

**BEFORE THE METRO COUNCIL**

TO AUTHORIZE OBTAINING ) RESOLUTION NO. 96-2298  
INTERIM FINANCING FOR )  
IMPROVEMENTS TO THE ) Introduced by  
PORTLAND METROPOLITAN )  
EXPOSITION CENTER. ) Mike Burton, Executive Officer

WHEREAS, Metro is authorized under its charter and Title 8 of the Metro Code to enter into Credit Agreements and issue notes after taking Authorizing Action in the form of a resolution; and,

WHEREAS, Metro's General Revenue Bond Ordinance authorizes Metro to issue Subordinated Debt which is payable from Metro's Revenues and Available Funds on a basis which is second and subordinate to the payment from Revenues and Available Funds of the amounts owing on Outstanding Debt Obligations, and are not secured by a pledge of and lien on the Trust Estate, all as defined and provided in the General Revenue Bond Ordinance; and,

WHEREAS, Metro desires to obtain interim financing for improvements to the Expo Center in the form of Subordinated Debt;

NOW, THEREFORE, BE IT RESOLVED:

**Section 1. Definitions.**

Capitalized terms used in this Resolution shall have the following meanings unless the context clearly requires use of a different meaning:

"Available Funds" has the meaning defined for that term in the General Revenue Bond Ordinance.

"Code" means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated thereunder.

"Credit Agreement" has the meaning defined for that term in Title 8 of the Metro Code.

"Debt Obligations" has the meaning defined for that term in the General Revenue Bond Ordinance.

"Executive Officer" means Executive Officer of Metro or the person designated by the Executive Officer to act on behalf of Metro under this Resolution.

"Expo Center" means the Portland Metropolitan Exposition Center.

"Fund" means a fund, an account, a cost center, or any other accounting entity that allows Metro to maintain accurate records of revenues and expenditures of Revenues or Available Funds.

"General Revenue Bond Ordinance" means Metro Ordinance 91-439 as amended, including any amendments made after adoption of this Resolution.

"Metro" means the 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.

"Metro Code" means the codified ordinances of Metro.

"Metro Council" means the legislative body of Metro.

"ORS" means the Oregon Revised Statutes.

"Resolution" means this resolution.

"Revenues" has the meaning defined for that term in the General Revenue Bond Ordinance.

"Subordinated Debt" has the meaning defined for that term in the General Revenue Bond Ordinance.

## **Section 2. The 1996 Expo Center Interim Financing Agreements.**

2.1. Pursuant to the Metro Charter and Section 8.01.050 the Metro Council hereby authorizes Metro to borrow not more than \$3,500,000 to provide interim financing for improvements to the Expo Center by entering into one or more 1996 Expo Center Interim Financing Agreements. The 1996 Expo Center Interim Financing Agreements shall be Credit Agreements and Subordinated Debt, and may be in the form of notes, loan agreements, lines of credit or similar documents.

2.2. The 1996 Expo Center Interim Financing Agreements shall be payable from Metro's Revenues and Available Funds on a basis which is second and subordinate to the payment from Revenues and Available Funds of the amounts owing on Outstanding Debt Obligations, and shall not be secured by a pledge of and lien on the Trust Estate, all as defined and provided in the General Revenue Bond Ordinance as provided in the 1996 Expo Center Interim Financing Agreements and any related documents.

2.3. Metro covenants for the benefit of the Owners of the 1996 Expo Center Interim Financing Agreements to comply with all provisions of the Code which are required for interest on the 1996 Expo Center Interim Financing Agreements to be excluded from gross income for federal taxation purposes. The covenants contained in this Section

and any covenants in the 1996 Expo Center Interim Financing Agreements shall constitute contracts with the owners of the 1996 Expo Center Interim Financing Agreements, and shall be enforceable by them. In determining what actions are required to comply, Metro may rely on an opinion of nationally recognized bond counsel. Metro makes the following specific covenants with respect to the Code:

- 2.3.1. Metro will not take any action or omit any action if it would cause the 1996 Expo Center Interim Financing Agreements to become "arbitrage bonds" under Section 148 of the Code.
- 2.3.2. Metro shall operate the facilities financed with the 1996 Expo Center Interim Financing Agreements so that the 1996 Expo Center Interim Financing Agreements do not become private activity bonds within the meaning of Section 141 of the Code.
- 2.3.3. Metro shall pay, when due, all rebates and penalties with respect to the 1996 Expo Center Interim Financing Agreements which are required by Section 148(f) of the Code.

