

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ENDORSING)	RESOLUTION NO. 92-1646
COMMITMENT OF TRI-MET GENERAL)	
OBLIGATION BONDS TO EAST)	Introduced by
PORTLAND/CLACKAMAS COUNTY LRT)	Councilor Richard Devlin
DEVELOPMENT AND WESTSIDE CREDIT)	
ENHANCEMENT)	

WHEREAS, Tri-Met is currently finalizing its plans to undertake the acquisition, construction and installation of the Westside Corridor Extension to its existing system (the Westside Project); and

WHEREAS, The region intends to undertake preliminary planning, engineering, and acquisition of land pertaining to a future extension of the Light Rail System into Clackamas County; and

WHEREAS, The Westside Corridor Extension is currently estimated to have a total cost of \$944 million; and

WHEREAS, The Project will be built with funds from i) grant moneys from the Federal Transit Administration pursuant to a Full-Funding Grant Agreement; (ii) state grant moneys from the Oregon Department of Transportation; (iii) contributions by Tri-Met and the other regional participants; and (iv) the proceeds of the \$125 million in General Obligation bonds Tri-Met have been authorized by the voters to issue for the purpose of financing part of the Project costs; and

WHEREAS, Past actions have allocated \$15 million ("Bond Proceeds") of the \$125 million General Obligation bond issue to the proposed Light Rail System Expansion into Clackamas County; and

WHEREAS, Tri-Met intends to issue the total of \$125 million in General Obligation bonds in July of 1992; and

WHEREAS, Because the FTA funds may not be made available as needed to fund the federal share of the Project as the most efficient construction schedule may allow, it may be necessary to use other available sources of funds as well as the proceeds of interim borrowing by Tri-Met (the "Interim Obligation") to pay such federal share pending receipt of the FTA funds in order to proceed with the Project in the most efficient and cost-effective manner; and

WHEREAS, Tri-Met is required to establish a Capital Reserve Account (CAPRA) for the Project which funds must be held available and not otherwise be committed to the Project; and

WHEREAS, Tri-Met intends to fund all portions of the Project with moneys available at the time each portion requires funding; now, therefore,

BE IT RESOLVED,

That the Council of the Metropolitan Service District:

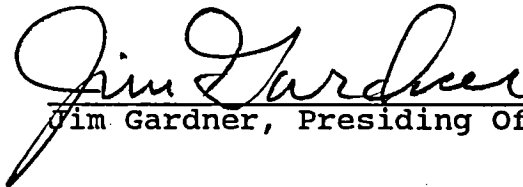
1. Endorses the sale of General Obligation bonds for the extension of the Light Rail System into Clackamas County in the amount of \$15 million ("Bond Proceeds") as a component of a single \$125 million bond sale.

2. Endorses the availability of approximately \$4 million in earned interest from the total \$125 million of bond proceeds over the next five years to pay for the costs of performing the Preliminary Engineering, Alternatives Analysis, Preliminary and Final Environmental Impact Statement and, if appropriate,

acquisition of land and rights-of-way needed for the East
Portland/Clackamas County Corridor.

3. Endorses the use of the bond proceeds, pledged simultaneously with other regional Light Rail Bond Proceeds, if needed to meet interim borrowing obligations and CAPRA requirements of the Westside Project with the understanding that the bond proceeds will be the first moneys to be unencumbered when the Interim Obligations and CAPRA requirements have been satisfied. This will result in the availability of \$15 million plus interest (less any previous expenditures from bond proceeds) to the East Portland/Clackamas County Corridor.

ADOPTED by the Council of the Metropolitan Service District
this 23rd day of July, 1992.


Jim Gardner, Presiding Officer

NM:lmk
92-1646.RES
7-2-92

TRANSPORTATION AND PLANNING COMMITTEE REPORT

CONSIDERATION OF RESOLUTION NO. 92-1646 FOR THE PURPOSE OF ENDORSING COMMITMENT OF TRI-MET GENERAL OBLIGATION BONDS TO EAST PORTLAND/CLACKAMAS COUNTY LRT DEVELOPMENT AND WESTSIDE CREDIT ENHANCEMENT

Date: July 15, 1992

Presented by: Councilor Devlin

Committee Recommendation: At the July 14 meeting, the Transportation and Planning Committee voted unanimously to recommend Council adoption of Resolution No. 92-1646. Voting in favor: Councilors Devlin, McLain, and Buchanan. Excused: Councilors Bauer and Washington.

