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# METRO

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## RESOLUTION No. 95-2169

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**A RESOLUTION AUTHORIZING THE ISSUANCE OF THREE SERIES OF GENERAL OBLIGATION BONDS (OPEN SPACES PROGRAM) IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$135,600,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION AND IMPROVEMENT OF VARIOUS PARCELS OF LAND AS PART OF METRO'S OPEN SPACES PROGRAM, AND PROVIDING FOR RELATED MATTERS.**

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**ADOPTED BY THE METRO COUNCIL  
ON JUNE 22, 1995  
EFFECTIVE ON JUNE 22, 1995**

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BEFORE THE METRO COUNCIL

AUTHORIZING THE ISSUANCE OF THREE )  
SERIES OF GENERAL OBLIGATION BONDS )  
(OPEN SPACES PROGRAM) IN THE )  
PRINCIPAL AMOUNT OF NOT TO EXCEED )  
\$135,600,000 FOR THE PURPOSE OF )  
FINANCING THE ACQUISITION AND )  
IMPROVEMENT OF VARIOUS PARCELS OF )  
LAND AS PART OF METRO'S OPEN SPACES )  
PROGRAM, AND PROVIDING FOR RELATED )  
MATTERS. )

RESOLUTION No. 95-2169

INTRODUCED BY MIKE BURTON

**SECTION A. FINDINGS.** As the preamble to this Resolution, the Metro Council recites the matters set forth in this Section. To the extent any of the following recitals relates to a finding or determination which must be made by the Council in connection with the subject matter of this Resolution or any aspect thereof, the Council declares that by setting forth such recital such finding or determination is thereby made by the Council. This Section A and the recitals, findings and determinations set forth herein constitute a part of this Resolution.

**(A) POLITICAL SUBDIVISION.** Metro is a municipality and political subdivision organized and existing under and pursuant to Article XI, Section 14 of the Oregon Constitution, the laws of the State of Oregon and the Metro Charter.

**(B) VOTER AUTHORIZATION OF BONDS.** Under authority granted to Metro by the Enabling Legislation (as defined below), Metro is authorized and empowered, with the approving vote of the electors of Metro, to issue and sell general obligation bonds. At the election held on May 16, 1995, a majority of the electors of Metro voting on the question authorized Metro to issue its general obligation bonds in an aggregate principal amount not to exceed \$135,600,000 (the "Elector Authorization") for the purpose of financing the capital costs of the Metro Open Spaces Program (the "Program"). Metro has not heretofore issued any bonds pursuant to the Elector Authorization.

**(C) PROGRAM ACQUISITIONS AND IMPROVEMENTS.** Metro is ready to exercise the bond issuance authority granted by the Elector Authorization in order to finance the capital costs of the Program, and to that end is authorizing the issuance and sale of the bonds as provided in this resolution (as more particularly defined herein, the "Bonds").

**(D) PAYMENT FROM PROPERTY TAXES.** In accordance with the Elector Authorization, the Enabling Legislation and State law, Metro will annually levy a direct *ad valorem* tax upon all of the taxable property within Metro's jurisdictional boundaries in an amount which, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and all other moneys reasonably expected to be available and used for the payment of debt service on the Bonds, shall be sufficient to pay when due the principal of and interest on all Bonds. The *ad valorem* taxes to be levied by Metro for the purpose of paying when due the principal of and interest on all Bonds shall be levied and collected outside of, and in addition to, any *ad valorem* taxes levied and collected by Metro within any voter approved tax base, shall not be subject to the limitations imposed by Article XI, Section 11b of the Oregon Constitution, and shall be levied in an amount sufficient to pay when due the Bonds without regard or limit as to the rate or amount of such *ad valorem* taxes. Metro specifically classifies the Bonds and the bonded indebtedness represented thereby as not subject to the limits of Article XI, Section 11b of the Oregon Constitution, such classification being made pursuant to the provisions of ORS 305.583(6).

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

**SECTION 1. DEFINITIONS.** As used in this Resolution, the following terms shall have the respective meanings set forth in this Section 1.

**"AUTHORIZED DENOMINATIONS"** means: (i) when used with respect to the Series A Bonds, \$5,000 or any integral multiple thereof; and (ii) when used with respect to the Series B Bonds Series C Bonds, such amount or amounts as shall be provided in a subsequent resolution of the Metro Council.

**"AUTHORIZING LEGISLATION"** means, collectively, the Elector Authorization, the Enabling Legislation and this Resolution.

**"BENEFICIAL OWNERS"** shall mean, whenever used with respect to a Series A Bond, the person or entity in whose name such Series A Bond is recorded as the beneficial owner of such Series A Bond by a Participant on the records of such Participant pursuant to the arrangements for book-entry determination of ownership applicable to the Securities Depository.

**"BONDS"** means, collectively, Metro's General Obligation Bonds (Open Spaces Program), 1995 Series A, B and C, authorized to be issued in three series pursuant to Section 2 of this Resolution.

**"BOOK-ENTRY SYSTEM"** shall mean that system whereby the clearance and settlement of securities transactions is made through electronic book-entry changes, thereby eliminating the need of physical movement of securities.

"CEDE & CO." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Series A Bonds.

"COUNCIL" means the Council of Metro acting as the duly constituted governing body of Metro in which Metro's legislative powers are vested under law.

"CREDIT FACILITY" shall have the meaning assigned thereto in Section 3(B)(VIII) hereof.

"DEBT SERVICE ACCOUNT" means the Open Spaces Bond Debt Service Account within the Metro General Obligation Bond Debt Service Fund, said account being established by Section 4(a) of this Resolution.

"DTC" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"ELECTOR AUTHORIZATION" means the approving vote of a majority of the electors of Metro voting on the question at the election duly called and held on May 16, 1995, wherein said electors authorized Metro to issue and sell the Bonds for the purposes described in Section A of this Resolution.

"ENABLING LEGISLATION" means Chapter III, Sections 10 and 12, of the Metro Charter and Title VIII of the Metro Code, together with any applicable provision of State law.

"GOVERNMENT OBLIGATIONS" shall have the meaning assigned to such phrase in ORS 288.605(5) or any successor provision of law which provides for the defeasance of outstanding bonds through the use of obligations issued or guaranteed by the United States of America or otherwise backed by the full faith and credit of the United States of America.

"INTEREST PAYMENT DATE" means each January 1 and July 1 of each year, commencing July 1, 1996.

