

BEFORE THE METRO COUNCIL

**SETTING FORTH THE OFFICIAL)
INTENT OF METRO TO REIMBURSE)
CERTAIN CAPITAL EXPENDITURES)
OUT OF THE PROCEEDS OF)
OBLIGATIONS TO BE ISSUED IN)
CONNECTION WITH THE)
REGIONAL GREENSPACES)
PROGRAM.)**

RESOLUTION NO. 94-2012

Introduced by Rena Cusma

WHEREAS, Metro is currently in the process of finalizing its plans to undertake the implementation of the regional Greenspaces program consisting of the acquisition of land to be preserved as open spaces, parks and natural areas, and the construction and installation of certain improvements in connection therewith (collectively, the "Project"); and

WHEREAS, The planned Project is currently estimated to have a total cost in excess of \$140,000,000; and

WHEREAS, Metro is authorized under the laws of the State of Oregon, and, in particular, the Metro Charter and Metro Ordinance No. 93-495 (collectively, the "Act"), to issue bonds and other obligations for the purpose of providing long-term financing for the Project, and Metro has determined that it will be in the interests of Metro ask the voters to authorizing Metro to issue such bonds or other obligations under the Act in order to provide permanent financing for the costs of acquiring, construction and installing the Project (the "Obligations"), which Obligations will be issued in an amount currently estimated to be not in excess of \$138,800,000; and

WHEREAS, Metro has incurred, or will incur in the future, preliminary expenditures relating to the design, planning and feasibility of the Project, all within the meaning of Treasury Regulations §1.103-18(i)(2), and will continue to incur from time to time additional costs of acquiring, constructing and installing the Project (such preliminary expenditures together with such other costs of the Project incurred and paid prior to the issuance of the Obligations being herein collectively called the "Pre-Issuance Expenditures"), which Pre-Issuance Expenditures, in accordance with the budget for the Project and Metro's operating budget, will ultimately be financed out of the proceeds of the Obligations as and when such Obligations are issued; and

WHEREAS, Pending the issuance of, and the availability of the proceeds derived from the issuance and sale of, the Obligations, the Pre-Issuance Expenditures have been and will be paid on an interim basis out of moneys which, in accordance with Metro budget and budgetary practices, are not and will not be available on a long-term basis to pay such costs (the "Advances"), with the expectation and intent that Metro will be reimbursed for all such Advances out of the proceeds of the Obligations as and when the same are issued;

NOW, THEREFORE, BE IT RESOLVED BY THE METRO COUNCIL AS FOLLOWS:

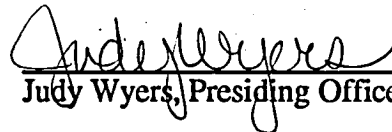
Section 1. The Metro Council hereby declares its intent to finance all Pre-Issuance Expenditures out of the proceeds of the Obligations as and when the same are issued, and to reimburse itself out of the proceeds of the Obligations for all Advances made for the purpose of paying on an interim basis all Pre-Issuance Expenditures. Metro acknowledges that such reimbursement from Obligation proceeds may be made only to the extent that all other applicable requirements of Treasury Regulations §1.103-18 are met with respect to the Obligations, the Pre-Issuance Costs, the sources of funds used to make the Advances and such reimbursement from Obligation proceeds, but intends, and hereby directs all Metro officials and personnel, to take such lawful actions as may be necessary or appropriate in order to ensure that the Advances may be reimbursed from Obligation proceeds to the fullest extent permitted by law.

Section 2. This resolution is intended to constitute an official declaration on the part of Metro to reimburse itself out of the proceeds of the Obligations for all Advances made to pay Pre-Issuance Expenditures, all within the meaning of and pursuant to Treasury Regulation §1.103-18.

Section 3. Within 30 days after the date of adoption of this resolution, the clerk of the Council shall make a certified copy hereof available for public inspection at the main administrative offices of Metro, and shall keep such certified copy available for public inspection at said administrative offices until all series of Obligations have been issued.

Section 4. Effectiveness of Resolution. This Resolution shall take effect immediately upon its adoption by the Council.

Adopted this 28th day of July, 1994.



Judy Wyers, Presiding Officer

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 94-2012 SETTING FORTH THE OFFICIAL INTENT OF METRO TO REIMBURSE CERTAIN CAPITAL EXPENDITURES OUT OF THE PROCEEDS OF OBLIGATIONS TO BE ISSUED IN CONNECTION WITH THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF VARIOUS CAPITAL PROJECTS.

