

Memo

To: County Board of Supervisors
From: Jennifer Jossie, Finance Director
Date: 11/17/2009
Re: Courthouse Finance Options

As Portage County moves forward with the planning process of a new courthouse, it is important to consider and become familiar with the financing options of such an endeavor. Attached is a document prepared by Jeff Belongia with Hutchinson, Shockey, Erley & Co. to assist in your understanding of the various financing options as the planning process moves forward, for a potential new courthouse and for other future capital projects. Here are some important highlights for your consideration:

- Debt service is not considered against the county's levy limit caps. The County's debt capacity is about \$249 million for 2009. Therefore, Portage County has significant capacity for debt service. Our existing debt service will be fully paid in 2012. At that time, the tax rate will decrease by an estimate of \$.65, unless there is borrowing for future projects
- Portage County is overall in excellent financial health and is expected to attract an AA+ bond rating. The Finance and the Capital Improvements Committees both endorsed utilizing \$5 million of existing capital improvements fund balance to help finance a new courthouse. The schedules we have prepared include this assumption.
- The County is able to add new debt service for a ten year period and maintain a flat tax rate. Portage County fiscal policy, supported by the Executive and the long standing budgets of the County Board, is to maintain a flat and stable tax rate when preparing budgets and when proposing long term projects. This policy assists with overall financial planning for the county, and benefits taxpayers in the long run
- The County is able to extend new debt service out beyond a ten year period, for example twenty years, and lower the tax rate. However, the cost of a longer term is estimated to be approximately \$10 million more over its life. The expectation of the life span of the facility is far greater than ten years, so the costs and benefits of the amount and length of borrowing must be carefully considered.
- Another important consideration is planning for the ability to bond for other projects that may arise over the course of the next ten to twenty years. Portage County could borrow approximately \$55.5 million over the next twenty years and maintain a stable tax rate.
- Other considerations include the market conditions at the time of borrowing.

There are many options to consider when financing and planning for debt service. Once the project costs and budget are finalized, we can tailor the financing to meet the needs of the project. Please feel free to contact me with any questions.