
METRO

**RESOLUTION NO. 93-1777
OF THE METRO COUNCIL**

A Resolution authorizing the preparation and submission of refunding plans relating to the advance refunding of a portion of Metro's outstanding General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A, and Waste Disposal System Revenue Bonds (Metro East Transfer Station Project), 1990 Series A.

**Adopted by Metro Council on 3/25, 1993
Effective on 3/25, 1993**

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Recitals:

As the preamble to this Resolution, the Council of Metro hereby recites the matters set forth below in this Section A.

(1) Political Subdivision. Metro is a metropolitan service district and political subdivision organized and existing under and pursuant to the laws of the State of Oregon and the Charter of Metro (the "Charter").

(2) The 1991 Bonds. Pursuant to the Metro Ordinances Nos. 91-439 and 91-440, each enacted on December 12, 1991, Metro issued its General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A in an original aggregate principal amount of \$22,990,000 (the "1991 Bonds"), such bonds having been issued for the purpose of financing the acquisition, construction and installation of the Metro Headquarters Building in the Lloyd District in the City of Portland. There remain outstanding 1991 Bonds in the aggregate principal amount of \$22,990,000 maturing or being subject or mandatory sinking fund redemption on July 1 of each year, 1994 through 2022 (inclusive), with the 1991 Bonds maturing on or after July 1, 2000 being subject to redemption at the option of Metro on March 1, 1999 at a redemption price equal to the principal amount of the 1991 Bonds to be redeemed plus accrued and unpaid interest thereon to the date of redemption plus a premium equal to 2% of the principal amount to be redeemed.

(3) The 1990 Bonds. In addition, pursuant to the Metro Ordinance No. 89-319, enacted on November 21, 1989, and Metro Ordinance No. 90-321, enacted on February 22, 1990, Metro issued its Waste Disposal System Revenue Bonds (Metro East Transfer Station Project), 1990 Series A in an original aggregate principal amount of \$28,500,000 (the "1990 Bonds"), such bonds having been issued for the purpose of financing the acquisition, construction and installation of the facility now known as the Metro Central Transfer Station. There remain outstanding 1990 Bonds in the aggregate principal amount of \$26,765,000 maturing or being subject or mandatory

sinking fund redemption on January 1 and July 1 of each year, 1992 through 2011 (inclusive), with the 1990 Bonds (other than the 1990 Bonds which are tax-exempt capital accumulator bonds) being subject to redemption at the option of Metro on January 1, 2000 at a redemption price equal to the principal amount of the 1990 Bonds to be redeemed plus accrued and unpaid interest thereon to the date of redemption plus a premium equal to 2% of the principal amount to be redeemed.

(4) Current Market Interest Rates. The current rates of interest available in the municipal bond markets for tax-exempt bonds having maturities and credit quality substantially the same as the maturities and credit quality of the outstanding 1990 Bonds and the 1991 Bonds are significantly lower than the rates of interest borne by such outstanding bonds.

(5) Savings by Issuing Refunding Bonds. In light of the rates of interest currently available, the issuance and sale by Metro of separate series of advance refunding bonds (one such series relating to the 1990 Bonds and the other such series relating to the 1991 Bonds) for the purpose of refunding, replacing, defeasing and (subject to the applicable limitations on redemption) redeeming at the earliest practicable date certain of the outstanding 1990 Bonds and 1991 Bonds is in the best interests of Metro and the citizens residing, working and doing business within the jurisdictional boundaries of Metro. The issuance and sale of such separate series of advance refunding bonds will enable Metro to realize aggregate debt service payments on such advance refunding bonds which are significantly lower than the aggregate debt service payments now required to be made with respect to the 1990 Bonds and the 1991 Bonds to be so refunded.

(6) Authority to Issue Advance Refunding Bonds. Pursuant and subject to the requirements of the Metro Charter, ORS 288.605 to 288.695 (inclusive), as amended, and related provisions of the laws of the State of Oregon (the "Act"), Metro is authorized and empowered, without a vote of the electors, to issue and sell advance refunding bonds for the purpose of refunding, replacing, defeasing and redeeming the outstanding 1990 Bonds and the 1991 Bonds as described above.

