

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING A) ORDINANCE NO. 00-850
LOAN TO METRO FROM THE OREGON)
ECONOMIC AND COMMUNITY) Introduced by Executive Officer
DEVELOPMENT DEPARTMENT'S) Mike Burton
SPECIAL PUBLIC WORKS FUND LOAN)
PROGRAM; AND DECLARING AN)
EMERGENCY)

SECTION A. FINDINGS. As the preamble to this Ordinance, the Metro Council recites the matters set forth in this Section. To the extent any of the following recitals relates to a finding or determination which must be made by the Council in connection with the subject matter of this Ordinance or any aspect thereof, the Council declares that by setting forth such recital such finding or determination is thereby made by the Council. This Section A and the recitals, findings and determinations set forth herein constitute a part of this Ordinance.

(A) POLITICAL SUBDIVISION. Metro is a municipality and political subdivision organized and existing under and pursuant to Article M, Section 14 of the Oregon Constitution, the laws of the State of Oregon and the Metro Charter. Metro is a "municipality" within the meaning of Oregon Revised Statutes 285.700(1).

(B) EXPO CENTER HALL "D" CONSTRUCTION. Metro is also in the process of designing and constructing a replacement building for Hall "D" and

installing landscaping and site improvements at the Expo Center, and needs to finance at this time all of the costs of such improvements.

(C) METRO AUTHORITY TO BORROW FUNDS. Metro is authorized under the laws of the State of Oregon, and, in particular, the Metro Charter and Metro Ordinance No. 93-495 (said Ordinance adding various financing provisions as Article VII of the Metro Code) (collectively, the "Act"), to issue bonds and other obligations for the purpose of providing the funds needed in connection with Metro's governmental undertakings. Metro Ordinance No. 91-43 9, enacted on December 21, 1991, as amended by Metro Ordinance No. 93-495, enacted on April 22, 1993 (said Ordinance No. 91-439 as amended by said Ordinance No. 93-495 being herein referred to as the "General Revenue Bond Master Ordinance"), provides a comprehensive framework for Metro to borrow money by issuing Bonds and entering into and incurring Financial Obligations payable from Metro's Revenues and Available Funds.

(D) SPECIAL PUBLIC WORKS FUND LOAN PROGRAM. Oregon Revised Statutes 285B.410 through 285B.482 (the "SPWF Act") authorizes any municipality to file an application with the Oregon Economic and Community Development Department ("the Department") to obtain financial assistance from the Special Public Works Fund loan program administered by the Department. In order to obtain the funds necessary to finance the costs of the Hall "D" project at Expo (herein referred to as the "Project"), Metro has determined to determined to

enter into a Financing Agreement (within the meaning of the General Revenue Bond Master Ordinance) with the Department pursuant to which Metro will borrow money through said Special Public Works Fund loan program. To that end, Metro has filed an application with the Department. The Department has approved Metro's application for financial assistance from the Special Public Works Fund pursuant to the SPWF Act. Metro is required, as a prerequisite to the receipt of financial assistance from the Department, to enter into a Financial Assistance Award Contract and a Loan Agreement with the Department in substantially the form on file with Metro's Chief Financial Officer in connection with the adoption of this Ordinance. The Project, as more particularly described in Exhibit "A" to the Loan Agreement, is an "infrastructure project" within the meaning of the SPWF Act which is needed by and is in the public interest of Metro.

NOW, THEREFORE, THE METRO COUNCIL ORDAINS AS FOLLOWS:

SECTION 1. TERMS DEFINED IN GENERAL REVENUE BOND MASTER ORDINANCE. All terms used in this Ordinance and not otherwise defined herein shall have the respective meanings assigned thereto in the General Revenue Bond Master Ordinance.

SECTION 2. LOAN AUTHORIZED. Pursuant to the Special Public Works Fund loan program, Metro shall borrow from the Department the principal sum of Fifteen Million Six Hundred Thirty-one Thousand Dollars (\$15,631,000) (the "Loan"). The

Executive Officer is hereby authorized, empowered and directed, for and on behalf of Metro, to establish and determine:

(a) the interest rate to be applicable to the Loan, *provided that* in no event shall the Loan bear interest at a rate in excess of 6.5% *per annum*; and

(b) the dates on which the principal of and accrued interest on the Loan shall be due and payable and the principal amount to be due on each such date.

