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# Ordinance No. 91-440

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## The Council of the Metropolitan Service District

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An ordinance enacted as a Supplemental Ordinance to Ordinance No. 91-439; establishing a plan for financing the Metro Headquarters Building; authorizing the issuance of the Metro Headquarters Building Bonds for such purpose; and establishing and determining other matters in connection therewith.

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Enacted on December 12, 1991

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*Prepared by:*

*Stoel Rives Boley Jones & Grey,  
Bond Counsel*

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# Table of Contents

*[Note: This Table of Contents is provided solely for the convenience of the reader and does not constitute a part of this Ordinance.]*

## Section A. Findings.

### ARTICLE I DEFINITIONS

|   |   |
|---|---|
| Section 101. Terms Defined in Master Ordinance; Conflicting Definitions. .... | 2 |
| Section 102. Definitions. ....  | 2 |

### ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF METRO HEADQUARTERS BUILDING BONDS

|  |   |
|--|---|
| Section 201. Authorization of Metro Headquarters Building Bonds; Limited Obligations. ....   | 4 |
| (a) Principal Amount. ....   | 4 |
| (b) Limited Obligations. ....  | 4 |
| (c) Tax-Exempt Obligations. ....   | 4 |
| Section 202. Interest Rates, Maturity Dates, Serial Bonds, Term Bonds and Mandatory Redemption Schedules for the Metro Headquarters Building Bonds. .... | 4 |
| Section 203. Denominations; Dating; Interest Accrual; Computation of Interest; Payments Due on Holidays; Book-Entry System; Form of Bonds. ....          | 5 |
| (a) Denominations, Numbering and Dating. ....  | 5 |
| (b) Interest Accrual. ....   | 5 |
| (c) Payments Due on Holidays. ....   | 5 |
| (d) Computation of Interest. ....  | 5 |
| (e) Method of Payment. ....  | 5 |
| (f) Provisions for Book-Entry System. ....   | 5 |
| (g) Form of Bonds. ....  | 6 |
| Section 204. Redemption Provisions. ....   | 6 |
| (a) Redemption Pursuant to Mandatory Redemption Schedule(s). ....  | 6 |
| (b) Optional Redemption. ....  | 7 |

### ARTICLE III DEPOSIT AND APPLICATION OF BOND PROCEEDS; ESTABLISHMENT AND OPERATION OF ACCOUNTS

|   |   |
|---|---|
| Section 301. Establishment of Accounts; Purpose. ....                 | 7 |
| Section 302. Use of Metro Headquarters Building Bond Proceeds. ....   | 8 |
| Section 303. Funding and Use of Renewal and Replacement Account. .... | 8 |
| Section 304. Investment of Moneys in Accounts. ....                   | 9 |

ARTICLE IV  
MISCELLANEOUS

|   |    |
|---|----|
| Section 401. Sale of Metro Headquarters Building Bonds; Authorization of Other Acts. .... | 9  |
| Section 402. Special Tax Covenant Relating to the User Contract. ....                     | 10 |
| Section 403. Governing Law. ....  | 10 |
| Section 404. Headings Not Binding. ....   | 10 |
| Section 405. Effectiveness of This Ordinance ....   | 11 |

**Metropolitan Service District**  
Counties of Multnomah, Clackamas and Washington  
State of Oregon

**Ordinance No. 91-440**

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**An ordinance enacted as a Supplemental Ordinance to Ordinance No. 91-439; establishing a plan for financing the Metro Headquarters Building; authorizing the issuance of the Metro Headquarters Building Bonds for such purpose; and establishing and determining other matters in connection therewith.**

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**Be it enacted by the Council of the Metropolitan Service District:**

**Section A. Findings.** The Council (the "Council") of the Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon (the "Issuer"), hereby finds and determines as follows:

(a) Pursuant to and in accordance with the provisions of Oregon Revised Statutes Chapter 268 and related provisions of the Oregon Revised Statutes, the Issuer is responsible for various regional governmental functions and operations.

(b) In order to meet the present and continuing needs of the Issuer to carry out the duties, functions and operations which are now or which may hereafter become its responsibility or within its powers, it is and will be necessary to borrow money for the purposes of financing the operations of the Issuer and the acquisition, construction, renovation, furnishing and equipping of the facilities necessary or appropriate in connection with such operations. Pursuant to the provisions of the Act (as defined herein) and other applicable provisions of law, the Issuer is authorized, without voter approval, to issue and sell from time to time revenue bonds for the purpose of carrying into effect all or any of the powers granted to it.

(c) The Issuer has enacted Ordinance No. 91-439 (the "Master Ordinance") in order to establish a plan for financing from time to time the operations of the Issuer and the acquisition, construction, renovation, furnishing and equipping of the facilities necessary or appropriate in connection with such operations, as well as for any other lawful purpose for which the Issuer is now or may hereafter be authorized to issue Bonds of the character provided for in the Master Ordinance.

(d) In order to finance the acquisition and renovation of a headquarters buildings and related facilities to

serve as the central office facilities for the Issuer's personnel, the Issuer has determined to issue pursuant to and as authorized by the Act its General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A (the "Metro Headquarters Building Bonds") in an aggregate principal amount of not to exceed \$25,000,000, and is enacting this Ordinance No. 91-440 (the "1991 Supplemental Ordinance") to establish and determine the terms and conditions of the Metro Headquarters Building Bonds, to secure the repayment of the Metro Headquarters Building Bonds and to set forth, establish and determine other matters relevant to the Metro Headquarters Building Bonds.

## **ARTICLE I DEFINITIONS**

**Section 101. Terms Defined in Master Ordinance; Conflicting Definitions.** All terms used herein and not otherwise defined herein shall have the same meanings assigned thereto in the Master Ordinance. In the event of any conflict between the definition of a term as set forth in the Master Ordinance and the definition of that same term as set forth herein, then unless the Master Ordinance expressly allows the definition of such term to be controlled or varied by a Supplemental Ordinance or unless otherwise expressly provided herein, the definition of such term as set forth in the Master Ordinance shall govern and control for all purposes of this 1991 Supplemental Ordinance.

**Section 102. Definitions.** As used in this 1991 Supplemental Ordinance, the following terms shall have the respective meanings set forth below:

**"Act"** when used in the context of the legal authority under and pursuant to which the Metro Headquarters Building Bonds are issued, means ORS Chapter 268, as amended.

**"Authorized Denomination"** means, with respect to the Metro Headquarters Building Bonds, \$5,000 or any integral multiple thereof.

**"Beneficial Owners"** shall mean, whenever used with respect to a Metro Headquarters Building Bond, the person or entity in whose name such Metro Headquarters Building Bond is recorded as the beneficial owner of such Metro Headquarters Building Bond by a Participant on the records of such Participant pursuant to the arrangements for book-entry determination of ownership applicable to the Securities Depository.

**"Bond Registrar"** means, with respect to the Metro Headquarters Building Bonds, the Trustee.

**"Book-Entry System"** shall mean that system whereby the clearance and settlement of securities transactions is made through electronic book-entry changes, thereby eliminating the need of physical movement of securities.

**"Business Day"** means, with respect to the Metro Headquarters Building Bonds, any day which is not a Saturday, Sunday or holiday or day upon which the principal corporate trust office of the Trustee is closed.

**"Cede & Co."** shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with

respect to the Metro Headquarters Building Bonds.

**"DTC"** shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

**"Interest Payment Date(s)"** means, with respect to the Metro Headquarters Building Bonds, each January 1 and July 1 of each year, commencing with the first such date following the issuance of such bonds or, if so determined by the Executive Officer pursuant to the authority conferred thereon pursuant to Section 401 hereof, the second such date following the date of issuance of such bonds.

**"Mandatory Redemption Amount"** shall have the meaning assigned thereto in Section 204(a) hereof.

**"Mandatory Redemption Date(s)"** shall have the meaning assigned thereto in Section 204(a) hereof.

**"Mandatory Redemption Schedule"** means, with respect to the Metro Headquarters Building Bonds issued hereunder as Term Bonds, the mandatory redemption schedule established and determined therefor by the Executive Officer pursuant to the authority conferred thereon under Section 401 hereof.

**"Metro Headquarters Building"** means the building and related facilities situated on the site located at 524 NE Grand, Portland, Oregon to be owned by the Issuer, such building and facilities being formerly known as the Sears Building.

**"Metro Headquarters Building Bonds"** means the Issuer's General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A authorized to be issued and sold under this 1991 Supplemental Ordinance in an aggregate principal amount of not to exceed \$25,000,000, together with any Completion Bonds issued pursuant to the Master Ordinance for the purpose of financing any Capital Costs of the Metro Headquarters Building.

**"Participant"** shall mean a broker-dealer, bank or other financial institution for which DTC holds Metro Headquarters Building Bonds as Securities Depository.

**"Paying Agent"** means, with respect to the Metro Headquarters Building Bonds, the Trustee.

**"Renewal and Replacement Account"** means the subaccount of the General Revenue Bond Fund created pursuant to Section 301 hereof.

**"Requisition Certificate"** means, with respect to the Metro Headquarters Building Bonds, a certificate substantially in the form of Exhibit A attached hereto, but with such variations, deletions, insertions and other changes as may be deemed necessary or appropriate by the Executive Officer.

**"Securities Depository"** shall mean, initially, The Depository Trust Company, New York, New York, and its successors and replacement securities depository appointed hereunder.

**"Underwriter"** means PaineWebber Incorporated.

**"User Contract"** means, at any particular time, any agreement(s) (whether styled as a lease, license, management agreement, use agreement or otherwise) then in effect between the Issuer and any User pursuant to which the User undertakes to use, operate or manage all or any portion of the Metro Headquarters Building either for the benefit of such User or for the benefit of any person or entity other than a state or political subdivision or an

agency or instrumentality thereof.

"User" means any person or entity that is a party to a User Contract entered into with the Issuer with respect to the Metro Headquarters Building.

## **ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF METRO HEADQUARTERS BUILDING BONDS**

### **Section 201. Authorization of Metro Headquarters Building Bonds; Limited Obligations.**

(a) **Principal Amount.** The Metro Headquarters Building Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$25,000,000 for the purposes enumerated in the recitals hereto; *provided that*, for purposes of the foregoing, in the event any Metro Headquarters Building Bonds are issued and sold at an original issue discount, such original issue discount shall not, for purposes of the amount of Metro Headquarters Building Bonds authorized to be issued hereunder, be deemed to be a part of the principal amount thereof, it being the intent hereof that the stated principal amount of the Metro Headquarters Building Bonds less any such original issue discount shall not exceed \$25,000,000. The Metro Headquarters Building Bonds shall be issued in a single series, such series to be designated "Metropolitan Service District General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A".

(b) **Limited Obligations.** The Metro Headquarters Building Bonds and all obligations of the Issuer under or with respect to the Metro Headquarters Building Bonds and this 1991 Supplemental Ordinance shall be and remain limited obligations of the Issuer payable solely and only out of the Revenues and Available Funds and secured by a pledge of and lien on the Trust Estate, all as provided in the Master Ordinance. No recourse shall be had against any properties, funds or assets of the Issuer (other than the Revenues, the Available Funds and the Trust Estate) for the payment of any amounts owing under or with respect to the Metro Headquarters Building Bonds or this 1991 Supplemental Ordinance. Neither the Metro Headquarters Building Bonds, this 1991 Supplemental Ordinance nor the obligations of the Issuer under or with respect thereto constitute or create a general obligation indebtedness of the Issuer within the meaning of any constitutional or statutory debt limitation.

(c) **Tax-Exempt Obligations.** The Metro Headquarters Building Bonds are issued as, and are intended to be, Tax-Exempt Obligations.

**Section 202. Interest Rates, Maturity Dates, Serial Bonds, Term Bonds and Mandatory Redemption Schedules for the Metro Headquarters Building Bonds.** The Metro Headquarters Building Bonds shall bear interest at such rate or rates and mature on such dates and in such principal amounts as shall be established and determined by the Executive Officer upon the sale thereof as provided in and pursuant to Section 401 hereof; *provided that* in no event shall the final maturity date of the Metro Headquarters Building Bonds be later than July 1, 2022. The aggregate principal amounts of the Metro Headquarters Building Bonds to be issued as Term Bonds and Serial Bonds and the Mandatory Redemption Schedule for the Metro Headquarters Building Bonds issued as Term Bonds shall be established and determined by the Executive Officer upon the sale of the Metro Headquarters Building Bonds as provided in and pursuant to Section 401 hereof.

**Section 203. Denominations; Dating; Interest Accrual; Computation of Interest; Payments Due on Holidays; Book-Entry System; Form of Bonds.**

**(a) Denominations, Numbering and Dating.** The Metro Headquarters Building Bonds shall be issued in Authorized Denominations. Each Metro Headquarters Building Bond shall be dated as of the first day of the month in which such bonds are issued. Each Metro Headquarters Building Bond also shall bear its date of authentication as noted thereon by the Trustee and shall be numbered consecutively in the order in which it is authenticated by the Trustee.

**(b) Interest Accrual.** Each Metro Headquarters Building Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication:

(i) is an Interest Payment Date to which interest on such Metro Headquarters Building Bond has been paid, in which event such Metro Headquarters Building Bond shall bear interest from its date of authentication; or

(ii) is prior to the first Interest Payment Date for the Metro Headquarters Building Bond, in which event, such Metro Headquarters Building Bond shall bear interest from its date.

**(c) Payments Due on Holidays.** Interest on the Metro Headquarters Building Bonds shall be due and payable on each Interest Payment Date for such bonds; *provided that* whenever a payment of principal of, premium (if any) or interest on a Metro Headquarters Building Bond is due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same force and effect as if made on the stated due date.

**(d) Computation of Interest.** Interest on the Metro Headquarters Building Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

**(e) Method of Payment.** Payments of interest on the Metro Headquarters Building Bonds shall be made to the registered Owners thereof (as determined at the close of business on the Record Date next preceding the related Interest Payment Date) by Wire Transfer (if requested in writing of the Trustee by an Owner of not less than \$1,000,000 aggregate principal amount of Metro Headquarters Building Bonds not less than five days prior to the applicable Interest Payment Date) or by check or draft mailed on the Interest Payment Date to the address of each such Owner as it appears on the registration books of the Issuer maintained by the Trustee as Bond Registrar, or to such other address as may be furnished in writing to the Trustee prior to the applicable Record Date by such registered Owner.

Payment of the principal of and redemption premium (if any) on the Metro Headquarters Building Bonds shall be made only upon presentation and surrender of such Metro Headquarters Building Bonds on or after the maturity or redemption date, as appropriate, at the principal corporate trust office of the Trustee.

**(f) Provisions for Book-Entry System.** The Metro Headquarters Building Bonds will be subject to a Book-Entry System of ownership and transfer, except as provided in (iii) below. The general provisions for effecting such Book-Entry System are as follows:

(i) The Issuer hereby designates The Depository Trust Company, New York, New York, as the initial Securities Depository hereunder.



(ii) Notwithstanding the provisions regarding exchange and transfer of Metro Headquarters Building Bonds under the Master Ordinance, the Metro Headquarters Building Bonds shall initially be evidenced by one certificate for each maturity (including one certificate for each principal amount due pursuant to a Mandatory Redemption Schedule), in an amount equal to the aggregate principal amount thereof. The Metro Headquarters Building Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The Metro Headquarters Building Bonds may not thereafter be transferred or exchanged on the registration books of the Issuer held by the Trustee as Bond Registrar except:

(A) to any successor Securities Depository designated pursuant to (iii) below;

(B) to any successor nominee designated by a Securities Depository; or

(C) if the Issuer shall, by resolution, elect to discontinue the Book-Entry System pursuant to (iii) below, the Issuer will cause the Trustee to authenticate and deliver replacement Metro Headquarters Building Bonds in fully registered form in Authorized Denominations in the names of the beneficial Owners or their nominees; thereafter the provisions of the Master Ordinance regarding registration, transfer and exchange of Metro Headquarters Building Bonds shall apply.

(iii) Upon the resignation of any institution acting as Securities Depository hereunder, or if the Issuer determines that continuation of any institution in the role of Securities Depository is not in the best interests of the Beneficial Owners, the Issuer will attempt to identify another institution qualified to act as Securities Depository hereunder or will discontinue the Book-Entry System by resolution. If the Issuer is unable to identify such successor Securities Depository prior to the effective date of the resignation, the Issuer shall discontinue the Book-Entry System, as provided in (ii)(C) above.

(iv) So long as the Book-Entry System is used for the Metro Headquarters Building Bonds, the Trustee will give any notice of redemption or any other notices required to be given to Owners of Metro Headquarters Building Bonds only to the Securities Depository or its nominee registered as the Owner thereof. Any failure of the Securities Depository to advise any of its Participants, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Metro Headquarters Building Bonds called for redemption or of any other action premised on such notice. Neither the Issuer nor the Trustee is responsible or liable for the failure of the Securities Depository or any Participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Metro Headquarters Building Bonds or any error or delay relating thereto.

**(g) Form of Bonds.** The Metro Headquarters Building Bonds shall be issued in substantially the form attached hereto as the Bond Form Appendix but with such appropriate modifications, changes, additions and deletions as may be necessary or appropriate and not inconsistent with the provisions of this 1991 Supplemental Ordinance or applicable law.

#### **Section 204. Redemption Provisions.**

**(a) Redemption Pursuant to Mandatory Redemption Schedule(s).** The Metro Headquarters Building Bonds issued as Term Bonds shall be subject to mandatory redemption prior to maturity in such principal amounts and on such Mandatory Redemption Dates as shall be established pursuant to the applicable Mandatory Redemption Schedule, any such redemption to be at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon through the date fixed for redemption thereof. The principal amount of Metro Headquarters Building Bonds required to be redeemed pursuant to this Section on any particular date

is herein called the "Mandatory Redemption Amount" for such date; and "Mandatory Redemption Date" shall mean the Interest Payment Date(s) in each calendar year as shall be selected by the Executive Officer pursuant to Section 401 hereof.