2.4. The Executive Officer may, on behalf of Metro and without further action by the Metro Council:

- 2.4.1. Issue a request for proposals to provide interim financing to Metro for the Expo Center improvements, and select one or more proposers whose terms are most favorable to Metro;
- 2.4.2. Pledge the Revenues and Available Funds on a basis which is second and subordinate to the payment from Revenues and Available Funds of the amounts owing on Outstanding Debt Obligations and any previously issued Subordinated Debt to which the Revenues and Available Funds have been pledged;
- 2.4.3. Negotiate the terms of the 1996 Expo Center Interim Financing Agreements within the limitations of Section 2.1 of this Resolution, including, but not limited to, provisions regarding:
  - 2.4.3.1. the interest rates and fees to be paid in connection with the 1996 Expo Center Interim Financing Agreements, and the payment schedules for the 1996 Expo Center Interim Financing Agreements;
  - 2.4.3.2. the imposition and maintenance of minimum rates, charges and taxes which comprise the Revenues and Available Funds;
  - 2.4.3.3. the creation of Funds to pay the 1996 Expo Center Interim Financing Agreements;

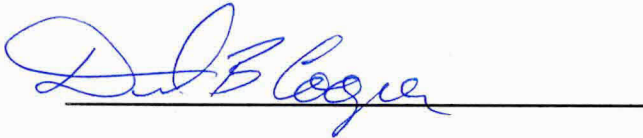
- 2.4.3.4. the ability of Metro to prepay the 1996 Expo Center Interim Financing Agreements;
- 2.4.3.5. the ability of Metro to issue other Subordinated Debt;
- 2.4.3.6. the rights of the Owners of the 1996 Expo Center Interim Financing Agreements if Metro defaults;
- 2.4.4. Execute and deliver the 1996 Expo Center Interim Financing Agreements;
- 2.4.5. Execute and deliver any related certificates or documents and take any actions which are reasonably required to carry out this Resolution and obtain funds to improve the Expo Center.

ADOPTED this 14<sup>th</sup> day of March, 1996.



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Jon Kvistad, Presiding Officer

Approved as to Form:



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Daniel B. Cooper, General Counsel

## **STAFF REPORT**

### **TO AUTHORIZE OBTAINING INTERIM FINANCING FOR THE IMPROVEMENTS TO THE PORTLAND METROPOLITAN EXPOSITION CENTER**

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Date: February 23, 1996

Presented by: Craig Prosser

#### **FACTUAL BACKGROUND AND ANALYSIS**

Resolution 96-2298 authorizes a credit facility to provide interim, cash flow financing for a portion of the cost of a new building at the Portland Metropolitan Expo Center. This is part of the package of actions necessary for the construction of a new building at the Expo Center in time to host the Smithsonian Exhibit in March 1997.

Resolution 96-2297 authorizes a privately placed revenue bond with a private firm to provide up to \$3 million towards the cost of the new building. Construction of this facility is on a fast track, however, and funds may not be available from that bond in time to provide cash flow for initial expenditures. Resolution 96-2298, therefore, authorizes the Executive Officer to request proposals for, and execute, an interim financing arrangement which would be repaid from the proceeds of the privately placed bond. This facility will only be used if, and to the extent that, funds are not available from the privately placed bond within the time needed by the project.

In addition, the authorization for this credit facility contains a second element. Staff have identified potential resources of \$12.5 million for the new building from Convention Center and Expo Center fund balances and the proceeds of the privately placed bond. The total project may cost \$13 million, however. The authorization for this credit facility is therefore \$3.5 million, to provide flexibility for obtaining the final \$500,000 for the project, if needed. The \$500,000 increment could be repaid from the Expo Center profits from the Smithsonian Exhibit (building rental, concessions, and parking) or other Expo Center revenues.

#### **EXECUTIVE OFFICER'S RECOMMENDATION:**

The Executive Officer recommends adoption of Ordinance 96-2298.