

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING	)	ORDINANCE NO. 03-1006A
REVENUE BONDS TO REFUND METRO'S	)	
WASTE DISPOSAL SYSTEM REFUNDING	)	Introduced by Mark Williams, Interim
REVENUE BONDS, 1993 SERIES A, AND	)	Chief Operating Officer, with the
DECLARING AN EMERGENCY	)	Concurrence of David Bragdon, Metro Council
	)	President

WHEREAS, Metro has issued its Waste Disposal System Refunding Revenue Bonds, 1993 Series A; and,

WHEREAS, current interest rates are lower than the rates borne by the 1993 Bonds, and Metro may reduce debt service expense by refunding the 1993 Bonds; and,

WHEREAS, Metro is authorized to issue refunding bonds pursuant to ORS 288.592 and Metro Ordinance No. 89-319; and,

WHEREAS, Metro Ordinance No. 89-319 requires waste disposal system revenue bonds to be authorized by ordinance; and,

WHEREAS, the Metro Council finds that Metro's existing debt service reserve may serve to provide insurance for the debt service on the bonds and that retaining the debt service reserve for this purpose may increase the size of the bond issue; and,

WHEREAS, it is necessary to adopt this ordinance with the unanimous consent of the Metro Council pursuant to the provisions of Metro Charter Section 37(2) and also pursuant to the provisions of Metro Charter Section 39 (1) ; now therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Definitions.

Capitalized terms used in this ordinance shall have the following meanings unless the context clearly requires otherwise:

“1993 Bonds” means Metro’s Waste Disposal System Refunding Revenue Bonds, 1993 Series A.

“2003 Bonds” means the Waste Disposal System Refunding Revenue Bonds, Series 2003 that are authorized by Section 2 of this ordinance.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Master Ordinance” means Metro Ordinance No. 89-319, Metro’s master waste disposal system revenue bond ordinance, as amended.

“Metro Official” means the Chief Operating Officer or the person designated by the Chief Operating Officer to act on behalf of Metro under this Ordinance.

“Metro” means Metro, Oregon, a Metropolitan service district organized pursuant to Article XI, Section 14 of the Oregon Constitution, ORS Chapter 268, and the 1992 Metro Charter, and located in Multnomah, Clackamas and Washington Counties in the State of Oregon.

## Section 2. Authorization.

A. Metro is hereby authorized to issue the 2003 Bonds to refund the 1993 Bonds. The 2003 Bonds shall be “System Bonds” as defined in the Master Ordinance. The aggregate principal amount of the 2003 Bonds shall not exceed \$8,000,000, and shall be equal to the amount required to refund the 1993 Bonds, to obtain credit enhancement for the 2003 Bonds, and to pay estimated costs related to issuing the 2003 Bonds and refunding the 1993 Bonds.

B. Unless otherwise provided by the Metro Official pursuant to Section 3, below, and in compliance with Section 202 of the Master Ordinance: the 2003 Bonds shall mature on the maturity dates of the 1993 Bonds; the 2003 Bonds shall be sold at competitive sale; any accrued interest on the 2003 Bonds shall be credited to the System Debt Service Account, an amount of proceeds of the 2003 Bonds sufficient to defease and redeem the 1993 Bonds shall be so applied, any amount of proceeds required to make the balance in the System Reserve Account equal to the System Reserve Account shall be deposited in the System Reserve Account, and the balance of the proceeds shall be credited to the System Construction Fund and applied to obtain credit enhancement for the 2003 Bonds, and to pay costs related to issuing the 2003 Bonds and refunding the 2003 Bonds; the Metro Official shall obtain a “Credit Facility,” as defined in the Master Ordinance, if the Metro Official determines that a Credit Facility will benefit Metro; the 2003 Bonds shall be issued in denominations that are multiples of \$5,000 and numbered consecutively; and, the 2003 Bonds shall be in substantially the form attached to this ordinance as Exhibit A.

