

BEFORE THE METRO COUNCIL

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| FOR THE PURPOSE OF |) | RESOLUTION NO. 18-4859 |
| AUTHORIZING GENERAL |) | |
| OBLIGATION BONDS UNDER THE |) | Introduced by Martha Bennett, Chief |
| 2006 NATURAL AREAS MEASURE |) | Operating Officer with the concurrence |
| AND THE 2008 OREGON ZOO |) | of Council President Tom Hughes |
| MEASURE | | |

WHEREAS, voters in the Metro region approved a \$227,400,000 bond measure in 2006 (the “Natural Areas Measure”) to preserve natural areas, protect fish and wildlife, and improve water quality, and other capital costs, as described in the ballot title for the Natural Areas Measure; and,

WHEREAS, Metro has issued \$199,295,000 of bonds under the authority of the Natural Areas Measure and has \$28,105,000 of authority remaining under the Natural Areas Measure; and,

WHEREAS, voters in the Metro region approved a \$125,000,000 bond measure in 2008 (the “Zoo Measure”) to protect animal health and safety, and conserve and recycle water; and,

WHEREAS, Metro has issued \$115,000,000 of bonds under the authority of the Zoo Measure and has \$10,000,000 of authority remaining under the Zoo Measure; and,

WHEREAS, it is now desirable to authorize the sale of up to \$28,105,000 of bonds under the authority of the Natural Areas Measure and up to \$10,000,000 of bonds under the authority of the Zoo Measure; and,

WHEREAS, Oregon Revised Statutes (“ORS”) Section 268.520 limits the amount of the Metro’s outstanding general obligation bonds to ten percent (10%) of the real market value of taxable property within the Metro region and issuing the bonds authorized under this resolution will not cause Metro to exceed its debt limit;

BE IT RESOLVED by the Metro Council as follows:

Section 1. Bonds Authorized.

The Metro Council hereby authorizes the issuance of up to \$28,105,000 of the general obligation bonds that were authorized by the Natural Areas Measure (the “Natural Areas Bonds”) and \$10,000,000 of the general obligation bonds that were authorized by the Zoo Measure (the “Zoo Bonds”). 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 Natural Areas Bonds shall be used for the purposes authorized in the Natural Areas Measure and costs related to the Natural Areas Bonds. Proceeds of the Zoo Bonds shall be used for the purposes authorized in the Zoo Measure and costs related to the Zoo 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 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.
- 2.3 Prepare, execute and deliver a bond declaration for each series of Bonds specifying the terms under which each series of Bonds is issued, and entering into covenants for the benefit of Bondowners.
- 2.4 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.
- 2.5 Issue any series of Bonds as “taxable bonds” bearing interest that is includable in gross income under the Code.
- 2.6 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.
- 2.7 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.
- 2.8 Engage the services of and enter into agreements with paying agents, registrars, and any other professionals and service providers that the Metro Official determines are desirable in connection with the Bonds.
- 2.9 Solicit competitive bids for the purchaser of each series of Bonds and award their sale to the bidder offering the most favorable terms to Metro, or select one or more underwriters or lenders , negotiate the terms of the sale of each series of Bonds, and sell that series.
- 2.10 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.
- 2.11 Issue, sell and deliver the Bonds and execute any documents and take any other action in connection with the Bonds that the Metro Official finds will be advantageous to Metro in accordance with this resolution.

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.

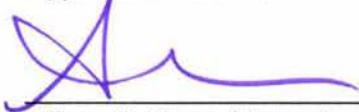
This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council this 8th day of February, 2018.



Tom Hughes, Council President

Approved as to Form:



Alison R. Kean, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 18-4859, FOR THE PURPOSE OF AUTHORIZING GENERAL OBLIGATION BONDS UNDER THE 2006 NATURAL AREAS MEASURE AND THE 2008 OREGON ZOO MEASURE

Date: February 8, 2018

Presented by:
Tim Collier, Director of Finance and Regulatory Services

BACKGROUND

The purpose of this resolution is to authorize the sale of general obligation bonds in May 2018. The resolution was prepared with the assistance of Metro's bond counsel Hawkins, Delafield & Wood, LLP and Metro's financial advisor, Piper Jaffray.

