

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 TO)
FINANCE VARIOUS CAPITAL)
PROJECTS AT THE WASHINGTON)
PARK ZOO.)**

RESOLUTION NO. 94-2013

Introduced by Rena Cusma

WHEREAS, Metro is currently in the process of finalizing its plans to undertake the acquisition, construction and installation of various capital projects at the Metro Washington Park Zoo consisting of the following (collectively, the "Projects"): relocation of the entrance to the zoo in connection with the Washington Park Light Rail Station currently under construction; the construction of a new facility to house exhibits relating to Northwest native animals, habitat, natural resources and natural resource management; the relocation of the gift shop and restaurant; and additional education and support facilities and improvements related to the foregoing; and

WHEREAS, The planned Projects are currently estimated to have a total cost in excess of \$35,000,000; 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 Projects, and Metro has determined that it will be in the interests of Metro ask the voters to authorize 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 Projects (the "Obligations"), which Obligations will be issued in an amount currently estimated to be not in excess of \$35,000,000; and

WHEREAS, Metro has incurred, or will incur in the future, preliminary expenditures relating to the design, planning and feasibility of the Projects, 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 Projects (such preliminary expenditures together with such other costs of the Projects 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 Projects 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:

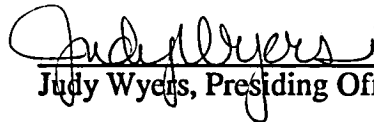
Section 1. The Metro Council hereby declares its intent to finance all Pre-Issuance Expenditures out of the proceeds of the Obligations as and when the same are issued, and to reimburse itself out of the proceeds of the Obligations for all Advances made for the purpose of paying on an interim basis all 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

FINANCE COMMITTEE REPORT

RESOLUTION NO. 94-2013, SETTING FORTH THE OFFICIAL INTENT OF METRO TO REIMBURSE CERTAIN CAPITAL EXPENDITURES OUT OF THE PROCEEDS OF OBLIGATIONS TO BE ISSUED TO FINANCE VARIOUS CAPITAL PROJECTS AT THE WASHINGTON PARK ZOO

Date: July 28, 1994

Presented by: Councilor Kvistad

COMMITTEE RECOMMENDATION: At its July 27, 1994 meeting the Finance Committee voted 5-1 to recommend Council adoption of Resolution No. 94-2012. Voting in favor were Councilors Monroe, Gardner, Kvistad, McLain, and Washington. Councilor 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 issue at this time. There was no further discussion on this resolution.

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 94-2013 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 beginning initial work to explore the feasibility of developing a new entrance to the Metro Washington Park Zoo, a new exhibit, and related educational and support facilities. The Resolution states that the estimated project costs will be \$35,000,000. For purposes of this resolution, these estimates should be large enough to cover the maximum possible estimated cost of the project, but not so large as to be totally unreasonable. Final cost estimates will depend on preliminary work now being conducted by the Metro Washington Park Zoo.

This Resolution does not presuppose a final decision how this project will be financed. This Resolution does not preclude any option. It merely positions Metro to recover preliminary costs should we decide to issue debt. Once preliminary work has been completed, staff will return to Council for authorization to proceed with the projects and with a recommendation for financing.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No. 94-2013.