## Section 3. Delegation.

The Metro Official, on behalf of Metro and without further action by Metro Council, may:

- A. Participate in the preparation of, authorize the distribution of and deem final the preliminary and final official statements or other disclosure documents for the 2003 Bonds.
- B. Appoint a paying agent for the 2003 Bonds.
- C. Obtain one or more Credit Facilities, as defined in the Master Ordinance, for the 2003 Bonds.
- D. Advertise the sale of the 2003 Bonds and receive competitive bids for the 2003 Bonds, or select an underwriter and negotiate the terms of, and execute, a bond purchase agreement for the 2003 Bonds.
- E. Enter into an agreement to provide continuing disclosure for the 2003 Bonds, as required under federal securities laws.
- F. Establish the final principal amounts, interest rates, redemption terms, payment dates and other terms of the 2003 Bonds, provided that the principal amount of the 2003 Bonds shall not exceed \$8,000,000.
- G. Execute and deliver a bond declaration memorializing the terms of the 2003 Bonds, restating and reaffirming for the benefit of the owners of the 2003 Bonds the covenants in the Master Ordinance, stating any additional covenants approved by the Metro Official for the benefit of the owners of the 2003 Bonds, and providing the financial, administrative and other terms under which the 2003 Bonds are issued and may be paid and defeased.

H. Engage the services of an escrow agent and a verification agent, and enter into related agreements.

I. Issue, sell and deliver the 2003 Bonds, defease, call and redeem the 1993 Bonds that are refunded with the 2003 Bonds, execute and deliver any related certificates or documents, and take any other actions which the Metro Official determines are reasonably required to carry out this ordinance.

#### Section 4. Security for 2003 Bonds.

The 2003 Bonds shall be "System Bonds" as defined in the Master Ordinance, and shall be secured by a lien on, and pledge of, the System Trust Estate on a parity with other System Bonds, as provided in the Master Ordinance.

#### Section 5. Tax Covenants.

A. Metro covenants for the benefit of the owner of the 2003 Bonds to comply with all provisions of the Code which are required for 2003 Bond interest to be excluded from gross income for federal income tax purposes. Metro makes the following specific covenants with respect to the Code:

- (1) Metro shall not take any action or omit any action, if it would cause the 2003 Bonds to become "arbitrage bonds" under Section 148 of the Code.
- (2) Metro shall operate the facilities that were financed with the 2003 Bonds so that the 2003 Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.
- (3) Metro shall pay any rebates due under Section 148 of the Code in connection with the 2003 Bonds and 2003 Bonds.

B. The covenants contained in Section 5.A and any covenants in the closing documents for the 2003 Bonds shall constitute contracts with the Owners, and shall be enforceable by the owners of the 2003 Bonds.

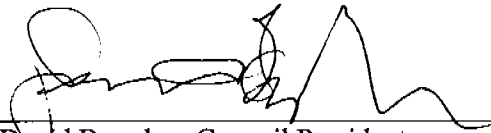
C. Metro shall determine whether any rebate is due in connection with the 1993 Bonds no later than 25 days after the 1993 Bonds are redeemed, and shall deposit an amount sufficient to pay any rebate that is due into the System Rebate Account as provided in Section 513 of the Master Ordinance.

#### Section 6. Immediate Adoption of Amendments; Emergency Clause .

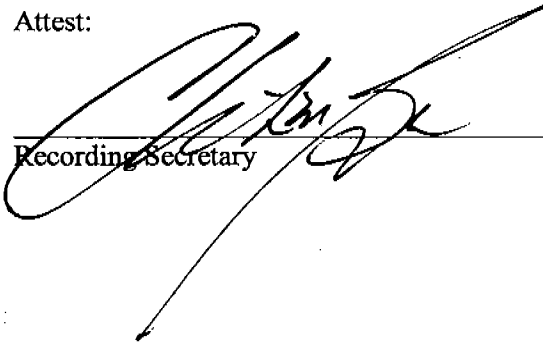
A. It is necessary to adopt this ordinance and the amendments contained herein immediately and by the unanimous consent of the Metro Council pursuant to the provisions of Metro Charter Section 37(2) because Metro's existing debt service reserve may be required to provide insurance for the debt service on the bonds authorized by this ordinance and Metro's retention of the debt service reserve for this purpose, may increase the size of the bond issue to the sums authorized by this amended ordinance.