Oregon Zoo Infrastructure and Animal Welfare Bonds:

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. To date, Metro has sold four issues totaling \$115 million. This proposed \$10 million issuance will be the final issuance authorized under the November 2008 vote.

As a result of the four prior bond issuances, Metro has successfully completed projects including construction of a Veterinary Medical Center, the on-site Elephant Habitat and related infrastructure, the Condor Habitat, the Education Center, the penguin life support system upgrade, related storm water projects, and completion of a 20 year Comprehensive Capital Master Plan. This issuance will provide funding for the completion of the Polar Passage, Primate Forest, and the Rhino habitats.

Natural Areas Bonds:

In November 2006 Metro's voters authorized \$227.4 million in general obligation bonds to acquire natural areas, land for parks and property adjacent to streams to preserve habitat, enhance water quality, grow the region's network of trails, and provide greater access to nature. To date, Metro has sold two issues totaling \$199.3 million to date. This proposed \$28.1 million issuance will be the final issuance authorized under the November 2006 vote.

As a result of the two prior bond issuances, Metro has acquired several regionally significant natural areas, the construction of three nature parks, local shares to cities counties and park providers and a Nature in Neighborhoods Capital Grant program. Projects slated for completion with the proposed \$28.1 million issuance include continuing acquisition of key properties and construction of two additional nature parks and several smaller regional trail projects.

Combined Issuing

Metro believes that by combining these sales into a larger issue we can generate higher buyer interest in the marketplace, thereby securing the very best rate for our taxpayers. Issuing debt can be an expensive task, and while each element of the sale will have costs, a combined sale allows for the sharing of these costs and a more efficient work effort for staff. Preparing a single preliminary official statement and official statement, making a single ratings presentation, and preparing related sales documents only once

all contribute to a reduced cost. Although the elements will be combined, the sale will be structured to offer clear transparency and accountability for the separate elements, including meeting the promises to the voters of a maximum 19 cents per thousand of assessed value stated in the Natural Areas measure and the 9 cents per thousand of assessed value stated in the Oregon Zoo Infrastructure measure.

Ratings Review

In 2017 Metro maintained its Aaa/AAA (“double triple” A) bond rating, the gold standard, when Moody’s confirmed our rating for issuance of the Oregon Convention Center Hotel General Revenue Bonds. For a sale of this size, Metro will need to be reviewed by a ratings agency prior to the sale, a significant work effort for the entire agency, from financial, program and executive staff, to the Council. We are confident that Metro’s financial discipline and adherence to our financial policies will be seen favorably and result in confirmation of our highest ratings. Piper Jaffray, our financial advisor, will assist us in preparing for the ratings meeting which is scheduled for this April.

Impact to Taxpayers

Metro’s tax bill for bonded debt has remained relatively low compared with other governmental agencies. While the final levy cannot be determined until after the sale, we estimate that the maximum increase for our taxpayers over the current year, including the new issues and the adjustment for all other scheduled debt, will be about an additional 8 cents per thousand of assessed value. For a property assessed at \$200,000, the average metropolitan property amount, this would be an additional \$16 per year, less than \$2 per month, all within the parameters described to the voters at the time of the respective elections.

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 26-80 at the general election held on November 7, 2006 and 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 \$28.1 million in general obligation bonds for Natural Areas under the November 2006 authorization and up to \$10 million in general obligation bonds for 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 both the Natural Areas bond program and the Oregon Zoo Infrastructure and Animal Welfare bond program. No additional budget appropriation or action is necessary in the current fiscal year. The FY 2018-19 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 2018-19. The debt payments will be structured not to exceed the \$0.19 per thousand of assessed value projected in the Natural Areas measure and 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 two new issues.

RECOMMENDED ACTION

The Chief Operating Officer recommends Council adoption of Resolution No. 18-4589.