

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF)	RESOLUTION NO. 18-4865
AUTHORIZING FULL FAITH AND)	
CREDIT BONDS)	Introduced by Martha Bennett, Chief
)	Operating Officer, with the concurrence
)	of Council President Tom Hughes

WHEREAS, Metro is authorized by Oregon Revised Statutes (“ORS”) Section 271.390 to enter into loan agreements to finance real or personal property that the Metro Council determines is needed and to authorize certificates of participation in the right to receive the payments due from Metro under those loan agreements; and,

WHEREAS, the estimated weighted average life of a loan agreement shall not exceed the estimated dollar weighted average life of the real or personal property to be financed by such loan agreement; and,

WHEREAS, the Metro Council finds that renovations to the Metro Regional Center and renovations and repairs to Metro’s Lone Fir Cemetery (collectively, the “Project”) are needed;

WHEREAS, it appearing that the total cost of the Project to be financed, plus costs of the financing, will not exceed \$15,250,000;

BE IT RESOLVED by the Metro Council as follows:

Section 1. Financing Authorized.

The Metro Council hereby determines the Project is needed and the financing authorized by this Section 1 shall be sold and issued as provided in this resolution pursuant to ORS 271.390 and the applicable provisions of ORS Chapter 287A, including ORS 287A.315.

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 Negotiate, execute and deliver one or more loan agreements or financing agreements (the “Financing Agreements”) in an aggregate principal amount of not more than \$15,250,000 to finance the costs of the Project and to pay estimated costs of financing. Pursuant to ORS 287A.315, the Metro Official may pledge Metro’s full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, and any and all of Metro’s legally available funds, to make the payments due under the Financing Agreements. Subject to the limitations of this resolution, the Financing Agreements may be in such form and contain such terms as the Metro Official may approve.

- 2.2 Negotiate, execute and deliver one or more escrow agreements or similar documents (the “Escrow Agreements”) which provide for the issuance of one or more series of “certificates of participation” or “full faith and credit obligations” (the “Obligations”) which represent ownership interests in the financing payments due from Metro under the Financing Agreements. Subject to the limitations of this resolution, the Escrow Agreements and each series of Obligations may be in such form and contain such terms as the Metro Official may approve.
- 2.3 Apply for ratings for each series of Obligations, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of Obligations, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
- 2.4 Enter into covenants for the benefit of the purchasers of the Obligations which the Metro Official determines are desirable to obtain more favorable terms for the Financing Agreements.
- 2.5 Issue any qualifying Financing Agreement as a “tax-exempt bond” bearing interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, (the “Code”) and enter into covenants to maintain the excludability of interest on those Financing Agreements from gross income under the Code.
- 2.6 Issue any Financing Agreement as a “taxable bond” bearing interest that is includable in gross income under the Code.
- 2.7 Participate in the preparation of and authorize the distribution of a preliminary official statement for each series of Obligations, authorize the preparation and distribution of a final official statement or other disclosure document for each series of Obligations.
- 2.8 Undertake to provide continuing disclosure for each series of Obligations in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- 2.9 Engage the services of and enter into agreements with escrow agents, trustees, and any other professionals and service providers that the Metro Official determines are desirable in connection with the Obligations.
- 2.10 Solicit competitive bids for the purchase of each series of Obligations 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 Obligations, and sell that series.
- 2.11 Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record dates and other terms of each series of Obligations.
- 2.12 Issue, sell, and deliver the Obligations and execute any documents and take any other action in connection with the Obligations that the Metro Official finds will be advantageous to Metro in accordance with this resolution.

Section 3. 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. Campbell, Metro Attorney

Kear

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 18-4865, FOR THE PURPOSE OF AUTHORIZING FULL FAITH AND CREDIT BONDS

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 full faith and credit 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.

The proceeds of the proposed \$15.25 million bond issuance will be used to fund renovations, upgrades and repairs to two Metro properties; the MRC building and the Lone Fir cemetery as well as financing costs not to exceed \$250,000. The MRC work will be driven by the MRC facility master plan which outlines projects designed to continue the building's useful life for another twenty years. Ongoing projects include a roof replacement, exterior building upgrades and an HVAC system overhaul. New projects will include modernization of elevators, concrete and steel repairs, kitchen and bathroom upgrades, lighting and tenant improvement projects and MRC IS infrastructure such as cabling. Lone Fir Cemetery projects include a retaining wall replacement and various fencing, security and safety upgrades.

Issuance Date to Align with General Obligation Bonds Issuances

The Full Faith and Credit Bonds' issuance is planned to coincide with Metro's two General Obligation Bond issuances also scheduled for May 2018. Metro believes this timing will make more efficient use of staff time, allow for preparation of similar Preliminary Official Statements and a single ratings presentation thereby reducing issuance costs.

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. As noted above, Metro intends to make a single ratings presentation for these bonds and the General Obligation bonds also being issued in May. 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.

Debt Service

Metro will make principal and interest payments on the bonds through our existing revenues. The costs of the MRC building projects will be allocated to the various departments based on their shared use of the facilities. The Lone Fir Cemetery projects will be absorbed by the General Fund.

ANALYSIS/INFORMATION

1. **Known Opposition** – None.
2. **Legal Antecedents** – Metro may issue full faith and credit bonds pursuant to the authority granted by Metro Code Title VII, Chapter 7.02.020 and ORS Section 271.390.
3. **Anticipated Effects** – This action authorizes the issuance of up to \$15.25 million in full faith and credit bonds for use in renovating the Metro Regional Center building and Lone Fir Cemetery. 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 funding for use in renovating the Metro Regional Center building and Lone Fir Cemetery. 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 issue will begin in FY 2018-19.

RECOMMENDED ACTION

The Chief Operating Officer recommends Council adoption of Resolution No. 18-4865.