**(b) Optional Redemption.** The Metro Headquarters Building Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, on such dates as shall be established and determined by the Executive Officer upon the sale thereof as provided in Section 401 hereof, any such redemption to be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon through the date fixed for redemption thereof plus any applicable premium as may be established and determined by the Executive Officer upon the sale thereof as provided in Section 401 hereof.

### **ARTICLE III DEPOSIT AND APPLICATION OF BOND PROCEEDS; ESTABLISHMENT AND OPERATION OF ACCOUNTS**

**Section 301. Establishment of Accounts; Purpose.** There are hereby established with the Trustee the following accounts:

(i) the Metro Headquarters Building Construction Account, which shall be a special subaccount of the Construction Account;

(ii) the Metro Headquarters Building Acquisition Account, which shall be a special subaccount of the Construction Account;

(iii) the Metro Headquarters Building Reserve Account, which shall be a special subaccount of the Reserve Account;

(iv) the Metro Headquarters Building Debt Service Account, which shall be a special subaccount of the Debt Service Account; and

(v) the Metro Headquarters Building Rebate Account, which shall be a special subaccount of the Rebate Account.

The foregoing special subaccounts of the Construction Account, the Debt Service Account, the Reserve Account and the Rebate Account are being created in connection with the issuance and sale of the Metro Headquarters Building Bonds solely to facilitate the compliance by the Issuer with the provisions of Section 507 of the Master Ordinance with respect to the Metro Headquarters Building Bonds. Neither the creation, existence nor deposit or retention of any funds in such subaccounts is intended to confer on the Owners of the Metro Headquarters Building Bonds any privilege, priority, preference, superior right or special security of any kind whatsoever in or with respect to such subaccounts or funds held therein not enjoyed by the Owners of other Bonds of any Series hereafter issued. The moneys on deposit from time to time in the Metro Headquarters Building Reserve Account, the Metro Headquarters Building Debt Service Account, the Metro Headquarters Building Rebate Account, and the Metro Headquarters Building Construction Account shall be used, applied and invested in the manner and subject to the conditions and limitations set forth in the Master Ordinance with respect to moneys on deposit in the Accounts of which such subaccounts are a part.

In addition, there is hereby created as a subaccount of the General Revenue Bond Fund the Metro Headquarters Building Renewal and Replacement Account (the "Renewal and Replacement Account"), which account shall be held by the Issuer and used and applied as provided herein.

**Section 302. Use of Metro Headquarters Building Bond Proceeds.** The proceeds of sale of the Metro Headquarters Building Bonds shall, as soon as practicable upon the delivery thereof to the Trustee, be applied as follows:

(a) an amount equal to the accrued interest paid by the initial purchasers of the Metro Headquarters Building Bonds shall be deposited in the Metro Headquarters Building Debt Service Account;

(b) an amount equal to the Reserve Requirement shall be deposited in the Metro Headquarters Building Reserve Account; *provided that*, if so determined by the Executive Officer pursuant to Section 401 hereof, in lieu of funding the Reserve Requirement in full out of the proceeds of the Metro Headquarters Building Bonds, the Reserve Requirement may be met in whole or in part by means of a Credit Facility provided to the Trustee on the date of issuance of the Metro Headquarters Building Bonds, and in such event an amount of the Metro Headquarters Building Bond proceeds sufficient to pay the cost of acquiring such Credit Facility shall be promptly applied by the Trustee to the payment of such costs as directed in writing by the Issuer and if such Credit Facility is not sufficient to fully satisfy the Reserve Requirement, then proceeds of the Metro Headquarters Building Bonds shall be deposited by the Trustee in the Metro Headquarters Building Reserve Account in an amount which, when added to the amount available to be drawn by the Trustee under such Credit Facility, shall equal the Reserve Requirement;

(c) such amount as shall be specified by the Issuer in writing to the Trustee upon the date of issuance and delivery of the Metro Headquarters Building Bonds shall be deposited in the Metro Headquarters Building Acquisition Account and disbursed in accordance with the terms of the Master Ordinance to pay the costs of the Metro Headquarters Building that relate to the acquisition of such facility; and

(d) the balance shall be deposited in the Metro Headquarters Building Construction Account and disbursed in accordance with the terms of the Master Ordinance to pay the costs of the Metro Headquarters Building including but not limited to interest on the Metro Headquarters Building Bonds during the period of renovation and for such period of time thereafter as the Issuer shall determine; *provided that* if, for any reason, the moneys so deposited in the Metro Headquarters Building Construction Account (including the investment earnings thereon) are not fully expended for the payment of the costs of the Metro Headquarters Building or interest on the Metro Headquarters Building Bonds as aforesaid, then and in such event the Issuer may apply such moneys and investment earnings to any lawful purpose so long as the Issuer first causes to be delivered to the Trustee an opinion of Bond Counsel to the effect that such application will not adversely affect the excludability from gross income for federal income tax purposes of the interest on the Metro Headquarters Building Bonds.

**Section 303. Funding and Use of Renewal and Replacement Account.** On the date of issuance of the Metro Headquarters Building Bonds, the Issuer shall cause to be deposited in the Renewal and Replacement Account such amount as it shall deem necessary or appropriate for the intended purposes and uses of such Account. Thereafter, the Issuer may cause to be deposited in the Renewal and Replacement Account such additional sums of money as it shall deem necessary or appropriate, such additional deposits to be made from any lawfully available source of funds including but not limited to funds collected pursuant to Section 501(a)(iv) of the Master Ordinance as part of the Total Assessments made with respect to the Metro Headquarters Building Bonds.

Amounts in the Renewal and Replacement Account shall be applied to the payment of capital expenditures

deemed necessary or appropriate by the Issuer to or in connection with the Metro Headquarters Building, including but not limited the payment of any item that would have been an appropriate charge against the Metro Headquarters Building Construction Account with respect to the initial acquisition, rehabilitation and furnishing of the Metro Headquarters Building. In addition to the foregoing, amounts in the Renewal and Replacement Fund shall be used for making payments into the Debt Service Account when the moneys in the Debt Service Account and the moneys in the Reserve Account are insufficient to pay when due the amounts owing under the Metro Headquarters Building Bonds.

The investment income on all moneys on deposit from time to time in the Renewal and Replacement Account shall be retained in such Account and used and applied in the same manner as other moneys on deposit therein are required to be used and applied under this Section.

If, at any time and from time to time, the Issuer shall determine that the amounts on deposit in the Renewal and Replacement Account are in excess of the amounts necessary or appropriate for the intended uses and purposes thereof, such excess may, at the discretion of the Issuer, be withdrawn from such account and used and applied for any lawful purpose.

**Section 304. Investment of Moneys in Accounts.** All moneys on deposit from time to time in the Accounts established pursuant to this 1991 Supplemental Ordinance shall be invested in such Permitted Investments as the Authorized Issuer Representative shall specify in writing from time to time to the Trustee.

## **ARTICLE IV MISCELLANEOUS**

**Section 401. Sale of Metro Headquarters Building Bonds; Authorization of Other Acts.** The Metro Headquarters Building Bonds shall be sold in a negotiated sale to the Underwriter as provided in this Section 401. The Executive Officer of the Issuer is hereby authorized, empowered and directed, for and on behalf of the Issuer, to determine and establish the following terms of and other matters relating to the Metro Headquarters Building Bonds subject to the limitations set forth below:

(a) the aggregate principal amount of the Metro Headquarters Building Bonds, provided that in no event shall the aggregate principal amount of the Metro Headquarters Building Bonds exceed the sum of \$25,000,000;

(b) the aggregate principal amount of Metro Headquarters Building Bonds to be issued as Term Bonds and the maturity date or dates of such Term Bonds;

(c) the aggregate principal amount of Metro Headquarters Building Bonds to be issued as Serial Bonds and the maturity dates of such Serial Bonds;

(d) the Mandatory Redemption Schedule(s) and the related Mandatory Redemption Dates for the Metro Headquarters Building Bonds to be issued as Term Bonds;

(e) the rates of interest to be applicable to the Metro Headquarters Building Bonds of each maturity;

(f) the first Interest Payment Date for the Metro Headquarters Building Bonds; and

(g) the price at which the Metro Headquarters Building Bonds are to be sold to the Underwriter;

The Executive Officer of the Issuer is further authorized, empowered and directed, for and on behalf of the Issuer, to determine whether the Reserve Requirement shall be met in whole or in part by means of a Credit Facility and to determine and establish such other terms of and other matters relating to the Metro Headquarters Building Bonds as may be necessary or appropriate and not in conflict with the provisions of the Master Ordinance, this 1991 Supplemental Ordinance or applicable law.

The authority of the Executive Officer of the Issuer to determine and establish the terms of and other matters relating to the Metro Headquarters Building Bonds as provided in this Section shall be exercised by setting forth such terms and other matters as so determined and established in a certificate executed and delivered by the Executive Officer on or prior to the date of issuance and delivery of the Metro Headquarters Building Bonds.

The Contract of Purchase between the Issuer and the Underwriter relating to the Metro Headquarters Building Bonds in substantially the form submitted to the Council of the Issuer in connection with the enactment of this 1991 Supplemental Ordinance is hereby approved. The Executive Officer, the Deputy Executive Officer and the Director of Finance and Management Information of the Issuer, and any one of them, are each hereby authorized, empowered and directed, for and on behalf of the Issuer:

(i) to execute and deliver such Contract of Purchase in substantially the form approved hereby but with such changes, additions and deletions as may be necessary or appropriate and not inconsistent with the terms of this 1991 Supplemental Ordinance or applicable law;

(ii) to execute and deliver such other documents, instruments, certificates and agreements as may be necessary or appropriate to carry out and consummate the transactions contemplated by this 1991 Supplemental Ordinance; and

(iii) to do and perform all other acts and things necessary or appropriate to carry out and consummate the transactions contemplated by this 1991 Supplemental Ordinance.

The distribution by the Underwriters of a preliminary and a final Official Statement describing the Metro Headquarters Building Bonds and matters pertaining thereto is authorized and/or ratified in all respects and the Executive Officer is hereby authorized to sign and deliver such preliminary and final Official Statements to the Underwriter.

**Section 402. Special Tax Covenant Relating to the User Contract.** The Issuer hereby covenants and agrees that so long as any Metro Headquarters Building Bonds are Outstanding, it will not enter into any User Contract (howsoever designated) or any other agreement relating to the Metro Headquarters Building having such terms and provisions as to cause the interest on the Metro Headquarters Building Bonds to be or become includable for federal income tax purposes in the gross incomes of the Owners thereof. Prior to entering into any User Contract, the Issuer shall first file with the Trustee an Opinion of Bond Counsel with respect thereto.

**Section 403. Governing Law.** This 1991 Supplemental Ordinance shall be interpreted governed by and construed under the laws of the State of Oregon, including the Act, as if executed and to be performed wholly within the State of Oregon.

**Section 404. Headings Not Binding.** The headings in this 1991 Supplemental Ordinance are for

convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this 1991 Supplemental Ordinance.

**Section 405. Effectiveness of This Ordinance.** This 1991 Supplemental Ordinance shall, except as otherwise provided by law, become effective immediately upon enactment.

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## Certification of Ordinance

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The undersigned do hereby certify that we are the duly elected or appointed, qualified and acting Presiding Officer of the Council, Clerk of the Council and Executive Officer of the Metropolitan Service District, Counties of Multnomah, Clackamas and Washington, State of Oregon; that the foregoing is a true and complete copy of Ordinance No. 91-440 as enacted by the Council of said district at a regular meeting duly called and held in accordance with law on December 12, 1991; and that the following Councilors voted in favor of said Ordinance:

Bauer, Buchanan, DeJardin, Gardner, Hansen, Knowles,  
McFarland, McLain, Van Bergen, Wyers and Collier

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the following Councilors voted against said Ordinance:

None

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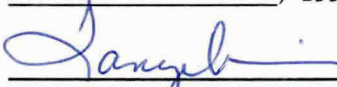
and the following Councilors abstained from voting on said Ordinance:


None

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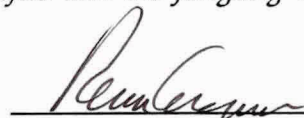
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In witness whereof, the undersigned have hereunto set their hands as of this 12th day of  
December, 1991.

  
\_\_\_\_\_  
Presiding Officer of the Council

  
\_\_\_\_\_  
Clerk of the Council

The undersigned Executive Officer hereby certifies that the foregoing Ordinance has not been vetoed.

  
\_\_\_\_\_  
Rena Cusma, Executive Officer  
Date: 12/19/91, 1991

## EXHIBIT A

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### REQUISITION CERTIFICATE

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**TO:** First Interstate Bank of Oregon, N.A., Trustee

**FROM:** Metropolitan Service District (the "Issuer")

**SUBJECT:** \$\_\_\_\_\_ Metropolitan Service District General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A

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This represents Requisition Certificate No. \_\_\_\_\_ in the total amount of \$\_\_\_\_\_ for the disbursement of funds from the Metro Headquarters Building Construction Account established established with the Trustee pursuant to Issuer's Ordinance No. 91-440, the funds so disbursed to be used to pay those costs of the Metro Headquarters Building detailed in the schedule attached or to pay interest on the Metro Headquarters Building Bonds as specified in the attached schedule.

The undersigned does certify that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Metro Headquarters Building Construction Account for the subject Metro Headquarters Building Bond issue, have not been included in a previous requisition and have been properly recorded on the Issuer's books. The expenditures for which moneys are hereby requisitioned are set forth in the schedule attached hereto, which schedule sets forth the name and address of the person, firm or corporation to whom payment is due or to whom a reimbursable advance, if any, has been made.
2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Issuer for its funds actually advanced for costs of the Metro Headquarters Building.
3. All of the funds being requisitioned are being used in a manner which will not cause the interest on the Metro Headquarters Building Bonds to be or become includable for federal income tax purposes in the gross incomes of the Owners thereof.

Executed this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

**Metropolitan Service District**

By: \_\_\_\_\_  
Authorized Issuer Representative



**Bond Form Appendix  
to  
Ordinance No. 91-440**

AR-

**METROPOLITAN SERVICE DISTRICT  
GENERAL REVENUE BONDS  
(Metro Headquarters Building Project)  
1991 SERIES A**

\$ \_\_\_\_\_

ORIGINAL ISSUE DATE  
December 1, 1991

MATURITY DATE

INTEREST RATE  
%

CUSIP

**REGISTERED OWNER:**

\*\*\*\*\*

\*\*\*\*\*

**PRINCIPAL AMOUNT:**

\*\*\*\*\*

\*\*\*\*\*

**DOLLARS**

The Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon (the "Issuer"), for value received hereby promises to pay (but only from the sources hereinafter provided and not otherwise) to the Registered Owner of this Bond (the "Owner") the Principal Amount specified above on the Maturity Date specified above together with interest on said Principal Amount at the Interest Rate *per annum* set forth above, with all accrued and unpaid interest being due and payable on January 1 and July 1 of each year, commencing July 1, 1992. This Bond is one of an authorized series of Bonds (the "1991 Series A Bonds") being issued pursuant to the provisions of Chapter 268 of the Oregon Revised Statutes, as amended, and certain other provisions of the laws of the State of Oregon (the "Act"), Ordinance No. 91-439 (the "Master Ordinance"), and Ordinance No. 91-440 (the "Supplemental Ordinance" and, together with the Master Ordinance being herein called the "Ordinance"). All terms used in this Bond but not otherwise defined herein shall have the respective meanings assigned thereto in the Ordinance.

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the 1991 Series A Bonds issued pursuant to the Ordinance.

**FIRST INTERSTATE BANK OF OREGON, N.A.**  
as Trustee

By: \_\_\_\_\_  
Its Authorized Officer

Date of Authentication: \_\_\_\_\_

**THE TERMS AND CONDITIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF, WHICH CONTINUED TERMS AND CONDITIONS SHALL HAVE THE SAME EFFECT AS IF PRINTED ABOVE.**

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State of Oregon and the Ordinance to have happened, to exist and to have been performed precedent to and in the issuance of this Bond and the 1991 Series A Bonds do exist, have happened and have been performed in regular and due time, form and manner as required by said Constitution, laws and Ordinance; that this Bond and the 1991 Series A Bonds do not exceed any constitutional or statutory limitation or indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the 1991 Series A Bonds as provided in the Ordinance.

This Bond shall not be valid or become obligatory for any purpose unless and until it has been authenticated in the space provided below by a duly Authorized Officer of the Trustee.

**IN WITNESS WHEREOF, THE METROPOLITAN SERVICE DISTRICT** has caused this Bond to be signed by means of the manual or facsimile signatures of its Presiding Officer and Executive Officer, all as of the Original Issue Date set forth above.

**METROPOLITAN SERVICE DISTRICT**

Presiding Officer

Executive Officer

This Bond and the rights of the Owner are in all respects subject to and governed by the Ordinance, and the Owner, by acceptance of this Bond, assents to and agrees to be bound by all terms and provisions set forth in the Ordinance.

