

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF)	RESOLUTION NO. 15-4672
AUTHORIZING GENERAL)	
OBLIGATION BONDS UNDER THE)	Introduced by Martha Bennett, Chief
2008 OREGON ZOO BOND MEASURE)	Operating Officer with the concurrence
)	of Council President Tom Hughes

WHEREAS, voters in the Metro region approved a \$125 million bond measure (the “Zoo Bond Measure”) to protect animal health and safety, conserve and recycle water; and,

WHEREAS, Metro has issued \$85 million of bonds under the authority of the Zoo Bond Measure; and,

WHEREAS, it is now desirable to authorize the sale of up to \$30 million of bonds under the authority of the Zoo Bond Measure; and,

BE IT RESOLVED by the Metro Council as follows:

Section 1. Bonds Authorized.

The Metro Council hereby authorizes the issuance of up to \$30 million of the general obligation bonds that were authorized by the Zoo Bond Measure. The bonds authorized by this Section 1 (the “Bonds”) shall be sold and issued as provided in this resolution pursuant to ORS Section 268.520 and the applicable provisions of ORS Chapter 287A. Proceeds of the Bonds shall be used for the purposes authorized in the Zoo Bond Measure and costs related to the Bonds.

Section 2. Delegation.

The Chief Operating Officer or the person designated by the Chief Operating Officer to act under this resolution (the “Metro Official”), on behalf of Metro and without further action by Metro Council, may:

- 2.1 Issue the Bonds in one or more series that may be sold at different times.
- 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 each series of the Bonds.
- 2.3 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 Bonds.
- 2.4 Publish a notice of sale, receive bids and award the sale of each series of Bonds to the bidder complying with the notice and offering the most favorable terms to Metro, or

- select one or more underwriters, commercial banks or other investors and negotiate the sale of any series of the Bonds with those underwriters, commercial banks or investors.
- 2.5 Undertake to provide continuing disclosure for each series of the 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, registrar and any other professionals and service providers that the Metro Official determines are desirable in connection with the Bonds.
 - 2.7 Apply for ratings for each series of Bonds, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
 - 2.8 Prepare, execute and deliver a bond declaration for each series of Bonds specifying the terms under which each series of Bonds is issued, and making covenants for the benefit of Bondowners. The bond declarations may also contain covenants for the benefit of any credit providers.
 - 2.9 Issue any qualifying series of Bonds as “tax-exempt bonds” bearing interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, (the “Code”) and enter into covenants for the benefit of the owners of those series to maintain the excludability of interest on those series from gross income under the Code.
 - 2.10 Issue any series of Bonds as “taxable bonds” bearing interest that is includable in gross income under the Code.
 - 2.11 Issue, sell and deliver the Bonds and execute any documents and take any other action in connection with the Bonds which the Metro Official finds will be advantageous to Metro.

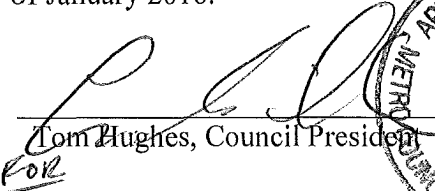
Section 3. Security For Bonds.

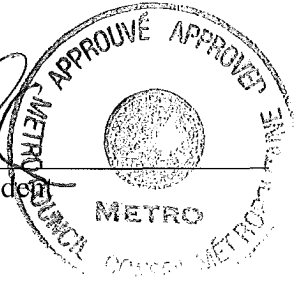
Metro hereby pledges its full faith and credit to pay the Bonds. Metro hereby covenants for the benefit of the Owners to levy a direct ad valorem tax upon all of the taxable property within Metro which is sufficient, after taking into consideration discounts taken and delinquencies that may occur in the payment of such taxes, to pay all Bond principal and interest when due. Metro covenants to levy this tax each year until all the 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.

Section 4. Effective Date.


This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council this 28th day of January 2016.


