

BEFORE THE METRO COUNCIL

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| FOR THE PURPOSE OF |) | RESOLUTION NO. 19-4968 |
| AUTHORIZING GENERAL |) | |
| OBLIGATION BONDS UNDER THE |) | Introduced by Martha Bennett, Chief |
| 2018 AFFORDABLE HOUSING |) | Operating Officer with the concurrence |
| MEASURE |) | of Council President Lynn Peterson |

WHEREAS, voters in the Metro region approved a \$652,800,000 general obligation bond measure on November 6, 2018 (the “Affordable Housing Measure”) to fund affordable housing for low-income families, seniors, veterans and people with disabilities, as described in the ballot title for the Affordable Housing Measure; and,

WHEREAS, Metro has not issued bonds under the authority of the Affordable Housing Measure and has \$652,800,000 of authority remaining under the Affordable Housing Measure; and,

WHEREAS, it is now desirable to authorize the sale of up to \$652,800,000 of bonds under the authority of the Affordable Housing 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; and,

WHEREAS, pursuant to Section 9 of Article XI of the Oregon Constitution, Metro expects to provide the proceeds of the Affordable Housing Bonds (as defined below) to cities, counties and public housing authorities within Metro’s boundaries for the development and preservation of affordable housing as defined in the Affordable Housing Measure; and,

WHEREAS, Section 9 of Article XI of the Oregon Constitution limits bonded indebtedness for affordable housing projects of the type contemplated under the Affordable Housing Measure to one-half of one percent (0.5%) 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 this limit.

BE IT RESOLVED by the Metro Council as follows:

Section 1. Bonds Authorized.

The Metro Council hereby authorizes the issuance of up to \$652,800,000 of the general obligation bonds that were authorized by the Affordable Housing Measure (the “Affordable Housing Bonds”). The Affordable Housing 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 Affordable Housing Bonds shall be used for the purposes authorized in the Affordable Housing Measure and costs related to the Affordable Housing Bonds, subject to the limitations on the use of bond proceeds contained in the Oregon Constitution and other applicable law.

Section 2. Delegation.

The Chief Operating Officer, Chief Financial Officer or the person designated by the Chief Operating Officer or Chief Financial 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 Affordable Housing Bonds in one or more series that may be sold at different times.
- 2.2 Apply for ratings for each series of Affordable Housing Bonds, determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of Affordable Housing 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 Affordable Housing Bonds specifying the terms under which each series of Affordable Housing Bonds is issued, and entering into covenants for the benefit of Bondowners.
- 2.4 Issue any series of Affordable Housing Bonds as either “tax-exempt bonds” or “federally taxable bonds” bearing interest that is either excludable from or includable in gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended.
- 2.5 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 Affordable Housing Bonds.
- 2.6 Undertake to provide continuing disclosure for each series of the Affordable Housing Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- 2.7 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 Affordable Housing Bonds.
- 2.8 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 Affordable Housing Bonds, and sell that series.
- 2.9 Establish the final principal amounts, maturity schedules, interest rates, sale prices, and redemption terms, payment terms and dates, record date and other terms of each series of the Affordable Housing Bonds.
- 2.10 Issue, sell and deliver the Affordable Housing Bonds and execute any documents and take any other action in connection with the Affordable Housing Bonds that the Metro Official finds will be advantageous to Metro in accordance with this resolution.

Section 3. Security for Affordable Housing Bonds.

Metro hereby pledges its full faith and credit to pay the Affordable Housing 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 Affordable Housing Bond principal and interest when due. Metro covenants to levy this tax each year until all the Affordable Housing 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 11 b of Article XI of the Oregon Constitution.

Section 4. Effective Date.

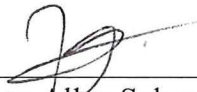
This resolution shall take effect on the date of its passage by the Metro Council.

ADOPTED by the Metro Council this 28th day of February, 2019.