SECTION 3. SECURITY. The Loan shall constitute a Financing Obligation under the General Revenue Bond Master Ordinance, and the Financing Documents (as defined below) shall constitute a Financing Agreement within the meaning of the General Revenue Bond Master Ordinance. The principal of and interest on the Loan shall be payable from the Revenues and Available Funds on a parity basis (*pari passu*) with the payment of all amounts owing under all Outstanding Debt Obligations. The obligation of Metro to make payments pursuant to the Loan Agreement is a full faith and credit obligation of Metro payable as aforesaid out of the Revenues and Available Fund and is an obligation that is not subject to annual appropriation. In accordance with the requirements of the General Revenue Bond Master Ordinance, Metro covenants and agrees to duly budget and appropriate Revenues and Available Funds in each fiscal year sufficient to pay when due all amounts of principal of and interest on the Loan.

SECTION 4. ADDITIONAL AUTHORIZATIONS. Metro's Executive Officer and

Chief Financial Officer, and each of them acting individually, are hereby authorized, empowered and directed, for and on behalf of Metro, to do and perform all acts and things necessary or appropriate to obtain the Loan and otherwise implement the provisions of this Ordinance, including but not limited to the execution and delivery of the Financial Assistance Award Contract, Loan Agreement, the Promissory Note attached as an Exhibit to the Loan Agreement (the "Financing Documents") and such documents, instruments, certificates and agreements as may be necessary or appropriate in connection with the Loan. The proceeds of the Loan shall be applied solely to the "Costs of the Project" as such term is defined in the Loan Agreement.

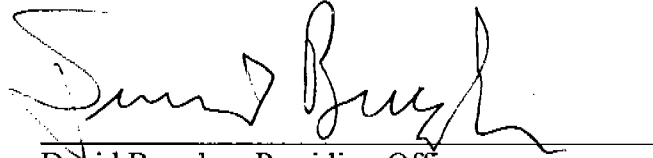
SECTION 5. MAINTENANCE OF TAX-EXEMPT STATUS. Metro hereby covenants and agrees that it will not take any action which would cause the interest on the Loan to become includable for federal income tax purposes in the gross incomes of the owner thereof, and that Metro will take all reasonable actions within its control necessary in order to ensure that the interest on the Loan remains excludable for federal income tax purposes from the gross incomes of the owner thereof. In addition, Metro further covenants and agrees that it will not make any use of the proceeds of the Loan or the lands and improvements to be financed with the proceeds of the Loan which would result in the Loan being or becoming (a) a private activity bond within the meaning of Section 141(a) of the Internal Revenue Code of 1986, as amended (the "Code") or (b) an arbitrage bond within the meaning of Code Section 148(a). Metro may, in subsequent Ordinances of the Council and in the certificates executed and delivered by Metro Executive Officer and the Metro Chief Financial Officer in connection with the Loan, make additional covenants to

insure that interest paid on the Loan will remain excludable for federal income tax purposes from the gross incomes of the owner thereof, in which event such additional covenants shall constitute contracts with the owner of the Loan.

SECTION 6. REIMBURSEMENT OUT OF LOAN PROCEEDS. Metro may reimburse expenditures for the Project with amounts received from the Department pursuant to the Financing Documents. Additionally, Metro understands that the Department may fund or reimburse itself for the funding of amounts paid to Metro pursuant to the Financing Documents with the proceeds of bonds issued by the State of Oregon pursuant to the SPWF Act. This Ordinance shall constitute "official intent" within the meaning of Section 1.150-2 of the Income Tax Regulations promulgated by the United States Department of the Treasury with respect to the funding or the reimbursement for the funding of the costs of the Project with the proceeds of the Loan pursuant to the Financing Documents and with the proceeds of any bonds issued by the State of Oregon pursuant to the SPWF Act.

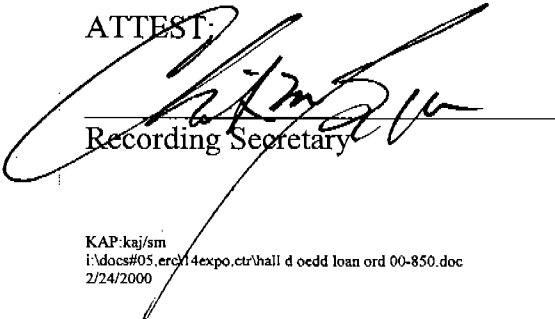
SECTION 7. EMERGENCY CLAUSE. This Ordinance is necessary for the immediate preservation of public health, safety and welfare, in that it will secure the needed Project financing which has been offered by the Department; an emergency is therefore declared to exist, and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).