"OPEN SPACES FUND" means the Open Spaces Fund heretofore established by Metro in connection with the Program.

"PARTICIPANT" shall mean a broker-dealer, bank or other financial institution for which DTC holds Series A Bonds as Securities Depository.

"PAYING AGENT" means the paying agent for the Bonds appointed pursuant to Section 7 of this Resolution, the initial paying agent being First Interstate Bank of Oregon, N.A.

"PROGRAM" means Metro's Open Spaces Program as more particularly described in Exhibit B to Metro Council Resolution No. 94-2074A, adopted on January 19, 1995.

**"REGISTRAR"** means the registrar for the Bonds appointed pursuant to Section 7 of this Resolution, the initial registrar being First Interstate Bank of Oregon, N.A.

**"SECURITIES DEPOSITORY"** shall mean, initially, The Depository Trust Company, New York, New York, and its successors and replacement securities depository appointed hereunder.

**"SERIES A BONDS"** means Metro's General Obligation Bonds (Open Spaces Program), 1995 Series A, authorized to be issued pursuant to Section 2 of this Resolution.

**"SERIES B BONDS"** means Metro's General Obligation Bonds (Open Spaces Program), 1995 Series B, authorized to be issued pursuant to Section 2 of this Resolution.

**"SERIES C BONDS"** means Metro's General Obligation Bonds (Open Spaces Program), 1995 Series C, authorized to be issued pursuant to Section 2 of this Resolution.

**"SERIES A PROGRAM ACCOUNT"** means the special subaccount of the Open Spaces Fund created pursuant to Section 4(A) of this Resolution.

**"SERIES B PROGRAM ACCOUNT"** means the special subaccount of the Open Spaces Fund created pursuant to Section 4(A) of this Resolution.

**"SERIES C PROGRAM ACCOUNT"** means the special subaccount of the Open Spaces Fund created pursuant to Section 4(A) of this Resolution.

## **SECTION 2. THE BONDS.**

(A) **AUTHORIZATION.** Pursuant to and subject to the requirements of the Authorizing Legislation, Metro shall issue the Bonds in the aggregate principal amount of \$135,600,000 for the purpose of financing the acquisition and improvement of various parcels of land in furtherance of the Program and for paying the costs incurred in connection with the issuance of the Bonds, all as provided in and subject to the limitations hereinafter set forth in this Resolution and such other resolutions as the Metro Council, in its discretion, may hereafter adopt with respect to the Bonds or any series of Bonds. The Bonds shall be issued in three series consisting of the Series A Bonds, the Series B Bonds and the Series C Bonds, with each series to be in the aggregate principal amount as shall be determined by the Executive Officer upon the sale thereof (but in no event shall the aggregate principal amount of all three series be in excess of \$135,600,000). In the event any Bonds are issued and sold at an original issue discount, such original issue discount shall not, for purposes of the amount of Bonds authorized to be issued hereunder, be deemed to be a part of the principal amount thereof, it being the intent hereof that the stated principal amount of the Bonds less any such original issue discount shall not exceed \$135,600,000.

**(B) DATE OF BONDS; DESIGNATION.** The Series A Bonds shall be dated July 1, 1995. The Series B Bonds and the Series C Bonds shall bear such dates as shall be determined by the Executive Officer upon the sale thereof. The Bonds of each series shall be designated "Metro General Obligation Bonds (Open Spaces Program), 1995 Series [*insert letter designation of series*]."

**(C) NOTICE OF REDEMPTION.** Notice of any mandatory or optional redemption of any Bonds shall be given in writing by the Paying Agent and Registrar, in the name of Metro, by first class mail, postage prepaid, to the registered owner of each Bond called for redemption at the registered address thereof, all as shown on the registration books maintained by the Registrar as of the 5th business day next preceding the date of mailing of such notice, any such notice to be mailed not less than 30 nor more than 45 days prior to the date fixed for the redemption of the Bonds to which such notice pertains; *provided that*, so long as the Bonds remain subject to the Book-Entry System, notice of redemption shall be given at the time, to the entity and in the manner required by the rules, regulations and practices established and followed in connection with the Book-Entry System, and no other notice of redemption shall be required to be given.

Each notice of redemption shall:

(i) identify by number the Bonds (or principal portions thereof) called for redemption;

(ii) state the redemption price of the Bonds called for redemption, which redemption price may be stated as a percentage of the principal amount thereof called for redemption plus accrued and unpaid interest thereon;

(iii) state the date fixed for redemption;

(iv) provide the address of the place at which the Bonds called for redemption must be presented and surrendered to the Paying Agent on or after the date fixed for redemption in order to receive payment of the redemption price thereof;

(iv) state that from and after the date fixed for redemption, interest on the Bonds (or principal portions thereof) called for redemption shall cease to accrue and the owners of such Bonds or portions thereof shall thereafter only be entitled to receive the redemption price thereof upon the presentation and surrender of such Bonds to the Paying Agent;

(v) in the case of an optional redemption, state that if, for any reason, Metro, not less than five business days prior to the redemption date specified in such notice, does not: (A) cause to be deposited with the Paying Agent funds sufficient to pay the redemption price of the Bonds or portions thereof to which such notice relates, or (B) provide the Paying Agent with reasonable assurance that such funds will be deposited with the Paying Agent not less than one business day prior to the date fixed for redemption, then and in any such event such call for redemption shall be null, void and of no force or effect and the Bonds or portions



thereof so called for redemption shall continue to remain outstanding as if such notice and called had never been given or made; and

(v) set forth such other matters or information as may be required by law or, in the judgment of Metro, be necessary or appropriate.

The Paying Agent shall give such notice of redemption as soon as practicable following the receipt of written direction from Metro to do so. The Paying Agent shall not have the right to demand, as a condition precedent to the giving of any such notice of redemption that moneys be deposited with the Paying Agent sufficient to pay the redemption price of any Bonds or portions thereof called for redemption, nor shall Metro be required to make any such deposit prior to the giving of any notice of redemption by the Paying Agent to the registered owners of the Bonds.