B. Because this Ordinance as amended is necessary for the health, safety, and welfare of the Metro region, an emergency is declared to exist, for the reason that issuing the bonds at the earliest possible date will allow Metro to take advantage of current favorable interest rates. Accordingly this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).


ADOPTED by the Metro Council this 15<sup>th</sup> day of May, 2003.

  
\_\_\_\_\_  
David Bragdon, Council President

Attest:

  
\_\_\_\_\_  
Recording Secretary

Approved as to Form:

  
\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney



BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING	)	ORDINANCE NO. 03-1006
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WASTE DISPOSAL SYSTEM REFUNDING	)	Introduced by Mark Williams in Concurrence
REVENUE BONDS, 1993 SERIES A, AND	)	with David Bragdon
DECLARING AN EMERGENCY	)	

WHEREAS, Metro has issued its Waste Disposal System Refunding Revenue Bonds, 1993 Series A; and,

WHEREAS, current interest rates are lower than the rates borne by the 1993 Bonds, and Metro may reduce debt service expense by refunding the 1993 Bonds; and,

WHEREAS, Metro is authorized to issue refunding bonds pursuant to ORS 288.592 and Metro Ordinance No. 89-319; and,

WHEREAS, Metro Ordinance No. 89-319 requires waste disposal system revenue bonds to be authorized by ordinance; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:

Section 1. Definitions.

Capitalized terms used in this ordinance shall have the following meanings unless the context clearly requires otherwise:

“1993 Bonds” means Metro’s Waste Disposal System Refunding Revenue Bonds, 1993 Series A.

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“Code” means the United States Internal Revenue Code of 1986, as amended.

“Master Ordinance” means Metro Ordinance No. 89-319, Metro’s master waste disposal system revenue bond ordinance, as amended.

“Metro Official” means the Chief Operating Officer or the person designated by the Chief Operating Officer to act on behalf of Metro under this Ordinance.

“Metro” means Metro, Oregon, a Metropolitan service district organized pursuant to Article XI, Section 14 of the Oregon Constitution, ORS Chapter 268, and the 1992 Metro Charter, and located in Multnomah, Clackamas and Washington Counties in the State of Oregon.

Section 2. Authorization.

A. Metro is hereby authorized to issue the 2003 Bonds to refund the 1993 Bonds. The 2003 Bonds shall be “System Bonds” as defined in the Master Ordinance. The aggregate principal amount of the 2003 Bonds shall not exceed \$5,000,000, and shall be equal to the amount required to refund the 1993

Bonds, to obtain credit enhancement for the 2003 Bonds, and to pay estimated costs related to issuing the 2003 Bonds and refunding the 1993 Bonds.

B. Unless otherwise provided by the Metro Official pursuant to Section 3, below, and in compliance with Section 202 of the Master Ordinance: the 2003 Bonds shall mature on the maturity dates of the 1993 Bonds; the 2003 Bonds shall be sold at competitive sale; any accrued interest on the 2003 Bonds shall be credited to the System Debt Service Account, an amount of proceeds of the 2003 Bonds sufficient to defease and redeem the 1993 Bonds shall be so applied, any amount of proceeds required to make the balance in the System Reserve Account equal to the System Reserve Account shall be deposited in the System Reserve Account, and the balance of the proceeds shall be credited to the System Construction Fund and applied to obtain credit enhancement for the 2003 Bonds, and to pay costs related to issuing the 2003 Bonds and refunding the 2003 Bonds; the Metro Official shall obtain a "Credit Facility," as defined in the Master Ordinance, if the Metro Official determines that a Credit Facility will benefit Metro; the 2003 Bonds shall be issued in denominations that are multiples of \$5,000 and numbered consecutively; and, the 2003 Bonds shall be in substantially the form attached to this ordinance as Exhibit A.

