

Date: June 24, 2015
To: Board of Directors
From: Neil McFarlane *Neil McFarlane*
Subject: **RESOLUTION 15-06-37 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING THE ISSUANCE OF REVENUE BONDS**

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (“Board”) adopt a Resolution authorizing the issuance of senior lien payroll tax revenue bonds to provide financing for costs of transit-related projects, including vehicle replacements and the eFare project, and to refund outstanding payroll tax revenue bonds to achieve debt service savings.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other Issuance of Revenue Bonds

3. Reason for Board Action

ORS 287A.150 (the “Act”) requires Board approval before bonds may be issued pursuant to the Act.

4. Type of Action:

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

This Resolution authorizes the issuance and sale of additional revenue bonds under the Oregon Uniform Revenue Bond Act (“the Act”). The Act requires TriMet to publish a notice describing the bonds and prohibits the sale of those bonds without voter approval if five percent or more of voters petition to require voter approval within 60 days after the notice is published.

The revenue bonds will fund \$80,000,000 of transit-related projects, including the acquisition of buses, and the eFare project, plus fund transaction costs. A portion of the bond proceeds will reimburse TriMet for costs associated with the issuance of the bonds.

In addition, this Resolution authorizes refunding of all or a portion of any outstanding revenue bonds plus pay transaction costs associated with such refunding. The refunding will occur only for those issuances where a minimum net present value cost savings of 3% of the par value of the bond can be achieved.

The bonds authorized by this resolution will be secured solely by TriMet's employer payroll tax, self-employment payroll tax, state-in-lieu of payroll tax revenues and related amounts.

6. Financial/Budget Impact

At the onset of the development of this bond issue in April, 2015, the 2005A, 2007A and 2009A Series had bonds that would yield the required minimum net present value cost savings of 3% of the par value of the eligible bonds. However, as time has progressed and market conditions have changed, some of the 2009 bonds are no longer favorable candidates for the refunding. TriMet staff and its financial advisor continue to monitor market conditions to make sure all eligible bonds will be included in the new bond issue for maximum savings.

As of June 1, 2015, the potential refunded par value totaled \$67.9 million, with estimated present value savings of \$4.3 million. A refunding of this size would bring the total bond issue to \$147.9 million, plus fees.

The proposed bond issue complies with and is consistent with TriMet's Debt Management Policy and Strategic Financial Plan (SFP). With this issue, the FY2016 senior lien debt level is estimated to be 4.2% against the 6% limit within the SFP.

7. Diversity

This is not applicable to this authorization.

8. Impact if Not Approved

If this Resolution is not approved, TriMet would need to utilize general fund dollars to fund transit-related projects included in the fiscal year 2016 budget. In addition, cost savings associated with the refunding of existing debt would not be achieved. Given the estimated cost savings to the District, that is not a recommended action.

DB/LB/pc

RESOLUTION 15-06-37

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET)
AUTHORIZING THE ISSUANCE OF REVENUE BONDS**

The Board of the Tri-County Metropolitan Transportation District of Oregon (“TriMet”) finds:

A. It is financially feasible and in the best interests of TriMet to authorize the issuance of revenue bonds to provide \$80 million for costs of transit-related projects, including vehicle replacements and the eFare project (collectively, the “Projects”).

B. ORS 287A.150 and related provisions of ORS Chapter 287A (the “Act”) permit TriMet to authorize revenue bonds by publishing a notice describing the revenue bonds. Unless at least five percent of TriMet’s electors sign and file a petition to refer the bonds to an election within sixty days after the notice is published, TriMet may issue the revenue bonds described in the notice.

C. Revenue bonds issued under the Act may be payable from all or any portion of TriMet’s revenues or other property (the “Revenues”).

D. TriMet has outstanding payroll tax revenue bonds that may be refunded to achieve debt service savings.

E. The Board adopts this resolution to authorize the revenue bonds described in the notice that is attached to this resolution as Exhibit A, to authorize refunding bonds, and to delegate to TriMet staff the authority to sell and issue those bonds.

NOW, THEREFORE, BE IT RESOLVED by the TriMet Board as follows:

Section 1. Revenue Bonds Authorized.

TriMet hereby authorizes the issuance of a principal amount of revenue bonds that is sufficient to provide net proceeds of up to \$80 million to pay for costs of the Projects, plus additional amounts that are required to pay costs related to the bonds. TriMet estimates that the total principal amount of revenue bonds required for this purpose will not exceed \$80 million. The revenue bonds described in this Section 1 shall be issued and sold in accordance with the Act and Section 4 of this resolution, are expected to be paid from TriMet’s payroll tax revenues and related amounts, and may be secured by a pledge of all or any portion of TriMet’s Revenues.

Section 2. Notice; Procedure.

In accordance with ORS 287A.150, no bonds authorized by Section 1 of this resolution may be sold, and no purchase agreement for those the bonds may be executed, until at least sixty (60) days after publication of the Notice of Revenue Bond Authorization in substantially the form which is attached to this resolution as Exhibit "A" (the "Notice"). TriMet shall cause that notice to be published promptly after adoption of this resolution. The Notice shall specify the last date on which petitions may be submitted, and shall be published in at least one newspaper of general circulation within the boundaries of TriMet in the same manner as are other public notices of TriMet.