Lynn Peterson, Council President

Approved as to Form:



Nathan Allan Sykes, Acting Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 19-4968, FOR THE PURPOSE OF
AUTHORIZING GENERAL OBLIGATION BONDS UNDER THE 2018 AFFORDABLE
HOUSING MEASURE

Date: February 28, 2019

Department: Finance and Regulatory
Services

Prepared by: Tim Collier, ext 1913

Meeting Date: February 28, 2019

ISSUE STATEMENT

The purpose of this resolution is to authorize the sale of general obligation bonds in May 2019. The resolution was prepared with the assistance of Metro's bond counsel Orrick, Herrington & Sutcliffe LLP and Metro's financial advisor, Piper Jaffray.

ACTION REQUESTED

Council adoption of Resolution No. 19-4968.

IDENTIFIED POLICY OUTCOMES

Council approval for the sale of Affordable Housing Bonds as approved by voters on November 6, 2018.

POLICY QUESTION(S)

Is Council comfortable with the general structure of the bond sale as laid out in the Framing and Background Sections of the staff report?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

Council can authorize multiple issues over time or the one issue as presented.

STAFF RECOMMENDATIONS

The Chief Operating Officer recommends Council adoption of Resolution No. 19-4968.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

- How is this related to Metro's Strategic Plan (to be developed in 2019) or Core Mission?

The selling of these bonds, funds the affordable housing program as approved by voters in November 2018.

- **Known Opposition/Support/Community Feedback**
None
- **Legal Antecedents**
Metro may issue general obligation bonds pursuant to the authority granted by Metro Charter Section 10 and ORS 268.520 and the applicable provisions of ORS Chapter 287A and pursuant to the voters' approval of Measure 102 at the general election held on November 6, 2018. Measure 102 amended Section 9 of Article XI of the Oregon Constitution to provide for the issuance of general obligation bonds to finance capital costs of affordable housing.
- **Anticipated Effects**
This action authorizes the issuance of up to \$652,800,000 in general obligation bonds for Affordable Housing under the November 2018 authorization. It also authorizes the Chief Operating Officer, Chief Financial Officer or their designee to negotiate and sign all documents and conduct the sale and issuance of the bonds.
- **Financial Implications (current year and ongoing)**
The issuance of the bonds will generate funding for the Affordable Housing bond program. No additional budget appropriation or action is necessary in the current fiscal year. The FY 2019-20 budget to be proposed in April will include the bond proceeds generated by this action, the associated related expenditures estimated for that fiscal year, as well as the payments for debt service, which will begin in FY 2019-20. The debt payments will be structured such that the projection of \$0.24 per thousand of assessed value will still be viable, as estimated in the original ballot measure.

BACKGROUND

Affordable Housing Bonds:

In November 2018 Metro's voters authorized \$652,800,000 in general obligation bonds to fund affordable housing for low-income families, seniors, veterans and people with disabilities. To date, Metro has not issued bonds under the authority of the Affordable Housing Measure.

Combined Issuing

Metro believes that by issuing all of authorized bonds we can take advantage of current low interest rates, generate higher buyer interest in the marketplace, reduce issuance costs and staff time, and maximize interest earnings on proceeds. Issuing debt can be an expensive task, and while each element of the sale will have costs, a single issuance of the authorized bonds allows for 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. The sale will be structured to offer clear transparency and accountability, including being able to project an average of 24 cents per thousand of assessed value stated in the Affordable Housing Measure, as estimated in the voter ballot materials.

Ratings Review

Metro currently carries bond ratings of “AAA,” the gold standard, from Moody’s Investor’s Service and S&P Global Ratings. Metro anticipates seeking ratings from both agencies again for this bond 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 average 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 24 cents per thousand of assessed value. For a property assessed at \$200,000, the average metropolitan property amount, this would be an additional \$48 per year, approximately \$4 per month, all within the parameters described to the voters at the time of the respective elections.