The proceeds of the 1991 Series A Bonds will be used to: (1) finance the Issuer's acquisition, renovation and furnishing of a building and a related parking facility in Portland, Oregon; (2) make a deposit to the Metro Headquarters Building Debt Service Account; (3) make a deposit to the Metro Headquarters Building Reserve Account established under the Supplemental Ordinance (the "Reserve Account") in an amount equal to the Reserve Requirement; and (4) pay certain Costs of Issuance incurred in connection with the issuance and sale of the 1991 Series A Bonds. The 1991 Series A Bonds, together with any Additional Bonds hereafter issued under the Master Ordinance, are equally and ratably secured by a pledge of the Trust Estate, which includes a pledge of the moneys and investments on deposit in the Construction Account, the Debt Service Account and the Reserve Account. The 1991 Series A Bonds are not in any manner or to any extent a general obligation of the Issuer. The Owners of the 1991 Series A Bonds cannot compel the Issuer to levy any taxes for the purpose of paying any amounts owing under the 1991 Series A Bonds. The 1991 Series A Bonds are payable solely and only out of the Revenues and Available Funds, as provided in the Ordinance.

The 1991 Series A Bonds are subject to mandatory and optional redemption prior to maturity only as provided in the Ordinance.

The 1991 Series A Bonds are issuable as fully registered Bonds without coupons as provided for in the Ordinance. This Bond is transferable by the Owner as provided for in the Ordinance.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, any of the 1991 Series A Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Ordinance against any past, present or future councilor, officer, employee or agent of the Issuer, or any successor, under any rule of law of equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such councilor, officer, employee or agent as such is hereby expressly waived and released as a condition of, and in consideration for, the issuance of this Bond.

The Owner shall have no right to enforce the provisions of the Ordinance or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Ordinance, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Ordinance. If an Event of Default (as defined in the Ordinance) occurs, the principal of all 1991 Series A Bonds then outstanding under the Ordinance may be declared due and payable upon the conditions and in the manner and with the effect provided in the Ordinance.

The Issuer, the Trustee and any paying agent of the Issuer or the Trustee may treat the person in whose name this Bond is registered as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and neither the Issuer, the Trustee nor any paying agent shall be affected by notice to the contrary.

The Ordinance prescribes the manner in which it may be discharged, including a provision that the 1991 Series A Bonds shall be deemed to be paid if cash and/or Government Obligations (as defined in the Ordinance) maturing as to principal and interest in such amounts and at such times as will be such to insure the availability of sufficient moneys to pay the principal of, and premium, if any, and interest on, the 1991 Series A Bonds shall have been deposited with the Trustee, after which the 1991 Series A Bonds shall no longer be secured by or entitled to the benefits of the Ordinance, except for the purposes of registration and exchange of 1991 Series A Bonds and of payment from such source.

Reference is hereby made to the Ordinance, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Trustee and the Owners of the 1991 Series A Bonds, the terms upon which the 1991 Series A Bonds are issued and secured, the security for the 1991 Series A Bonds, the modification, amendment or supplementation of the Ordinance, and other matters, to all of which the Owner assents by the acceptance of this Bond.

Modifications and alterations of the Ordinance or of any supplements thereto may be made only to the extent and in the circumstances permitted by the Ordinance.

#### ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_

(please insert social security or other tax identification number of assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Date: \_\_\_\_\_

Note: the signature(s) must correspond with the name(s) as written on the face of this Bond in every particular without enlargement, alteration or any change whatsoever.

Signature Guarantees: \_\_\_\_\_

(Bank, Trust Company or NYSE Firm)

(Authorized Officer)

## FINANCE COMMITTEE REPORT

ORDINANCE NO. 91-439A, AN ORDINANCE ESTABLISHING A PLAN FOR THE FINANCING FROM TIME TO TIME OF VARIOUS FACILITIES AND OPERATIONS OF THE METROPOLITAN SERVICE DISTRICT; AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF REVENUE BONDS FOR SUCH PURPOSE UNDER THE PROVISIONS OF SUPPLEMENTAL ORDINANCES ADOPTED PURSUANT HERETO; AND ESTABLISHING AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

ORDINANCE NO. 91-440A, AN ORDINANCE ENACTED AS A SUPPLEMENTAL ORDINANCE TO ORDINANCE NO. 91-439A; ESTABLISHING A PLAN FOR FINANCING THE METRO HEADQUARTERS BUILDING; AUTHORIZING THE ISSUANCE OF THE METRO HEADQUARTERS BUILDING BONDS FOR SUCH PURPOSE; AND ESTABLISHING AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH

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Date: December 5, 1991

Presented by: Councilor Van Bergen

COMMITTEE RECOMMENDATION: At its December 5, 1991 meeting the Committee voted unanimously to recommend Council adoption of Ordinance No. 91-439 and Ordinance No. 91-440. Present and voting were Councilors Buchanan, Devlin, Hansen and Van Bergen. Councilor Wyers was absent.

COMMITTEE DISCUSSION / ISSUES: Jennifer Sims, Director of Finance and Management Information, and Mr. Chris Scherer, Finance Supervisor, presented the staff report. Ms. Sims noted both ordinances would be presented for consideration together. She noted that each Committee member has been given revised copies of each ordinance which contains proposed amendments.

Ms. Sims presented additional information to the Committee in a handout titled Metro Headquarters Facility Bonds Update, (scheduled as Attachment 1 to this report). She noted Metro received a rating of A+ from the Fitch Rating Agency for the facility general revenue bonds because of Metro's large service area, substantial resource base and sound finances. Ms. Sims reviewed the time line for the bond sale indicating the pricing of the bonds would occur on December 11, and the ordinances, if approved, would be before the Council on December 12. The closing of the facility purchase is scheduled for December 16 and the bonds are scheduled to be sold on December 20.

Mr. Scherer reviewed project costs shown in Attachment 1. The total project is estimated to cost approximately \$23,000,000 for the purchase and renovation of the building and parking garage. This includes approximately \$19.4 million in total project costs plus \$3.56 million in financing costs. The annual debt service on the estimated \$23,000,000 bond sale would be \$1.81 million.

In response to questions from Council staff, Mr. Scherer said the \$2.1 million Metro project costs include property taxes, previously incurred

(Continued)

FINANCE COMMITTEE REPORT

December 5, 1991

Page 2

due diligence costs, in house project management costs and a project contingency. He indicated a contingency was approximately 8% of the total project costs which appeared to be normal for a project such as this.

Mr. Scherer indicated the category entitled "Other" included common area furniture and fixtures such as Council Chamber and conference rooms for the most part along with telephone and data wiring plus 1% for art. He indicated \$925,000 for design services for the parking structure included a seismic upgrade. Council staff noted the ordinance requested an authorization for \$25 million with an anticipated expenditure of \$23 million. Mr. Scherer indicated the amount was to allow a contingency for authorization in excess of actual plans. Dan Cooper, Legal Counsel, said the Council would have to approve specific constructions contracts to expend the funds. In response to Mr. Cooper, Mr. Scherer said bids for the bond issue would be received Wednesday, December 11, and said when the Council took action on December 12 the actual bond size would be known.

In response to Chair Van Bergen, Mr. Scherer indicated the Regional Facilities Department produced the figures for project costs, and said Paine Weber Co. estimated the debt service figures. Council staff asked how the estimated annual debt service compared to the original figures presented when the decision was made to purchase the building and the garage. Mr. Scherer said the portion allocable to the building of \$1,484,00 was originally projected at \$1,449,000, a difference of less than \$40,000 increase. He said the difference was related to an increase in the area of contingency. He said the original estimate for the parking garage was \$384,000 which was now estimated at \$357,000, a reduction of less than \$30,000. He said the reduction was the result of allocating the broker fees between the two projects.

In response to Chair Van Bergen, Ms. Sims said three sources were proposed to fund the debt service for the facility. She said department assessments were proposed used for the building portion, and said parking revenues and excise tax revenues were proposed for funding the parking structure portion. Mr. Scherer added needs for excise revenue were currently estimated at \$100,000 for the first year and would decline over the following six years. Council staff noted the decision would be made by the Council during the annual budget process.

Mr. Cooper discussed the revisions to the ordinance before the Committee. He said Metro was attempting to secure credit which would give the lowest interest cost to finance the headquarters project, while at the same time build a financing structure which would govern and regulate future Metro borrowing. He said the present structure and potential future revenues were taken into account. He said Metro's existing revenue bond statutory authority was being used to create a limited general obligation bond, which he noted would be payable from non-restricted revenues and available funds of the district. Mr.

Cooper said the assessment vehicle under discussion and written into the proposed master ordinance, Ordinance No. 91-439, and into the proposed supplemental ordinance, Ordinance No. 91-440, was an accounting tool by which Metro would be able to demonstrate to the bond holders compliance with the covenants made to them, and how Metro was able to pay its debts. He said two types of assessments were proposed: 1) department assessment, based on each department's use and benefit from the facility being financed, and 2) general assessment, made from other unrestricted district resources and intended to be from general fund types of revenues, were proposed. He said the covenants the proposed ordinances made to the bondholders were that Metro assessments would be budgeted annually to equal revenues of 1.1 times the annual debt service and would be placed in a separate fund to pay the annual debt service. He said a 10% surplus from the previous year's current revenues would be a fund balance carried forward to the following year and made available for other Metro purposes as needed. He said if additional debt were issued in the future, Metro would have to demonstrate the ability to meet the same coverage test for the additional debt as well as the existing debt. Mr. Cooper said another covenant made to bondholders would be that Metro would not issue other debt or create superior liens or pledges on the revenues that were superior to the liens and pledges created currently with one exception. He explained a departmental revenue bond financing scheme such as the Solid Waste revenue bonds presently outstanding could be created in the event Metro created a utility type department such as Solid Waste and assets were financed from that department's dedicated revenues. Mr. Cooper said the financing structure was well received by the rating agencies both formally and informally. He indicated some of the rating agencies' questions resulted in changes which were marked in the proposed ordinances to demonstrate the differences. He said the rating agencies wanted language which defined the method for department assessments and their connection to the use and benefit of each department. He noted the term "available funds" was added in order to characterize carry forward balances and ending fund balances as resources for debt service payments as opposed to new revenues only. Mr. Cooper noted typographical errors had been corrected in the revisions before the Committee.

In response to Chair Van Bergen, Mr. Cooper said the Metro General Fund currently created from excise tax revenue was available for any Metro purpose. He said there were other unrestricted revenues which could be available as potential sources for General Fund assessments. He said in presentation to and discussion with the rating agencies, use of department revenues which might be legally unrestricted was not anticipated for the payment of a general assessment, but said rather general assessments would come from the excise tax or other potential future unrestricted Metro tax sources. He noted staff attempted to draft the ordinance keeping in mind potential revenue sources during the thirty year time frame the bonds would be outstanding.

FINANCE COMMITTEE REPORT

December 5, 1991

Page 4

In response to Chair Van Bergen's inquiry regarding lien superiority, Mr. Cooper said Metro outstanding bonds for the Convention Center were from separate dedicated sources of revenues not impacted by the ordinance before the Committee. Mr. Cooper said the commitment Metro made when it issued the solid waste revenue bonds for the transfer station was to set solid waste rates high enough to pay operating expenses, debt service and other related expenses budgeted annually.

In response to Chair Van Bergen, Mr. Cooper said Metro had not foreclosed itself to future bonds but would have to demonstrate the ability to provide coverage for these bonds as well as additional bonds. Mr. Cooper indicated if the bond covenants were violated or debt was not paid, the trustee; i.e. the First Interstate Bank, would have the obligation and legal authority to compel specific performance for Metro to budget and pay the debt service from all available funds and revenues.

**ESTIMATED PROJECT COSTS**  
**FINANCIAL ANALYSIS OF HEADQUARTERS BUILDING PURCHASE AND RENOVATION**  
**METROPOLITAN SERVICE DISTRICT**

|                               | <u>Building</u> | <u>Parking</u> | <u>Total</u> |
|-------------------------------|-----------------|----------------|--------------|
| Real estate                   |                 |                |              |
| Purchase of land and building | \$2,550,000     | \$2,600,000    | \$5,150,000  |
| Brokers and other fees        | 229,000         | 88,000         | 317,000      |
|                               | <u>-----</u>    | <u>-----</u>   | <u>-----</u> |
|                               | \$2,779,000     | \$2,688,000    | \$5,467,000  |
| Project management            | \$2,043,000     | \$70,000       | \$2,113,000  |
| Design/build contract         |                 |                |              |
| Design services               | \$519,000       | \$61,000       | \$580,000    |
| Renovation/new construction   | 6,800,000       | 925,000        | 7,725,000    |
| Tenant improvements           | 1,800,000       |                | 1,800,000    |
| Miscellaneous                 | 245,000         | 5,000          | 250,000      |
|                               | <u>-----</u>    | <u>-----</u>   | <u>-----</u> |
|                               | \$9,364,000     | \$991,000      | \$10,355,000 |
| Other                         | 1,432,000       | 9,000          | 1,441,000    |
|                               | <u>-----</u>    | <u>-----</u>   | <u>-----</u> |
| Total Project costs           | \$15,618,000    | \$3,758,000    | \$19,376,000 |
| Estimated financing costs     | 2,870,000       | 691,000        | 3,561,000    |
|                               | <u>-----</u>    | <u>-----</u>   | <u>-----</u> |
| Total                         | \$18,488,000    | \$4,449,000    | \$22,937,000 |
| Estimated Annual Debt Service | \$1,484,000     | \$357,000      | \$1,841,000  |



tax supported

New Issue

# Metropolitan Service District, Oregon

## Rating

General Revenue Bonds..... A+  
Credit Trend ..... Stable

## Analyst

Stewart Simon  
(212) 908-0508

## Issuer Contact

Christopher Scherer  
Financial Planning Manager  
(503) 221-1646

## New Issue Details

Approximately \$23,000,000 General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A. Sale is expected through negotiation Dec. 10 by a syndicate led by PaineWebber. Serial maturities July 1, 1992-2003. Optional prepayment July 1, 1999 at initial price of 102, declining to 100 July 1, 2001 and thereafter. Terms due July 1, 2012 and 2022.

**Security:** Trust estate that consists of moneys in the reserve, construction, and debt service accounts; bonds payable from the district's revenues (unless restricted by law), and other legally available funds.

**Purpose:** To acquire and improve a new headquarters building including parking facilities.

## Outlook

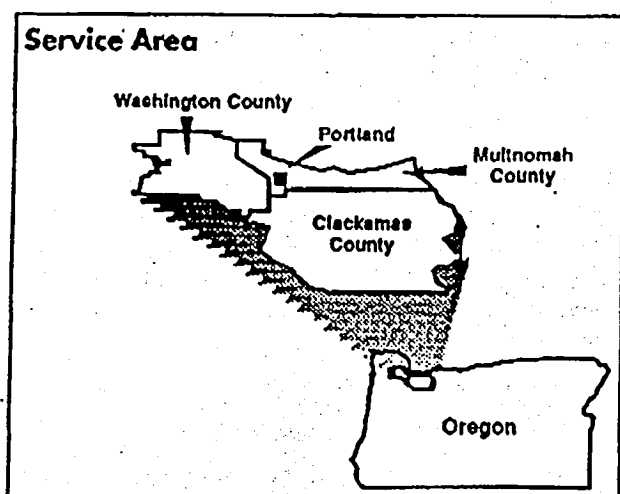
*The Metropolitan Service District's large service area, substantial resource base, and sound finances, as well as the bonds' strong security structure, provide the basis for the 'A+' rating. The bonds are issued under the district's revenue bond authority. However, the bonds are payable from all district revenues (unless restricted by law) and other legally available resources, making them, in effect, limited general obligations of the district. Bondholder protections include the requirement to annually budget debt service coverage, a prohibition against senior lien bonds, and a strong additional bonds test. The credit trend is stable.*

## Rating Considerations

The district serves 1.2 million people in the urban Portland region and is responsible for a broad range of functions including solid waste management, transportation planning, regional planning, and management of various spectator facilities. Created in 1977, the district is the only directly elected regional government in the nation. Most of the \$112 million revenue base now comprises enterprise revenues, but the district has broad revenue-raising authority. The district's various departments will be assessed annually to provide 1.10 times (x) debt service coverage, based on the square footage occupied in the new headquarters building. Since debt service costs on the bonds will be allocated to each department as an operating expense, such costs would have a claim on resources before payment of revenue bonds being paid from net departmental revenues.

December 6, 1991

**FITCH**  
Where experience rates.



The district's budgetary levels have quadrupled since 1985 to over \$110 million in fiscal 1991-92 because it has continued to assume additional functions. Its financial position is strong, with \$9.5 million in unreserved governmental funds in fiscal 1989-90. The capital plan includes \$155-\$265 million in new bonds, most of it planned to be supported by unlimited property taxes. The Portland region has a growing, diverse economic base with above-average wealth levels.

### Strengths

- Bonds approximate limited general obligations, although they are issued under the district's revenue bond authority; additional bondholder protections are provided.
- Revenues are diverse and broad-based.
- The large, growing service area has a diverse economy.
- The district's finances are strong.

### Risks

- The relatively new and expanding organization has broad functions; growth could place pressure on resources, although the district has significant revenue-raising capacity.
- Capital plans are sizeable, but future issuance plans focus on unlimited tax bonds and departmental revenue bonds.

### The District

The Metropolitan Service District serves the Portland region and is the only directly elected regional government in the nation. With more than one million residents, the service region consists of the urban areas of Clackamas, Multnomah, and Washington counties. The district was created in 1977 and is governed by a 12-member council. The district's extensive statutory responsibilities and functions

include management of the region's solid waste system and promotion of recycling; planning of the regional transportation system and regional growth; operation of the Metro Washington Park Zoo; and management of the Oregon Convention Center, Memorial Coliseum, Civic Stadium, and Portland Center of the Performing Arts under the umbrella of the Metro Exposition-Recreation Commission. The district also is authorized to provide regional sewerage, water supply, transportation, parks and recreation, and correctional facilities. The district employs 1,200 full time and seasonal employees including 216 located at its current headquarter facilities, which are leased.

