

7.02.040 Revenue Bonds

(a) Issuance of Revenue Bonds. In accordance with Section 10 of the Metro Charter, Metro may issue from time to time revenue bonds for such purposes as are determined by Council to be necessary or appropriate to carry out the functions, duties and operations of Metro. Metro may issue revenue bonds for the purpose of financing such property as Council shall determine is necessary or desirable in order to carry out or assist or advance the carrying out of Metro's function, duties and operations regardless of whether such property is to be owned by Metro or any other public or private agency or person and regardless of whether such property is to be located within or without the jurisdictional boundaries of Metro. In connection with the issuance of revenue bonds to finance any property which is to be owned by any other public or private agency or person, Metro ~~shall~~may enter into a lease purchase, installment sale or loan agreement with such public or private agency or person providing for lease purchase, installment sale or loan payments which, together with other amounts pledged for such purpose, shall be sufficient to pay when due the principal of, premium (if any) and interest on such revenue bonds. All revenue bonds shall be issued pursuant to an authorizing action as provided in Section 7.02.110 of the Metro Code. Prior approval of the electors of Metro shall not be required as a condition precedent to the issuance of any revenue bonds under the Metro Code.

(b) Payment from Revenues. In the authorizing action under which a particular series of revenue bonds is issued, Metro may provide that such revenue bonds shall be payable from all or any portion of Metro's revenues (but subject to such prior claims on such revenues or portions thereof as may have theretofore been created). Metro may pay any amounts owing under any revenue bonds from any other funds lawfully available for such purpose regardless of whether or not provision for payment thereof from such other funds has been made in the authorizing action as provided in the preceding sentence; provided that the foregoing is not intended, nor shall it be construed, to create a legal obligation on Metro's part to pay any amounts owing under any revenue bonds from any revenues not specifically pledged thereto or from which such revenue bonds have not specifically been made payable in accordance with their terms.

(c) Pledge of Other Revenues and Property. In the authorizing action under which a particular series of revenue bonds is issued, Metro may:

- (1) Pledge as additional security for such revenue bonds all or any portion of its revenues; and
- (2) Grant mortgages, trust deeds or security interests in any property of Metro as additional security for the payment of such revenue bonds.

(Ordinance No. 93-495, Sec. 2. Amended by Ordinance No. 02-976, Sec. 1.)

STAFF REPORT

IN CONSIDERATION OF ORDINANCE NO. 13- 1317, FOR THE PURPOSE OF AMENDING METRO CODE CHAPTER 7.02 (FINANCING POWERS)

Date: October 24, 2013

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BACKGROUND

Chapter III, Section 10 of the Metro Charter gives Metro broad authority to issue revenue bonds, general and special obligation bonds, certificates of participation and other obligations. Metro Code Chapter 7.02.040(a) further provides that “Metro may issue from time to time revenue bonds for such purposes as are determined by the Council to be necessary or appropriate to carry out the functions, duties and operations of Metro.” However, the Chapter thereafter requires that in situations where the bonds are used to finance property owned by another public or private entity, Metro enter into a lease-purchase, installment sale, or loan agreement with such third-party owner. This “lease-purchase, installment sale, or loan agreement” language appears to have been borrowed from Oregon Revised Statute Chapter 268.600, which requires such financing arrangements in certain transactions involving waste disposal system facilities.

Ordinance No. 13-1317 is for the purpose of amending the Metro Code to clarify Metro’s broad home-rule bonding authority. Lease-purchase, installment sale, and loan agreements are typically used in conduit revenue bond transactions where the issuer loans the bond proceeds a conduit borrower. Requiring a lease-purchase, installment sale, or loan agreement in non-conduit financing hinders Metro’s ability to structure the transaction in the most efficient way possible.

ANALYSIS/INFORMATION

1. **Known Opposition:** Unknown.
2. **Legal Antecedents:** Chapter III, Section 10 of the Metro Charter; Metro Code Chapter 7.02.040.
3. **Anticipated Effects:** The adoption of this Ordinance will provide Metro authority to issue revenue bonds without requiring the use of a lease-purchase, installment sale, and loan agreements, in accordance with Metro’s broad home-rule Charter authority.
4. **Budget Impacts:** None.

RECOMMENDED ACTION

Staff recommends that the Metro Council consider approving Ordinance No. 13-1317.