Committee Issues/Discussion: Andrew Cotugno, Planning Director, presented the staff report. He explained that two years ago the Council endorsed a resolution urging Tri-Met to proceed with a \$110 million General Obligation Bond Measure for local match on the Westside Light Rail project and \$15 million for initial development of the Eastside project. The latter amount is now in hand. This resolution provides an agreement to allow usage of the \$15 million received for the Eastside project to provide borrowing leverage for the Westside project. The moneys will then be repaid as committed monies are released for the Westside project.

Tri-Met will have a letter of credit from a banking institution for borrowing funds for cash flow purposes. Then as construction of the project releases federal funding, borrowed funds will be repaid. The Eastside money would be used, at least initially, as collateral for the commercial paper for the borrowing program.

The intergovernmental agreement between Metro and the local jurisdictions involved provides that the Eastside money may be used on the Westside project, and vice versa, but only if approved. This action does not approved the transfer of money from one project to another, it merely allows the monies to be used as collateral.

Councilor McLain described the process as similar to taking a second mortgage on a house.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 92-1646 FOR THE PURPOSE OF ENDORING COMMITMENT OF TRI-MET GENERAL OBLIGATION BONDS TO EAST PORTLAND/CLACKAMAS COUNTY LRT DEVELOPMENT AND WESTSIDE CREDIT ENHANCEMENT

Date: June 18, 1992

Presented by: Andrew Cotugno

PROPOSED ACTION

Adopt Resolution No. 92-1646 endorsing the issuance by Tri-Met of \$125 million in General Obligation bonds of which \$15 million is designated for the Clackamas County Extension. Proceeds will be available for:

1. Approximately \$4 million in costs of the preliminary planning and land acquisition and rights-of-way needed for the Clackamas County Extension from earned interest of the total bond sale.
2. Interim borrowing obligations and federal share obligations of the Westside Project.
3. To meet Capital Reserve Account requirements of the Westside Project.

TPAC has reviewed the proposed endorsement and unanimously recommends approval of Resolution No. 92-1646.

FACTUAL BACKGROUND

Tri-Met is currently finalizing its plans to undertake the construction of the Westside Corridor Extension. Negotiations are underway with the Federal Transit Administration (FTA) to complete a Full-Funding Grant Agreement (FFGA). In order for federal funds to be made available for the project, the FFGA must be in place.

As part of the FFGA negotiations, FTA will require Tri-Met to demonstrate its capability to financially meet both the interim borrowing requirements of the project and the Capital Reserve Account (CAPRA).

Since the filing of the federal grant application in August of 1991, Tri-Met proposed to meet the construction schedule of the Project partially with borrowed funds. In order for Tri-Met to obtain short-term borrowing capacity, it must first acquire a Letter of Credit (LC) from a large well-known banking institution. The LC bank will require Tri-Met to provide local sources of funds which will be available to pay for the short-term borrowing at the time it becomes due. Tri-Met intends to use a variety of sources of funds to meet this obligation.

Tri-Met intends to issue the full \$125 million General Obligation bonds authorized by the voters for the Westside Project. Of the bond proceeds, \$15 million has been designated for the Clackamas County Extension. Over the next five years, approximately \$4 million of interest earnings from the total \$125 million bond issuance will be available to support preliminary planning, land acquisition and related costs for a Clackamas County Light Rail Extension. Tri-Met intends to use the remaining Clackamas County bond proceeds to help meet the interim borrowing and CAPRA obligations of the Westside Project. As the interim borrowing obligations and CAPRA requirements decline, these bond proceeds will be the first moneys to be unencumbered, resulting in the availability of the \$15 million plus interest (less any previous expenditures from bond proceeds) to the Clackamas County Extension.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 92-1646.