

# METRO

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## **RESOLUTION NO. 93-1841 OF THE METRO COUNCIL**

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**A Resolution amending Metro Resolution No. 93-1794 and determining certain matters with respect to the issuance of Metro Waste Disposal System Refunding Revenue Bonds (Metro Central Transfer Station Project), 1993 Series A.**

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**Adopted by the Metro Council on August 25, 1993  
Effective on August 25, 1993**

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## **BE IT RESOLVED BY THE METRO COUNCIL AS FOLLOWS:**

**Section A. Findings.** The Metro Council hereby finds and determines 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 1990 Bonds.** Pursuant to the Metro Ordinance No. 89-319, enacted on November 21, 1989 (the "1989 Master Ordinance"), 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 to mandatory sinking fund redemption on January 1 and July 1 of each year, 1992 through 2011 (inclusive), with the 1990 Bonds maturing on or after July 1, 2000 (other than the 1990 Bonds maturing on January 1, 2002 through July 1, 2007) being subject to redemption prior to maturity 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.

**(3) The 1993 Bonds.** Pursuant to the Authority granted to Metro by Title VIII of the Metro Code, and 1989 Master Ordinance as modified, supplemented and amended by Metro Ordinance No. 93-495 enacted on April 22, 1993 (the 1989 Master Ordinance, as so modified, supplemented and modified being referred to herein as the "Ordinance"), the Council adopted Resolution No. 93-1794 (the "1993 Bonds Authorizing Action") on May 13, 1993, authorizing the issuance of Metro's Waste Disposal System Refunding Revenue Bonds (Metro Central Transfer Station Project), 1993 Series A (the "1993 Bonds").

**(4) Certain Provisions of the Authorizing Action.** In the 1993 Bonds Authorizing Action, the Council declared that the 1993 Bonds should be dated as of the first date of the month in which they were to be issued and that the final maturity for the 1993 Bonds should be no later than January 1, 2011.

**(5) Scheduled Date of Issuance of 1993 Bonds.** The 1993 Bonds are scheduled to be issued and delivered on September 2, 1993.

**(6) Savings to be Obtained by Changing Certain Provisions of the Authorizing Action.** Public Financial Management, Inc., Metro's financial advisor for the 1993 Bonds, has advised the Council that due to current markets conditions the savings available to Metro will be maximized by setting the dated date for the 1993 Bonds on August 15, 1993, to allow the 1993 Bonds to be issued with accrued interest and by extending the final maturity date for the 1993 Bonds from January 1, 2011 to July 1, 2011.

**(7) Authority to Amend Resolution No. 93-1794.** Pursuant to Title VIII of the Metro Code and the Ordinance, this resolution shall constitute an Authorizing Action and an amendment to the 1993 Bonds Authorizing Action.

**Section 101. Amendment of 1993 Bonds Authorizing Action.** The 1993 Bonds Authorizing Action is hereby amended and modified as follows:

1. Section 202 of the 1993 Bonds Authorizing Action is amended to read as follows:

**Section 202. Interest Rates, Maturity Dates, Serial Bonds, Term Bonds and Mandatory Redemption Schedules for the 1993 Refunding Bonds.** The 1993 Refunding Bonds shall bear interest at such rate or rates and mature on such dates and in such principal amounts as shall be established and determined by the Executive Officer upon the sale thereof as provided in and pursuant to Section 401 hereof; *provided that* in no event shall the final maturity date of the 1993 Refunding Bonds be later than **July 1, 2011**. The aggregate principal amounts of the 1993 Refunding Bonds to be issued as Term Bonds and Serial Bonds and the Mandatory Redemption Schedule for the 1993 Refunding Bonds issued as Term Bonds shall be established and determined by the Executive Officer upon the sale of the 1993 Refunding Bonds as provided in and pursuant to Section 401 hereof.

2. Section 203 (a) of the 1993 Bonds Authorizing Action is amended to read as follows:

**(a) Denominations, Numbering and Dating.** The 1993 Refunding Bonds shall be issued in Authorized Denominations. Each 1993 Refunding Bond shall be dated **August 15, 1993**. Each 1993 Refunding Bond also shall bear its date of authentication as noted thereon by the Master Trustee and shall be numbered consecutively in the order in which it is authenticated by the Master Trustee.