### Financing Plan

The bonds are being issued under the district's revenue bond authority as provided under state law. A master ordinance will be enacted concurrently with the bond sale to provide for this type of financing as well as issuance of parity bonds in the future.

The bonds are payable from the district's revenues (unless restricted by law) and other legally available resources. Sources of bond repayment include all taxes, fees, charges, rentals, investments, or other liquid assets of the district, except that property taxes imposed for repayment of voted general obligation bonds for the convention center are restricted to that purpose. In effect, these bonds are a limited general obligation of the district.

Each of the district's seven departments will be assessed annually for its share of debt service costs from current revenues to provide 1.10x coverage, based on the square footage occupied in the new headquarters building. Since these assessments are operating costs of each department, they are available for debt service payments on these bonds prior to any claim on a particular department's enterprise revenues that may support repayment of revenue bonds. To supplement or replace department assessments, the district also may impose a general assessment on its agencywide resources sufficient to provide 1.10x coverage. If a department fails to generate enough revenues to cover its share of debt service, the district can reassess each department or impose a general assessment to cover the shortfall. The trustee may bring suit if the district fails to set aside revenues to meet its obligations.

To repay these bonds, the district plans to assess the departments 80% of total debt service costs with the remainder paid from a general assessment on the district's resources. The district intends to pay this general assessment from parking garage revenues and excise taxes.

No senior lien bonds may be issued. Additional parity bonds may be issued under either a historical or prospective test. Under the historical test, a qualified consultant must determine that in each of the prior three years, net revenues after payment of all expenditures cover average annual debt

zoo, and the district's spectator, trade, and convention operations. The district imposes a per capita tax. In fiscal 1991-92, the \$0.43 per capita tax is expected to generate \$578,000 in revenues and will help fund transportation planning. The \$0.51 per capita maximum authorization expires in 1993. However, the state legislature has renewed this authority every four years since 1977. The district also receives hotel/motel taxes (about 3% of total revenues) through an intergovernmental agreement with Multnomah County. An excise tax of up to 6% of the district's total gross revenues is authorized on the revenues of enterprise operations, with certain exceptions. The excise tax is now imposed at a rate of 5.25%, mostly on tipping fees and zoo admissions, but could be increased to about 8% before the gross 6% limit is met. These taxes comprise about 4% of total revenues. Exclusive of the unlimited taxes imposed to repay the convention center bonds, property taxes are levied for zoo operations and account for 4% of revenues. As a result of the recent Measure 5 tax limitation, these property taxes were reduced by 12% this year to meet the overall tax rate limit. No other district revenues are affected by the Measure 5 tax limitation. If approved by district voters, an income tax also could be imposed.

### Economy

The district covers 350 square miles in the urban Portland region. As the state's major urban area, Portland is the center of Oregon's financial, trade, transportation, and service activity. Population growth in the district has been relatively rapid, increasing by nearly 12% over 1980-90 to nearly 1.2 million, or over 40% of the state's entire population. Washington county has been the fastest growing county in the state. Portland's population increased 10.2% to 437,319 over the ten-year period. The district's market value of property has more than doubled since 1980 and currently is a sizeable \$50.9 billion. Wealth levels in the Portland PMSA are above the state average and slightly above national figures. The PMSA per capita income of \$18,163 in 1989 was 113% of the state average and 103% of the national level.

The area's economic and employment base continues to diversify, with relatively little dependence now on the forest products industries. The area is a center of financial services in the Northwest and benefits from Pacific Rim trade and its proximity to California. Although trade and services employment is somewhat above national averages, the overall

### Revenue Composition\* 1991-92 Budget

|                    | \$000   | % of Total |
|--------------------|---------|------------|
| Revenues           |         |            |
| Enterprise         | 87,385  | 77.7       |
| Property Tax (Zoo) | 4,765   | 4.2        |
| Excise             | 4,015   | 3.6        |
| Hotel/Motel        | 3,000   | 2.7        |
| Grants             | 3,895   | 3.5        |
| Interest Earnings  | 4,394   | 3.9        |
| Other**            | 5,027   | 4.5        |
| Total†             | 112,480 | 100.0      |

\* Includes enterprise funds; excludes \$72 million fund balances and \$5.5 million restricted property taxes for convention center bond repayment.  
 \*\* Includes about \$578,000 in per capita tax revenues. † Numbers may not add due to rounding.

composition of the employment base is relatively balanced. Trade and services each account for 26% of nonfarm employment. Lumber and wood products account for only 1% of the district's employment base. After a sharp 13% decline in employment during 1981-83, nonagricultural employment in the Portland PMSA has increased 31.5% since 1983. While jobs in manufacturing remain significantly below the 1980 total, growth in regional manufacturing activity has been strong in recent years. Since 1986, manufacturing jobs have increased by over 13%, with particularly strong growth in the machinery, electronics, transportation equipment, and fabricated metal products industries. Major private sector employers include Fred Meyer, Inc. (retail variety chain — 9,000 jobs), Tektronix, Inc. (electronics — 7,000 jobs), Legacy Health System (health care — 8,000 jobs) and U.S. Bancorp (banking — 4,820 jobs). Other employers providing 3,000 jobs or more include Intel Corp. (semiconductors), Precision Castparts (steel castings), Kaiser Permanente (hospitals), and First Interstate Bank (banking).

Unemployment rates have been consistently below state and national averages in recent years. Since 1988, the area's average annual unemployment rate has been below 5%. Notwithstanding national recession, September's unemployment rate was a low 4.8%, which is 89% of the state level and 75% of the national unadjusted average.

## Estimated Coverage on Net Revenue Basis (\$000)

|                                    | Fiscal Years-Ended June 30 |         |         |
|------------------------------------|----------------------------|---------|---------|
|                                    | 1993-4                     | 1994-5  | 1995-6  |
| Revenues*                          | 112,507                    | 118,091 | 124,508 |
| Expenditures**                     | 105,010                    | 110,252 | 116,305 |
| Remaining Balance                  | 7,497                      | 7,839   | 8,203   |
| Total Assessments†                 | 2,060                      | 2,055   | 2,060   |
| Amount Remaining After Assessments | 5,437                      | 5,784   | 6,143   |
| Total Debt Service Coverage (x)    | 2.90                       | 3.10    | 3.28    |

\*Includes enterprise funds and all governmental funds except taxes restricted to convention center bond repayment. \*\*Includes debt service payments on revenue bonds. †Total assessments represent 1.10x debt service coverage.

service on the proposed bonds 1.10x. Expenditures include payment of all debt obligations except revenue bonds supported by departmental revenues. Debt obligations include the 1.10x coverage assessment required on outstanding parity bonds, and payments made under lease-purchase and installment purchase agreements. Under the prospective test, a consultant must determine that in each of three years following a period of capitalized interest, revenues will cover all existing expenditures and maximum annual debt service on proposed bonds (including the 1.10x coverage factor).

The debt service reserve for these bonds will be funded from bond proceeds. The master ordinance authorizes a credit facility (letter of credit, bond insurance, or other credit enhancement device) in one of the three highest rating categories to meet the reserve requirement. The district covenants to annually budget assessments to provide 1.10x coverage, set adequate rates and fees to meet its obligations, and maintain adequate insurance. Debt service is capitalized through most of fiscal 1993.

### Debt

The district's existing outstanding debt consists of \$65.0 million Convention Center bonds secured by unlimited property taxes; \$28.5 million Metro East (waste) Station

bonds secured by departmental solid waste revenues; and \$30.1 million Composter Project bonds secured by tipping fee revenues. These new \$23.0 million in general revenue bonds will fund the acquisition and improvement of the district's new headquarters, which include a parking garage. The district plans to occupy the first two floors of the headquarters building.

The district may issue an additional \$155-\$265 million in bonds to fund planned future projects, including solid waste transfer stations and a green-spaces program. The district plans to request voter approval of \$100-\$200 million unlimited tax bonds to support the green-spaces program.

### Finances

The district has assumed responsibility for convention, trade, and spectator facilities as well as other functions in recent years, so its total budget has grown to over \$110 million in fiscal 1991-92 from \$23 million in fiscal 1985-86. Its financial position is strong. At fiscal year-end 1990, the district had \$9.5 million in unreserved moneys in governmental funds.

The district has broad powers to raise revenues. Available district revenues consist primarily of enterprise revenues (78% of the total) generated from the solid waste system,

## Financial Summary\* (\$000)

|                              | Fiscal Years-Ended June 30 |        |        |
|------------------------------|----------------------------|--------|--------|
|                              | 1988                       | 1989   | 1990   |
| Revenues                     | 15,038                     | 19,861 | 20,978 |
| Expenditures                 | 22,928                     | 18,416 | 23,491 |
| Add Enterprise Reimbursement | 1,488                      | 2,142  | 2,298  |
| Results Before Transfers     | (6,402)                    | 3,587  | (215)  |
| Unreserved Balances          | 6,793                      | 8,359  | 9,529  |

\*Governmental funds only; includes general, special revenue, debt service, and capital projects funds; excludes transfers and enterprise funds, except for enterprise reimbursement of administrative costs.

**Metro Headquarters Facility Bonds Update  
Council Finance Committee  
December 5, 1991**

- **Rating agency presentation** **Sims**
- **Schedule for bonds sale** **Sims**
- **Project and financing costs** **Scherer**
- **Ordinance overview and revisions** **Cooper**

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# Ordinance No. 91-440

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## The Council of the Metropolitan Service District

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An ordinance enacted as a Supplemental Ordinance to Ordinance No. 91-439; establishing a plan for financing the Metro Headquarters Building; authorizing the issuance of the Metro Headquarters Building Bonds for such purpose; and establishing and determining other matters in connection therewith.

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Enacted on December 12, 1991

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*Prepared by:*

*Stoel Rives Boley Jones & Grey,  
Bond Counsel*

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# Table of Contents

*(Note: This Table of Contents is provided solely for the convenience of the reader and does not constitute a part of this Ordinance.)*

## Section A. Findings.

### ARTICLE I DEFINITIONS

|   |   |
|---|---|
| Section 101. Terms Defined in Master Ordinance; Conflicting Definitions. .... | 2 |
| Section 102. Definitions. ....  | 2 |

### ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF METRO HEADQUARTERS BUILDING BONDS

|  |   |
|--|---|
| Section 201. Authorization of Metro Headquarters Building Bonds; Limited Obligations. ....   | 4 |
| (a) Principal Amount. ....   | 4 |
| (b) Limited Obligations. ....  | 4 |
| (c) Tax-Exempt Obligations. ....   | 4 |
| Section 202. Interest Rates, Maturity Dates, Serial Bonds, Term Bonds and Mandatory Redemption Schedules for the Metro Headquarters Building Bonds. .... | 4 |
| Section 203. Denominations; Dating; Interest Accrual; Computation of Interest; Payments Due on Holidays; Book-Entry System; Form of Bonds. ....          | 5 |
| (a) Denominations, Numbering and Dating. ....  | 5 |
| (b) Interest Accrual. ....   | 5 |
| (c) Payments Due on Holidays. ....   | 5 |
| (d) Computation of Interest. ....  | 5 |
| (e) Method of Payment. ....  | 5 |
| (f) Provisions for Book-Entry System. ....   | 5 |
| (g) Form of Bonds. ....  | 6 |
| Section 204. Redemption Provisions. ....   | 6 |
| (a) Redemption Pursuant to Mandatory Redemption Schedule(s). ....  | 6 |
| (b) Optional Redemption. ....  | 7 |

### ARTICLE III DEPOSIT AND APPLICATION OF BOND PROCEEDS; ESTABLISHMENT AND OPERATION OF ACCOUNTS

|   |   |
|---|---|
| Section 301. Establishment of Accounts; Purpose. ....                 | 7 |
| Section 302. Use of Metro Headquarters Building Bond Proceeds. ....   | 8 |
| Section 303. Funding and Use of Renewal and Replacement Account. .... | 8 |
| Section 304. Investment of Moneys in Accounts. ....                   | 9 |

ARTICLE IV  
MISCELLANEOUS

|   |    |
|---|----|
| Section 401. Sale of Metro Headquarters Building Bonds; Authorization of Other Acts. .... | 9  |
| Section 402. Special Tax Covenant Relating to the User Contract. ....                     | 10 |
| Section 403. Governing Law. ....  | 10 |
| Section 404. Headings Not Binding. ....   | 10 |
| Section 405. Effectiveness of This Ordinance .....  | 11 |



**Metropolitan Service District**  
Counties of Multnomah, Clackamas and Washington  
State of Oregon

**Ordinance No. 91-440**

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**An ordinance enacted as a Supplemental Ordinance to Ordinance No. 91-439; establishing a plan for financing the Metro Headquarters Building; authorizing the issuance of the Metro Headquarters Building Bonds for such purpose; and establishing and determining other matters in connection therewith.**

---

**Be it enacted by the Council of the Metropolitan Service District:**

**Section A. Findings.** The Council (the "Council") of the Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon (the "Issuer"), hereby finds and determines as follows:

(a) Pursuant to and in accordance with the provisions of Oregon Revised Statutes Chapter 268 and related provisions of the Oregon Revised Statutes, the Issuer is responsible for various regional governmental functions and operations.

(b) In order to meet the present and continuing needs of the Issuer to carry out the duties, functions and operations which are now or which may hereafter become its responsibility or within its powers, it is and will be necessary to borrow money for the purposes of financing the operations of the Issuer and the acquisition, construction, renovation, furnishing and equipping of the facilities necessary or appropriate in connection with such operations. Pursuant to the provisions of the Act (as defined herein) and other applicable provisions of law, the Issuer is authorized, without voter approval, to issue and sell from time to time revenue bonds for the purpose of carrying into effect all or any of the powers granted to it.

(c) The Issuer has enacted Ordinance No. 91-439 (the "Master Ordinance") in order to establish a plan for financing from time to time the operations of the Issuer and the acquisition, construction, renovation, furnishing and equipping of the facilities necessary or appropriate in connection with such operations, as well as for any other lawful purpose for which the Issuer is now or may hereafter be authorized to issue Bonds of the character provided for in the Master Ordinance.

(d) In order to finance the acquisition and renovation of a headquarters buildings and related facilities to

serve as the central office facilities for the Issuer's personnel, the Issuer has determined to issue pursuant to and as authorized by the Act its General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A (the "Metro Headquarters Building Bonds") in an aggregate principal amount of not to exceed \$25,000,000, and is enacting this Ordinance No. 91-440 (the "1991 Supplemental Ordinance") to establish and determine the terms and conditions of the Metro Headquarters Building Bonds, to secure the repayment of the Metro Headquarters Building Bonds and to set forth, establish and determine other matters relevant to the Metro Headquarters Building Bonds.

## **ARTICLE I DEFINITIONS**

**Section 101. Terms Defined in Master Ordinance; Conflicting Definitions.** All terms used herein and not otherwise defined herein shall have the same meanings assigned thereto in the Master Ordinance. In the event of any conflict between the definition of a term as set forth in the Master Ordinance and the definition of that same term as set forth herein, then unless the Master Ordinance expressly allows the definition of such term to be controlled or varied by a Supplemental Ordinance or unless otherwise expressly provided herein, the definition of such term as set forth in the Master Ordinance shall govern and control for all purposes of this 1991 Supplemental Ordinance.

**Section 102. Definitions.** As used in this 1991 Supplemental Ordinance, the following terms shall have the respective meanings set forth below:

**"Act"** when used in the context of the legal authority under and pursuant to which the Metro Headquarters Building Bonds are issued, means ORS Chapter 268, as amended.

**"Authorized Denomination"** means, with respect to the Metro Headquarters Building Bonds, \$5,000 or any integral multiple thereof.

**"Beneficial Owners"** shall mean, whenever used with respect to a Metro Headquarters Building Bond, the person or entity in whose name such Metro Headquarters Building Bond is recorded as the beneficial owner of such Metro Headquarters Building Bond by a Participant on the records of such Participant pursuant to the arrangements for book-entry determination of ownership applicable to the Securities Depository.

**"Bond Registrar"** means, with respect to the Metro Headquarters Building Bonds, the Trustee.

**"Book-Entry System"** shall mean that system whereby the clearance and settlement of securities transactions is made through electronic book-entry changes, thereby eliminating the need of physical movement of securities.

**"Business Day"** means, with respect to the Metro Headquarters Building Bonds, any day which is not a Saturday, Sunday or holiday or day upon which the principal corporate trust office of the Trustee is closed.

**"Cede & Co."** shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with

respect to the Metro Headquarters Building Bonds.

**"DTC"** shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

**"Interest Payment Date(s)"** means, with respect to the Metro Headquarters Building Bonds, each January 1 and July 1 of each year, commencing with the first such date following the issuance of such bonds or, if so determined by the Executive Officer pursuant to the authority conferred thereon pursuant to Section 401 hereof, the second such date following the date of issuance of such bonds.

**"Mandatory Redemption Amount"** shall have the meaning assigned thereto in Section 204(a) hereof.

**"Mandatory Redemption Date(s)"** shall have the meaning assigned thereto in Section 204(a) hereof.

**"Mandatory Redemption Schedule"** means, with respect to the Metro Headquarters Building Bonds issued hereunder as Term Bonds, the mandatory redemption schedule established and determined therefor by the Executive Officer pursuant to the authority conferred thereon under Section 401 hereof.

**"Metro Headquarters Building"** means the building and related facilities situated on the site located at 524 NE Grand, Portland, Oregon to be owned by the Issuer, such building and facilities being formerly known as the Sears Building.