In the case of an optional redemption, if, for any reason, Metro, not less than five business days prior to the redemption date specified in such notice, does not: (A) cause to be deposited with the Paying Agent funds sufficient to pay the redemption price of the Bonds or portions thereof to which such notice relates, or (B) provide the Paying Agent with reasonable assurance that such funds will be deposited with the Paying Agent not less than one business day prior to the date fixed for redemption, then and in any such event such call for redemption shall be canceled and be null, void and of no force or effect and the Bonds or portions thereof so called for redemption shall continue to remain outstanding as if such notice and called had never been given or made. In any such event, the Paying Agent shall, as soon as practical, cause to be mailed, postage prepaid, to each registered owner of the Bonds or portions thereof which were so called for redemption a written notice of such cancellation.

**(D) PARTIAL REDEMPTIONS.** In the case of a partial redemption and with respect to any Bond evidenced by a single certificate in a denomination greater than the minimum Authorized Denomination for such Bond, principal portions of such Bond may be called for redemption in amounts equal to the minimum Authorized Denomination for such Bond or any integral multiple thereof. In case less than all of the principal portion of a Bond is so called for redemption, then upon presentation and surrender of such Bond to the Paying Agent for payment of the redemption price thereof on or after the date fixed for redemption, Metro shall execute and the Registrar shall authenticate and deliver to the registered owner thereof a new Bond of the same maturity and interest rate in a denomination equal to the unredeemed principal portion of the Bond so surrendered.

If less than all of the outstanding Bonds of a particular series are to be called for redemption at the option of Metro, Metro shall have the right to specify the particular maturities within such series to be redeemed and the principal amounts of each such maturity. If less than all of the Bonds of a particular maturity within one series are called for redemption, the Registrar shall select, by lot or in such other manner as the Registrar deems fair, the particular Bonds of such series and maturity or principal portions thereof to be so redeemed.

**(E) EFFECT OF REDEMPTION.** If on the date fixed for redemption of any Bonds or portions thereof Metro has deposited or caused to be deposited and set aside with the Paying Agent funds sufficient to pay the redemption price of such Bonds, then and in such event such Bonds or portions thereof shall cease to accrue interest from and after the date fixed for such redemption and shall no longer be deemed to be outstanding or entitled to the security of or any benefits provided by this Resolution, and Metro shall have no further liability for the payment thereof, and the owners thereof shall only be entitled to payment of the purchase price thereof (without right to any interest thereon from and after the date fixed for redemption) from the moneys held by the Paying Agent for such purpose upon presentation and surrender of such Bonds at the principal corporate trust office of the Paying Agent.

**(F) REGISTERED BONDS; DENOMINATIONS; FORM; EXECUTION.** The Bonds shall be issued only in fully registered form without coupons in Authorized Denominations. The Bonds shall be issued in substantially the form attached to this Resolution as the Bond Form Appendix, but with such variations, changes, and additions as may be necessary or appropriate and not contrary to, or in violation of, the terms of this Resolution or applicable law.

The Bonds shall be signed on behalf of Metro by means of the manual or facsimile signatures of Metro's Executive Officer and the Presiding Officer of the Metro Council. The manual or facsimile signatures of such officer that appear on the Bonds shall continue to be valid for all purposes notwithstanding the fact that at the time of authentication of a particular Bond either or both officers whose signature so appears on such Bond is no longer holder the office of Executive Officer or Presiding Officer (as the case may be). Metro has not adopted a seal and therefore no seal shall be impressed or imprinted on the Bonds, but the Bonds shall nevertheless be valid and binding for all purposes when signed by the Executive Officer and Presiding Officer and authenticated by the Registrar as provided herein.

**(G) EXCHANGE AND TRANSFER.** Bonds may be exchanged for an equal principal amount of Bonds of the same maturity and interest rate but which are in different authorized denominations, and Bonds may be transferred to other owners, if the Bondowner submits the following to the Registrar:

- (i) written instructions for exchange or transfer satisfactory to the Registrar, signed by the Bondowner or her attorney in fact and guaranteed or witnessed in a manner satisfactory to the Registrar; and
- (ii) the Bonds to be exchanged or transferred.

The Registrar shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date (as defined in the Bond Form) and ending on the next following Interest Payment Date; however, such Bonds shall be exchanged or transferred promptly following that Interest Payment Date.

For purposes of this section, Bonds shall be considered submitted to the Registrar on the date the Registrar actually receives the materials described above in this subsection.

Metro may alter these provisions regarding registration and transfer to conform to market standards by mailing notification of the altered provisions to all Bondowners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Notwithstanding the foregoing provisions, while any Bonds are subject to a Book-Entry System the provisions relating to such Book-Entry System, including any application provisions of this Resolution or any subsequent resolution of the Metro Council and the rules and regulations of DTC regarding such Book-Entry System, shall govern the transfer and exchange of beneficial interests in the Bonds.

### **SECTION 3.1. PROVISIONS RELATING TO THE SERIES A BONDS.**

**(A) AGGREGATE PRINCIPAL AMOUNT AUTHORIZED.** The Series A Bonds are hereby authorized to be issued in such aggregate principal amount as shall be determined by the Metro Executive Officer pursuant to the authority conferred in Section 3.2 of this Resolution, but subject to the limitations and provisions of Section 2 of this Resolution.

**(B) MATURITY DATES, INTEREST RATES AND REDEMPTION PROVISIONS.** The Series A Bonds will mature on July 1 of each of the years determined by Metro's Executive Officer pursuant to Section 3.2 hereof, provided that the first such maturity date shall be July 1, 1996 and the final maturity date shall be July 1, 2015. The principal amount of the Series A Bonds to be issued as term bonds and as serial bonds and the principal amount of such term bonds and serial bonds to mature in each year shall be established by Metro's Executive Officer, in accordance with and subject to the limitations set forth in Section 3.2 of this Resolution.

The Series A Bonds shall bear interest at such rate or rates as shall be established by Metro's Executive Officer, in accordance with and subject to the limitations set forth in Section 3.2 of this Resolution, with all accrued interest to be due and payable semiannually on each Interest Payment Date, commencing with the first Interest Payment Date following the issuance and delivery of the Series A Bonds.

The Series A Bonds, if any, which are issued as term bonds (as determined by the Executive Officer pursuant to Section 3.2 hereof) shall be subject to mandatory redemption on July 1 of such years and in such principal amounts as shall be determined by the Executive Officer pursuant to Section 3.2 hereof, any such redemption to be without premium at a price equal to 100% of the principal amount of the Series A Bonds to be redeemed plus accrued and unpaid interest thereon to the date fixed for redemption.

