

BEFORE THE METRO COUNCIL

AUTHORIZING GENERAL OBLIGATION ) RESOLUTION NO. 07-3770  
BONDS FOR NATURAL AREAS, PARKS )  
AND STREAMS ) Introduced by Michael Jordan, Chief  
) Operating Officer with the concurrence of  
) Council President David Bragdon

WHEREAS, voters in the Metro region approved a \$227.4 million bond measure directing Metro to purchase natural areas, parks and streams on November 7, 2006; and,

WHEREAS, it is now desirable to authorize the sale of up to \$227.4 million of those bonds; now, therefore,

BE IT RESOLVED by the Metro Council as follows:

**Section 1. Bonds Authorized.**

Metro is hereby authorized to issue and sell the general obligation bonds that were authorized by the voters on November 7, 2006, in a principal amount of not more than \$227.4 million (the "Bonds"). Proceeds of the Bonds shall be used to finance the purposes authorized in the ballot, including natural areas, parks and streams, and payment of costs related to the Bonds. The Chief Operating Officer or the person designated by the Chief Operating Officer to act under this resolution (the "Metro Official"), on behalf of Metro and without further action by Metro Council, may:

- 1.1 Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the Bonds;
- 1.2 Provide that the Bonds may be issued in one or more series, and establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record date and other terms of each series of the Bonds;
- 1.3 Publish a notice of sale, receive bids and award the sale of each series to the bidder complying with the notice and offering the most favorable terms to Metro, or select one or more underwriters, commercial banks or other investors and negotiate the sale of any series with those underwriters, commercial banks or investors;
- 1.4 Undertake to provide continuing disclosure for the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission;
- 1.5 Appoint and enter into agreements with a paying agent and registrar and any other professionals and service providers that the Metro Official determines are desirable in connection with the Bonds;
- 1.6 Apply for ratings for each series of Bonds, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents;

- 1.7 Prepare, execute and deliver a bond declaration for each series of Bonds specifying the terms under which each series of Bonds is issued, and making covenants for the benefit of Bondowners. The bond declarations may also contain covenants for the benefit of any insurers of the Bonds;
- 1.8 Determine whether each series of Bonds will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, or is includable in gross income under that code. If a series bears interest that is excludable from gross income under that code, the Metro Official may enter into covenants to maintain the excludability of interest on that series of the Bonds from gross income; and
- 1.9 Issue, sell and deliver the Bonds and execute any documents and take any other action in connection with the Bonds which the Metro Official finds will be advantageous to Metro.

**Section 2. Security For Bonds.**

Metro hereby pledges its full faith and credit to pay the Bonds. Metro hereby covenants for the benefit of the Owners to levy a direct ad valorem tax upon all of the taxable property within Metro which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay all Bond principal and interest when due. Metro covenants to levy this tax each year until all the Bonds are paid. This tax shall be in addition to all other taxes of Metro, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution.

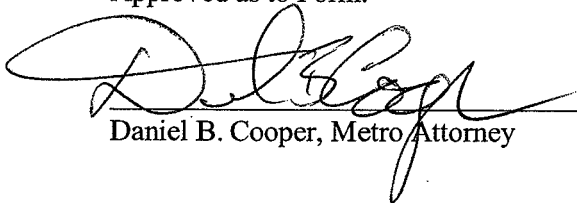
**Section 3. Effective Date.**

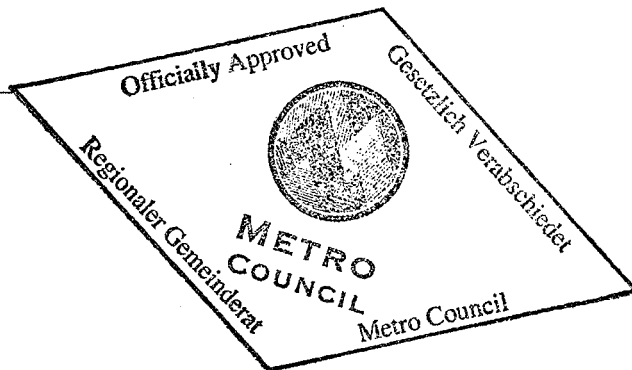
This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council this 1st day of February 2007.

  
David Bragdon, Council President

Approved as to Form:

  
Daniel B. Cooper, Metro Attorney



## STAFF REPORT

### IN CONSIDERATION OF RESOLUTION NO. 07-3770 AUTHORIZING GENERAL OBLIGATION BONDS FOR NATURAL AREAS, PARKS AND STREAMS

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Date: January 16, 2007

Prepared by: Bill Stringer,  
Chief Financial Officer

#### BACKGROUND

In November 2006, voters of the region approved Measure 26-80 authorizing Metro to issue \$227.4 million in general obligation bonds for natural areas, parks and streams. Since then, staff have been working with financial advisors and bond counsel to develop a strategy for issuance of the bonds that best meets Metro's needs and stays within certain legal requirements. IRS regulations stipulate that we cannot issue more at any one time than what we reasonably expect to spend within a specified time frame (e.g. 85% within the first three years from the date of issue).

The bonds will be issued in at least two series. The first series will be for an amount of approximately \$125,425,000. It will be structured with semi-annual interest payments due June 1<sup>st</sup> and December 1<sup>st</sup>, and annual principal payments on June 1<sup>st</sup>. The first payment will be due December 1, 2007. The second series will be issued in approximately 3-4 years depending on need. Staff will monitor spend down of the first series and work with financial advisors to structure a second issue that meets the needs of the program within legal parameters. Total debt service on all issues related to the Natural Areas, Parks and Streams general obligation bonds authorized by the voters on November 6, 2006 will be structured not to exceed the \$0.19 per thousand of assessed value stated in the measure. Following adoption of this resolution on February 1, 2007, the first series of bonds is expected to be sold on March 8, 2007 with closing on March 22, 2007.

Resolution No. 07-3770 authorizes the issuance of the full amount approved by the voters in November 2006. It authorizes the Chief Operating Officer or his designee to negotiate and sign all documents and conduct the sale and issuance of the 2007 series bonds and any future bond series up to the total \$227.4 million authorized by the voters.

#### ANALYSIS/INFORMATION

1. **Known Opposition** – None.
2. **Legal Antecedents** – Metro may issue general obligation bonds pursuant to the authority granted by Metro Charter Section 10 and ORS 268.520 and pursuant to the voters' approval of Measure 26-80 at the general election held on November 7, 2006.
3. **Anticipated Effects** – This action authorizes the issuance of up to \$227.4 million in general obligation bonds. It also authorizes the Chief Operating Officer or his designee to negotiate and sign all documents and conduct the sale and issuance of the 2007 series bonds and any future bond series up to the total amount.
4. **Budget Impacts** – The issuance of the bonds will provide funding for the natural areas, parks and streams program. Previous Council action has authorized up to 16 FTE for the program in FY 2006-

07 and has provided interim appropriation until the sale of the bonds. Debt service payments will not begin until FY 2007-08 and will be included in the coming fiscal year's budget and property tax levy. No additional budget action is necessary by the Council to recognize the receipt and expenditure of the general obligation bond proceeds in FY 2006-07.

**RECOMMENDED ACTION**

The Chief Financial Officer recommends Council adoption of Resolution No. 07-3770.