Tom Hughes, Council President
FOR



Approved as to Form:



Alison Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 15-4672 AUTHORIZING GENERAL OBLIGATION BONDS UNDER THE OREGON ZOO BOND MEASURE

Date: January 28, 2016

Presented by:
Tim Collier, Director of Finance and Regulatory Services
Kathy Rutkowski, Budget Coordinator

BACKGROUND

The purpose of this resolution is to authorize the sale of general obligation bonds in March 2016. The resolution was prepared with the assistance of Metro’s bond counsel Hawkins, Delafield & Wood, LLP and Metro’s financial advisor, Piper Jaffray – Seattle Northwest Division.

In November 2008 Metro’s voters authorized \$125 million in general obligation bonds for new construction, renovation and innovation at the Oregon Zoo to improve animal welfare, increase sustainability and expand opportunities for conservation education. Metro sold two small issues totaling \$20 million to complete the initial projects: construction of a Veterinary Medical Center, penguin life support system upgrade, related storm water projects and completion of a 20 -year Comprehensive Capital Master Plan, including the zoo bond implementation plan, which was approved by the Metro Council in November 2011. The approved bond implementation plan allowed Metro to proceed to the next significant bond projects which included the on-site Elephant Habitat and related infrastructure, the Condor Habitat, and the Education Center. In the spring of 2012 Metro issued \$65 million in general obligation bonds with the intention of issuing the balance in 2016.

As a condition of tax exempt bond status, Metro must reasonably expect to spend 85 percent of the proceeds within the next three years. Using the latest bond program projections, the maximum amount Metro could issue at this time and remain within this condition is \$30 million. The remaining \$10 million under the \$125 authorization will be issued in the spring 2018 or winter 2019 along with the remaining balance of the Natural Areas authorization (\$28.105 million).

The bonds will be issued to maximize the annual debt service payment but still remain within the pledge not to exceed \$0.09 per thousand of assessed value. This approach, when compared to the standard level debt service approach, shortens the life of the bonds and maximizes the savings to the tax payer. It also allows for better management of the agency’s general obligation property tax levy preventing significant spikes in the overall rate per thousand dollars assessed value.

Debt Service Structure	Estimated Total Interest	Life of Bonds	Interest as a % of Principal
Level	\$6,268,000	12 years	21%
Maximum Rate	\$1,249,000	4 years	4%

This action authorizes the sale of up to \$30 million in general obligation bonds for the Oregon Zoo under the November 2008 authorization. It also authorizes the Chief Operating Officer or her designee to negotiate and sign all documents and conduct the sale and issuance of the bonds.

ANALYSIS/INFORMATION

1. **Known Opposition** – None.
2. **Legal Antecedents** – Metro may issue general obligation bonds pursuant to the authority granted by Metro Charter Section 10 and ORS 268.520 and pursuant to the voters' approval of Measure 26-96 at the general election held on November 4, 2008.
3. **Anticipated Effects** – This action authorizes the issuance of up to \$30 million in general obligation bonds for the Oregon Zoo Infrastructure and Animal Welfare bonds under the November 2008 authorization. It also authorizes the Chief Operating Officer or her designee to negotiate and sign all documents and conduct the sale and issuance of the bonds.
4. **Budget Impacts** – The issuance of the bonds will generate additional funding for the Oregon Zoo Infrastructure and Animal Welfare bond program. No additional budget appropriation or action is necessary in the current fiscal year. The FY 2016-17 budget to be proposed in April will include the bond proceeds generated by this action and the associated related expenditures estimated for that fiscal year. Debt service payments on the new issues will begin in FY 2016-17. The debt payments will be structured not to exceed the \$0.09 per thousand of assessed value projected in the Oregon Zoo Infrastructure measure. The general obligation bond debt service property tax levy will be sized to include the additional debt payments from the new issue.

RECOMMENDED ACTION

The Chief Operating Officer recommends Council adoption of Resolution No. 15-4672