

BEFORE THE METRO COUNCIL

A RESOLUTION OF THE METRO)	RESOLUTION NO. 05-3573
COUNCIL AUTHORIZING GENERAL)	
OBLIGATION REFUNDING BONDS, 2005)	Introduced by Michael Jordan Chief Operating
SERIES)	Officer, with the concurrence of Council President
)	David Bragdon

WHEREAS, Metro has previously issued its General Obligation Bonds (Metro Washington Park Zoo Oregon Project), 1996 Series A; and,

WHEREAS, current interest rates are lower than the rates borne by the 1996 Series A Bonds, and Metro may reduce property taxes for its citizens by refunding the 1996 Series A Bonds; and,

WHEREAS, Metro is authorized to issue refunding bonds pursuant to ORS 288.605 to 288.695; now, therefore,

BE IT RESOLVED by the Metro Council as follows:

Section 1. Definitions.

Capitalized terms used in this resolution shall have the following meanings unless the context clearly requires otherwise:

“1996 Series A Bonds” means Metro’s General Obligation Bonds (Metro Washington Park Zoo Oregon Project), 1996 Series A.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Metro Official” means the Chief Operating Officer of Metro or the person designated by the Chief Operating Officer to act on behalf of Metro under this Resolution.

“Metro” means Metro, Oregon, a Metropolitan service district organized pursuant to Article XI, Section 14 of the Oregon Constitution, ORS Chapter 268, and the 1992 Metro Charter, and located in Multnomah, Clackamas and Washington Counties in the State of Oregon.

“Refunding Bonds” means the general obligation refunding bonds authorized by Section 2 of this resolution.

Section 2. Bonds Authorized.

Metro is hereby authorized to issue and sell general obligation refunding bonds pursuant to ORS 288.605 to 288.695 in a principal amount sufficient to pay and redeem all or any portion of its outstanding 1996 Series A Bonds and to pay costs related to the Refunding Bonds. The Metro Official, on behalf of Metro and without further action by Metro Council, may:

- 2.1 authorize submission of an advance refunding plan to the State Treasurer for all or any portion of the 1996 Series A Bonds;
- 2.2 participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for the Refunding Bonds;

- 2.3 provide that the Refunding Bonds may be issued in one or more series, and establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record date and other terms of each series of the Refunding Bonds;
- 2.4 publish a notice of sale, receive bids and award the sale of any series of the Refunding Bonds to the bidder complying with the notice and offering the most favorable terms for that series to the Metro, or select one or more underwriters and negotiate the sale of any series of the Refunding Bonds with those underwriters;
- 2.5 undertake to provide continuing disclosure for the Refunding Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission;
- 2.6 appoint and enter into agreements with a paying agent and registrar, escrow agent, verification agent and any other professionals and service providers;
- 2.7 enter into one or more escrow deposit agreements, and deposit the proceeds of the Refunding Bonds pursuant to the escrow deposit agreements;
- 2.8 apply for and purchase municipal bond insurance or obtain other forms of credit enhancements for the Refunding Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents;
- 2.9 select all or a portion of the 1996 Series A to be refunded with the Refunding Bonds and irrevocably call for redemption and defease the Refundable Bonds which are refunded by the Refunding Bonds;
- 2.10 prepare, execute and deliver a bond declaration for each series of Refunding Bonds that restates the covenants in this resolution, specifies the form in which the series of Refunding Bonds will be issued, and also specifies the book entry, registration, redemption, defeasance and other administrative provisions that apply to the series of Refunding Bonds;
- 2.11 enter into one or more escrow deposit agreements, and deposit the proceeds of the Refunding Bonds pursuant to the escrow deposit agreements;
- 2.12 issue, sell and deliver the Refunding Bonds, but only if the Refunding Bonds produce debt service savings for Metro; and
- 2.13 execute any documents and take any other action in connection with the Refunding Bonds which the Metro Official finds will be advantageous to the Metro.

Section 3. Security For Refunding Bonds.

Metro hereby pledges its full faith and credit to pay the Refunding Bonds. Metro hereby covenants for the benefit of the Owners to levy a direct ad valorem tax upon all of the taxable property within Metro which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay all Refunding Bond principal and interest when due. Metro covenants to levy this tax each year until all the Refunding Bonds are paid. This tax shall be in addition to all other taxes of Metro, and this tax shall not be limited in rate, amount or otherwise, by Sections 11 or 11b of Article XI of the Oregon Constitution.