### Section 3. Delegation.

The Metro Official, on behalf of Metro and without further action by Metro Council, may:

- A. Participate in the preparation of, authorize the distribution of and deem final the preliminary and final official statements or other disclosure documents for the 2003 Bonds.
- B. Appoint a paying agent for the 2003 Bonds.
- C. Obtain one or more Credit Facilities, as defined in the Master Ordinance, for the 2003 Bonds.
- D. Advertise the sale of the 2003 Bonds and receive competitive bids for the 2003 Bonds, or select an underwriter and negotiate the terms of, and execute, a bond purchase agreement for the 2003 Bonds.
- E. Enter into an agreement to provide continuing disclosure for the 2003 Bonds, as required under federal securities laws.
- F. Establish the final principal amounts, interest rates, redemption terms, payment dates and other terms of the 2003 Bonds, provided that the principal amount of the 2003 Bonds shall not exceed \$5,000,000.
- G. Execute and deliver a bond declaration memorializing the terms of the 2003 Bonds, restating and reaffirming for the benefit of the owners of the 2003 Bonds the covenants in the Master Ordinance, stating any additional covenants approved by the Metro Official for the benefit of the owners of the 2003 Bonds, and providing the financial, administrative and other terms under which the 2003 Bonds are issued and may be paid and defeased.
- H. Engage the services of an escrow agent and a verification agent, and enter into related agreements.
- I. Issue, sell and deliver the 2003 Bonds, defease, call and redeem the 1993 Bonds that are refunded with the 2003 Bonds, execute and deliver any related certificates or documents, and take any other actions which the Metro Official determines are reasonably required to carry out this ordinance.

Section 4. Security For 2003 Bonds.

The 2003 Bonds shall be "System Bonds" as defined in the Master Ordinance, and shall be secured by a lien on, and pledge of, the System Trust Estate on a parity with other System Bonds, as provided in the Master Ordinance.

Section 5. Tax Covenants.

A. Metro covenants for the benefit of the owner of the 2003 Bonds to comply with all provisions of the Code which are required for 2003 Bond interest to be excluded from gross income for federal income tax purposes. Metro makes the following specific covenants with respect to the Code:

(1) Metro shall not take any action or omit any action, if it would cause the 2003 Bonds to become "arbitrage bonds" under Section 148 of the Code.

(2) Metro shall operate the facilities that were financed with the 2003 Bonds so that the 2003 Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

(3) Metro shall pay any rebates due under Section 148 of the Code in connection with the 2003 Bonds and 2003 Bonds.

B. The covenants contained in Section 5.A and any covenants in the closing documents for the 2003 Bonds shall constitute contracts with the Owners, and shall be enforceable by the owners of the 2003 Bonds.

C. Metro shall determine whether any rebate is due in connection with the 1993 Bonds no later than 25 days after the 1993 Bonds are redeemed, and shall deposit an amount sufficient to pay any rebate that is due into the System Rebate Account as provided in Section 513 of the Master Ordinance.

Section 6. Emergency Clause.

This Ordinance being necessary for the health, safety, and welfare of the Metro area, in that issuing the bonds at the earliest possible date will allow Metro to take advantage of current favorable interest rates, an emergency is declared to exist, and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1)

ADOPTED by the Metro Council this \_\_\_\_ day of May, 2003.

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David Bragdon, Council President

Attest:

Approved as to Form:

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Christina Billington, Recording Secretary

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Daniel B. Cooper, Metro Attorney

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<del>FOR THE PURPOSE OF AUTHORIZING</del>	)	ORDINANCE NO. 03-1006
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<del>REVENUE BONDS, 1993 SERIES A, AND</del>	)	<del>with David Bragdon</del>
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<u>FOR THE PURPOSE OF AUTHORIZING</u>	)	<u>ORDINANCE NO. 03-1006A</u>
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	)	<u>President</u>

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WHEREAS, Metro Ordinance No. 89-319 requires waste disposal system revenue bonds to be authorized by ordinance; and,

WHEREAS, the Metro Council finds that Metro's existing debt service reserve may serve to provide insurance for the debt service on the bonds and that retaining the debt service reserve for this purpose may increase the size of the bond issue; and,

now, WHEREAS, it is necessary to adopt this ordinance with the unanimous consent of the Metro Council pursuant to the provisions of Metro Charter Section 37(2) and also pursuant to the provisions of Metro Charter Section 39 (1) ; now therefore,

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- E. Enter into an agreement to provide continuing disclosure for the 2003 Bonds, as required under federal securities laws.

