

**Date:** June 13, 2012

**To:** Board of Directors

**From:** Neil McFarlane

**Subject:** **RESOLUTION 12-06-44 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING THE ISSUANCE OF AN ADDITIONAL \$70 MILLION OF PAYROLL TAX REVENUE BONDS TO FINANCE TRANSIT-RELATED PROJECTS, DIRECTING PUBLICATION OF NOTICE, AND AUTHORIZING THE SALE OF UP TO \$111 MILLION OF PAYROLL TAX REVENUE BONDS**

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**1. Issue or Purpose of Item.**

This resolution authorizes TriMet to issue and sell an additional \$70 million of revenue bonds to finance costs of transit-related projects. This resolution also authorizes the sale of \$41 million of previously authorized revenue bonds to finance the Portland - Milwaukie Light Rail Project, for a total sale of \$111 million. All revenue bonds will be secured solely by TriMet's payroll tax revenues and related amounts.

**2. Reason for Board Action.**

Pursuant to Oregon law, the governing body of a public entity must provide authorization by ordinance or resolution to issue revenue bonds.

**3. Background.**

This resolution authorizes the issuance and sale of \$70 million 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 \$70 million of revenue bonds will fund transit-related projects, including the acquisition of buses, WES positive train control, the final portion of funding of the bus and rail communications system, the LIFT communication system, fare system upgrades, and the construction of the central Maintenance of Way Facility. A portion of the bond proceeds will reimburse TriMet for eligible project expenses which were incurred prior to the issuance of the bonds.

In December 2010, the Board approved Resolution 10-12-62 authorizing TriMet to issue up to \$63 million of revenue bonds under the Act to fund TriMet's contribution to the Portland - Milwaukie Light Rail Project. TriMet published the required notice and no petitions were received to refer

those bonds to the voters. TriMet intended to sell \$41 million of those bonds in fiscal year 2012 or 2013, and this resolution authorizes that sale, along with the \$70 million of revenue bonds that are described above. The total sale authorized by this resolution is an amount not to exceed \$111 million. The following table summarizes the estimated use of bond proceeds.

	<b>(\$ Million)</b>
Portland Milwaukie Light Rail project	\$40.0
Bus, Rail and LIFT Communications System and Bus Transfer printer	\$34.0
New Buses	\$23.0
Ticket Vending Machine and Bus Farebox Upgrade	\$6.7
WES Positive Train Control	\$3.0
Maintenance of Way Central Facility	\$3.3
Estimated Costs of Issuance	<u>\$1.0</u>
<b>Total</b>	<b><u>111.0</u></b>

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.

Board action is required to authorize the issuance and sale of the revenue bonds. This resolution delegates to the General Manager or his designee the authority to sell the revenue bonds.

**4. Options.**

The Board may choose to amend, defer or not approve this Resolution.

**5. Recommendation.**

The General Manager recommends adoption of the Resolution.

BdH/CP/PC

## RESOLUTION 12-06-44

### RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING THE ISSUANCE OF AN ADDITIONAL \$70 MILLION OF PAYROLL TAX REVENUE BONDS TO FINANCE TRANSIT-RELATED PROJECTS, DIRECTING PUBLICATION OF NOTICE, AND AUTHORIZING THE SALE OF UP TO \$111 MILLION OF PAYROLL TAX REVENUE BONDS.

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

- A. TriMet is authorized to issue revenue bonds pursuant to ORS 287A.150 and related provisions of ORS Chapter 287 (the “Act”). Revenue bonds issued under the Act may be payable from all or any portion of TriMet’s revenues or other property (the “Revenues”).
- B. TriMet Resolution 10-12-62 authorized TriMet to issue \$63 million of payroll tax revenue bonds under the Act to finance transit-related projects. The board memo associated with this Resolution stated that TriMet intends to issue up to \$41 million of Payroll Tax Bonds for the Portland Milwaukie Light Rail Project (PMLR) in FY12 or FY13, and up to \$22 million of bonds in FY14 or FY15. This resolution authorizes the General Manager to sell \$41 million of the bonds authorized by that resolution to finance the PMLR and pay costs related to the bonds.
- C. It is desirable to obtain an additional \$70 million of authority to issue payroll tax revenue bonds under the Act to finance transit-related projects and costs related to those bonds.
- D. This resolution authorizes the issuance of an additional \$70 million of revenue bonds under the Act, and authorizes the General Manager to sell those bonds to finance transit-related projects.
- E. The bonds described in this resolution are expected to be paid from TriMet’s payroll tax revenues and related amounts.