Date: July 19, 1994

Presented by: Craig Prosser

FACTUAL BACKGROUND AND ANALYSIS

IRS Regulations allow issuers of municipal debt to reimburse themselves for certain preliminary expenditures incurred to develop and design projects which will be financed through the issuance of debt financing. Before reimbursable costs are incurred, however, the issuer must adopt a resolution of intent to reimburse themselves (a Reimbursement Resolution).

Metro is preparing to refer a General Obligation Bond measure to the voters in March 1995. The Bond Issue amount included in the Ballot referral is currently estimated at \$138,800,000. This resolution states that the maximum possible bond issue would be \$140,000,000. For purposes of this resolution, this estimate should be large enough to cover the maximum possible estimated cost of the project, but not so large as to be totally unreasonable. The final bond amount will be determined by the ballot measure approved by the voters.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 94-2012.

FINANCE COMMITTEE REPORT

RESOLUTION NO. 94-2012, SETTING FORTH THE OFFICIAL INTENT OF METRO TO REIMBURSE CERTAIN CAPITAL EXPENDITURES OUT OF THE PROCEEDS OF OBLIGATIONS TO BE ISSUED IN CONNECTION WITH THE REGIONAL GREENSPACES PROGRAM

Date: July 28, 1994

Presented by: Councilor McLain

COMMITTEE RECOMMENDATION: At its July 27, 1994 meeting the Finance Committee voted 4-2 to recommend Council adoption of Resolution No. 94-2012. Voting in favor were Councilors Monroe, Gardner, McLain, and Washington. Councilors Kvistad and Van Bergen voted in opposition. Councilors Devlin and Buchanan were absent.

NOTE: The staff report and the majority of committee discussion of this resolution dealt with the common purpose of three resolutions (94-2008, 2012, and 2013). This committee report contains much of the same information as the report for the other resolutions; the only matters specific to this resolution are limited to the final paragraph.

COMMITTEE DISCUSSION/ISSUES: Councilor Van Bergen raised an issue regarding notice of the meeting. He said public notice of the meeting indicated that the period of 2:00 - 5:00 was to be a work session and he thought the committee should not act on any items during that time. General Counsel Dan Cooper said he believed proper public notice was given and the committee could proceed to act on the items in question. Councilor Van Bergen noted that he disagreed with Mr. Cooper, and would vote no on all the items in question. (Those items were the minutes of the July 12 Finance Committee meeting, and Resolutions 94-2008, 94-2012, and 94-2013.)

Financial Planning Manager Craig Prosser presented the staff report. He said his remarks covered Resolutions 94-2008, 94-2012, and 94-2013, because they are for the same purpose but dealing with different potential bond issues. He said Internal Revenue Service regulations require a notice of intent to reimburse for pre-issuance costs out of bond proceeds. He said decisions on whether to issue bonds would come later, and this resolution does not commit the Council to any of the proposed projects. In response to a question from Councilor Van Bergen, Mr. Prosser summarized the projects contemplated in the resolutions: Resolution No. 94-2008 deals with RV parks at the Expo Center and Blue Lake Park, which is in the RFP stage, with estimated costs not to exceed \$5 million; Resolution 94-2012 deals with Greenspaces at a cost not to exceed \$140 million; and Resolution 94-2013 deals with the Oregon Territory exhibit and new entrance at the Zoo, not to exceed \$35 million.

Councilor Van Bergen asked if any of the measures has received Council approval. Mr. Prosser said none of them has, although Council has the Greenspaces bond measure resolution on its July 28 agenda. Councilor Van Bergen asked what is the pledged security for each issue. Mr. Prosser said that has not yet been determined, but will be determined when each bond resolution is developed. Councilor Van Bergen said his concern is the future impact on bonding capability for these items. Mr. Prosser said these items should not affect Metro's capability, and added that Metro's debt level is relatively low for comparable governments.

Councilor McLain asked whether there are timing issues involved with these resolutions. Mr. Prosser said there is a timing issue and that bond counsel has advised Metro to proceed with these resolutions, in order to preserve flexibility to recover costs. Councilor Van Bergen said he did not think these resolutions were appropriate at this time.

Councilor Van Bergen noted his objection to acting on this matter at this time. Councilor Kvistad said he believed the amount of the Greenspaces measure is too high, and puts Metro in jeopardy of losing the election. He said he objects to the size and will register his opposition by voting no to this resolution in Committee, but will support it at Council. Councilor Monroe also expressed concern about the size of the Greenspaces bond measure proposal.