

BEFORE THE METRO COUNCIL

FOR THE PURPOSE OF AUTHORIZING)	RESOLUTION NO. 20-5074
GENERAL OBLIGATION BONDS)	
UNDER THE 2019 PARKS AND NATURE)	Introduced by Chief Financial Officer Brian
MEASURE 26-203)	Kennedy with concurrence of Council
)	President Lynn Peterson

WHEREAS, voters in the Metro region approved a \$475,000,000 bond measure at the November 5, 2019 election (“Measure 26-203”) to protect clean water, natural areas, access to parks and nature, and other capital costs, as described in the ballot title for Measure 26-203; and,

WHEREAS, it is now desirable to authorize the sale of up to \$200,000,000 of bonds under the authority of Measure 26-203; 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 \$200,000,000 of the general obligation bonds that were authorized by Measure 26-203. 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 Measure 26-203 and costs related to the Bonds.

Section 2. Delegation.

The Chief Operating Officer, the Chief Financial Officer, or their designee 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 Bond owners.
- 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 Bond 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 19th day of March, 2020.

DocuSigned by:

Lynn Peterson, Council President

Approved as to Form:

DocuSigned by:

Carrie MacLaren, Metro Attorney

STAFF REPORT

IN CONSIDERATION OF RESOLUTION NO. 20-5074, FOR THE PURPOSE OF
AUTHORIZING THE SALE OF \$200,000,000 OF GENERAL OBLIGATION BONDS UNDER
THE 2019 PARKS AND NATURE MEASURE

Date: February 25, 2020
Department: Finance and Regulatory
Services
Meeting Date: March 19, 2020

Prepared by: Lisa Houghton, 503-797-
1829, lisa.houghton@oregonmetro.gov
Presenter: Brian Kennedy
Length: 10 minutes

ISSUE STATEMENT

The purpose of this resolution is to authorize the sale of up to \$200,000,000 of general obligation bonds in May 2020. The resolution was prepared with the assistance of Metro's bond counsel Hawkins, Delafield & Wood, LLP and Metro's financial advisor, Piper Sandler.

ACTION REQUESTED

Council adoption of Resolution No. 20-5074.

IDENTIFIED POLICY OUTCOMES

Council authorization of the sale of up to \$200,000,000 of Park and Nature General Obligation Bonds approved by voters on November 5, 2019.

POLICY QUESTION(S)

Is Council ready to authorize the sale of up to \$200,000,000 of bonds to provide funding for the initial phases of the programs outlined in the Parks and Nature November 5th, 2019 ballot measure?

POLICY OPTIONS FOR COUNCIL TO CONSIDER

Council can authorize the sale of up to \$200,000,000 of bonds now followed by additional bond issuances up to the \$475,000,000 approved by the voters or postpone authorization pending receipt of additional information.

STAFF RECOMMENDATIONS

The Interim Chief Operating Officer recommends Council adoption of Resolution No. 20-5074.

STRATEGIC CONTEXT & FRAMING COUNCIL DISCUSSION

- How is this related to Metro's Strategic Plan or Core Mission?

The proceeds from the bond sale will fund the Parks and Nature programs as approved by voters in November 2019. The programs align with the Greenspaces Master Plan, the Parks and Nature System Plan, the Regional Conservation Strategy and the Strategic Plan to Advance Racial Equity, Diversity and Inclusion.

- **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 26-203 at the general election held on November 5, 2019.

- **Anticipated Effects:**

This action authorizes the issuance of up to \$200,000,000 in general obligation bonds for Parks and Nature programs. 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 Parks and Nature programs in the current and future fiscal years. Bond proceeds will be recognized in the current fiscal year. Current fiscal year appropriations and FTE required to begin implementation of the programs were approved by Council by adoption of Resolution 20-5065 on February 6th, 2020. Payments for debt service will be included in the FY 2020-21 budget and future budgets.

BACKGROUND

Parks and Nature Bonds:

In November 2019 Metro's voters authorized \$475,000,000 in general obligation bonds to fund programs designed to protect natural areas in greater Portland and connect people to nature close to home. The program's guiding principles include; protecting clean water for people, fish and wildlife, improving habitat for native fish and wildlife, protecting and restoring culturally significant native plant communities, advancing racial equity and serving communities through inclusive engagement, transparency and accountability. To date, Metro has not issued bonds under the authority of the Parks and Nature Measure.

Issuance amount

This \$200,000,000 issuance will be the first in a series of bond issuances planned in the next several fiscal years. Metro believes that issuing up to \$200,000,000 this spring will take advantage of current low interest rates, generate high buyer interest in the marketplace and provide sufficient funding for the initial components of the multi-year planned projects.

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 Sandler, our financial advisor, will assist us in preparing for the ratings meeting which is scheduled for this March.

Impact to Taxpayers

Metro’s tax bill for bonded debt remains 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 this new issuance the adjustment for all other scheduled debt, will be no more than 19 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 \$3 per month, all within the parameters described to the voters at the time of the November 5, 2019 election.

ATTACHMENTS

- Is legislation required for Council action? Yes
- If yes, is draft legislation attached? Yes
- What other materials are you presenting today? None