(7) Need for Refunding Plans. Prior to issuing such advance refunding bonds, the Act requires that Metro prepare and submit to the State Treasurer for review and approval refunding plans describing the proposed advance refunding and the benefits to be derived therefrom (the "Refunding Plan"). Therefore, in order to issue such advance refunding bonds in a timely fashion so as to take advantage of the rates of interest available under current market conditions, it is appropriate that the Council authorize the preparation and submission of a Refunding Plan with respect to the 1990 Bonds to be refunded and a Refunding Plan with respect to the 1991 Bonds to be refunded.

NOW, THEREFORE, THE METRO COUNCIL RESOLVES AS FOLLOWS:

Section 1. Authorization of and Direction to Prepare and Submit Refunding Plans. The Metro Executive Officer is hereby authorized, empowered and directed, for and on behalf of Metro, to cause to be prepared and submitted to the State Treasurer, in accordance with the requirements of the Act, Refunding Plans with respect to the defeasance of the 1990 Bonds and the 1991 Bonds (which may consist of a single Refunding Plan relating to both the 1990 Bonds and the 1991 Bonds or separate Refunding Plans for each such bond issue to be advance refunded), and to pay or cause to be paid from lawfully available funds of Metro any fees necessary or appropriate in connection therewith.

Section 2. Additional Authorizations. The Metro Executive Officer, Metro Director of Finance and Management Information and Metro General Counsel, and each of them acting individually, are hereby authorized,

empowered and directed, for and on behalf of Metro, to do and perform all acts and things necessary or appropriate to prepare and submit the Refunding Plan and otherwise implement the provisions of this Resolution, including but not limited to the execution and delivery of such documents, instruments, certificates and agreements as may be necessary or appropriate.

Section 3. Effectiveness of Resolution. This Resolution shall take effect immediately upon its adoption by Metro Council.

Certification of Resolution

The undersigned does hereby certify that I am the duly appointed, qualified and acting Clerk of the Metro Council; that the foregoing is a true and complete copy of Resolution No. 93-1777 as adopted by the Metro Council at a meeting duly called and held in accordance with law on 3/25, 1993; and that the following members of the Council voted in favor of said Resolution:

Buchanan, Devlin, Gardner, Gates, Hansen, Kvistad,
McFarland, McLain, Monroe, Moore, Washington and
Wyers

the following members of the Council voted against said Resolution:

None

and the following member of the Council abstained from voting on said Resolution:

None (Van Bergen was absent for the vote)

In witness whereof, the undersigned has hereunto set his hand as of this 25th day of March, 1993.

Attest:

Judy Wyers
Judy Wyers, Metro Presiding Officer
Date: 3/25/93

Paulette Allen
Paulette Allen, Clerk of the Metro Council
Date: 3/29/93

Rena Cusma
Rena Cusma, Executive Officer
Date: 3/29/93

FINANCE COMMITTEE

RESOLUTION NO. 93-1777 AUTHORIZING THE PREPARATION AND SUBMISSION OF REFUNDING PLANS RELATING TO THE ADVANCE REFUNDING OF METRO'S GENERAL REVENUE BONDS, 1991 SERIES A, AND WASTE DISPOSAL SYSTEM REVENUE BONDS, 1990 SERIES A.

Date: March 22, 1993

Presented By: Councilor Monroe

COMMITTEE RECOMMENDATION: At it's March 10, 1993 meeting the Committee voted unanimously to introduce the resolution for filing with the Council Clerk, placement on the next available Council agenda and adoption by the Council. Present and voting were Councilors Buchanan, Kvistad, Monroe and Van Bergen. Councilor Devlin was excused.

COMMITTEE DISCUSSION/ISSUES: Dan Cooper, General Counsel, presented the Committee with a draft resolution which, if introduced and approved, would start the process for refunding Metro's General Revenue Bonds (Headquarters Building Project) and Solid Waste System Revenue Bonds (Central Transfer Station Project). He explained that current interest rates appear to be low enough to make it cost effective to refund both bond issues.

The resolution authorizes the Executive Officer and staff to prepare a refunding plan and submit it to the State Treasurer for approval. If market conditions are such that a minimum of 3% savings can be realized, subsequent resolutions authorizing the issuance of new bonds will be brought to the Council for consideration.