F. Establish the final principal amounts, interest rates, redemption terms, payment dates and other terms of the 2003 Bonds, provided that the principal amount of the 2003 Bonds shall not exceed ~~\$5,000,000~~ \$8,000,000.

G. Execute and deliver a bond declaration memorializing the terms of the 2003 Bonds, restating and reaffirming for the benefit of the owners of the 2003 Bonds the covenants in the Master Ordinance, stating any additional covenants approved by the Metro Official for the benefit of the owners of the 2003 Bonds, and providing the financial, administrative and other terms under which the 2003 Bonds are issued and may be paid and defeased.

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- (1) Metro shall not take any action or omit any action, if it would cause the 2003 Bonds to become "arbitrage bonds" under Section 148 of the Code.
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- (3) Metro shall pay any rebates due under Section 148 of the Code in connection with the 2003 Bonds and 2003 Bonds.

B. The covenants contained in Section 5.A and any covenants in the closing documents for the 2003 Bonds shall constitute contracts with the Owners, and shall be enforceable by the owners of the 2003 Bonds.

C. Metro shall determine whether any rebate is due in connection with the 1993 Bonds no later than 25 days after the 1993 Bonds are redeemed, and shall deposit an amount sufficient to pay any rebate that is due into the System Rebate Account as provided in Section 513 of the Master Ordinance.

#### Section 6. ~~Emergency Clause~~ Immediate Adoption of Amendments; Emergency Clause.

A. It is necessary to adopt this ordinance and the amendments contained herein immediately and by the unanimous consent of the Metro Council pursuant to the provisions of Metro Charter Section 37(2) because Metro's existing debt service reserve may be required to provide insurance for the debt service on the bonds authorized by this ordinance and Metro's retention of the debt service reserve for this purpose, may increase the size of the bond issue to the sums authorized by this amended ordinance.

~~This Ordinance being~~ B. Because this Ordinance as amended is necessary for the health, safety, and welfare of the Metro area, ~~in region,~~ an emergency is declared to exist, ~~for the reason that issuing the bonds at the earliest possible date will~~ date will allow Metro to take advantage of current favorable interest rates, ~~an emergency is declared to exist,~~ rates, and ~~Accordingly~~ this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1).

ADOPTED by the Metro Council this \_\_\_\_ day of ~~April~~ May, 2003.

\_\_\_\_\_  
David Bragdon, Council President

Attest:

Approved as to Form:

\_\_\_\_\_  
\_\_\_\_\_, Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

Attest:

Approved as to Form:

\_\_\_\_\_  
Recording Secretary

\_\_\_\_\_  
Daniel B. Cooper, Metro Attorney

## STAFF REPORT

### IN CONSIDERATION OF ORDINANCE NO. 03-1006, FOR THE PURPOSE OF AUTHORIZING REVENUE BONDS TO REFUND METRO'S WASTE DISPOSAL SYSTEM REFUNDING REVENUE BONDS, SERIES 1993, AND DECLARING AN EMERGENCY

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Date: April 14, 2003

Prepared by: Casey Short

#### BACKGROUND

This ordinance authorizes the issuance of up to \$5,000,000 in solid waste disposal system revenue bonds to refund the portion of the system revenue bonds issued in 1990 that were refunded in 1993, to fund the construction of the Metro Central Transfer Station. The actual bond issue size will depend upon market conditions on the day the bonds are priced in the market, but the issue size may not exceed the \$5,000,000 amount without further authorization by Council. The ordinance sets general sale terms and conditions and authorizes the Chief Operating Officer to set final sale terms and conditions with the framework established by the ordinance. The bonds will be sold on a competitive basis with Western Financial Group, LLC acting as financial advisor. The ordinance also authorizes the Chief Operating Officer to acquire a Credit Facility (bond insurance and/or surety) to replace the \$2,765,000 debt service reserve required in the current bond issue. This reserve amount will be used to reduce the amount refinanced, resulting in a further reduction in subsequent annual debt service.