**"Metro Headquarters Building Bonds"** means the Issuer's General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A authorized to be issued and sold under this 1991 Supplemental Ordinance in an aggregate principal amount of not to exceed \$25,000,000, together with any Completion Bonds issued pursuant to the Master Ordinance for the purpose of financing any Capital Costs of the Metro Headquarters Building.

**"Participant"** shall mean a broker-dealer, bank or other financial institution for which DTC holds Metro Headquarters Building Bonds as Securities Depository.

**"Paying Agent"** means, with respect to the Metro Headquarters Building Bonds, the Trustee.

**"Renewal and Replacement Account"** means the subaccount of the General Revenue Bond Fund created pursuant to Section 301 hereof.

**"Requisition Certificate"** means, with respect to the Metro Headquarters Building Bonds, a certificate substantially in the form of Exhibit A attached hereto, but with such variations, deletions, insertions and other changes as may be deemed necessary or appropriate by the Executive Officer.

**"Securities Depository"** shall mean, initially, The Depository Trust Company, New York, New York, and its successors and replacement securities depository appointed hereunder.

**"Underwriter"** means PaineWebber Incorporated.

**"User Contract"** means, at any particular time, any agreement(s) (whether styled as a lease, license, management agreement, use agreement or otherwise) then in effect between the Issuer and any User pursuant to which the User undertakes to use, operate or manage all or any portion of the Metro Headquarters Building either for the benefit of such User or for the benefit of any person or entity other than a state or political subdivision or an

agency or instrumentality thereof.

"User" means any person or entity that is a party to a User Contract entered into with the Issuer with respect to the Metro Headquarters Building.

## **ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF METRO HEADQUARTERS BUILDING BONDS**

### **Section 201. Authorization of Metro Headquarters Building Bonds; Limited Obligations.**

(a) **Principal Amount.** The Metro Headquarters Building Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$25,000,000 for the purposes enumerated in the recitals hereto; *provided that*, for purposes of the foregoing, in the event any Metro Headquarters Building Bonds are issued and sold at an original issue discount, such original issue discount shall not, for purposes of the amount of Metro Headquarters Building Bonds authorized to be issued hereunder, be deemed to be a part of the principal amount thereof, it being the intent hereof that the stated principal amount of the Metro Headquarters Building Bonds less any such original issue discount shall not exceed \$25,000,000. The Metro Headquarters Building Bonds shall be issued in a single series, such series to be designated "Metropolitan Service District General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A".

(b) **Limited Obligations.** The Metro Headquarters Building Bonds and all obligations of the Issuer under or with respect to the Metro Headquarters Building Bonds and this 1991 Supplemental Ordinance shall be and remain limited obligations of the Issuer payable solely and only out of the Revenues and Available Funds and secured by a pledge of and lien on the Trust Estate, all as provided in the Master Ordinance. No recourse shall be had against any properties, funds or assets of the Issuer (other than the Revenues, the Available Funds and the Trust Estate) for the payment of any amounts owing under or with respect to the Metro Headquarters Building Bonds or this 1991 Supplemental Ordinance. Neither the Metro Headquarters Building Bonds, this 1991 Supplemental Ordinance nor the obligations of the Issuer under or with respect thereto constitute or create a general obligation indebtedness of the Issuer within the meaning of any constitutional or statutory debt limitation.

(c) **Tax-Exempt Obligations.** The Metro Headquarters Building Bonds are issued as, and are intended to be, Tax-Exempt Obligations.

**Section 202. Interest Rates, Maturity Dates, Serial Bonds, Term Bonds and Mandatory Redemption Schedules for the Metro Headquarters Building Bonds.** The Metro Headquarters Building Bonds shall bear interest at such rate or rates and mature on such dates and in such principal amounts as shall be established and determined by the Executive Officer upon the sale thereof as provided in and pursuant to Section 401 hereof; *provided that* in no event shall the final maturity date of the Metro Headquarters Building Bonds be later than July 1, 2022. The aggregate principal amounts of the Metro Headquarters Building Bonds to be issued as Term Bonds and Serial Bonds and the Mandatory Redemption Schedule for the Metro Headquarters Building Bonds issued as Term Bonds shall be established and determined by the Executive Officer upon the sale of the Metro Headquarters Building Bonds as provided in and pursuant to Section 401 hereof.

**Section 203. Denominations; Dating; Interest Accrual; Computation of Interest; Payments Due on Holidays; Book-Entry System; Form of Bonds.**

**(a) Denominations, Numbering and Dating.** The Metro Headquarters Building Bonds shall be issued in Authorized Denominations. Each Metro Headquarters Building Bond shall be dated as of the first day of the month in which such bonds are issued. Each Metro Headquarters Building Bond also shall bear its date of authentication as noted thereon by the Trustee and shall be numbered consecutively in the order in which it is authenticated by the Trustee.

**(b) Interest Accrual.** Each Metro Headquarters Building Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication:

(i) is an Interest Payment Date to which interest on such Metro Headquarters Building Bond has been paid, in which event such Metro Headquarters Building Bond shall bear interest from its date of authentication; or

(ii) is prior to the first Interest Payment Date for the Metro Headquarters Building Bond, in which event, such Metro Headquarters Building Bond shall bear interest from its date.

**(c) Payments Due on Holidays.** Interest on the Metro Headquarters Building Bonds shall be due and payable on each Interest Payment Date for such bonds; *provided that* whenever a payment of principal of, premium (if any) or interest on a Metro Headquarters Building Bond is due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same force and effect as if made on the stated due date.

**(d) Computation of Interest.** Interest on the Metro Headquarters Building Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

**(e) Method of Payment.** Payments of interest on the Metro Headquarters Building Bonds shall be made to the registered Owners thereof (as determined at the close of business on the Record Date next preceding the related Interest Payment Date) by Wire Transfer (if requested in writing of the Trustee by an Owner of not less than \$1,000,000 aggregate principal amount of Metro Headquarters Building Bonds not less than five days prior to the applicable Interest Payment Date) or by check or draft mailed on the Interest Payment Date to the address of each such Owner as it appears on the registration books of the Issuer maintained by the Trustee as Bond Registrar, or to such other address as may be furnished in writing to the Trustee prior to the applicable Record Date by such registered Owner.

Payment of the principal of and redemption premium (if any) on the Metro Headquarters Building Bonds shall be made only upon presentation and surrender of such Metro Headquarters Building Bonds on or after the maturity or redemption date, as appropriate, at the principal corporate trust office of the Trustee.

**(f) Provisions for Book-Entry System.** The Metro Headquarters Building Bonds will be subject to a Book-Entry System of ownership and transfer, except as provided in (iii) below. The general provisions for effecting such Book-Entry System are as follows:

(i) The Issuer hereby designates The Depository Trust Company, New York, New York, as the initial Securities Depository hereunder.

(ii) Notwithstanding the provisions regarding exchange and transfer of Metro Headquarters Building Bonds under the Master Ordinance, the Metro Headquarters Building Bonds shall initially be evidenced by one certificate for each maturity (including one certificate for each principal amount due pursuant to a Mandatory Redemption Schedule), in an amount equal to the aggregate principal amount thereof. The Metro Headquarters Building Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The Metro Headquarters Building Bonds may not thereafter be transferred or exchanged on the registration books of the Issuer held by the Trustee as Bond Registrar except:

(A) to any successor Securities Depository designated pursuant to (iii) below;

(B) to any successor nominee designated by a Securities Depository; or

(C) if the Issuer shall, by resolution, elect to discontinue the Book-Entry System pursuant to (iii) below, the Issuer will cause the Trustee to authenticate and deliver replacement Metro Headquarters Building Bonds in fully registered form in Authorized Denominations in the names of the beneficial Owners or their nominees; thereafter the provisions of the Master Ordinance regarding registration, transfer and exchange of Metro Headquarters Building Bonds shall apply.

(iii) Upon the resignation of any institution acting as Securities Depository hereunder, or if the Issuer determines that continuation of any institution in the role of Securities Depository is not in the best interests of the Beneficial Owners, the Issuer will attempt to identify another institution qualified to act as Securities Depository hereunder or will discontinue the Book-Entry System by resolution. If the Issuer is unable to identify such successor Securities Depository prior to the effective date of the resignation, the Issuer shall discontinue the Book-Entry System, as provided in (ii)(C) above.

(iv) So long as the Book-Entry System is used for the Metro Headquarters Building Bonds, the Trustee will give any notice of redemption or any other notices required to be given to Owners of Metro Headquarters Building Bonds only to the Securities Depository or its nominee registered as the Owner thereof. Any failure of the Securities Depository to advise any of its Participants, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Metro Headquarters Building Bonds called for redemption or of any other action premised on such notice. Neither the Issuer nor the Trustee is responsible or liable for the failure of the Securities Depository or any Participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Metro Headquarters Building Bonds or any error or delay relating thereto.

(g) **Form of Bonds.** The Metro Headquarters Building Bonds shall be issued in substantially the form attached hereto as the Bond Form Appendix but with such appropriate modifications, changes, additions and deletions as may be necessary or appropriate and not inconsistent with the provisions of this 1991 Supplemental Ordinance or applicable law.

#### **Section 204. Redemption Provisions.**

(a) **Redemption Pursuant to Mandatory Redemption Schedule(s).** The Metro Headquarters Building Bonds issued as Term Bonds shall be subject to mandatory redemption prior to maturity in such principal amounts and on such Mandatory Redemption Dates as shall be established pursuant to the applicable Mandatory Redemption Schedule, any such redemption to be at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon through the date fixed for redemption thereof. The principal amount of Metro Headquarters Building Bonds required to be redeemed pursuant to this Section on any particular date

is herein called the "Mandatory Redemption Amount" for such date; and "Mandatory Redemption Date" shall mean the Interest Payment Date(s) in each calendar year as shall be selected by the Executive Officer pursuant to Section 401 hereof.

**(b) Optional Redemption.** The Metro Headquarters Building Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, on such dates as shall be established and determined by the Executive Officer upon the sale thereof as provided in Section 401 hereof, any such redemption to be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon through the date fixed for redemption thereof plus any applicable premium as may be established and determined by the Executive Officer upon the sale thereof as provided in Section 401 hereof.

### **ARTICLE III DEPOSIT AND APPLICATION OF BOND PROCEEDS; ESTABLISHMENT AND OPERATION OF ACCOUNTS**

**Section 301. Establishment of Accounts; Purpose.** There are hereby established with the Trustee the following accounts:

(i) the Metro Headquarters Building Construction Account, which shall be a special subaccount of the Construction Account;

(ii) the Metro Headquarters Building Acquisition Account, which shall be a special subaccount of the Construction Account;

(iii) the Metro Headquarters Building Reserve Account, which shall be a special subaccount of the Reserve Account;

(iv) the Metro Headquarters Building Debt Service Account, which shall be a special subaccount of the Debt Service Account; and

(v) the Metro Headquarters Building Rebate Account, which shall be a special subaccount of the Rebate Account.

The foregoing special subaccounts of the Construction Account, the Debt Service Account, the Reserve Account and the Rebate Account are being created in connection with the issuance and sale of the Metro Headquarters Building Bonds solely to facilitate the compliance by the Issuer with the provisions of Section 507 of the Master Ordinance with respect to the Metro Headquarters Building Bonds. Neither the creation, existence nor deposit or retention of any funds in such subaccounts is intended to confer on the Owners of the Metro Headquarters Building Bonds any privilege, priority, preference, superior right or special security of any kind whatsoever in or with respect to such subaccounts or funds held therein not enjoyed by the Owners of other Bonds of any Series hereafter issued. The moneys on deposit from time to time in the Metro Headquarters Building Reserve Account, the Metro Headquarters Building Debt Service Account, the Metro Headquarters Building Rebate Account, and the Metro Headquarters Building Construction Account shall be used, applied and invested in the manner and subject to the conditions and limitations set forth in the Master Ordinance with respect to moneys on deposit in the Accounts of which such subaccounts are a part.

In addition, there is hereby created as a subaccount of the General Revenue Bond Fund the Metro Headquarters Building Renewal and Replacement Account (the "Renewal and Replacement Account"), which account shall be held by the Issuer and used and applied as provided herein.

**Section 302. Use of Metro Headquarters Building Bond Proceeds.** The proceeds of sale of the Metro Headquarters Building Bonds shall, as soon as practicable upon the delivery thereof to the Trustee, be applied as follows:

(a) an amount equal to the accrued interest paid by the initial purchasers of the Metro Headquarters Building Bonds shall be deposited in the Metro Headquarters Building Debt Service Account;

(b) an amount equal to the Reserve Requirement shall be deposited in the Metro Headquarters Building Reserve Account; *provided that*, if so determined by the Executive Officer pursuant to Section 401 hereof, in lieu of funding the Reserve Requirement in full out of the proceeds of the Metro Headquarters Building Bonds, the Reserve Requirement may be met in whole or in part by means of a Credit Facility provided to the Trustee on the date of issuance of the Metro Headquarters Building Bonds, and in such event an amount of the Metro Headquarters Building Bond proceeds sufficient to pay the cost of acquiring such Credit Facility shall be promptly applied by the Trustee to the payment of such costs as directed in writing by the Issuer and if such Credit Facility is not sufficient to fully satisfy the Reserve Requirement, then proceeds of the Metro Headquarters Building Bonds shall be deposited by the Trustee in the Metro Headquarters Building Reserve Account in an amount which, when added to the amount available to be drawn by the Trustee under such Credit Facility, shall equal the Reserve Requirement;

(c) such amount as shall be specified by the Issuer in writing to the Trustee upon the date of issuance and delivery of the Metro Headquarters Building Bonds shall be deposited in the Metro Headquarters Building Acquisition Account and disbursed in accordance with the terms of the Master Ordinance to pay the costs of the Metro Headquarters Building that relate to the acquisition of such facility; and

(d) the balance shall be deposited in the Metro Headquarters Building Construction Account and disbursed in accordance with the terms of the Master Ordinance to pay the costs of the Metro Headquarters Building including but not limited to interest on the Metro Headquarters Building Bonds during the period of renovation and for such period of time thereafter as the Issuer shall determine; *provided that* if, for any reason, the moneys so deposited in the Metro Headquarters Building Construction Account (including the investment earnings thereon) are not fully expended for the payment of the costs of the Metro Headquarters Building or interest on the Metro Headquarters Building Bonds as aforesaid, then and in such event the Issuer may apply such moneys and investment earnings to any lawful purpose so long as the Issuer first causes to be delivered to the Trustee an opinion of Bond Counsel to the effect that such application will not adversely affect the excludability from gross income for federal income tax purposes of the interest on the Metro Headquarters Building Bonds.

**Section 303. Funding and Use of Renewal and Replacement Account.** On the date of issuance of the Metro Headquarters Building Bonds, the Issuer shall cause to be deposited in the Renewal and Replacement Account such amount as it shall deem necessary or appropriate for the intended purposes and uses of such Account. Thereafter, the Issuer may cause to be deposited in the Renewal and Replacement Account such additional sums of money as it shall deem necessary or appropriate, such additional deposits to be made from any lawfully available source of funds including but not limited to funds collected pursuant to Section 501(a)(iv) of the Master Ordinance as part of the Total Assessments made with respect to the Metro Headquarters Building Bonds.

Amounts in the Renewal and Replacement Account shall be applied to the payment of capital expenditures



deemed necessary or appropriate by the Issuer to or in connection with the Metro Headquarters Building, including but not limited the payment of any item that would have been an appropriate charge against the Metro Headquarters Building Construction Account with respect to the initial acquisition, rehabilitation and furnishing of the Metro Headquarters Building. In addition to the foregoing, amounts in the Renewal and Replacement Fund shall be used for making payments into the Debt Service Account when the moneys in the Debt Service Account and the moneys in the Reserve Account are insufficient to pay when due the amounts owing under the Metro Headquarters Building Bonds.

The investment income on all moneys on deposit from time to time in the Renewal and Replacement Account shall be retained in such Account and used and applied in the same manner as other moneys on deposit therein are required to be used and applied under this Section.

If, at any time and from time to time, the Issuer shall determine that the amounts on deposit in the Renewal and Replacement Account are in excess of the amounts necessary or appropriate for the intended uses and purposes thereof, such excess may, at the discretion of the Issuer, be withdrawn from such account and used and applied for any lawful purpose.

**Section 304. Investment of Moneys in Accounts.** All moneys on deposit from time to time in the Accounts established pursuant to this 1991 Supplemental Ordinance shall be invested in such Permitted Investments as the Authorized Issuer Representative shall specify in writing from time to time to the Trustee.

## **ARTICLE IV MISCELLANEOUS**

**Section 401. Sale of Metro Headquarters Building Bonds; Authorization of Other Acts.** The Metro Headquarters Building Bonds shall be sold in a negotiated sale to the Underwriter as provided in this Section 401. The Executive Officer of the Issuer is hereby authorized, empowered and directed, for and on behalf of the Issuer, to determine and establish the following terms of and other matters relating to the Metro Headquarters Building Bonds subject to the limitations set forth below:

(a) the aggregate principal amount of the Metro Headquarters Building Bonds, provided that in no event shall the aggregate principal amount of the Metro Headquarters Building Bonds exceed the sum of \$25,000,000;

(b) the aggregate principal amount of Metro Headquarters Building Bonds to be issued as Term Bonds and the maturity date or dates of such Term Bonds;

(c) the aggregate principal amount of Metro Headquarters Building Bonds to be issued as Serial Bonds and the maturity dates of such Serial Bonds;

(d) the Mandatory Redemption Schedule(s) and the related Mandatory Redemption Dates for the Metro Headquarters Building Bonds to be issued as Term Bonds;

(e) the rates of interest to be applicable to the Metro Headquarters Building Bonds of each maturity;

(f) the first Interest Payment Date for the Metro Headquarters Building Bonds; and

(g) the price at which the Metro Headquarters Building Bonds are to be sold to the Underwriter;

The Executive Officer of the Issuer is further authorized, empowered and directed, for and on behalf of the Issuer, to determine whether the Reserve Requirement shall be met in whole or in part by means of a Credit Facility and to determine and establish such other terms of and other matters relating to the Metro Headquarters Building Bonds as may be necessary or appropriate and not in conflict with the provisions of the Master Ordinance, this 1991 Supplemental Ordinance or applicable law.