The Series A Bonds shall be subject to redemption prior to maturity at the option of Metro, in whole on such dates and at such redemption prices as shall be determined by the Executive Officer pursuant to Section 3.2 hereof.

**(C) PAYMENT OF PRINCIPAL AND INTEREST; PAYMENT THROUGH DTC.** Principal of each Series A Bond shall be paid only on or after the stated maturity date thereof or date fixed for earlier redemption thereof, and then only upon presentation and surrender of such Series A Bond to the Paying Agent at its principal corporate trust office. Interest on each Series A Bond shall be paid on each Interest Payment Date by check or draft drawn upon and mailed by the Paying Agent to the registered owner of such Series A Bond at the address thereof, all as shown on the registration books maintained by the Registrar as of the 15th day of the month next preceding the Interest Payment Date. Notwithstanding the foregoing, so long as the Series A Bonds are subject to the Book-Entry System, payment of principal of and interest on the Series A Bonds when due shall be paid through the facilities of DTC in accordance with the rules, regulations and practices established and followed in connection with the Book-Entry System.

**(D) PROVISIONS FOR BOOK-ENTRY SYSTEM.** The Series A Bonds will initially be subject to a Book-Entry System of ownership and transfer, which Book-Entry System shall continue with respect to the Series A Bonds until such time as the same is discontinued as provided in (iii) below. The general provisions for effecting such Book-Entry System are as follows:

(i) Metro hereby designates DTC, as the initial Securities Depository hereunder.

(ii) Notwithstanding the provisions regarding exchange and transfer of Series A Bonds set forth in this Resolution, the Series A Bonds shall initially be evidenced by one certificate for each maturity (including one certificate for each principal amount due pursuant to a Mandatory Redemption Schedule), in an amount equal to the aggregate principal amount thereof. The Series A Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for DTC. The Series A Bonds may not thereafter be transferred or exchanged on the registration books of Metro held by the Registrar except:

(A) to any successor Securities Depository designated pursuant to (iii) below;

(B) to any successor nominee designated by a Securities Depository; or

(C) if Metro shall, by resolution, elect to discontinue the Book-Entry System pursuant to (iii) below, Metro will cause the Registrar to authenticate and deliver replacement Series A Bonds in fully registered form in Authorized Denominations in the names of the Beneficial Owners or their nominees; thereafter the provisions of this Resolution regarding registration, transfer and exchange of Series A Bonds shall apply.

(iii) Upon the resignation of any institution acting as Securities Depository hereunder, or if Metro determines that continuation of any institution in the role of Securities Depository is not in the best interests of the Beneficial Owners, Metro will attempt to identify another institution qualified to act as Securities Depository hereunder or will discontinue the Book-Entry System by resolution. If Metro is unable to identify such successor Securities Depository prior to the effective date of the resignation, Metro shall discontinue the Book-Entry System, as provided in (ii)(C) above.

(iv) So long as the Book-Entry System is used for the Series A Bonds, the Registrar will give any notice of redemption or any other notices required to be given to owners of Series A Bonds only to the Securities Depository or its nominee registered as the owner thereof. Any failure of the Securities Depository to advise any of its Participants, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Series A Bonds called for redemption or of any other action premised on such notice. Neither Metro nor the Registrar is responsible or liable for the failure of the Securities Depository or any Participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Series A Bonds or any error or delay relating thereto.

**SECTION 3.2. SALE OF SERIES A BONDS; AUTHORIZATION OF AND DIRECTION TO EXECUTIVE OFFICER.**

(A) **SALE OF SERIES A BONDS.** The Series A Bonds shall be sold in a public competitive sale conducted pursuant to and in accordance with the requirements of ORS 287.014 to 287.026.

(B) **AUTHORIZATION OF AND DIRECTION TO METRO EXECUTIVE OFFICER.** The Metro Executive Officer is hereby authorized, empowered and directed, for and on behalf of Metro, to:

(I) **PRELIMINARY OFFICIAL STATEMENT:** cause to be prepared, in accordance with the requirements of ORS 288.865, a preliminary official statement in substantially final form describing the Series A Bonds and setting forth such information concerning Metro, the Program and the Series A Bonds as may be necessary or appropriate in order to disclose all material information which a prospective investor would need in order to make an informed decision with respect to an investment in the Series A Bonds;

(II) **NOTICE OF SALE:** prepare and publish a notice of sale with respect to the Series A Bonds, and to receive bids for the purchase of the Series A Bonds in accordance with the terms and provisions of such notice of sale;

(III) **REJECTION OF BIDS AND REPUBLICATION OF NOTICE OF SALE:** in the discretion of the Executive Officer, reject all bids received for the purchase of the Series A Bonds, and in the event of any such rejection the Executive Officer shall be authorized, empowered and directed to prepare and publish one or more additional notice(s) of sale with

respect to the Series A Bonds, and to receive bids for the purchase of the Series A Bonds in accordance with the terms and provisions of such other notice(s) of sale;

**(IV) AWARD OF SERIES A BONDS:** award the Series A Bonds to the lowest bidder, *provided that* in no event shall the Series A Bonds be sold at a price of less than 100% of the par value thereof or at a true interest cost greater than 7.0%;

**(V) FINAL OFFICIAL STATEMENT:** upon the award of the Series A Bonds to the lowest bidder, to cause to be prepared within the time required by law a final official statement describing the Series A Bonds and setting forth such information concerning Metro, the Program and the Series A Bonds as may be necessary or appropriate in order to disclose all material information which a prospective investor would need in order to make an informed decision with respect to an investment in the Series A Bonds;

**(VI) ESTABLISH PRINCIPAL:** subject to the limitations set forth in Section 2(c) of this Resolution, establish the actual principal amount of the Series A Bonds to be issued;

**(VII) ESTABLISH PRINCIPAL MATURITIES AND INTEREST RATES:** establish:

(A) the principal amount of the Series A Bonds to mature in each year, 1996 through 2015 (inclusive) and the principal amounts of the Series A Bonds to be issued as serial Series A Bonds and as term Series A Bonds;

(B) with respect to the Series A Bonds to be issued as term Series A Bonds, the principal amount of the term Series A Bonds of each maturity to be subject to mandatory sinking fund redemption in each year; and

(C) the rate of interest *per annum* to be applicable to the Series A Bonds of each maturity;

*provided that* the aggregate amount of principal and interest due on the Series A Bonds in any one year shall, insofar as is practical, be as substantially equal; *and provided further that*, in no event shall the true interest cost of the Series A Bonds exceed 7.0%; and

**(VIII) ACQUIRE CREDIT FACILITY:** if the Executive Officer determines that it is in the best interests of Metro, acquire a letter of credit, a municipal bond insurance policy, a surety bond, standby bond purchase agreement or other credit enhancement device to provide credit enhancement for all or any portion of the Series A Bonds, or to meet all or a portion of the reserve requirement with respect to the Series A Bonds (herein called a "Credit Facility"), and to negotiate such terms and conditions relating to such Credit Facility as the Executive Officer deems appropriate and in the best interests of the City.

