

BEFORE THE METRO COUNCIL

AUTHORIZING SALE OF \$15)	RESOLUTION NO. 10-4146
MILLION OF GENERAL OBLIGATION)	
BONDS TO PROTECT ANIMAL)	Introduced by Michael Jordan, Chief
HEALTH AND SAFETY, CONSERVE)	Operating Officer with the concurrence
AND RECYCLE WATER)	of Council President David Bragdon

WHEREAS, on November 4, 2008, voters in the Metro region approved a ballot measure authorizing Metro to issue \$125 million of general obligation bonds to protect animal health and safety, conserve and recycle water; and,

WHEREAS, Metro issued \$5 million of those bonds in 2008; and,

WHEREAS, it is now desirable to authorize the sale of an additional \$15 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 \$15 million of the general obligation bonds that were authorized by the voters on November 4, 2008. Proceeds of the bonds that are authorized to be sold by this resolution (the "Bonds") shall be used to finance the purposes authorized in the ballot measure (the "Projects") and 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 Issue the Bonds in one or more series. Except for refunding bonds authorized by Section 1.3 of this resolution, the principal amount of Bonds that are sold under this resolution shall not exceed \$15 million.
- 1.2 Issue Bonds to provide interim or permanent financing for the Projects, and enter into lines of credit or similar documents which permit Metro to draw Bond proceeds over time.
- 1.3 Issue Bonds to refund the Bonds that provide interim financing for the Projects. Refunding Bonds may be issued in a principal amount necessary to pay or defease the interim financing Bonds, plus an amount sufficient to pay estimated costs of issuing the refunding Bonds.
- 1.4 Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents for each series of Bonds.
- 1.5 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.

- 1.6 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 Bond owners. The bond declarations may also contain covenants for the benefit of any providers of credit enhancement for the Bonds.
- 1.7 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 issue requests for proposals, select one or more underwriters, commercial banks or other investors and negotiate the sale of any series with those underwriters, commercial banks or investors.
- 1.8 Undertake to provide continuing disclosure for each series of Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- 1.9 Apply for ratings for each series of Bonds, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancement for each series of Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
- 1.10 Appoint paying agents for the Bonds and negotiate the terms of and execute agreements with those paying agents.
- 1.11 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.
- 1.12 Issue any of the Bonds as taxable “build America bonds,” “recovery zone economic development bonds” or similar obligations that are eligible for federal interest subsidies, and make any covenants and take any actions that are required to receive federal interest subsidies that are available for such Bonds.
- 1.13 Execute and deliver each series of Bonds to their purchaser.
- 1.14 Execute and deliver any agreements or certificates and take any other action in connection with each series of Bonds which the 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 Bond 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.

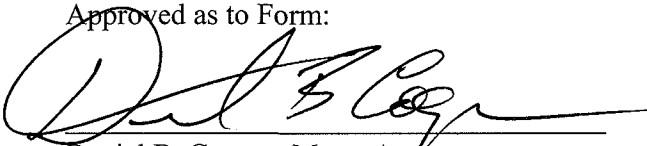
Section 3. Effective Date.

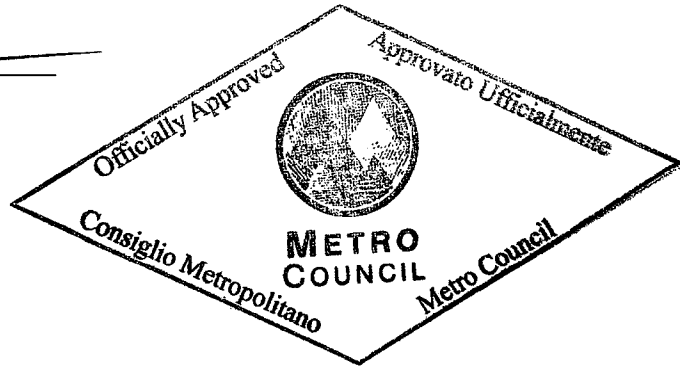
This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council this 3 day of June, 2010.


David Bragdon, Council President

Approved as to Form:


Daniel B. Cooper, Metro Attorney



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 10-4146 AUTHORIZING SALE OF \$15 MILLION OF GENERAL OBLIGATION BONDS TO PROTECT ANIMAL HEALTH AND SAFETY, CONSERVE AND RECYCLE WATER

Date: May 5, 2020

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. In December 2008, Metro issued a small \$5 million privately placed general obligation bond to provide funding to meet immediate needs of the overall project planning. Staff anticipates those proceeds will be fully spent in the first quarter of FY 2010-11.

Construction of the Veterinary Medical Center and the penguin filtration and water conservation project will be underway in FY 2010-11. In addition to the two construction projects, the focus of the zoo bond projects is the completion of a comprehensive capital master plan, land use and development approvals. 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 12 – 24 months, another short-term issuance of \$15 million should be adequate to meet the anticipated construction project needs and complete the master planning work. A larger general obligation bond issuance is expected at that time. Metro will repay the short-term financing by levying the voter approved property tax. Repayment of the short-term bond will be made over a two year period.

Resolution No. 10-4146 authorizes the issuance of up to \$15 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. With the recommendation of Metro's Bond Counsel and Financial Advisor the resolution also allows the flexibility to issue Build America Bonds (BABs) should that form of financing prove the most beneficial.

Build America Bonds are a new financing tool for state and local governments under the American Recovery and Reinvestment Act. The bonds, which allow a new direct federal payment subsidy, are taxable bonds issued by state and local governments that will give them access to the conventional corporate debt markets. At the election of the state and local governments, the Treasury Department will make a direct payment to the state or local governmental issuer in an amount equal to 35 percent of the interest payment on the Build America Bonds. As a result of this federal subsidy payment, state and local governments will have lower net borrowing costs and be able to reach more sources of borrowing than with more traditional tax-exempt or tax credit bonds. For example, if a state or local government were to issue Build America Bonds at a 10 percent taxable interest rate, the Treasury Department would make a payment directly to the government of 3.5 percent of that interest, and the government's net borrowing cost would thus be only 6.5 percent on a bond that actually pays 10 percent interest.

Issuer subsidy Build America Bonds can only be used for new money capital projects. Tax-exempt restrictions on private use of financed facilities continue to apply as do all rules on arbitrage earnings and use of proceeds. The Arbitrage rate is equal to the subsidized interest rate.

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 \$15 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 financing necessary to continue master planning and permitting as well as provide for construction of the Veterinary Medical Center and the penguin filtration and water conservation project. Debt service payments will begin in FY 2010-11 and have been anticipated 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.

RECOMMENDED ACTION

The Chief Financial Officer recommends Council adoption of Resolution No. 10-4146.