The authority of the Executive Officer of the Issuer to determine and establish the terms of and other matters relating to the Metro Headquarters Building Bonds as provided in this Section shall be exercised by setting forth such terms and other matters as so determined and established in a certificate executed and delivered by the Executive Officer on or prior to the date of issuance and delivery of the Metro Headquarters Building Bonds.

The Contract of Purchase between the Issuer and the Underwriter relating to the Metro Headquarters Building Bonds in substantially the form submitted to the Council of the Issuer in connection with the enactment of this 1991 Supplemental Ordinance is hereby approved. The Executive Officer, the Deputy Executive Officer and the Director of Finance and Management Information of the Issuer, and any one of them, are each hereby authorized, empowered and directed, for and on behalf of the Issuer:

(i) to execute and deliver such Contract of Purchase in substantially the form approved hereby but with such changes, additions and deletions as may be necessary or appropriate and not inconsistent with the terms of this 1991 Supplemental Ordinance or applicable law;

(ii) to execute and deliver such other documents, instruments, certificates and agreements as may be necessary or appropriate to carry out and consummate the transactions contemplated by this 1991 Supplemental Ordinance; and

(iii) to do and perform all other acts and things necessary or appropriate to carry out and consummate the transactions contemplated by this 1991 Supplemental Ordinance.

The distribution by the Underwriters of a preliminary and a final Official Statement describing the Metro Headquarters Building Bonds and matters pertaining thereto is authorized and/or ratified in all respects and the Executive Officer is hereby authorized to sign and deliver such preliminary and final Official Statements to the Underwriter.

**Section 402. Special Tax Covenant Relating to the User Contract.** The Issuer hereby covenants and agrees that so long as any Metro Headquarters Building Bonds are Outstanding, it will not enter into any User Contract (howsoever designated) or any other agreement relating to the Metro Headquarters Building having such terms and provisions as to cause the interest on the Metro Headquarters Building Bonds to be or become includable for federal income tax purposes in the gross incomes of the Owners thereof. Prior to entering into any User Contract, the Issuer shall first file with the Trustee an Opinion of Bond Counsel with respect thereto.

**Section 403. Governing Law.** This 1991 Supplemental Ordinance shall be interpreted governed by and construed under the laws of the State of Oregon, including the Act, as if executed and to be performed wholly within the State of Oregon.

**Section 404. Headings Not Binding.** The headings in this 1991 Supplemental Ordinance are for

convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this 1991 Supplemental Ordinance.

**Section 405. Effectiveness of This Ordinance.** This 1991 Supplemental Ordinance shall, except as otherwise provided by law, become effective immediately upon enactment.

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## Certification of Ordinance

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*The undersigned do hereby certify that we are the duly elected or appointed, qualified and acting Presiding Officer of the Council, Clerk of the Council and Executive Officer of the Metropolitan Service District, Counties of Multnomah, Clackamas and Washington, State of Oregon; that the foregoing is a true and complete copy of Ordinance No. 91-440 as enacted by the Council of said district at a regular meeting duly called and held in accordance with law on December 12, 1991; and that the following Councilors voted in favor of said Ordinance:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*the following Councilors voted against said Ordinance:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*and the following Councilors abstained from voting on said Ordinance:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*In witness whereof, the undersigned have hereunto set their hands as of this \_\_\_\_\_ day of \_\_\_\_\_, 1991.*

\_\_\_\_\_  
*Presiding Officer of the Council*

\_\_\_\_\_  
*Clerk of the Council*

*The undersigned Executive Officer hereby certifies that the foregoing Ordinance has not been vetoed.*

\_\_\_\_\_  
*Rena Cusma, Executive Officer*

*Date: \_\_\_\_\_, 1991*

## EXHIBIT A

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### REQUISITION CERTIFICATE

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**TO:** First Interstate Bank of Oregon, N.A., Trustee

**FROM:** Metropolitan Service District (the "Issuer")

**SUBJECT:** \$\_\_\_\_\_ Metropolitan Service District General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A

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This represents Requisition Certificate No. \_\_\_\_\_ in the total amount of \$\_\_\_\_\_ for the disbursement of funds from the Metro Headquarters Building Construction Account established established with the Trustee pursuant to Issuer's Ordinance No. 91-440, the funds so disbursed to be used to pay those costs of the Metro Headquarters Building detailed in the schedule attached or to pay interest on the Metro Headquarters Building Bonds as specified in the attached schedule.

The undersigned does certify that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Metro Headquarters Building Construction Account for the subject Metro Headquarters Building Bond issue, have not been included in a previous requisition and have been properly recorded on the Issuer's books. The expenditures for which moneys are hereby requisitioned are set forth in the schedule attached hereto, which schedule sets forth the name and address of the person, firm or corporation to whom payment is due or to whom a reimbursable advance, if any, has been made.

2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Issuer for its funds actually advanced for costs of the Metro Headquarters Building.

3. All of the funds being requisitioned are being used in a manner which will not cause the interest on the Metro Headquarters Building Bonds to be or become includable for federal income tax purposes in the gross incomes of the Owners thereof.

Executed this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

**Metropolitan Service District**

By: \_\_\_\_\_  
Authorized Issuer Representative

**Bond Form Appendix  
to  
Ordinance No. 91-440**

\$ \_\_\_\_\_

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**METROPOLITAN SERVICE DISTRICT  
GENERAL REVENUE BONDS  
(Metro Headquarters Building Project)  
1991 SERIES A**

ORIGINAL ISSUE DATE  
December 1, 1991

MATURITY DATE

INTEREST RATE  
%

CUSIP

**REGISTERED OWNER:**

\*\*\*\*\*

\*\*\*\*\*

**PRINCIPAL AMOUNT:**

\*\*\*\*\*

\*\*\*\*\*

**DOLLARS**

The Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon (the "Issuer"), for value received hereby promises to pay (but only from the sources hereinafter provided and not otherwise) to the Registered Owner of this Bond (the "Owner") the Principal Amount specified above on the Maturity Date specified above together with interest on said Principal Amount at the Interest Rate *per annum* set forth above, with all accrued and unpaid interest being due and payable on January 1 and July 1 of each year, commencing July 1, 1992. This Bond is one of an authorized series of Bonds (the "1991 Series A Bonds") being issued pursuant to the provisions of Chapter 268 of the Oregon Revised Statutes, as amended, and certain other provisions of the laws of the State of Oregon (the "Act"), Ordinance No. 91-439 (the "Master Ordinance"), and Ordinance No. 91-440 (the "Supplemental Ordinance" and, together with the Master Ordinance being herein called the "Ordinance"). All terms used in this Bond but not otherwise defined herein shall have the respective meanings assigned thereto in the Ordinance.

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the 1991 Series A Bonds issued pursuant to the Ordinance.

**FIRST INTERSTATE BANK OF OREGON, N.A.**  
as Trustee

By: \_\_\_\_\_  
Its Authorized Officer

Date of Authentication: \_\_\_\_\_

**THE TERMS AND CONDITIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF, WHICH CONTINUED TERMS AND CONDITIONS SHALL HAVE THE SAME EFFECT AS IF PRINTED ABOVE.**

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State of Oregon and the Ordinance to have happened, to exist and to have been performed precedent to and in the issuance of this Bond and the 1991 Series A Bonds do exist, have happened and have been performed in regular and due time, form and manner as required by said Constitution, laws and Ordinance; that this Bond and the 1991 Series A Bonds do not exceed any constitutional or statutory limitation or indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the 1991 Series A Bonds as provided in the Ordinance.

This Bond shall not be valid or become obligatory for any purpose unless and until it has been authenticated in the space provided below by a duly Authorized Officer of the Trustee.

**IN WITNESS WHEREOF, THE METROPOLITAN SERVICE DISTRICT** has caused this Bond to be signed by means of the manual or facsimile signatures of its Presiding Officer and Executive Officer, all as of the Original Issue Date set forth above.

**METROPOLITAN SERVICE DISTRICT**

Presiding Officer

Executive Officer

This Bond and the rights of the Owner are in all respects subject to and governed by the Ordinance, and the Owner, by acceptance of this Bond, assents to and agrees to be bound by all terms and provisions set forth in the Ordinance.

The proceeds of the 1991 Series A Bonds will be used to: (1) finance the Issuer's acquisition, renovation and furnishing of a building and a related parking facility in Portland, Oregon; (2) make a deposit to the Metro Headquarters Building Debt Service Account; (3) make a deposit to the Metro Headquarters Building Reserve Account established under the Supplemental Ordinance (the "Reserve Account") in an amount equal to the Reserve Requirement; and (4) pay certain Costs of Issuance incurred in connection with the issuance and sale of the 1991 Series A Bonds. The 1991 Series A Bonds, together with any Additional Bonds hereafter issued under the Master Ordinance, are equally and ratably secured by a pledge of the Trust Estate, which includes a pledge of the moneys and investments on deposit in the Construction Account, the Debt Service Account and the Reserve Account. The 1991 Series A Bonds are not in any manner or to any extent a general obligation of the Issuer. The Owners of the 1991 Series A Bonds cannot compel the Issuer to levy any taxes for the purpose of paying any amounts owing under the 1991 Series A Bonds. The 1991 Series A Bonds are payable solely and only out of the Revenues and Available Funds, as provided in the Ordinance.

The 1991 Series A Bonds are subject to mandatory and optional redemption prior to maturity only as provided in the Ordinance.

The 1991 Series A Bonds are issuable as fully registered Bonds without coupons as provided for in the Ordinance. This Bond is transferable by the Owner as provided for in the Ordinance.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, any of the 1991 Series A Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Ordinance against any past, present or future councilor, officer, employee or agent of the Issuer, or any successor, under any rule of law of equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such councilor, officer, employee or agent as such is hereby expressly waived and released as a condition of, and in consideration for, the issuance of this Bond.

The Owner shall have no right to enforce the provisions of the Ordinance or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Ordinance, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Ordinance. If an Event of Default (as defined in the Ordinance) occurs, the principal of all 1991 Series A Bonds then outstanding under the Ordinance may be declared due and payable upon the conditions and in the manner and with the effect provided in the Ordinance.

The Issuer, the Trustee and any paying agent of the Issuer or the Trustee may treat the person in whose name this Bond is registered as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and neither the Issuer, the Trustee nor any paying agent shall be affected by notice to the contrary.

The Ordinance prescribes the manner in which it may be discharged, including a provision that the 1991 Series A Bonds shall be deemed to be paid if cash and/or Government Obligations (as defined in the Ordinance) maturing as to principal and interest in such amounts and at such times as will be such to insure the availability of sufficient moneys to pay the principal of, and premium, if any, and interest on, the 1991 Series A Bonds shall have been deposited with the Trustee, after which the 1991 Series A Bonds shall no longer be secured by or entitled to the benefits of the Ordinance, except for the purposes of registration and exchange of 1991 Series A Bonds and of payment from such source.

Reference is hereby made to the Ordinance, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Trustee and the Owners of the 1991 Series A Bonds, the terms upon which the 1991 Series A Bonds are issued and secured, the security for the 1991 Series A Bonds, the modification, amendment or supplementation of the Ordinance, and other matters, to all of which the Owner assents by the acceptance of this Bond.

Modifications and alterations of the Ordinance or of any supplements thereto may be made only to the extent and in the circumstances permitted by the Ordinance.

#### ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_

(please insert social security or other tax identification number of assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Date: \_\_\_\_\_

Note: the signature(s) must correspond with the name(s) as written on the face of this Bond in every particular without enlargement, alteration or any change whatsoever.

Signature Guarantees: \_\_\_\_\_

(Bank, Trust Company or NYSE Firm)

(Authorized Officer)



Final Draft  
Tuesday, December 3, 1991

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# Ordinance No. 91-440

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## The Council of the Metropolitan Service District

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An ordinance enacted as a Supplemental Ordinance to Ordinance No. 91-439; establishing a plan for financing the Metro Headquarters Building; authorizing the issuance of the Metro Headquarters Building Bonds for such purpose; and establishing and determining other matters in connection therewith.

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Enacted on December 12, 1991

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*Prepared by:*

*Stoel Rives Boley Jones & Grey,  
Bond Counsel*

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# Table of Contents

*[Note: This Table of Contents is provided solely for the convenience of the reader and does not constitute a part of this Ordinance.]*

## Section A. Findings.

### ARTICLE I DEFINITIONS

|   |   |
|---|---|
| Section 101. Terms Defined in Master Ordinance; Conflicting Definitions. .... | 2 |
| Section 102. Definitions. ....  | 2 |

### ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF METRO HEADQUARTERS BUILDING BONDS

|  |   |
|--|---|
| Section 201. Authorization of Metro Headquarters Building Bonds; Limited Obligations. ....   | 4 |
| (a) Principal Amount. ....   | 4 |
| (b) Limited Obligations. ....  | 4 |
| (c) Tax-Exempt Obligations. ....   | 4 |
| Section 202. Interest Rates, Maturity Dates, Serial Bonds, Term Bonds and Mandatory Redemption Schedules for the Metro Headquarters Building Bonds. .... | 4 |
| Section 203. Denominations; Dating; Interest Accrual; Computation of Interest; Payments Due on Holidays; Book-Entry System; Form of Bonds. ....          | 5 |
| (a) Denominations, Numbering and Dating. ....  | 5 |
| (b) Interest Accrual. ....   | 5 |
| (c) Payments Due on Holidays. ....   | 5 |
| (d) Computation of Interest. ....  | 5 |
| (e) Method of Payment. ....  | 5 |
| (f) Provisions for Book-Entry System. ....   | 5 |
| (g) Form of Bonds. ....  | 6 |
| Section 204. Redemption Provisions. ....   | 6 |
| (a) Redemption Pursuant to Mandatory Redemption Schedule(s). ....  | 6 |
| (b) Optional Redemption. ....  | 7 |

### ARTICLE III DEPOSIT AND APPLICATION OF BOND PROCEEDS; ESTABLISHMENT AND OPERATION OF ACCOUNTS

|   |   |
|---|---|
| Section 301. Establishment of Accounts; Purpose. ....                 | 7 |
| Section 302. Use of Metro Headquarters Building Bond Proceeds. ....   | 8 |
| Section 303. Funding and Use of Renewal and Replacement Account. .... | 8 |
| Section 304. Investment of Moneys in Accounts. ....                   | 9 |

**ARTICLE IV  
MISCELLANEOUS**

|  |           |
|--|-----------|
| <b>Section 401. Sale of Metro Headquarters Building Bonds; Authorization of Other Acts. ....</b> | <b>9</b>  |
| <b>Section 402. Special Tax Covenant Relating to the User Contract. ....</b>                     | <b>10</b> |
| <b>Section 403. Governing Law. ....</b>  | <b>10</b> |
| <b>Section 404. Headings Not Binding. ....</b>   | <b>10</b> |
| <b>Section 405. Effectiveness of This Ordinance ....</b>   | <b>11</b> |

**Metropolitan Service District**  
Counties of Multnomah, Clackamas and Washington  
State of Oregon

**Ordinance No. 91-440**

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**An ordinance enacted as a Supplemental Ordinance to Ordinance No. 91-439; establishing a plan for financing the Metro Headquarters Building; authorizing the issuance of the Metro Headquarters Building Bonds for such purpose; and establishing and determining other matters in connection therewith.**

---

**Be it enacted by the Council of the Metropolitan Service District:**

**Section A. Findings.** The Council (the "Council") of the Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon (the "Issuer"), hereby finds and determines as follows:

(a) Pursuant to and in accordance with the provisions of Oregon Revised Statutes Chapter 268 and related provisions of the Oregon Revised Statutes, the Issuer is responsible for various regional governmental functions and operations.

(b) In order to meet the present and continuing needs of the Issuer to carry out the duties, functions and operations which are now or which may hereafter become its responsibility or within its powers, it is and will be necessary to borrow money for the purposes of financing the operations of the Issuer and the acquisition, construction, renovation, furnishing and equipping of the facilities necessary or appropriate in connection with such operations. Pursuant to the provisions of the Act (as defined herein) and other applicable provisions of law, the Issuer is authorized, without voter approval, to issue and sell from time to time revenue bonds for the purpose of carrying into effect all or any of the powers granted to it.

(c) The Issuer has enacted Ordinance No. 91-439 (the "Master Ordinance") in order to establish a plan for financing from time to time the operations of the Issuer and the acquisition, construction, renovation, furnishing and equipping of the facilities necessary or appropriate in connection with such operations, as well as for any other lawful purpose for which the Issuer is now or may hereafter be authorized to issue Bonds of the character provided for in the Master Ordinance.

(d) In order to finance the acquisition and renovation of a headquarters buildings and related facilities to

serve as the central office facilities for the Issuer's personnel, the Issuer has determined to issue pursuant to and as authorized by the Act its General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A (the "Metro Headquarters Building Bonds") in an aggregate principal amount of not to exceed \$25,000,000, and is enacting this Ordinance No. 91-440 (the "1991 Supplemental Ordinance") to establish and determine the terms and conditions of the Metro Headquarters Building Bonds, to secure the repayment of the Metro Headquarters Building Bonds and to set forth, establish and determine other matters relevant to the Metro Headquarters Building Bonds.