The authority of the Executive Officer to determine the terms of the Series A Bonds as provided in subsections (v) and (vi) above shall be exercised by setting forth such terms as so determined and established in a Certificate of Metro's Executive Officer executed in connection with the sale the Series A Bonds and, to the extent so required under applicable law, shall constitute the completion of the determination of such matters by Metro as a public body.

#### **SECTION 4. APPLICATION OF SERIES A BOND PROCEEDS.**

**(A) CREATION OF ACCOUNT WITHIN OPEN SPACES FUND; CREATION OF DEBT SERVICE ACCOUNT.** Metro has heretofore established the Open Spaces Fund, which fund is hereby continued. There are hereby established as special accounts within the Open Spaces Fund the Series A Program Account, the Series B Program Account and the Series C Program Account, which shall be accounts held by Metro. There is also hereby created a the Open Spaces Bond Debt Service Account (the "Debt Service Account"), which shall be a special subaccount of the Metro General Obligation Bond Debt Service Fund heretofore established by Metro.

**(B) APPLICATION OF BOND PROCEEDS.** Proceeds derived from the issuance and sale of the Series A Bonds shall be used and applied as follows:

(i) an amount equal to the accrued interest (if any) paid by the original purchaser(s) of the Bonds shall be deposited into the Debt Service Account heretofore established by Metro and used to pay the interest first coming due on the Bonds; and

(ii) the balance of the proceeds derived from the issuance and sale of the Series A Bonds shall be credited to the Series A Program Account, the balance of the proceeds derived from the issuance and sale of the Series B Bonds shall be credited to the Series B Program Account, and the balance of the proceeds derived from the issuance and sale of the Series C Bonds shall be credited to the Series C Program Account.

**(C) USE AND APPLICATION OF PROGRAM ACCOUNTS.** The moneys on deposit in or credited to the Series A Program Account, the Series B Program Account and the Series C Program Account shall be used and applied from time to time for the purpose of paying:

(i) the costs incurred in connection with the issuance of the Bonds;

(ii) the costs of acquiring and improving various parcels of land in furtherance of the Program, including the making of grants to other governmental units for such purpose;

(iii) all other costs of the Program which are properly treated as capital costs of the Program and eligible for financing from the proceeds of the Bonds under applicable law; and

(iv) the payment of any rebates or penalties that may be or become owing with respect to the Bonds under Section 148 of the Internal Revenue Code.

The moneys on deposit in or credited to the Series A Program Account, the Series B Program Account and the Series C Program Account shall be disbursed from time to time for such purposes in accordance with the procedures established therefor and approved by the Metro Chief Financial Officer. Pending disbursement thereof, the moneys on deposit in or credited to the Series A Program Account, the Series B Program Account and the Series C Program Account shall be invested in accordance with the Metro investment policies and procedures in effect at the time of such investment and may be commingled with other Metro funds for the purpose of making such investments. All earnings derived from the investment of such moneys shall be deposited in or credited to the Series A Program Account, the Series B Program Account and the Series C Program Account, as appropriate, and used, invested and disbursed in the same manner and for the same purposes as provided above with respect to other Bond proceeds on deposit in or credited to such account.

**(D) USE AND APPLICATION OF THE DEBT SERVICE ACCOUNT.** In addition to the Bond proceeds required to be deposited therein as provided in Section 4(B)(i) above, there shall be deposited in or credited to the Debt Service Account the following:

(i) the receipts from all property taxes levied for the purpose of paying the Bonds as provided in Section 5 of this Resolution; and

(ii) all other moneys that Metro, in its discretion, may from time to time cause to be deposited therein.

On or before each date upon which any amounts of principal of or interest on the Bonds are due and payable (whether by virtue of the stated due date or redemption prior to maturity), Metro shall withdraw from the Debt Service Account funds equal to the amounts so due and payable, and shall transfer the funds so withdrawn to the Paying Agent for application to the payment of such amounts.

Pending withdrawal thereof as aforesaid, the moneys on deposit in or credited to the Debt Service Account shall be invested in accordance with the Metro investment policies and procedures in effect at the time of such investment and may be commingled with other Metro funds for the purpose of making such investments. All earnings derived from the investment of such moneys shall be deposited in or credited to the Debt Service Account and used, invested and disbursed in the same manner and for the same purposes as provided above with respect to other funds on deposit in or credited to such fund.

**SECTION 5. SECURITY; CLASSIFICATION OF BONDS AS NOT SUBJECT TO LIMITS OF ARTICLE XI, SECTION 11b OF THE OREGON CONSTITUTION.** The Bonds shall constitute general obligations of Metro secured by Metro's full faith and credit and the taxing power of Metro, all as provided in the Authorizing Legislation. Metro hereby covenants and agrees, with and for the benefit of the owners from time to time of the Bonds, that it will annually levy a direct *ad valorem* tax upon all of the taxable property within Metro's jurisdictional boundaries in an amount which, after taking



into consideration discounts taken and delinquencies that may occur in the payment of such taxes and all other moneys reasonably expected to be available and used for the payment of debt service on outstanding Bonds, shall be sufficient to pay when due the principal of and interest on all outstanding Bonds. The *ad valorem* taxes to be levied by Metro for the purpose of paying when due the principal of and interest on all issued and outstanding Bonds shall be levied and collected outside of, and in addition to, any *ad valorem* taxes levied and collected by Metro within any voter approved tax base, shall not be subject to the limitations imposed by Article XI, Section 11b of the Oregon Constitution, and shall be levied in an amount sufficient to pay when due such Bonds without regard or limit as to the rate or amount of such *ad valorem* taxes. The obligation to levy *ad valorem* taxes as provided in this section shall constitute a contract between Metro and the owners from time to time of the Bonds. Metro specifically classifies the Bonds (including the Series A Bonds, the Series B Bonds and the Series C Bonds) and the bonded indebtedness represented thereby as not subject to the limits of Article XI, Section 11b of the Oregon Constitution, such classification being made pursuant to the provisions of ORS 305.583(6).