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

**Section 1. Revenue Bonds Authorized.** TriMet hereby authorizes the issuance of not more than Seventy Million Dollars (\$70,000,000) in aggregate principal amount of revenue bonds pursuant to ORS 287A.150 and related provisions of ORS Chapter 287. Proceeds of these revenue bonds may be used solely to finance transit-related projects and costs related to the bonds. The revenue bonds described in this Section 1 shall be issued and sold in accordance with the Act and Section 3 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 the Revenues which TriMet pledges to pay those bonds.

**Section 2. Notice; Procedure.**

- (1) No bonds described in 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.

- (2) If petitions for an election containing valid signatures of not less than five percent (5%) of TriMet's electors are received by the date indicated in the Notice, the question of issuing the bonds shall be placed on the ballot at the next legally available election date, and no bonds described in 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.** Delegation. TriMet may sell up to \$41 million of the bonds authorized by TriMet Resolution 10-12-62 pursuant to this Section 3 at any time. When TriMet is authorized to sell the bonds described in Section 1 of this resolution, TriMet may also sell those bonds pursuant to this Section 3. The bonds authorized by TriMet Resolution 10-12-62 and the bonds authorized by Section 1 of this resolution are referred to collectively in this resolution as the "Bonds." The General Manager or the designee of the General Manager (each of whom may act independently and both of whom are referred to in this resolution as the "General Manager") may, on behalf of TriMet and without additional action by the Board, take the following actions:

- (1) Issue and sell all or any portion of the Bonds in one or more series.
- (2) Issue any of the Bonds as interim financing, and refund those interim financing Bonds with additional interim financing Bonds or long-term Bonds if market conditions indicate that would be advantageous.
- (3) 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.
- (4) 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.
- (5) Pledge TriMet's all or any portion of TriMet's Revenues to pay any series of Bonds.
- (6) Issue any series of Bonds on a parity with TriMet's outstanding payroll tax revenue bonds, and issue any series of Bonds with a lien on the payroll tax revenues and related amounts that is subordinate to the lien of outstanding bonds.
- (7) Undertake to provide continuing disclosure for each series of the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

- (8) Finalize the terms of, execute and deliver a supplemental indenture or bond declaration for each series of Bonds which complies with the limitations in this resolution but otherwise may have any terms or covenants that the General Manager determines are desirable to sell the Bonds on favorable terms.
- (9) Appoint and enter into agreements with paying agents and other professionals and service providers.
- (10) Qualify any series of Bonds as “Interest Subsidy Bonds” that are eligible for any federal interest subsidies that Congress may approve.
- (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 as “Tax-Exempt Bonds” that bear interest which is excludable from gross income under the Code.
- (13) Enter into covenants to maintain the ability of owners of Tax-Exempt Bonds exclude interest payments from gross income under the Code, or to maintain the ability of TriMet to receive federal interest subsidies for Interest Subsidy Bonds.
- (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 4. Effective Date.** This resolution shall take effect on the date it is adopted.

**Adopted this 13th day of June, 2012**

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**Presiding Officer**

**Attest:**

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**Recording Secretary**

**Approved as to legal sufficiency:**

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Harvey W. Rogers, Bond Counsel

**Exhibit A**  
**Resolution 12-06-44**  
**Notice of Revenue Bond Authorization**

NOTICE IS HEREBY GIVEN that the Board of the Tri-County Metropolitan Transportation District of Oregon (“TriMet”) adopted Resolution 12-06-44 on June 13, 2012, authorizing the issuance of revenue bonds in one or more series to finance costs of transit-related projects (the “Projects”).

The bonds will be payable solely from TriMet’s revenues or other property. The bonds described in this notice are expected to be paid primarily from payroll tax revenues and related amounts. The bonds will not be general obligations of TriMet, and neither the authorization nor issuance of the bonds described in this notice will authorize TriMet to levy any taxes.

The bonds will be issued in an estimated aggregate principal amount of not more than Seventy Million Dollars (\$70,000,000). Bond proceeds may be used solely to pay for costs of the Projects and to pay 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 [insert date that is 60 days after the notice publication date], 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 4012 SE 17<sup>th</sup> Avenue, Portland, Oregon, 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).