

BEFORE THE METRO COUNCIL

AUTHORIZING SALE OF \$5 MILLION)
OF GENERAL OBLIGATION BONDS)
TO PROTECT ANIMAL HEALTH AND)
SAFETY, CONSERVE AND RECYCLE)
WATER)

RESOLUTION NO. 08-4012

Introduced by Michael Jordan, Chief
Operating Officer with the concurrence
of Council President David Bragdon

WHEREAS, voters in the Metro region approved a \$125 million bond measure authorizing Metro to issue general obligation bonds to protect animal health and safety, conserve and recycle water; and,

WHEREAS, it is now desirable to authorize the sale of up to \$5 million of those bonds; now, therefore,

BE IT RESOLVED by the Metro Council as follows:

Section 1. Bonds authorized; delegation.

Metro is hereby authorized to issue and sell up to \$5 million of the general obligation bonds that were authorized by the voters on November 4, 2008 (the "Bonds"). Proceeds of the Bonds shall be used to finance the purposes authorized in the ballot, including costs related to the Bonds (collectively, the "Projects"). 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 Issue the Bonds in one or more series, provided that the outstanding principal amount of the Bonds that are sold under this resolution shall not exceed \$5 million.
- 1.2 Issue Bonds to provide interim or permanent financing for the Projects, enter into lines of credit or similar documents which permit Metro to draw Bond proceeds over time, and issue Bonds to refund the Bonds that provide interim financing for the Projects.
- 1.3 Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to each series of the Bonds.
- 1.4 Establish the form, final principal amounts, maturity schedules, interest rates, sale prices and discount, prepayment terms, payment terms and dates, and other terms of each series of Bonds.
- 1.5 Execute and deliver a bond declaration for each series of Bonds, specifying the terms under which each series of Bonds are 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.
- 1.6 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.

- 1.7 Undertake to provide continuing disclosure for each series of Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- 1.8 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.
- 1.9 Appoint paying agents for the Bonds and negotiate the terms of and execute an agreement with such paying agent.
- 1.10 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, Metro Official may enter into covenants to maintain the excludability of interest on that series of the Bonds from gross income.
- 1.11 Execute and deliver each series of Bonds to their purchaser.
- 1.12 Execute and deliver any agreements or certificates and take any other action in connection with each series of Bonds which Metro Official finds is desirable to permit the sale and issuance of that series of Bonds in accordance with this Resolution.

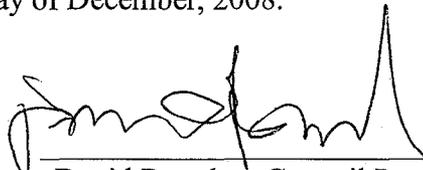
Section 2. Security For Bonds.

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.

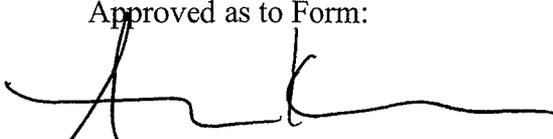
This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council this 18th day of December, 2008.



David Bragdon, Council President

Approved as to Form:



for Daniel B. Cooper, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 08-4012 AUTHORIZING SALE OF \$5 MILLION OF GENERAL OBLIGATION BONDS TO PROTECT ANIMAL HEALTH AND SAFETY, CONSERVE AND RECYCLE WATER

Date: December 18, 2008

Prepared by: Margo Norton
Director of Finance and Administrative Services

BACKGROUND

In November 2008, voters of the region approved Measure 26-96 authorizing Metro to issue \$125 million in general obligation bonds for Oregon Zoo capital improvements. Since then, Metro staff has worked with financial advisors and bond counsel to develop an issuance strategy that best meets Metro's needs while complying with bond regulations. Internal Revenue Service regulations stipulate that Metro commit in binding obligations at least five percent of the issuance amount within six months from the date of issuance and that Metro reasonably expect to spend 85 percent of the issuance amount within three years from the date of issuance.

Based on staff analysis of funds needed in the next year, a short-term issuance of \$5 million should be adequate to make substantial progress on overall project planning, including initiating architectural and engineering services. Additionally, an issuance of \$5 million or less is exempt from IRS arbitrage rebate regulations. Metro will repay the short-term financing by levying the voter approved property tax.

In addition to performing overall planning during the next year, staff will be working with the City of Portland on building permits for the veterinary hospital and quarantine facilities. While the period to obtain these permits will likely take six months or longer, staff is optimistic about the process. The \$5 million issuance should be adequate to begin constructing the facilities if the permitting process finishes sooner.

Resolution No. 08-4012 authorizes the issuance of up to \$5 million of the general obligation bonds authorized by the voters on November 4, 2008. The resolution authorizes the Chief Operating Officer, or his designee, to negotiate and sign all documents and conduct the sale and issuance of the bonds.

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 26-96 at the general election held on November 4, 2008.
3. **Anticipated Effects** – This action authorizes the issuance of up to \$5 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 these bonds.
4. **Budget Impacts** – The issuance of the bonds will provide preliminary financing necessary to begin planning and permitting as well as initiate architectural and engineering services for the projects

intended under the bond measure. Debt service payments will not begin until FY 2009-10 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 2008-09.

RECOMMENDED ACTION

The Chief Financial Officer recommends Council adoption of Resolution No. 08-4012.