With market conditions existing on April 14, 2003, Western Financial Group, LLC reported that the refunding issue at that time would generate present value savings of 10.53% of the refunded bonds equating to a net present value of \$903,424.

#### ANALYSIS/INFORMATION

1. **Known Opposition** None
2. **Legal Antecedents** Metro is authorized to issue refunding bonds pursuant to ORS 288.592
3. **Anticipated Effects** This Ordinance will produce estimated savings to the Solid Waste Revenue Fund of \$903,424 in net present value terms. This Ordinance will reduce debt service by approximately \$300,000 annually from fiscal year 2004 through 2010. The refunding issue will eliminate the 2010 and 2011 maturities of the 1993 Bonds, eliminating \$2.6 million and \$1.26 million, respectively, of debt service in those years. These savings will be achieved because Metro will apply approximately \$4.2 million of current reserves and debt service funds to the refunding (\$2.765 million from the debt service reserve and \$1.4 million of the debt service account earmarked from debt service prior to the February defeasance).
4. **Budget Impacts** This Ordinance will reduce debt service on the Solid Waste Bonds through 2009 approximately \$300,000 a year. Fees associated with the bond sale will be paid from bond proceeds.

#### RECOMMENDED ACTION

The recommend action is adoption of Ordinance 03-1006

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- H. Engage the services of an escrow agent and a verification agent, and enter into related agreements.
- I. Issue, sell and deliver the 2003 Bonds, defease, call and redeem the 1993 Bonds that are refunded with the 2003 Bonds, execute and deliver any related certificates or documents, and take any other actions which the Metro Official determines are reasonably required to carry out this ordinance.

Section 4. Security For 2003 Bonds.

The 2003 Bonds shall be "System Bonds" as defined in the Master Ordinance, and shall be secured by a lien on, and pledge of, the System Trust Estate on a parity with other System Bonds, as provided in the Master Ordinance.

Section 5. Tax Covenants.

A. Metro covenants for the benefit of the owner of the 2003 Bonds to comply with all provisions of the Code which are required for 2003 Bond interest to be excluded from gross income for federal income tax purposes. Metro makes the following specific covenants with respect to the Code:

(1) Metro shall not take any action or omit any action, if it would cause the 2003 Bonds to become "arbitrage bonds" under Section 148 of the Code.

(2) Metro shall operate the facilities that were financed with the 2003 Bonds so that the 2003 Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.

(3) Metro shall pay any rebates due under Section 148 of the Code in connection with the 2003 Bonds and 2003 Bonds.

B. The covenants contained in Section 5.A and any covenants in the closing documents for the 2003 Bonds shall constitute contracts with the Owners, and shall be enforceable by the owners of the 2003 Bonds.

C. Metro shall determine whether any rebate is due in connection with the 1993 Bonds no later than 25 days after the 1993 Bonds are redeemed, and shall deposit an amount sufficient to pay any rebate that is due into the System Rebate Account as provided in Section 513 of the Master Ordinance.

Section 6. Emergency Clause.

This Ordinance being necessary for the health, safety, and welfare of the Metro area, in that issuing the bonds at the earliest possible date will allow Metro to take advantage of current favorable interest rates, an emergency is declared to exist, and this Ordinance shall take effect immediately, pursuant to Metro Charter Section 39(1)

ADOPTED by the Metro Council this \_\_\_\_ day of April, 2003.

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David Bragdon, Council President

Attest:

Approved as to Form:

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, Recording Secretary

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Daniel B. Cooper, Metro Attorney