## **ARTICLE I DEFINITIONS**

**Section 101. Terms Defined in Master Ordinance; Conflicting Definitions.** All terms used herein and not otherwise defined herein shall have the same meanings assigned thereto in the Master Ordinance. In the event of any conflict between the definition of a term as set forth in the Master Ordinance and the definition of that same term as set forth herein, then unless the Master Ordinance expressly allows the definition of such term to be controlled or varied by a Supplemental Ordinance or unless otherwise expressly provided herein, the definition of such term as set forth in the Master Ordinance shall govern and control for all purposes of this 1991 Supplemental Ordinance.

**Section 102. Definitions.** As used in this 1991 Supplemental Ordinance, the following terms shall have the respective meanings set forth below:

**"Act"** when used in the context of the legal authority under and pursuant to which the Metro Headquarters Building Bonds are issued, means ORS Chapter 268, as amended.

**"Authorized Denomination"** means, with respect to the Metro Headquarters Building Bonds, \$5,000 or any integral multiple thereof.

**"Beneficial Owners"** shall mean, whenever used with respect to a Metro Headquarters Building Bond, the person or entity in whose name such Metro Headquarters Building Bond is recorded as the beneficial owner of such Metro Headquarters Building Bond by a Participant on the records of such Participant pursuant to the arrangements for book-entry determination of ownership applicable to the Securities Depository.

**"Bond Registrar"** means, with respect to the Metro Headquarters Building Bonds, the Trustee.

**"Book-Entry System"** shall mean that system whereby the clearance and settlement of securities transactions is made through electronic book-entry changes, thereby eliminating the need of physical movement of securities.

**"Business Day"** means, with respect to the Metro Headquarters Building Bonds, any day which is not a Saturday, Sunday or holiday or day upon which the principal corporate trust office of the Trustee is closed.

**"Cede & Co."** shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with

respect to the Metro Headquarters Building Bonds.

**"DTC"** shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

**"Interest Payment Date(s)"** means, with respect to the Metro Headquarters Building Bonds, each January 1 and July 1 of each year, commencing with the first such date following the issuance of such bonds or, if so determined by the Executive Officer pursuant to the authority conferred thereon pursuant to Section 401 hereof, the second such date following the date of issuance of such bonds.

**"Mandatory Redemption Amount"** shall have the meaning assigned thereto in Section 204(a) hereof.

**"Mandatory Redemption Date(s)"** shall have the meaning assigned thereto in Section 204(a) hereof.

**"Mandatory Redemption Schedule"** means, with respect to the Metro Headquarters Building Bonds issued hereunder as Term Bonds, the mandatory redemption schedule established and determined therefor by the Executive Officer pursuant to the authority conferred thereon under Section 401 hereof.

**"Metro Headquarters Building"** means the building and related facilities situated on the site located at 524 NE Grand, Portland, Oregon to be owned by the Issuer, such building and facilities being formerly known as the Sears Building.

**"Metro Headquarters Building Bonds"** means the Issuer's General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A authorized to be issued and sold under this 1991 Supplemental Ordinance in an aggregate principal amount of not to exceed \$25,000,000, together with any Completion Bonds issued pursuant to the Master Ordinance for the purpose of financing any Capital Costs of the Metro Headquarters Building.

**"Participant"** shall mean a broker-dealer, bank or other financial institution for which DTC holds Metro Headquarters Building Bonds as Securities Depository.

**"Paying Agent"** means, with respect to the Metro Headquarters Building Bonds, the Trustee.

**"Renewal and Replacement Account"** means the subaccount of the General Revenue Bond Fund created pursuant to Section 301 hereof.

**"Requisition Certificate"** means, with respect to the Metro Headquarters Building Bonds, a certificate substantially in the form of Exhibit A attached hereto, but with such variations, deletions, insertions and other changes as may be deemed necessary or appropriate by the Executive Officer.

**"Securities Depository"** shall mean, initially, The Depository Trust Company, New York, New York, and its successors and replacement securities depository appointed hereunder.

**"Underwriter"** means PaineWebber Incorporated.

**"User Contract"** means, at any particular time, any agreement(s) (whether styled as a lease, license, management agreement, use agreement or otherwise) then in effect between the Issuer and any User pursuant to which the User undertakes to use, operate or manage all or any portion of the Metro Headquarters Building either for the benefit of such User or for the benefit of any person or entity other than a state or political subdivision or an

agency or instrumentality thereof.

"User" means any person or entity that is a party to a User Contract entered into with the Issuer with respect to the Metro Headquarters Building.

## **ARTICLE II AUTHORIZATION, ISSUANCE AND PROVISIONS OF METRO HEADQUARTERS BUILDING BONDS**

### **Section 201. Authorization of Metro Headquarters Building Bonds; Limited Obligations.**

(a) **Principal Amount.** The Metro Headquarters Building Bonds are hereby authorized to be issued in an aggregate principal amount not to exceed \$25,000,000 for the purposes enumerated in the recitals hereto; *provided that*, for purposes of the foregoing, in the event any Metro Headquarters Building Bonds are issued and sold at an original issue discount, such original issue discount shall not, for purposes of the amount of Metro Headquarters Building Bonds authorized to be issued hereunder, be deemed to be a part of the principal amount thereof, it being the intent hereof that the stated principal amount of the Metro Headquarters Building Bonds less any such original issue discount shall not exceed \$25,000,000. The Metro Headquarters Building Bonds shall be issued in a single series, such series to be designated "Metropolitan Service District General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A".

(b) **Limited Obligations.** The Metro Headquarters Building Bonds and all obligations of the Issuer under or with respect to the Metro Headquarters Building Bonds and this 1991 Supplemental Ordinance shall be and remain limited obligations of the Issuer payable solely and only out of the Revenues and Available Funds and secured by a pledge of and lien on the Trust Estate, all as provided in the Master Ordinance. No recourse shall be had against any properties, funds or assets of the Issuer (other than the Revenues, the Available Funds and the Trust Estate) for the payment of any amounts owing under or with respect to the Metro Headquarters Building Bonds or this 1991 Supplemental Ordinance. Neither the Metro Headquarters Building Bonds, this 1991 Supplemental Ordinance nor the obligations of the Issuer under or with respect thereto constitute or create a general obligation indebtedness of the Issuer within the meaning of any constitutional or statutory debt limitation.

(c) **Tax-Exempt Obligations.** The Metro Headquarters Building Bonds are issued as, and are intended to be, Tax-Exempt Obligations.

**Section 202. Interest Rates, Maturity Dates, Serial Bonds, Term Bonds and Mandatory Redemption Schedules for the Metro Headquarters Building Bonds.** The Metro Headquarters Building Bonds shall bear interest at such rate or rates and mature on such dates and in such principal amounts as shall be established and determined by the Executive Officer upon the sale thereof as provided in and pursuant to Section 401 hereof; *provided that* in no event shall the final maturity date of the Metro Headquarters Building Bonds be later than July 1, 2022. The aggregate principal amounts of the Metro Headquarters Building Bonds to be issued as Term Bonds and Serial Bonds and the Mandatory Redemption Schedule for the Metro Headquarters Building Bonds issued as Term Bonds shall be established and determined by the Executive Officer upon the sale of the Metro Headquarters Building Bonds as provided in and pursuant to Section 401 hereof.

**Section 203. Denominations; Dating; Interest Accrual; Computation of Interest; Payments Due on Holidays; Book-Entry System; Form of Bonds.**

**(a) Denominations, Numbering and Dating.** The Metro Headquarters Building Bonds shall be issued in Authorized Denominations. Each Metro Headquarters Building Bond shall be dated as of the first day of the month in which such bonds are issued. Each Metro Headquarters Building Bond also shall bear its date of authentication as noted thereon by the Trustee and shall be numbered consecutively in the order in which it is authenticated by the Trustee.

**(b) Interest Accrual.** Each Metro Headquarters Building Bond shall bear interest from the Interest Payment Date to which interest has been paid next preceding the date of its authentication, unless the date of its authentication:

(i) is an Interest Payment Date to which interest on such Metro Headquarters Building Bond has been paid, in which event such Metro Headquarters Building Bond shall bear interest from its date of authentication; or

(ii) is prior to the first Interest Payment Date for the Metro Headquarters Building Bond, in which event, such Metro Headquarters Building Bond shall bear interest from its date.

**(c) Payments Due on Holidays.** Interest on the Metro Headquarters Building Bonds shall be due and payable on each Interest Payment Date for such bonds; *provided that* whenever a payment of principal of, premium (if any) or interest on a Metro Headquarters Building Bond is due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same force and effect as if made on the stated due date.

**(d) Computation of Interest.** Interest on the Metro Headquarters Building Bonds shall be computed on the basis of a 360-day year of twelve 30-day months.

**(e) Method of Payment.** Payments of interest on the Metro Headquarters Building Bonds shall be made to the registered Owners thereof (as determined at the close of business on the Record Date next preceding the related Interest Payment Date) by Wire Transfer (if requested in writing of the Trustee by an Owner of not less than \$1,000,000 aggregate principal amount of Metro Headquarters Building Bonds not less than five days prior to the applicable Interest Payment Date) or by check or draft mailed on the Interest Payment Date to the address of each such Owner as it appears on the registration books of the Issuer maintained by the Trustee as Bond Registrar, or to such other address as may be furnished in writing to the Trustee prior to the applicable Record Date by such registered Owner.

Payment of the principal of and redemption premium (if any) on the Metro Headquarters Building Bonds shall be made only upon presentation and surrender of such Metro Headquarters Building Bonds on or after the maturity or redemption date, as appropriate, at the principal corporate trust office of the Trustee.

**(f) Provisions for Book-Entry System.** The Metro Headquarters Building Bonds will be subject to a Book-Entry System of ownership and transfer, except as provided in (iii) below. The general provisions for effecting such Book-Entry System are as follows:

(i) The Issuer hereby designates The Depository Trust Company, New York, New York, as the initial Securities Depository hereunder.



(ii) Notwithstanding the provisions regarding exchange and transfer of Metro Headquarters Building Bonds under the Master Ordinance, the Metro Headquarters Building Bonds shall initially be evidenced by one certificate for each maturity (including one certificate for each principal amount due pursuant to a Mandatory Redemption Schedule), in an amount equal to the aggregate principal amount thereof. The Metro Headquarters Building Bonds so initially delivered shall be registered in the name of "Cede & Co." as nominee for The Depository Trust Company. The Metro Headquarters Building Bonds may not thereafter be transferred or exchanged on the registration books of the Issuer held by the Trustee as Bond Registrar except:

(A) to any successor Securities Depository designated pursuant to (iii) below;

(B) to any successor nominee designated by a Securities Depository; or

(C) if the Issuer shall, by resolution, elect to discontinue the Book-Entry System pursuant to (iii) below, the Issuer will cause the Trustee to authenticate and deliver replacement Metro Headquarters Building Bonds in fully registered form in Authorized Denominations in the names of the beneficial Owners or their nominees; thereafter the provisions of the Master Ordinance regarding registration, transfer and exchange of Metro Headquarters Building Bonds shall apply.

(iii) Upon the resignation of any institution acting as Securities Depository hereunder, or if the Issuer determines that continuation of any institution in the role of Securities Depository is not in the best interests of the Beneficial Owners, the Issuer will attempt to identify another institution qualified to act as Securities Depository hereunder or will discontinue the Book-Entry System by resolution. If the Issuer is unable to identify such successor Securities Depository prior to the effective date of the resignation, the Issuer shall discontinue the Book-Entry System, as provided in (ii)(C) above.

(iv) So long as the Book-Entry System is used for the Metro Headquarters Building Bonds, the Trustee will give any notice of redemption or any other notices required to be given to Owners of Metro Headquarters Building Bonds only to the Securities Depository or its nominee registered as the Owner thereof. Any failure of the Securities Depository to advise any of its Participants, or of any Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Metro Headquarters Building Bonds called for redemption or of any other action premised on such notice. Neither the Issuer nor the Trustee is responsible or liable for the failure of the Securities Depository or any Participant thereof to make any payment or give any notice to a Beneficial Owner in respect of the Metro Headquarters Building Bonds or any error or delay relating thereto.

**(g) Form of Bonds.** The Metro Headquarters Building Bonds shall be issued in substantially the form attached hereto as the Bond Form Appendix but with such appropriate modifications, changes, additions and deletions as may be necessary or appropriate and not inconsistent with the provisions of this 1991 Supplemental Ordinance or applicable law.

#### **Section 204. Redemption Provisions.**

**(a) Redemption Pursuant to Mandatory Redemption Schedule(s).** The Metro Headquarters Building Bonds issued as Term Bonds shall be subject to mandatory redemption prior to maturity in such principal amounts and on such Mandatory Redemption Dates as shall be established pursuant to the applicable Mandatory Redemption Schedule, any such redemption to be at a redemption price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon through the date fixed for redemption thereof. The principal amount of Metro Headquarters Building Bonds required to be redeemed pursuant to this Section on any particular date

is herein called the "Mandatory Redemption Amount" for such date; and "Mandatory Redemption Date" shall mean the Interest Payment Date(s) in each calendar year as shall be selected by the Executive Officer pursuant to Section 401 hereof.

**(b) Optional Redemption.** The Metro Headquarters Building Bonds shall be subject to redemption at the option of the Issuer, in whole or in part, on such dates as shall be established and determined by the Executive Officer upon the sale thereof as provided in Section 401 hereof, any such redemption to be at a price equal to 100% of the principal amount to be redeemed plus accrued and unpaid interest thereon through the date fixed for redemption thereof plus any applicable premium as may be established and determined by the Executive Officer upon the sale thereof as provided in Section 401 hereof.

### **ARTICLE III**

## **DEPOSIT AND APPLICATION OF BOND PROCEEDS; ESTABLISHMENT AND OPERATION OF ACCOUNTS**

**Section 301. Establishment of Accounts; Purpose.** There are hereby established with the Trustee the following accounts:

- (i) the Metro Headquarters Building Construction Account, which shall be a special subaccount of the Construction Account;
- (ii) the Metro Headquarters Building Acquisition Account, which shall be a special subaccount of the Construction Account;
- (iii) the Metro Headquarters Building Reserve Account, which shall be a special subaccount of the Reserve Account;
- (iv) the Metro Headquarters Building Debt Service Account, which shall be a special subaccount of the Debt Service Account; and
- (v) the Metro Headquarters Building Rebate Account, which shall be a special subaccount of the Rebate Account.

The foregoing special subaccounts of the Construction Account, the Debt Service Account, the Reserve Account and the Rebate Account are being created in connection with the issuance and sale of the Metro Headquarters Building Bonds solely to facilitate the compliance by the Issuer with the provisions of Section 507 of the Master Ordinance with respect to the Metro Headquarters Building Bonds. Neither the creation, existence nor deposit or retention of any funds in such subaccounts is intended to confer on the Owners of the Metro Headquarters Building Bonds any privilege, priority, preference, superior right or special security of any kind whatsoever in or with respect to such subaccounts or funds held therein not enjoyed by the Owners of other Bonds of any Series hereafter issued. The moneys on deposit from time to time in the Metro Headquarters Building Reserve Account, the Metro Headquarters Building Debt Service Account, the Metro Headquarters Building Rebate Account, and the Metro Headquarters Building Construction Account shall be used, applied and invested in the manner and subject to the conditions and limitations set forth in the Master Ordinance with respect to moneys on deposit in the Accounts of which such subaccounts are a part.

In addition, there is hereby created as a subaccount of the General Revenue Bond Fund the Metro Headquarters Building Renewal and Replacement Account (the "Renewal and Replacement Account"), which account shall be held by the Issuer and used and applied as provided herein.

**Section 302. Use of Metro Headquarters Building Bond Proceeds.** The proceeds of sale of the Metro Headquarters Building Bonds shall, as soon as practicable upon the delivery thereof to the Trustee, be applied as follows:

(a) an amount equal to the accrued interest paid by the initial purchasers of the Metro Headquarters Building Bonds shall be deposited in the Metro Headquarters Building Debt Service Account;

(b) an amount equal to the Reserve Requirement shall be deposited in the Metro Headquarters Building Reserve Account; *provided that*, if so determined by the Executive Officer pursuant to Section 401 hereof, in lieu of funding the Reserve Requirement in full out of the proceeds of the Metro Headquarters Building Bonds, the Reserve Requirement may be met in whole or in part by means of a Credit Facility provided to the Trustee on the date of issuance of the Metro Headquarters Building Bonds, and in such event an amount of the Metro Headquarters Building Bond proceeds sufficient to pay the cost of acquiring such Credit Facility shall be promptly applied by the Trustee to the payment of such costs as directed in writing by the Issuer and if such Credit Facility is not sufficient to fully satisfy the Reserve Requirement, then proceeds of the Metro Headquarters Building Bonds shall be deposited by the Trustee in the Metro Headquarters Building Reserve Account in an amount which, when added to the amount available to be drawn by the Trustee under such Credit Facility, shall equal the Reserve Requirement;

(c) such amount as shall be specified by the Issuer in writing to the Trustee upon the date of issuance and delivery of the Metro Headquarters Building Bonds shall be deposited in the Metro Headquarters Building Acquisition Account and disbursed in accordance with the terms of the Master Ordinance to pay the costs of the Metro Headquarters Building that relate to the acquisition of such facility; and

(d) the balance shall be deposited in the Metro Headquarters Building Construction Account and disbursed in accordance with the terms of the Master Ordinance to pay the costs of the Metro Headquarters Building including but not limited to interest on the Metro Headquarters Building Bonds during the period of renovation and for such period of time thereafter as the Issuer shall determine; *provided that* if, for any reason, the moneys so deposited in the Metro Headquarters Building Construction Account (including the investment earnings thereon) are not fully expended for the payment of the costs of the Metro Headquarters Building or interest on the Metro Headquarters Building Bonds as aforesaid, then and in such event the Issuer may apply such moneys and investment earnings to any lawful purpose so long as the Issuer first causes to be delivered to the Trustee an opinion of Bond Counsel to the effect that such application will not adversely affect the excludability from gross income for federal income tax purposes of the interest on the Metro Headquarters Building Bonds.

