
METRO

RESOLUTION No. 95-2206

A RESOLUTION SUPPLEMENTING RESOLUTION NO. 95-2169 PERTAINING TO THE ISSUANCE 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.

ADOPTED BY THE METRO COUNCIL
ON SEPTEMBER 28 1995
EFFECTIVE ON SEPTEMBER 28, 1995

BEFORE THE METRO COUNCIL

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RESOLUTION No. 95-2206

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) PRIOR AUTHORIZATION OF BONDS AND SUPPLEMENTAL RESOLUTIONS. On June 22, 1995, the Metro Council adopted Resolution No. 95-2169 (the "Initial Resolution") authorizing the issuance and sale of general obligation bonds in an aggregate principal amount not to exceed \$135,600,000 (the "Bonds") for the purpose of financing the capital costs of the Metro Open Spaces Program (the "Program"). The Initial Resolution provided for the issuance of the Bonds in three series, consisting of the Series A Bonds, the Series B Bonds and the Series C Bonds (each as defined in the Initial Resolution). In exercise of the authority granted under the Elector Authorization (as defined in the Initial Resolution), on September 13, 1995, Metro issued the Series A Bonds in the aggregate principal amount of \$74,170,000.

(C) ISSUANCE OF SECOND SERIES OF BONDS. Metro is now ready to proceed with the issuance of the Series B Bonds pursuant to the authority granted by the Elector Authorization and as provided in the Initial Resolution. In the Initial Resolution, the Metro Council reserved the right to adopt subsequent resolutions pertaining to the issuance and sale of the Bonds as it determines are necessary or appropriate. This resolution is being adopted to supplement the Initial Resolution in order to provide for certain matters in connection with the Series B Bonds..

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

SECTION 1. DEFINITIONS. All terms used in this resolution and not otherwise defined herein shall have the respective meanings assigned thereto in the Initial Resolution. Notwithstanding the definitions provided in the Initial Resolution, the following terms, when used with respect to the second series of Bonds authorized by this Resolution, shall have the respective meanings set forth below:

"AUTHORIZED DENOMINATION" when used with respect to a Series B Bond, means: (i) a principal amount that, when added to the interest accreting thereon through the maturity date of such Series B Bond, will equal the sum of \$1,000; and (ii) any integral multiple of the principal amount described in (i) of this definition.

"BENEFICIAL OWNERS" shall mean, whenever used with respect to a Series B Bond, the person or entity in whose name such Series B Bond is recorded as the beneficial owner of such Series B 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.

"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 B Bonds.

"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.

"INTEREST COMPOUNDING DATE" means each March 1 and September 1 of each year, commencing March 1, 1996.

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

"UNDERWRITERS" means Prudential Securities Incorporated and Edward D. Jones & Co., as co-managing underwriters of the Series B Bonds.

SECTION 2. THE SERIES B BONDS.

(A) AUTHORIZATION. Pursuant to and subject to the requirements of the Authorizing Legislation and the Initial Resolution, Metro shall issue the Series B Bonds in the aggregate principal amount determined by the Metro Chief Financial Officer pursuant to Section 3.1 of this Resolution but in no event in excess of the aggregate principal amount of TEN MILLION DOLLARS (\$10,000,000), all as provided in and subject to the limitations hereinafter set forth in the Initial Resolution, this Resolution and such other resolutions as the Metro Council, in its discretion, may hereafter adopt with respect to the Series B Bonds.

(B) CAPITAL APPRECIATION BONDS; TERMS OF SERIES B BONDS. The Series B Bonds shall be dated the date of issuance and delivery thereof to the Underwriters and shall be issued in Authorized Denominations as capital appreciation bonds.

Interest on each Series B Bond shall accrue from the dated date thereof to the date of maturity or prior redemption at the interest rate *per annum* established by the Chief Financial Officer pursuant to Section 3.1 of this Resolution, with accrued interest thereon being compounded semiannually on each Interest Compounding Date. All accreted interest on each Series B Bond shall be due and payable only on the maturity date of such Bond or upon the date fixed for prior redemption.

The Series B Bonds will mature on September 1 of each of the years and in the principal amounts determined by Metro's Chief Financial Officer pursuant to Section 3.1 hereof, provided that the final maturity date shall be not later than September 1, 2015.

The Series B 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 Chief Financial Officer pursuant to Section 3.1 hereof.

(B) PAYMENT OF PRINCIPAL AND ACCRETED INTEREST; PAYMENT THROUGH DTC. Principal of and accreted interest on each Series B 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 B Bond to the Paying Agent at its principal corporate trust office. Notwithstanding the foregoing, so long as the Series B Bonds are subject to the Book-Entry System, payment of principal of and accreted interest on the Series B 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.

(C) PROVISIONS FOR BOOK-ENTRY SYSTEM. The Series B 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 B 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 B Bonds set forth in this Resolution, the Series B 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 B Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for DTC. The Series B 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 B 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 B 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 B Bonds, the Registrar will give any notice of redemption or any other notices required to be given to owners of Series B 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 B 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 B Bonds or any error or delay relating thereto.