**SECTION 6. MAINTENANCE OF TAX-EXEMPT STATUS.** Metro hereby covenants and agrees that it will not take any action which would cause the interest on the Bonds to become includable for federal income tax purposes in the gross incomes of the owners thereof, and that Metro will take all reasonable actions within its control necessary in order to ensure that the interest on the Bonds remains excludable for federal income tax purposes from the gross incomes of the owners thereof. In addition, Metro further covenants and agrees that it will not make any use of the proceeds of the Bonds or the lands and improvements to be financed with the proceeds of the Bonds which would result in the Bonds being or becoming (a) private activity bonds within the meaning of Section 141(a) of the Internal Revenue Code of 1986, as amended (the "Code") or (b) arbitrage bonds within the meaning of Code Section 148(a). Metro may, in subsequent resolutions of the Council and in the certificates executed and delivered by Metro Executive Officer and the Metro Chief Financial Officer in connection with the issuance and sale of the Bonds, make additional covenants to insure that interest paid on the Bonds will remain excludable for federal income tax purposes from the gross incomes of the owners of the Bonds, in which event such additional covenants shall constitute contracts with the owners of the Bonds.

**SECTION 7. PAYING AGENT AND REGISTRAR; AUTHENTICATION; PERSONS TREATED AS OWNERS; REGISTRATION AND TRANSFER.**

**(A) APPOINTMENT AND DUTIES OF PAYING AGENT AND REGISTRAR; SUCCESSORS AND REPLACEMENTS.** First Interstate Bank of Oregon, N.A, Portland, Oregon, is hereby appointed to act as Registrar and Paying Agent with respect to the Bonds. The Paying Agent and Registrar shall perform all duties with respect to the Bonds required of it under this Resolution or customarily provided by persons acting in such capacities, including but not limited to the transmittal of payments on the Bonds the registered owners thereof, the giving of required notices of redemption, the authentication, registration and transfer of Bonds and the maintenance of registration books with respect to the ownership of the Bonds.

Metro may remove any Paying Agent and Registrar by giving written notice thereof to the Paying Agent and Registrar to be so removed, in which event a successor or replacement Paying Agent and Registrar shall be appointed for the Bonds by resolution of Metro Council; *provided that* not less than 45 days prior to the effective date of any such appointment, Metro shall cause to be mailed to the registered owner of each outstanding Bond a written notice specifying the name and address of such successor or replacement and the effective date of such appointment; *and provided further that* no removal of the Paying Agent and Registrar shall be effective until such time as a qualified successor has agreed to act as Paying Agent and Registrar.

Any Paying Agent and Registrar may resign by giving written notice thereof to Metro, in which event a successor or replacement Paying Agent and Registrar shall be appointed for the Bonds by resolution of Metro Council; *provided that* not less than 45 days prior to the effective date of any such appointment, the resigning Paying Agent and Registrar, at its own expense, shall cause to be mailed to the registered owner of each outstanding Bond a written notice specifying the name and address of such successor or replacement and the effective date of such appointment; *and provided further that* no resignation of the Paying Agent and Registrar shall be effective until such time as a qualified successor has agreed to act as Paying Agent and Registrar.

**(B) AUTHENTICATION.** No Bond shall be entitled to any right or benefit under this Resolution or any resolutions adopted pursuant to this Resolution unless it shall have been authenticated by an authorized officer of the Registrar. The Registrar shall authenticate all Bonds to be delivered at closing of this Bond issue, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Resolution. The Registrar shall note the date of authentication on each Bond, which date shall be the date on which the owner's name is listed on the Bond register.

**(C) PERSONS TREATED AS OWNERS.** The ownership of all Bonds shall be entered in the Bond register maintained by the Registrar, and Metro and the Registrar may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.

**SECTION 8. DEFEASANCE.** In the event that:

(i) Metro shall cause to be irrevocably deposited with the Paying Agent or any other agent appointed for such purpose, cash or Government Obligations, or both, in an amount sufficient to pay when due the principal of, premium (if any) and interest on the Bonds; and

(ii) Metro shall irrevocably instruct such agent in writing to apply such cash or Government Obligations to the payment when due of the principal of, premium (if any) and interest on the Bonds; and

(iii) if some or all of the Bonds are to be redeemed prior to maturity, Metro shall irrevocably instruct the Paying Agent in writing to call the Bonds for redemption on such date or dates and in such principal amounts as Metro shall specify;

then upon such deposit the Bonds shall be deemed to have been paid in full and no longer be outstanding under this Resolution for any purpose other than the subsequent transfer and exchange of such Bonds as provided herein and the payment when due of the principal of and interest on such Bonds out of the cash or Government Obligations so deposited, and the Bonds shall thereafter be secured solely and only by the cash or Government Obligations so deposited and the Bonds shall no longer be secured by the full faith and credit of Metro or the taxing powers of Metro.

**SECTION 9. ADDITIONAL ACTION AND SUBSEQUENT RESOLUTIONS OF COUNCIL.** The Council may authorize by subsequent resolution any acts or other matters necessary or appropriate in connection with the issuance, sale, and delivery of the Bonds, the Series B Bonds or the Series C Bonds and the performance by Metro of its covenants and obligations with respect thereto, including but not limited to subsequent resolutions specifying the terms and provisions of the Series A Bonds, the Series B Bonds or the Series C Bonds and the authority of Metro officers and officials with respect thereto.

**SECTION 10. ADDITIONAL AUTHORIZATIONS.** Metro's Executive Officer and Chief Financial Officer , 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 issue and sell the Bonds 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 in connection with the Bonds or any Credit Facility therefor.