**Section 303. Funding and Use of Renewal and Replacement Account.** On the date of issuance of the Metro Headquarters Building Bonds, the Issuer shall cause to be deposited in the Renewal and Replacement Account such amount as it shall deem necessary or appropriate for the intended purposes and uses of such Account. Thereafter, the Issuer may cause to be deposited in the Renewal and Replacement Account such additional sums of money as it shall deem necessary or appropriate, such additional deposits to be made from any lawfully available source of funds including but not limited to funds collected pursuant to Section 501(a)(iv) of the Master Ordinance as part of the Total Assessments made with respect to the Metro Headquarters Building Bonds.

Amounts in the Renewal and Replacement Account shall be applied to the payment of capital expenditures

deemed necessary or appropriate by the Issuer to or in connection with the Metro Headquarters Building, including but not limited the payment of any item that would have been a ~~Capital Cost~~ an appropriate charge against the Metro Headquarters Building Construction Account with respect to the initial acquisition, rehabilitation and furnishing of the Metro Headquarters Building. In addition to the foregoing, amounts in the Renewal and Replacement Fund shall be used for making payments into the Debt Service Account when the moneys in the Debt Service Account and the moneys in the Reserve Account are insufficient to pay when due the amounts owing under the Metro Headquarters Building Bonds.

The investment income on all moneys on deposit from time to time in the Renewal and Replacement Account shall be retained in such Account and used and applied in the same manner as other moneys on deposit therein are required to be used and applied under this Section.

If, at any time and from time to time, the Issuer shall determine that the amounts on deposit in the Renewal and Replacement Account are in excess of the amounts necessary or appropriate for the intended uses and purposes thereof, such excess may, at the discretion of the Issuer, be withdrawn from such account and used and applied for any lawful purpose.

**Section 304. Investment of Moneys in Accounts.** All moneys on deposit from time to time in the Accounts established pursuant to this 1991 Supplemental Ordinance shall be invested in such Permitted Investments as the Authorized Issuer Representative shall specify in writing from time to time to the Trustee.

## **ARTICLE IV MISCELLANEOUS**

**Section 401. Sale of Metro Headquarters Building Bonds; Authorization of Other Acts.** The Metro Headquarters Building Bonds shall be sold in a negotiated sale to the Underwriter as provided in this Section 401. The Executive Officer of the Issuer is hereby authorized, empowered and directed, for and on behalf of the Issuer, to determine and establish the following terms of and other matters relating to the Metro Headquarters Building Bonds subject to the limitations set forth below:

(a) the aggregate principal amount of the Metro Headquarters Building Bonds, provided that in no event shall the aggregate principal amount of the Metro Headquarters Building Bonds exceed the sum of \$25,000,000;

(b) the aggregate principal amount of Metro Headquarters Building Bonds to be issued as Term Bonds and the maturity date or dates of such Term Bonds;

(c) the aggregate principal amount of Metro Headquarters Building Bonds to be issued as Serial Bonds and the maturity dates of such Serial Bonds;

(d) the Mandatory Redemption Schedule(s) and the related Mandatory Redemption Dates for the Metro Headquarters Building Bonds to be issued as Term Bonds;

(e) the rates of interest to be applicable to the Metro Headquarters Building Bonds of each maturity;

(f) the first Interest Payment Date for the Metro Headquarters Building Bonds; and

(g) the price at which the Metro Headquarters Building Bonds are to be sold to the Underwriter;

The Executive Officer of the Issuer is further authorized, empowered and directed, for and on behalf of the Issuer, to determine whether the Reserve Requirement shall be met in whole or in part by means of a Credit Facility and to determine and establish such other terms of and other matters relating to the Metro Headquarters Building Bonds as may be necessary or appropriate and not in conflict with the provisions of the Master Ordinance, this 1991 Supplemental Ordinance or applicable law.

The authority of the Executive Officer of the Issuer to determine and establish the terms of and other matters relating to the Metro Headquarters Building Bonds as provided in this Section shall be exercised by setting forth such terms and other matters as so determined and established in a certificate executed and delivered by the Executive Officer on or prior to the date of issuance and delivery of the Metro Headquarters Building Bonds.

The Contract of Purchase between the Issuer and the Underwriter relating to the Metro Headquarters Building Bonds in substantially the form submitted to the Council of the Issuer in connection with the enactment of this 1991 Supplemental Ordinance is hereby approved. The Executive Officer, the Deputy Executive Officer and the Director of Finance and Management Information of the Issuer, and any one of them, are each hereby authorized, empowered and directed, for and on behalf of the Issuer:

(i) to execute and deliver such Contract of Purchase in substantially the form approved hereby but with such changes, additions and deletions as may be necessary or appropriate and not inconsistent with the terms of this 1991 Supplemental Ordinance or applicable law;

(ii) to execute and deliver such other documents, instruments, certificates and agreements as may be necessary or appropriate to carry out and consummate the transactions contemplated by this 1991 Supplemental Ordinance; and

(iii) to do and perform all other acts and things necessary or appropriate to carry out and consummate the transactions contemplated by this 1991 Supplemental Ordinance.

The distribution by the Underwriters of a preliminary and a final Official Statement describing the Metro Headquarters Building Bonds and matters pertaining thereto is authorized and/or ratified in all respects and the Executive Officer is hereby authorized to sign and deliver such preliminary and final Official Statements to the Underwriter.

**Section 402. Special Tax Covenant Relating to the User Contract.** The Issuer hereby covenants and agrees that so long as any Metro Headquarters Building Bonds are Outstanding, it will not enter into any User Contract (howsoever designated) or any other agreement relating to the Metro Headquarters Building having such terms and provisions as to cause the interest on the Metro Headquarters Building Bonds to be or become includable for federal income tax purposes in the gross incomes of the Owners thereof. Prior to entering into any User Contract, the Issuer shall first file with the Trustee an Opinion of Bond Counsel with respect thereto.

**Section 403. Governing Law.** This 1991 Supplemental Ordinance shall be interpreted governed by and construed under the laws of the State of Oregon, including the Act, as if executed and to be performed wholly within the State of Oregon.

**Section 404. Headings Not Binding.** The headings in this 1991 Supplemental Ordinance are for

convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this 1991 Supplemental Ordinance.

**Section 405. Effectiveness of This Ordinance.** This 1991 Supplemental Ordinance shall, except as otherwise provided by law, become effective immediately upon enactment.

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## Certification of Ordinance

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*The undersigned do hereby certify that we are the duly elected or appointed, qualified and acting Presiding Officer of the Council, Clerk of the Council and Executive Officer of the Metropolitan Service District, Counties of Multnomah, Clackamas and Washington, State of Oregon; that the foregoing is a true and complete copy of Ordinance No. 91-440 as enacted by the Council of said district at a regular meeting duly called and held in accordance with law on December 12, 1991; and that the following Councilors voted in favor of said Ordinance:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*the following Councilors voted against said Ordinance:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*and the following Councilors abstained from voting on said Ordinance:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*In witness whereof, the undersigned have hereunto set their hands as of this \_\_\_\_\_ day of \_\_\_\_\_, 1991.*

\_\_\_\_\_  
*Presiding Officer of the Council*

\_\_\_\_\_  
*Clerk of the Council*

*The undersigned Executive Officer hereby certifies that the foregoing Ordinance has not been vetoed.*

\_\_\_\_\_  
*Rena Cusma, Executive Officer*

*Date: \_\_\_\_\_, 1991*

## EXHIBIT A

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### REQUISITION CERTIFICATE

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**TO:** First Interstate Bank of Oregon, N.A., Trustee

**FROM:** Metropolitan Service District (the 'Issuer')

**SUBJECT:** \$\_\_\_\_\_ Metropolitan Service District General Revenue Bonds (Metro Headquarters Building Project), 1991 Series A

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This represents Requisition Certificate No. \_\_\_\_\_ in the total amount of \$\_\_\_\_\_ for the disbursement of funds from the Metro Headquarters Building Construction Account established established with the Trustee pursuant to Issuer's Ordinance No. 91-440, the funds so disbursed to be used to pay those costs of the Metro Headquarters Building detailed in the schedule attached or to pay interest on the Metro Headquarters Building Bonds as specified in the attached schedule.

The undersigned does certify that:

1. The expenditures for which moneys are requisitioned hereby represent proper charges against the Metro Headquarters Building Construction Account for the subject Metro Headquarters Building Bond issue, have not been included in a previous requisition and have been properly recorded on the Issuer's books. The expenditures for which moneys are hereby requisitioned are set forth in the schedule attached hereto, which schedule sets forth the name and address of the person, firm or corporation to whom payment is due or to whom a reimbursable advance, if any, has been made.
2. The moneys requisitioned hereby are not greater than those necessary to meet obligations due and payable or to reimburse the Issuer for its funds actually advanced for costs of the Metro Headquarters Building.
3. All of the funds being requisitioned are being used in a manner which will not cause the interest on the Metro Headquarters Building Bonds to be or become includable for federal income tax purposes in the gross incomes of the Owners thereof.

Executed this \_\_\_\_ day of \_\_\_\_\_, 19\_\_.

**Metropolitan Service District**

By: \_\_\_\_\_  
Authorized Issuer Representative



**Bond Form Appendix  
to  
Ordinance No. 91-440**

AR-

\$ \_\_\_\_\_  
**METROPOLITAN SERVICE DISTRICT  
GENERAL REVENUE BONDS  
(Metro Headquarters Building Project)  
1991 SERIES A**

ORIGINAL ISSUE DATE  
December 1, 1991

MATURITY DATE

INTEREST RATE %

CUSIP

**REGISTERED OWNER:**

\*\*\*\*\*

\*\*\*\*\*

**PRINCIPAL AMOUNT:** \*\*\*\*\*

\*\*\*\*\* **DOLLARS**

The Metropolitan Service District, a political subdivision organized and existing under the laws of the State of Oregon (the "Issuer"), for value received hereby promises to pay (but only from the sources hereinafter provided and not otherwise) to the Registered Owner of this Bond (the "Owner") the Principal Amount specified above on the Maturity Date specified above together with interest on said Principal Amount at the Interest Rate *per annum* set forth above, with all accrued and unpaid interest being due and payable on January 1 and July 1 of each year, commencing July 1, 1992. This Bond is one of an authorized series of Bonds (the "1991 Series A Bonds") being issued pursuant to the provisions of Chapter 268 of the Oregon Revised Statutes, as amended, and certain other provisions of the laws of the State of Oregon (the "Act"), Ordinance No. 91-439 (the "Master Ordinance"), and Ordinance No. 91-440 (the "Supplemental Ordinance" and, together with the Master Ordinance being herein called the "Ordinance"). All terms used in this Bond but not otherwise defined herein shall have the respective meanings assigned thereto in the Ordinance.

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the 1991 Series A Bonds issued pursuant to the Ordinance.

**FIRST INTERSTATE BANK OF OREGON, N.A.**  
as Trustee

By: \_\_\_\_\_  
Its Authorized Officer

Date of Authentication: \_\_\_\_\_

**THE TERMS AND CONDITIONS OF THIS BOND ARE CONTINUED ON THE REVERSE SIDE HEREOF, WHICH CONTINUED TERMS AND CONDITIONS SHALL HAVE THE SAME EFFECT AS IF PRINTED ABOVE.**

It is hereby certified, recited and declared that all acts, conditions and things required by the Constitution and laws of the State of Oregon and the Ordinance to have happened, to exist and to have been performed precedent to and in the issuance of this Bond and the 1991 Series A Bonds do exist, have happened and have been performed in regular and due time, form and manner as required by said Constitution, laws and Ordinance; that this Bond and the 1991 Series A Bonds do not exceed any constitutional or statutory limitation or indebtedness; and that provision has been made for the payment of the principal of and interest on this Bond and the 1991 Series A Bonds as provided in the Ordinance.

This Bond shall not be valid or become obligatory for any purpose unless and until it has been authenticated in the space provided below by a duly Authorized Officer of the Trustee.

**IN WITNESS WHEREOF, THE METROPOLITAN SERVICE DISTRICT** has caused this Bond to be signed by means of the manual or facsimile signatures of its Presiding Officer and Executive Officer, all as of the Original Issue Date set forth above.

**METROPOLITAN SERVICE DISTRICT**

Presiding Officer

Executive Officer

This Bond and the rights of the Owner are in all respects subject to and governed by the Ordinance, and the Owner, by acceptance of this Bond, assents to and agrees to be bound by all terms and provisions set forth in the Ordinance.

The proceeds of the 1991 Series A Bonds will be used to: (1) finance the Issuer's acquisition, renovation and furnishing of a Building and a related parking facility in Portland, Oregon; (2) make a deposit to the Metro Headquarters Building Debt Service Account; (3) make a deposit to the Metro Headquarters Building Reserve Account established under the Supplemental Ordinance (the "Reserve Account") in an amount equal to the Reserve Requirement minus the amount credited to the Reserve Account by virtue of a Credit Facility; (4) to pay the cost of acquiring a Credit Facility for the Reserve Account; and (5) pay certain Costs of Issuance incurred in connection with the issuance and sale of the 1991 Series A Bonds. The 1991 Series A Bonds, together with any Additional Bonds hereafter issued under the Master Ordinance, are equally and ratably secured by a pledge of the Trust Estate, which includes a pledge of the moneys and investments on deposit in the Construction Account, the Debt Service Account and the Reserve Account. The 1991 Series A Bonds are not in any manner or to any extent a general obligation of the Issuer. The Owners of the 1991 Series A Bonds cannot compel the Issuer to levy any taxes for the purpose of paying any amounts owing under the 1991 Series A Bonds. The 1991 Series A Bonds are payable solely and only out of the Revenues and Available Funds, as provided in the Ordinance.

The 1991 Series A Bonds are subject to mandatory and optional redemption prior to maturity only as provided in the Ordinance.

The 1991 Series A Bonds are issuable as fully registered Bonds without coupons as provided for in the Ordinance. This Bond is transferable by the Owner as provided for in the Ordinance.

No recourse shall be had for the payment of the principal of, or premium, if any, or interest on, any of the 1991 Series A Bonds or for any claim based thereon or upon any obligation, covenant or agreement contained in the Ordinance against any past, present or future councilor, officer, employee or agent of the Issuer, or any successor, under any rule of law of equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such councilor, officer, employee or agent as such is hereby expressly waived and released as a condition of, and in consideration for, the issuance of this Bond.

The Owner shall have no right to enforce the provisions of the Ordinance or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Ordinance, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Ordinance. If an Event of Default (as defined in the Ordinance) occurs, the principal of all 1991 Series A Bonds then outstanding under the Ordinance may be declared due and payable upon the conditions and in the manner and with the effect provided in the Ordinance.

The Issuer, the Trustee and any paying agent of the Issuer or the Trustee may treat the person in whose name this Bond is registered as the Owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Bond be overdue, and neither the Issuer, the Trustee nor any paying agent shall be affected by notice to the contrary.

The Ordinance prescribes the manner in which it may be discharged, including a provision that the 1991 Series A Bonds shall be deemed to be paid if cash and/or Government Obligations (as defined in the Ordinance) maturing as to principal and interest in such amounts and at such times as will be such to insure the availability of sufficient moneys to pay the principal of, and premium, if any, and interest on, the 1991 Series A Bonds shall have been deposited with the Trustee, after which the 1991 Series A Bonds shall no longer be secured by or entitled to the benefits of the Ordinance, except for the purposes of registration and exchange of 1991 Series A Bonds and of payment from such source.

Reference is hereby made to the Ordinance, copies of which are on file with the Trustee, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Trustee and the Owners of the 1991 Series A Bonds, the terms upon which the 1991 Series A Bonds are issued and secured, the security for the 1991 Series A Bonds, the modification, amendment or supplementation of the Ordinance, and other matters, to all of which the Owner assents by the acceptance of this Bond.

Modifications and alterations of the Ordinance or of any supplements thereto may be made only to the extent and in the circumstances permitted by the Ordinance.

#### ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_

(please insert social security or other tax identification number of assignee)

the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Date: \_\_\_\_\_

Note: the signature(s) must correspond with the name(s) as written on the face of this Bond in every particular without enlargement, alteration or any change whatsoever.

Signature Guarantees: \_\_\_\_\_

(Bank, Trust Company or NYSE Firm)

(Authorized Officer)



**METRO**

2000 S.W. First Avenue  
Portland, OR 97201-5398  
503/221-1646

# Memorandum

DATE: December 16, 1991

TO: Rena Cusma, Executive Officer

FROM: Paulette Allen, Clerk of the Council *PA*

RE: TRANSMITTAL OF ORDINANCE NOS. 91-439, 91-440 and 91-421A

Attached for your consideration are true copies of the ordinances referenced above adopted by the Council on December 12, 1991.

If you wish to veto any of the ordinances referenced above, I must receive a signed and dated written veto message from you no later than 5:00 p.m., Thursday, December 19, 1991. The veto message, if submitted, will become part of the permanent record. If no veto message is received by the time and date stated above, these ordinances will be considered finally adopted.

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I, *PA*, received this memo and true copies of Ordinance Nos. 91-439, 91-440 and 91-421A from the Clerk of the Council on 12-16-91.

ORD. MEM