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Section 4. Tax Covenants.

4.1 Metro covenants for the benefit of the owner of the Refunding Bonds to comply with all provisions of the Code which are required for Refunding Bond interest to be excluded from gross income for federal income tax purposes. Metro makes the following specific covenants with respect to the Code:

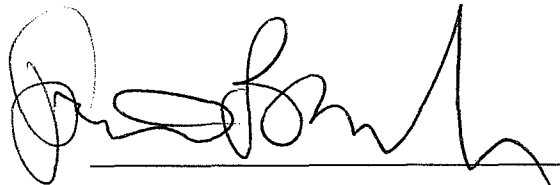
- (1) Metro shall not take any action or omit any action, if it would cause the Refunding Bonds to become "arbitrage bonds" under Section 148 of the Code.
- (2) Metro shall operate the facilities that were financed with the 1996 Series A Bonds so that the Refunding Bonds are not "private activity bonds" within the meaning of Section 141 of the Code.
- (3) Metro shall pay any rebates due under Section 148 of the Code in connection with the Refunding Bonds and 1996 Series A Bonds.

4.2 The covenants contained in this Section and any similar covenants in the closing documents for the Refunding Bonds shall constitute contracts with the Owners, and shall be enforceable by the Owners.

Section 5. Effective Date

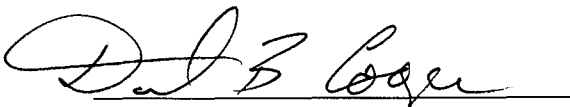
This resolution shall take effect on the date of its adoption.

Adopted this 14th day of April, 2005.

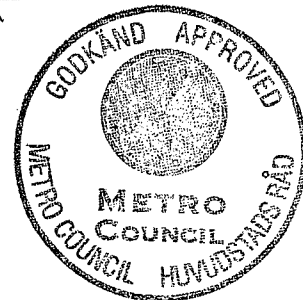


David Bragdon, Council President

Approved as to form:



Daniel B. Cooper, Metro Attorney



STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 05-3573, A RESOLUTION OF THE METRO COUNCIL AUTHORIZING GENERAL OBLIGATION REFUNDING BONDS, 2005 SERIES

Date: April 4, 2005

Prepared by: William Stringer

BACKGROUND

On November 1, 1996, Metro issued general obligation bonds totaling \$28,800,000 (the 1996 Series A Bonds) for the construction of the Great Northwest Project at the Oregon Zoo (originally issued under the title Oregon Project at the Metro Washington Park Zoo). Current interest rates are lower than the rates borne by the 1996 Series A bonds and Metro may reduce property taxes for its citizens by refunding these bonds.

Resolution No. 05-3573 authorizes the refunding of Metro's Oregon Zoo bonds, the 1996 Series A general obligation bonds. It authorizes the Chief Operating Officer or his designee to prepare all documents and conduct the sale and issuance of the new bonds to redeem the 1996 Series A Bonds.

Currently, bond principal of \$18,265,000 is outstanding on the callable portion of the bonds. The bonds are to be retired in January 2017. The true interest rate (TIC) for these bonds is 5.3119 percent. Metro's Financial Advisors estimate that the new refunding bonds will carry an interest rate of approximately 3.9 percent, which will yield a net present value savings to taxpayers of slightly over \$1.1 million in reduced payments. The sale of the 2005 Series General Obligation Refunding Bonds is scheduled for April. The new bonds would be retired in January 2017, the same as the existing bonds.

ANALYSIS/INFORMATION

1. **Known Opposition** - None.
2. **Legal Antecedents** - Metro is authorized to issue refunding bonds pursuant to ORS 288.592.
3. **Anticipated Effects** - This resolution will produce an estimated net present value savings of \$1.1 million over the remaining life of the bonds. Total gross savings are estimated to be approximately \$1.38 million over 12 years, or around \$115,000 to \$120,000 annually.
4. **Budget Impacts** - This resolution will reduce debt service on the Oregon Zoo general obligation bonds through FY 2016-17, with a commensurate reduction in property tax receipts. Fees associated with the bond sale will be paid from bond proceeds.

RECOMMENDED ACTION

The recommended action is adoption of Resolution 05-3573.