To the extent not specified or provided for in subsequent resolutions of the Metro Council as permitted by Section 9 hereof, the Metro Executive Officer is hereby authorized, empowered and directed, for an on behalf of Metro, to take all actions, make all determinations with respect to, and establish all terms and conditions of the Series B Bonds and the Series C Bonds and the issuance and sale thereof as he is authorized to take, make and establish with respect to the Series A Bonds pursuant to Section 3.2 hereof or which must otherwise be taken, made or established in order to issue and sell the Series B Bonds and the Series B Bonds for the purposes contemplated by this Resolution, it being the intent of the foregoing authorization that in the absence of subsequent action by the Metro Council as permitted by Section 9 hereof, this Resolution shall stand as full and complete authorization and direction to the Metro Executive Officer to do all things necessary or appropriate in order to issue and sell the Series A Bonds, the Series B Bonds and the Series C Bonds without any further action or authorization on the part of the Metro Council. The authority of the Executive Officer to determine and establish the terms and provisions of, and other matters relating to, the Series B Bonds and the Series C Bonds as provided in the preceding sentence shall be exercised by setting forth such terms as so determined and established in one or more Certificates of Metro's Executive Officer executed in connection with the sale the Series B Bonds and the Series C Bonds and, to the extent so required under applicable law, shall constitute the completion of the determination of such matters by Metro as a public body.

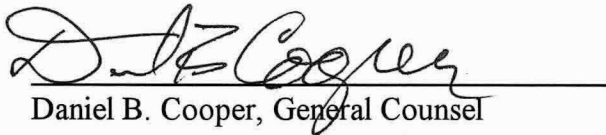
**SECTION 11. EFFECTIVENESS OF RESOLUTION.** This Resolution shall take effect immediately upon its adoption by the Metro Council.

**ADOPTED THIS 22ND DAY OF JUNE, 1995.**

A handwritten signature in blue ink, appearing to read "J. Ruth McFarland", written over a horizontal line.

J. Ruth McFarland  
Presiding Officer of Metro Council

**APPROVED AS TO FORM:**

A handwritten signature in blue ink, appearing to read "Daniel B. Cooper", written over a horizontal line.

Daniel B. Cooper, General Counsel

**SERIES A BOND  
FORM APPENDIX**

**METRO**  
COUNTIES OF  
MULTNOMAH, CLACKAMAS AND WASHINGTON  
STATE OF OREGON

**GENERAL OBLIGATION BOND  
(OPEN SPACES PROGRAM), 1995 SERIES \_**

ORIGINAL ISSUE DATE	INTEREST RATE	MATURITY DATE	CUSIP
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**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:**

METRO, a municipality, political subdivision and political body corporate and politic duly created and existing under the laws of the State of Oregon ("Metro"), for value received, hereby promises to pay to the Registered Owner specified above on the Maturity Date specified above the Principal Amount specified above, and to pay interest on said Principal Amount at the Interest Rate *per annum* specified above from the later of the Original Issue Date specified above or the last Interest Payment Date (as herein defined) through which interest has been paid, with all accrued interest to be due and payable semiannually on January 1 and July 1 of each year, commencing January 1, 1996 (each an "Interest Payment Date"). Interest on this Series \_ Bond shall be paid on each Interest Payment Date by check or draft drawn upon and mailed by Metro's paying agent and registrar (the "Paying Agent" or "Registrar") to the Registered Owner of this Series \_ Bond at the address thereof, all as shown on the registration books maintained by the Paying Agent as of the 15th day of the month next preceding the Interest Payment Date (the "Record Date"). The Principal Amount of this Series \_ Bond together with any interest due hereon at maturity shall be paid to the Registered Owner only upon presentation and surrender of this Series \_ Bond at the principal corporate trust of the Paying Agent on or after the applicable Maturity Date. The principal of and interest on this Series \_ Bond shall be payable in lawful money of the United States of America which, at the respective date of payment thereof, is legal tender for the payment of public and private debts. Interest on this Series \_ Bond shall be calculated on the basis of a 360-day year of twelve 30-day months.

**ADDITIONAL PROVISIONS OF THIS SERIES \_ BOND APPEAR ON THE REVERSE SIDE; THESE PROVISIONS HAVE THE SAME EFFECT AS IF THEY WERE PRINTED ABOVE.**

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Series \_ Bond and the series of bonds of which this is one have existed, have happened, and have been performed in due time, form, and

manner as required by the Constitution and statutes of the State of Oregon; and that this Series \_ Bond and the series of bonds of which this is one do not exceed any Constitutional or statutory debt limitation applicable to Metro.

This Series \_ Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Authorizing Legislation (as herein defined) unless and until the certificate of authentication hereon shall have been duly executed by an authorized officer of the Registrar.

IN WITNESS WHEREOF, the Metro Council has caused this Series \_ Bond to be signed by the facsimile signature of its Executive Officer and attested by the facsimile signature of the Presiding Officer of the Council, all as of the Original Issue Date set forth above.

\_\_\_\_\_  
Mike Burton, Executive Officer

[SEAL]

ATTEST:

\_\_\_\_\_  
J. Ruth McFarland, Presiding Officer

**CERTIFICATE OF AUTHENTICATION**

This Series \_ Bond is one of the Metro General Obligation Bonds (Open Spaces Program), 1995 Series \_\_, issued pursuant to the Authorizing Legislation described herein.

Date of Authentication: \_\_\_\_\_

**FIRST INTERSTATE BANK OF OREGON, N.A.**

By: \_\_\_\_\_  
Authorized Officer

[Form of Reverse Side of Series \_ Bond]

This Series \_ Bond is one of a series of Series \_ Bonds (collectively, the "Series \_ Bonds") issued by Metro in the aggregate principal amount of \$ \_\_\_\_\_ pursuant to the power conferred on Metro under the Enabling Legislation, an approving vote of a majority of the electors of Metro voting at an election duly called and held on May 16, 1995 (the "Elector Authorization") and Resolution No. 95-2169 (the "Resolution") duly adopted by Metro Council at a meeting held on June 22, 1995 (the Enabling Legislation, the Elector Authorization and the Resolution being herein collectively called the "Authorizing Legislation"). All terms used herein and not otherwise defined herein shall have the respective meanings assigned thereto in the Resolution.

The Series \_ Bonds are being issued for the purpose of paying the costs of acquiring and improving various parcels of land in furtherance of Metro's Open Spaces Program.