**Section 2. Governing Law.** This Authorizing Action shall be interpreted governed by and construed under the laws of the State of Oregon, including the Act, as if executed and to be performed wholly within the State of Oregon.

**Section 3. Headings Not Binding.** The headings in this Authorizing Action are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Authorizing Action.

**Section 4. Effectiveness of This Authorizing Action.** This Authorizing Action shall, except as otherwise provided by law, become effective immediately upon adoption.

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## Certification of Resolution

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The undersigned do hereby certify they are the duly elected and acting Deputy Presiding Officer of the Metro Council and the duly appointed, qualified and acting Clerk of the Metro Council; that the foregoing is a true and complete copy of Resolution No. 93-1841 as adopted by the Metro Council at a meeting duly called and held in accordance with law on August 25, 1993; and that the following members of the Council voted in favor of said Resolution:

Devlin, Gates, Hansen, McFarland, McLain,  
Monroe, Van Bergen, Washington and Buchanan

the following members of the Council voted against said Resolution:

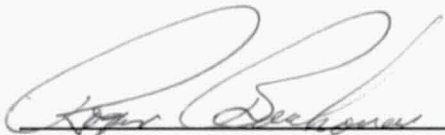
None

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

None (Gardner, Kvistad, Moore and Wyers  
were absent).

In witness whereof, the undersigned have hereunto set their hands as of this 25th day of August, 1993.

Attest:

  
\_\_\_\_\_  
Roger Buchanan,  
Metro Council Deputy Presiding Officer

Date: August 25, 1993

  
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Paulette Allen,  
Clerk of the Metro Council

Date: 9/9/93

## STAFF REPORT

### CONSIDERATION OF RESOLUTION NO. 93-1841 AMENDING RESOLUTION NO. 93-1794 AND DETERMINING CERTAIN MATTERS WITH RESPECT TO THE ISSUANCE OF METRO WASTE DISPOSAL SYSTEM REFUNDING REVENUE BONDS (METRO CENTRAL TRANSFER STATION PROJECT), 1993 SERIES A.

Date: August 24, 1993

Presented by: Craig Prosser and Dan Cooper

## FACTUAL BACKGROUND AND ANALYSIS

On August 18, 1993, Metro entered into a contract with PaineWebber Incorporated, to sell \$12,895,000 of bonds to refund a portion of Metro's outstanding Waste Disposal System Revenue Bonds (Metro East Transfer Station Project), 1990 Series A. The terms of the sale produce total gross savings to Metro over the life of the new bonds in excess of \$1.1 million, and net present value savings of approximately \$665,000. The savings ratio of 5.15% is well above the state's legally required minimum of 3% and above Finance and Management Information Department's goal of 4%.

The terms of this sale were structured to take full advantage of the conditions that existed in the market last week. To complete this sale, two of the terms established in the initial authorizing Resolution (93-1794) need to be amended to reflect the current structure. The proposed amendment to Resolution 93-1794 implements this new structure.

First, Resolution 93-1794 established that the dated date of the bonds be the first day of the month in which the bonds are issued. Bonds will be delivered on September 2, 1993; therefore, under the terms of Resolution 93-1794, the bonds should be dated September 1, 1993. Unfortunately, there are a significant number of institutional and retail investors who will not purchase bonds that are not accruing interest on the date they are offered for sale (in this case, August 18, 1993). If the Resolution is not amended to move the dated date of the bonds to August 15, 1993, Metro may lose some of the bond sales which produced the savings from this issue and, therefore, may end up paying a higher interest rate on the bonds.

Second, Resolution 93-1794 established that the final maturity date of the bonds would be no later than January 1, 2011. This provision was drafted at a time when the financing team assumed that the new bond issue would have the same general structure as the old bond issue. The old bond issue has semi-annual maturities of principal, with the final maturity on January 1, 2011. At the time of pricing of the bonds, the underwriter advised Metro that semi-annual maturities created bonds too small to generate good investor interest. The structure was therefore altered to include annual principal payments, maturing on July 1. Setting the final maturity date at July 1, 2011, also creates a more uniform savings pattern for Metro. This structure results in annual savings of \$80,000 to \$85,000.

**EXECUTIVE OFFICER'S RECOMMENDATION**

The Executive Officer recommends approval of Resolution No. 93-1841.

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