ADOPTED by the Metro Council this 16th day of March 2000.



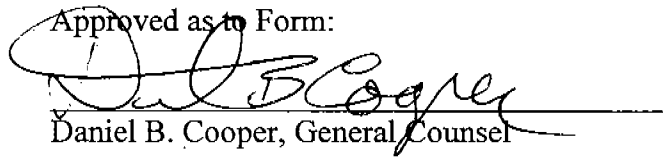
David Bragdon, Presiding Officer

ATTEST:



Recording Secretary

Approved as to Form:



Daniel B. Cooper, General Counsel

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2/24/2000

METRO OPERATIONS COMMITTEE REPORT

CONSIDERATION OF ORDINANCE NO. 00-850, FOR THE PURPOSE OF AUTHORIZING A LOAN TO METRO FROM THE OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT'S SPECIAL PUBLIC WORKS FUND LOAN PROGRAM; AND DECLARING AN EMERGENCY

Date: February 24, 2000

Presented by: Councilor Washington

Committee Action: At its February 23, 2000 meeting, the Metro Operations Committee voted 3-0 to recommend Council adoption of Ordinance No. 00-850. Voting in favor: Councilors Atherton, Washington and Monroe.

Background: Ordinance 00-850 authorizes acceptance of a loan from the Oregon Economic and Community Development Department (OECDD) Special Public Works Fund (SPWF), to finance the replacement of Hall D at the Expo Center. The entire project cost of \$15,631,000 will be financed through this loan.

- **Existing Law:** Resolution 99-2833, adopted in September of 1999, authorizes Metro application to OECDD for a \$5,000,000 loan. The amount has since revised, to the full project cost of \$15,631,000.

State Law: ORS 285B.410-482, and various Metro ordinances, including Ordinance 91-439 "General Revenue Master Ordinance," govern Metro's ability to apply for and accept this loan.

- **Budget Impact:** The full loan amount will be \$15,631,000. The term will be 25 years with an interest rate of approximately 5.5%.
- **Committee Issues/Discussion:** The committee approved the ordinance following the staff presentation.

STAFF REPORT

CONSIDERATION OF ORDINANCE NUMBER 00-850 FOR THE PURPOSE OF AUTHORIZING A LOAN TO METRO FROM THE OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT'S SPECIAL PUBLIC WORKS FUND LOAN PROGRAM; AND DECLARING AN EMERGENCY.

Date: February 14, 2000

Presented by: Tony Mounts

FACTUAL BACKGROUND AND ANALYSIS

Ordinance 00-850 authorizes acceptance of a loan from the Oregon Economic and Community Development Department (OECDD) Special Public Works Fund (SPWF) to finance the replacement of Hall D at the Expo Center.

Resolution 99-2833, adopted on September 16, 1999, authorized submittal of a loan application to OECDD for the Hall D project. The total project cost for the replacement of Hall D is \$15,631,000. At the time Resolution 99-2833 was considered, the financing plan was based on a \$5 million loan from OECDD and the sale of General Fund-backed revenue bonds for the balance. In the interim, OECDD has determined that they can finance the entire project. This allows Metro to both avoid the costs of issuing debt and obtain a lower interest rate than would otherwise be possible.

In December, prior to the agreeing to finance to entire project, OECDD had awarded Metro a SPWF loan for \$5,013,000. An amendment to this award is in process and should be available by the time of final action on this ordinance. This ordinance authorizes Metro to accept the original award and authorizes the Executive Officer to accept the amendment when it is available.

The full loan amount, after the amendment, will be \$15,631,000. The term will be 25 years with an interest rate of approximately 5.5%. The final interest rate will be set at the time the bonds are sold in late March, 2000. The loan will be repaid from revenues charged for use of Expo facilities. Should Expo revenues be insufficient to pay the full debt service in any year, Metro's General Fund will be expected to provide the funds needed.

BUDGET IMPACT

Receipt of this loan has been budgeted in the General Revenue Bond Fund in the FY2000-01 Budget. Debt service is anticipated to begin during FY2000-01 as well. Because the State sells bonds for specific projects, Metro will earn interest on the unspent portion of the loan during the construction draw down period. These earnings will be dedicated to payment of loan interest, reducing the debt service burden to Expo operations.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Ordinance No. 00-850.