The Series \_ Bonds constitute general obligations of Metro secured by Metro's full faith and credit and the taxing power of Metro, all as provided in the Authorizing Legislation. Metro hereby covenants and agrees, with and for the benefit of the owners from time to time of the Series \_ Bonds, that it will annually levy a direct *ad valorem* tax upon all of the taxable property within Metro's jurisdictional boundaries in an amount which, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes and all other moneys reasonably expected to be available and used for the payment of debt service on outstanding Series \_ Bonds, shall be sufficient to pay when due the principal of and interest on all outstanding Series \_ Bonds. The *ad valorem* taxes to be levied by Metro for the purpose of paying when due the principal of and interest on all issued and outstanding Series \_ Bonds shall be levied and collected outside of, and in addition to, any *ad valorem* taxes levied and collected by Metro within any voter approved tax base, shall not be subject to the limitations imposed by Article XI, Section 11b of the Oregon Constitution, and shall be levied in an amount sufficient to pay when due such Series \_ Bonds without regard or limit as to the rate or amount of such *ad valorem* taxes. The obligation to levy *ad valorem* taxes as provided in this section shall constitute a contract between Metro and the owners from time to time of the Series \_ Bonds.

The Series \_ Bonds are subject to mandatory and optional redemption prior to maturity, any such redemption to be on such date, in such amounts and at such redemption prices as are set forth in the Resolution.

Notice of any such redemption shall be given to the registered owners of the Series \_ Bonds to be redeemed in the manner required by the Resolution.

The Series \_ Bonds are issuable only in the form of fully registered Series \_ Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof not in excess of the principal amount maturing in any one year.

The current Registrar and Paying Agent for the Series \_ Bonds is First Interstate Bank of Oregon, N.A., Portland, Oregon. In the Authorizing Legislation, Metro has reserved the right to designate a different Paying Agent and Registrar upon not less than 45 days' prior notice mailed to the registered owners of all outstanding Series \_ Bonds.

This Series \_ Bond is transferable by the Registered Owner hereof in person or by the Registered Owner's attorney duly authorized in writing only on the registration books maintained by the Registrar upon presentation and surrender of this Series \_ Bond, duly endorsed for transfer, at the principal corporate trust office



of the Registrar. In addition, this Series \_ Bond may be exchanged for Series \_ Bonds of the same maturity, interest rate, and aggregate principal amount in any authorized denominations upon presentation and surrender hereof at the principal corporate trust office of the Registrar. As a condition precedent to any such transfer or exchange, the Registered Owner shall be required to pay any applicable governmental tax or charge. The Registrar shall not be required to transfer or exchange any Series \_ Bonds during the period beginning on the 15th day of the month prior to an Interest Payment Date and ending on such Interest Payment Date. Metro and the Paying Agent and Registrar may treat the person in whose name this Series \_ Bond is registered as the absolute owner hereof for all purposes, and neither Metro nor the Paying Agent and Registrar shall be affected by any notice to the contrary.

The rights of the owner of this Series \_ Bond are in all respects governed by and subject to the terms and conditions set forth in the Authorizing Legislation, to which the owner, by the acceptance of this Series \_ Bond, consents in all respects.

### ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

\_\_\_\_\_ (Please insert social security or other identifying number of assignee: \_\_\_\_\_  
\_\_\_\_\_)

the within bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorney to transfer this bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

\_\_\_\_\_  
(Bank, Trust Company, or Firm)

\_\_\_\_\_  
Authorized Officer

The following abbreviations, when used in the inscription on the face of the within bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM....tenants in common
- TEN ENT....as tenants by the entireties

JT TEN.....as joint tenants with right of survivorship and not as tenants in common  
OREGON CUSTODIANS use the following

\_\_\_\_\_ CUST UL OREG  
as custodian under the laws of Oregon for  
\_\_\_\_\_ MIN  
(Minor's Name)

Additional abbreviations may also be used though not in the list above.

## STAFF REPORT

**AUTHORIZING THE ISSUANCE OF THREE SERIES OF GENERAL OBLIGATION BONDS (OPEN SPACES PROGRAM) IN THE PRINCIPAL AMOUNT OF NOT TO EXCEED \$135,600,000 FOR THE PURPOSE OF FINANCING THE ACQUISITION AND IMPROVEMENTS OF VARIOUS PARCELS OF LAND AS PART OF METRO'S OPEN SPACES PROGRAM, AND PROVIDING FOR RELATED MATTERS.**

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Date: July 9, 1995

Presented by: Craig Prosser

### FACTUAL BACKGROUND & ANALYSIS

Resolution 95-2169 authorizes the issuance of \$135.6 million of Open Spaces Program General Obligation bonds. The bonds were approved by vote of the people on May 16, 1995. This resolution implements that authorization by setting the terms and conditions for the sale.

The resolution authorizes the bonds to be issued in three series (A, B, and C):

Series A will be sized to represent the amount of bond proceeds that Metro reasonably expects to be spent within the first three years of the program. Bond proceeds spent within this first three year "temporary period" under federal IRS guidelines may be invested until spent to earn the maximum possible interest return. Any interest earnings in excess of the bond yield, however, must be rebated to the federal government. The Executive Officer is authorized under this resolution to set the Series A issue size once staff has identified the first three years spending needs. Series A bonds will be sold through competitive bid in August.

Series B will total \$3 to \$5 million dollars and will be sold as "Mini" or "Citizen" bonds. Citizen bonds are sold in small denominations, often as zero coupon, and are designed to appeal to small, non-traditional investors. The citizen bonds will allow ordinary citizens to invest in the future of the region. The bonds will be sold through a negotiated sale to an underwriter selected through an RFP process who can design and conduct a public information campaign to sell the bonds, who can place a large number of small denomination bonds with investors in the region, and who can provide adequate services to investors after the sale. The Series B bonds will be sold approximately 2 to 3 weeks after the Series A bonds.

The Series C bonds will include the balance of the \$135.6 million of voter authorized bonds not sold in Series A or Series B. The proceeds of the Series C bonds will not be spent until after the first three years of the program, so under federal IRS regulations, investment earnings must be restricted to no more than the yield on the bonds. Although the investment earnings must be yield restricted, the allowable earnings will

help the program to maintain the purchasing power of the voter authorization over time, rather than allowing that purchasing power to be eroded through inflation. The Series C bonds will be sold through competitive sale approximately 2 to 3 weeks after the sale of the Series B bonds.

Although Resolution 95-2169 contains all authorizations necessary to issue all three series of bonds, staff will return to Council with additional resolutions for the Series B and Series C bonds to further refine details of their issuance.

**EXECUTIVE OFFICER RECOMMENDATION**

The Executive Officer recommends approval of Resolution No. 25-2169.