

AGENDA

WASHINGTON COUNTY BOARD OF COMMISSIONERS

Agenda Category: Consent – Support Services

Agenda Title: GRANT AUTHORITY TO REALLOCATE QUALIFIED ENERGY CONSERVATION BOND AUTHORITY TO THE STATE OF OREGON

Presented by: Mary E. Gruss, Chief Finance Officer

SUMMARY:

Qualified Energy Conservation Bonds (QECB's) were authorized as part of the 2009 American Recovery and Reinvestment Act (ARRA). The bonds were intended to be used to finance projects designed to reduce greenhouse gas emissions. QECB's interest costs are partial offset by a direct refundable credit payment from the Federal government, thus, lowering interest cost to the issuer.

The State of Oregon received a QECB allocation of \$39.2 million and sub-divided the allocation amongst 13 recipients based on population. Washington County's QECB allocation was \$5,474,987.

No QECBs have been issued in Oregon because the individual QECB allocations have been deemed to be too small relative to the associated transaction costs, thus, offsetting the benefit of the Federal payments. The State has been reaching out to the communities that received an allocation to encourage them to re-allocate their allocation back to the State so that the State could issue the aggregated bonds through the Oregon Department of Energy's (ODOE) Small-Scale Energy Loan Program. By doing so, they could absorb the issuance cost and then "loan" the money to individual projects at a favorable rate.

Schools have been identified by the Governor of Oregon as one of the targets for the low interest loans made from the program. If the communities with an allocation of QECB reallocate to the State, low-cost financing would be made immediately available for new school energy efficiency projects in those areas.

Existing law allows for the reallocation of QECB to the State through an R&O from your Board.

DEPARTMENT'S REQUESTED ACTION:

That your Board approve a resolution and order to reallocate qualified energy conservation bond authority to the State of Oregon.

COUNTY ADMINISTRATOR'S RECOMMENDATION:

I concur with the requested action.

RO 11-50

Agenda Item No.	<u>1.s.</u>
Date:	<u>6/28/11</u>

1 IN THE BOARD OF COUNTY COMMISSIONERS
2 FOR WASHINGTON COUNTY, OREGON

3 In the Matter of Qualified Energy) RESOLUTION AND ORDER
4 Conservation Bond Reallocating Bond) No. 11-50
5 Volume Cap to the State of Oregon.)
6)

7 This matter having come before the Board at its regular meeting on June 28, 2011, and
8 it appearing to the Board that:

9 A. Section 54D of the Internal Revenue Code of 1986, as amended (the "Code") allows the
10 State of Oregon and its cities and counties with populations of 100,000 or more to issue limited
11 amounts of qualified energy conservation bonds ("QECBs"). QECBs qualify for 70% federal
12 interest subsidies or tax credits, and may only be issued to finance "qualified conservation
13 purposes" as defined in Section 54D(f)(1) of the Code. Qualified conservation purposes include
14 capital expenditures that reduce energy consumption in public buildings by 20% or more, green
15 community programs, facilities that produce energy from renewable resources, mass commuting
16 facilities that reduce consumption of energy and pollution, and certain kinds of research facilities,
17 demonstration projects and public education campaigns that promote energy efficiency.

18 B. QECBs are limited to the amount of "volume cap" that is available. The State of
19 Oregon (the "State") was allocated \$39,320,000 of QECB volume cap.

20 C. Washington County received a QECB volume cap suballocation of \$5,474,987.

21 D. Section 54D(e)(2) of the Code allows County to reallocate its volume cap to the State
22 for use by the State or reallocation to other issuers.

E. The State has requested that all cities and counties reallocate to the State all QECB that

1 the cities and counties do not intend to use. Reallocations are permanent and may not be revoked

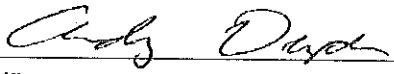
2 F. The County does not intend to use any of its suballocation and is willing to reallocate
3 the entire amount to the State, now, therefore, it is

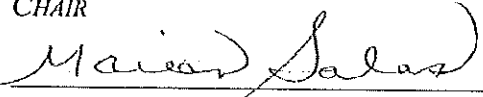
4 RESOLVED AND ORDERED that the Board hereby reallocates 100% (\$5,474,987) of its
5 QECB Volume Cap to the State and authorizes the County Administrator or his designee to sign
6 any documents that are requested by the State to confirm this reallocation and to take such other
7 actions as are necessary to carry out this reallocation.

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9
10 DATED this 28th day of June, 2011.

11
12 BOARD OF COUNTY COMMISSIONERS
FOR WASHINGTON COUNTY, OREGON

	AYE	NAY	ABSENT
13 DUYCK	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14 SCHOUTEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
MALINOWSKI	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15 ROGERS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16 TERRY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CHAIR


RECORDING SECRETARY