BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING THE REFUNDING OF THE FULL FAITH AND CREDIT SERIES 2006 REFUNDING BONDS	)))))	RESOLUTION NO. 16-4703 Introduced by Martha Bennett, Chief Operating Officer, with the concurrence of Council President Tom Hughes

WHEREAS, Metro has entered into a Financing Agreement with Wells Fargo Bank, N.A., as trustee that is dated as of April 20, 2006 and was in the original principal amount of $14,700,000 (the "2006 Financing Agreement"); and,

WHEREAS, under current market conditions refunding all or a portion of the 2006 Financing Agreement may produce debt service savings; and,

WHEREAS, it is now desirable to authorize the refunding of the 2006 Financing Agreement to achieve debt service savings; now, therefore,

BE IT RESOLVED by the Metro Council as follows:

Section 1. Refunding Bonds Authorized.

The Metro Council hereby authorizes the issuance of full faith and credit refunding bonds to refund all or any portion of the outstanding 2006 Financing Agreement that achieve adequate debt service savings. The bonds authorized by this Section 1 (the "Refunding Bonds") shall be sold and issued as provided in this resolution pursuant to the applicable provisions of ORS Chapter 287A including ORS 287A.365 to 287A.375. The Refunding Bonds may be issued in an amount sufficient to pay and redeem the portion of the 2006 Financing Agreement that is being refunded, plus an amount sufficient to pay estimated costs related to the refunding and the Refunding 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 Refunding 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 the Refunding 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 Refunding Bonds.

2.4 Publish a notice of sale, receive bids and award the sale of each series of Refunding 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 Refunding Bonds with those underwriters, commercial banks or investors.

2.5 Undertake to provide continuing disclosure for each series of the Refunding Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

2.6 Appoint and enter into agreements with a paying agent, verification agent, escrow agent, registrar and any other professionals and service providers that the Metro Official determines are desirable in connection with the Refunding Bonds.

2.7 Apply for ratings for each series of Refunding Bonds, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of Refunding 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 Refunding Bonds specifying the terms under which each series of Refunding Bonds is issued, and making covenants for the benefit of Refunding Bondowners. The bond declarations may also contain covenants for the benefit of any credit providers.

2.9 Determine whether each series of Refunding Bonds will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, is includable in gross income under that code, or is eligible for federal interest subsidies or tax credits. If a series bears interest that is excludable from gross income or eligible for federal interest subsidies or tax credits under that code, the Metro Official may enter into covenants to maintain the tax status of that series of Refunding Bonds.

2.10 Determine whether the savings produced by refunding are adequate to justify the refunding, and select the portions of the outstanding 2006 Financing Agreement that will be refunded.

2.11 Enter into escrow deposit agreements and take any other actions to call, defease and refund the portions of the 2006 Financing Agreement that are refunded.

2.12 Issue, sell and deliver the Refunding Bonds and execute any documents and take any other action in connection with the Refunding Bonds which the Metro Official finds will be advantageous to Metro.

Section 3. Security For Refunding Bonds.

Metro may pledge its full faith and credit and taxing power to pay the Refunding Bonds pursuant to ORS Section 287A.315.

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 14th day of July, 2016.

Tom Hughes, Council President

APPROUVÉ APPROVED METRO COUNCIL METRO CONSEIL MÉTROPOLITAINE

Approved as to Form:

Alison Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO.16-4703 FOR THE PURPOSE OF AUTHORIZING THE REFUNDING OF THE FULL FAITH AND CREDIT SERIES 2006 REFUNDING BONDS

Date: June 24, 2016

Prepared by: Kathy Rutkowski, Budget Coordinator

BACKGROUND

In April 2000, Metro obtained a loan from the Oregon Bond Bank through the Oregon Economic Development Department (OEDD) Special Public Works Fund (SPWF) to pay for the construction of a new building to replace the existing Hall D at the Expo Center. The loan was divided into two parts with the first being used to finance the construction of the Hall D replacement. The second part of the loan was for infrastructure improvements associated with the new building. Debt payments on the loan were made from Expo Center revenues.

In April 2006, Metro joined with two other Oregon local governments to issue full faith and credit refunding bonds to refund the outstanding obligation remaining on the loan. The 2006 refunding realized a net present value savings of $758,683, or 5.05 percent of refunding bonds. Debt service payments continued to be made from the same sources as before, but the full faith and credit pledge strengthened the security for bondholders.

Currently, market interest rates are sufficiently lower than the rates of the existing bonds that a healthy net present value savings is projected. This provides Metro with an opportunity to refinance this outstanding debt by issuing a new bond. An analysis provided by our Financial Advisor projects a net present value of approximately 12 percent or about $981,000 over the remaining life of the bonds.

The purpose of this resolution is to authorize Metro to issue full faith and credit bonds to refinance the outstanding full faith and credit Series 2006 bonds. It is anticipated the refunding will provide approximately $1.05 million of gross savings over the life of the bonds, or about $$981,000 in net present value savings – approximately 12.0 percent of the refunding bond proceeds. The final structure of the bonds will be determined at a later date to provide the maximum benefit to Metro. The 2016 refunding bonds will mature in December 2024. Debt service will continue to be paid from the operating revenues of the Expo Center. Annual savings to the Expo Center from the refunding are estimated to be approximately $130,000 per year. Actual savings will be determined based on the interest rates at the time of bond issuance.

ANALYSIS/INFORMATION

1. **Known Opposition** – None.

2. **Legal Antecedents –** Metro is authorized by ORS Chapter 287A, and specifically ORS 287A.360-380 and also ORS 271.390 to enter into financing agreements to refinance real or personal property that the Metro Council determines is needed. Chapter III, Section 10 of the Metro charter supplements Metro's authority to issue revenue bonds, and Metro Code Title VII, Chapter 7.02.020.

authorizes Metro to issue bonds that are secured by Metro's full faith and credit; and Metro Code Section 7.02.070 authorizes Metro to issue refunding bonds.

3. **Anticipated Effects** – Implementation of Resolution No. 16-4703 will reduce debt service costs and provide net present value savings of approximately $981,000 or about 12.0 percent over the life of the bonds.

4. **Budget Impacts** – As of March 28, 2016, the estimated net present value savings of the bonds is approximately $981,000, or approximately 12.0 percent. This will result in estimated annual savings to the Expo Center of about $130,000 per year.

RECOMMENDED ACTION

The Chief Operating Officer recommends Council adoption of Resolution No. 16-4703