It was Mr. Cooper's intent to brief the Committee on this matter for consideration and action at a future date. However, the resolution was in proper form so the Committee determined there was no need to wait any longer and decided to introduce the resolution with a do pass recommendation.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 93-1777 AUTHORIZING THE PREPARATION AND SUBMISSION OF REFUNDING PLANS RELATING TO THE ADVANCE REFUNDING OF METRO'S GENERAL REVENUE BONDS (METRO HEADQUARTERS BUILDING PROJECT), 1991 SERIES A, AND WASTE DISPOSAL SYSTEM REVENUE BONDS (METRO EAST TRANSFER STATION PROJECT), 1990 SERIES A.

Date: March 17, 1993

Presented by: Jennifer Sims
Craig Prosser

Background

In December 1991 Metro issued \$22,990,000 1991 Series A Metro Headquarters Building Project Bonds as the first issue under Metro's General Revenue Bond Master Ordinance. Currently, all of the 1991 Series A Bonds remain outstanding. As a result of declining interest rates, Metro and its financial advisor have performed analysis indicating that these 1991 Bonds may now be refundable with total projected present value savings of about 4.0% of the refunding bond principal.

In March 1990 Metro issued \$28,500,000 1990 Series A Metro East Transfer Station Bonds as the first issue under Metro's Solid Waste System Master Bond Ordinance. Currently \$26,765,000 of the 1990 Series A Bonds remain outstanding. As a result of declining interest rates, Metro and its financial advisor have performed analysis indicating that these 1990 Bonds may now be refundable with total projected present value savings of about 3.75% of the refunding bond principal.

Current Market Interest Rates

The analyses of these refundings were based on market rates the first week of March. Rates change on a daily basis, and if they increase, these refundings may not be possible. On the other hand, if rates drop, savings will be greater than indicated by the March 5 analyses.

Interest rates in the municipal bond market for bonds with similar terms and credit quality as the 1990 and 1991 Bonds the first week of March were significantly lower than when those bonds were issued.

Savings Available Through Advance Refunding

The 1990 and 1991 Bonds have optional redemption features which allow Metro to call certain of the maturities of each issue prior to stated maturities. Through the process of advance refunding, Metro can issue bonds at current market rates that will pay off portions of the 1990 and 1991 Bonds at their respective call dates. As a result of paying interest on

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the refunding bonds that is lower than on the original issues, Metro will realize annual savings from refunding the 1990 and 1991 Bonds. Based on current market conditions, annual savings resulting from the advance refunding of the 1990 Series A Bonds are estimated at approximately \$50,000, while annual savings from the advance refunding of the 1991 Series A Bonds are estimated at approximately \$45,000.

Need for Refunding Plans

Prior to issuing the advance refunding bonds, Metro must prepare and submit to the State Treasurer advance refunding plans that describe the proposed advance refundings and the benefits to be derived. Upon approval by the State Treasurer, Metro may proceed with the sale of the refunding issues.

Approval of this resolution will allow Metro to begin the first step in the refunding process (submittal of a plan to the State Treasurer). Once the plan is submitted, work in preparing the refunding issues will proceed. Council will be asked to approve subsequent resolutions actually authorizing the issuance of the bonds. Final issuance of the refunding bonds will be contingent upon market conditions which allow the attainment of a minimum of 3% savings, as required by State law.

Budget Impact

The fees associated with the preparation, marketing, and sale of the advance refunding bonds (including the preparation of the advance refunding plans) will be paid from the proceeds of the advance refunding bond issues.

Recommendation of the Executive Officer

The Executive Officer recommends adoption of Resolution No. 93-1777.

STOEL RIVES BOLEY
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Wednesday, March 10, 1993

Mr. Dan Cooper
Ms. Paulette Allen
Metropolitan Service District
2000 SW First Avenue
Portland, OR 97201

Re: Metro - Refunding Bonds

Dear Dan and Paulette:

Enclosed is Resolution No. 93-1777 which you may use in preparing the Council Agenda packets for the meeting on March 25, 1993.

Very truly yours,



Edw. D. Einowski

EDE:jb
Enclosure