If TriMet receives petitions for an election, containing valid signatures of not less than five percent (5%) of TriMet's electors, by the date indicated in the Notice: the question of issuing the bonds authorized by Section 1 of this resolution shall be placed on the ballot at the next legally available election date; and, no bonds authorized by Section 1 of this resolution may be sold until the question of issuing those bonds is approved by a majority of the electors of TriMet who vote on that question.

Section 3. Refunding Bonds Authorized.

TriMet hereby authorizes the issuance of refunding bonds pursuant to Oregon Revised Statutes Sections 287A.360 to 287A.380 to refund any of its outstanding payroll tax revenue bonds that may be refunded to produce debt service savings. The refunding bonds authorized by this Section 3 may be issued in an aggregate principal amount sufficient to defease or pay the bonds that are selected for refunding pursuant to Section 4(6) of this resolution and to pay costs related to the refunding bonds, and may be paid from TriMet's payroll tax revenues and related amounts on the same terms as TriMet's outstanding payroll tax revenue bonds.

Section 4. Delegation.

Interest rates are currently favorably low, and the TriMet Board authorizes TriMet staff to sell and issue the bonds authorized by this resolution without further action by the TriMet Board. TriMet may sell and issue the bonds authorized by Section 1 of this resolution pursuant to this Section 4 as soon as permitted by ORS 287A.150. TriMet may sell and issue the refunding bonds authorized by Section 3 of this resolution pursuant to this Section 4 at any time. The bonds authorized by Section 1 and Section 3 of this resolution are referred to collectively in this Section 4 as the "Bonds." The General Manager or the designee of the General Manager (each of whom may act independently and each of whom is referred to in this resolution as a "General Manager") may take the following actions on behalf of TriMet:

- (1) Sell and issue the Bonds in one or more series, and in accordance with TriMet's Debt Management Policy of April, 2014.
- (2) Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for each series of the Bonds.

- (3) Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms for each series of the Bonds, select one or more lenders or underwriters and negotiate the terms of the sale of any series of Bonds with those lenders or underwriters, or publish a notice of sale, receive bids and award the sale of that series to the bidder complying with the notice and offering the most favorable terms to TriMet.
- (4) Pledge TriMet's payroll tax revenues and related amounts to pay the Bonds.
- (5) Issue each series of Bonds on a parity with TriMet's outstanding payroll tax revenue bonds.
- (6) Select the outstanding payroll tax revenue bonds that will be refunded.
- (7) Amend the documents under which any outstanding payroll tax revenue bonds are issued to facilitate the sale of Bonds or obtain more favorable terms for TriMet.
- (8) Undertake to provide continuing disclosure for each series of the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
- (9) Finalize the terms of, execute and deliver a supplemental trust indenture or similar document for each series of Bonds, which memorializes the terms under which the series is issued and which may contain additional covenants that the General Manager determines are desirable to facilitate the sale of Bonds or obtain more favorable terms for TriMet.
- (10) Appoint and enter into agreements with paying agents and other professionals and service providers.
- (11) Issue any series of Bonds with interest that is includable in gross income under the United States Internal Revenue Code of 1986, as amended (the "Code").
- (12) Issue any series of Bonds with interest that is excludable from gross income under the Code, and enter into related covenants.
- (13) If the United States Congress permits TriMet to issue "interest subsidy bonds" or other forms of federally subsidized borrowings that lower TriMet's borrowing costs, issue any series of Bonds in a manner that allows TriMet to achieve those lower costs, and enter into related covenants.
- (14) Execute and deliver any documents and take any other action in connection with the Bonds that the General Manager finds will be advantageous to TriMet.

Section 5. Effective Date. This resolution shall take effect on the date it is adopted.

Adopted this 24th day of June, 2015

Presiding Officer

Attest:

Recording Secretary

Approved as to legal sufficiency:



Harvey W. Rogers, Bond Counsel

Exhibit A
Resolution 15-06-37
Notice of Revenue Bond Authorization

NOTICE IS HEREBY GIVEN that the Board of the Tri-County Metropolitan Transportation District of Oregon ("TriMet") adopted Resolution 15-06-37 on June 24, 2015, authorizing the issuance of revenue bonds in one or more series to finance costs of transit-related projects, including vehicle replacements and the eFare project (the "Projects").

TriMet may secure the bonds described in this notice (the "Bonds") with all or any portion of TriMet's revenues or other property (the "Revenues). The Bonds are expected to be paid primarily from TriMet's payroll tax revenues. The Bonds will not be general obligations of TriMet, and neither the authorization nor issuance of the Bonds will authorize TriMet to levy any property taxes.

The Bonds will be issued in an amount sufficient to produce net proceeds for the Projects of \$80 million. Bonds may also be issued to pay costs related to the Bonds. TriMet estimates that the total principal amount of Bonds required for this purpose will not exceed \$80 million. Bond proceeds will be used solely to pay for costs of the Projects and costs related to the Bonds.

If written petitions requesting an election on the issuance of the Bonds, signed by not less than five percent (5%) of TriMet's electors, are filed with TriMet's Recording Secretary at TriMet's offices on or before August 25, 2015, the question of issuing the bonds shall be placed on the ballot at the next legally available election date.

TriMet's offices are located at 1800 SW 1st Ave., Suite 300, Portland, OR 97201, and a copy of the resolution authorizing the bonds is available from the Recording Secretary at that address. The bonds will be issued and sold under ORS 287A.150 and related statutes; this Notice is published pursuant to ORS 287A.150(4).