ON THE SCHAEFERS BUILDING

**WHEREAS**, pursuant to Board Order 93-8-11-1 the County issued Building Bonds, Series 1993 to finance the Schaefers Building Project on behalf of Lane Council of Governments and entered into a Land Sale Contract governing the transaction; and

**WHEREAS**, the Land Sale Contract contained an optional prepayment provision and Lane Council of Governments has notified the County of their intent to exercise the optional prepayment; and

**WHEREAS**, Lane Council of Governments intends to deposited in escrow the funds necessary to redeem the bonds and satisfy the outstanding obligation to Lane County;

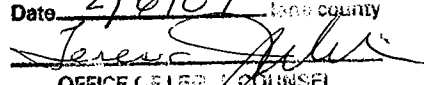
**IT IS HEREBY ORDERED** that, conditioned upon the deposit in escrow of the funds necessary to redeem the bonds, the redemption of Building Bonds, Series 1993 is authorized; and

**FURTHER ORDERED** that the County Administrator is delegated authority to redeem the bonds and to sign the documents necessary to convey the Schaefers Building property to Lane Council of Governments and record the satisfaction of mortgage.

Dated this 14<sup>th</sup> Day of February, 2007

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FAYE STEWART, CHAIR  
Board of County Commissioners

APPROVED AS TO FORM  
Date 2/6/07 Lane County  
  
OFFICE OF LEG. COUNSEL