SECTION 3.1. SALE OF SERIES B BONDS; AUTHORIZATION OF AND DIRECTION TO CHIEF FINANCIAL OFFICER.

(A) SALE OF SERIES B BONDS. The Series B Bonds shall be sold to the Underwriters in a negotiated sale.

(B) AUTHORIZATION OF AND DIRECTION TO METRO CHIEF FINANCIAL OFFICER. The Metro Chief Financial 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 B Bonds and setting forth such information concerning Metro, the Program and the Series B 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 B Bonds;

(II) BOND PURCHASE AGREEMENT: negotiate the terms and conditions of a bond purchase agreement providing for the sale of the Series B Bonds to the Underwriters (the "Bond Purchase Agreement"), and to execute and deliver such Bond Purchase Agreement for and on behalf of Metro;

(III) FINAL OFFICIAL STATEMENT: upon the execution and delivery of the Bond Purchase Agreement, to cause to be prepared within the time required by law a final official statement describing the Series B Bonds and setting forth such information concerning Metro, the Program and the Series B 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 B Bonds;

(IV) ESTABLISH PRINCIPAL: subject to the limitations set forth in Section 2(A) of the Initial Resolution, establish the actual principal amount of the Series B Bonds to be issued;

(V) ESTABLISH PRINCIPAL MATURITIES AND INTEREST RATES: establish:

(A) the principal amount of the Series B Bonds to mature in each year; and

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

provided that the aggregate amount of principal and accreted interest due on the Series B Bonds in any one year, when added to the principal of and interest on the Series A Bonds

and the Series C Bonds shall, insofar as is practical, be substantially equal; *and provided further that*, in no event shall the true interest cost of the Series B Bonds exceed 7.0%;

(VI) REDEMPTION PROVISIONS: establish the dates (if any) upon which, and the prices at which, the Series B Bonds shall be subject to redemption prior to maturity at Metro's option, including the establishment of any premium to be paid as a part of the redemption price; and

(VII) ACQUIRE CREDIT FACILITY: if the Chief Financial 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 B Bonds, or to meet all or a portion of the reserve requirement with respect to the Series B Bonds, and to negotiate such terms and conditions relating to such Credit Facility as the Chief Financial Officer deems appropriate and in the best interests of the City.

The authority of the Chief Financial Officer to determine the terms of the Series B Bonds as provided in subsections (iv), (v) and (vi) above shall be exercised by setting forth such terms as so determined and established in the Bond Purchase Agreement executed and delivered by the Chief Financial Officer in connection with the sale of the Series B Bonds to the Underwriters 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. 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 Series B Bonds and the performance by Metro of its covenants and obligations with respect thereto.

SECTION 5. 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 Series B Bonds and otherwise implement the provisions of this Resolution and the Initial 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.


SECTION 6. EFFECTIVENESS OF RESOLUTION. This Resolution shall take effect immediately upon its adoption by the Metro Council.

ADOPTED THIS 28 DAY OF SEPTEMBER, 1995.



J. Ruth McFarland
Presiding Officer of Metro Council

APPROVED AS TO FORM:


Daniel B. Cooper, General Counsel

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 95-2206 WHICH SUPPLEMENTS RESOLUTION NO. 95-2169 AUTHORIZING THE ISSUANCE OF THE OPEN SPACES GENERAL OBLIGATION BONDS, AND SETS THE PRINCIPAL AND INTEREST PAYMENT DATES.

Date: September 6, 1995

Presented by: Craig Prosser

BACKGROUND AND ANALYSIS

Resolution 95-2206 supplements Resolution 95-2169 which authorized the issuance of the Open Spaces General Obligation Bonds. Resolution 95-2206 establishes the terms and conditions under which Series B of the Open Spaces General Obligation bonds will be sold.

Series B will be sold as zero coupon, "citizen" or "mini" bonds. Mini bonds are generally sold in smaller denominations (in this case, \$1,000 rather than \$5,000) and with a structure that makes them more affordable for individual investors. "Zero coupon" or "capital appreciation" bonds do not pay interest on a semi-annual basis. Rather, they are sold for a discounted initial investment, and then add value over the life of the bonds until their final maturity, at which time they are redeemed for the \$1,000 maturity amount. The initial investment required depends upon the interest rate during the sales period and the maturity date of the individual bond.

The resolution authorizes the Executive Officer to set the Series B principal amount not to exceed \$10 million. Current plans are to sell approximately \$5 million in Series B, but if demand far exceeds our expectations, this will allow the Executive to increase the number of bonds sold to meet that demand.

The Series B bonds are being sold through a negotiated sale. Metro issued an RFP for underwriting firms and selected Prudential Securities and Edward D. Jones and Company to market and sell the bonds based on their marketing plans, prior experience, anticipated costs, and number of brokers within the Metro boundary. Final interest rates and underwriters' reimbursement will be negotiated based on the final marketing effort and market conditions at the time of sale.

The bonds will be sold during the week of September 25, 1995.

BUDGET IMPACT:

There is no budget impact on this Resolution.

EXECUTIVE OFFICER'S RECOMMENDATION:

The Executive Officer recommends adoption of Resolution No. 95-2206.

CP:rs

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