Date: September 28, 2016

To: Board of Directors

From: Neil McFarlane

Subject: RESOLUTION 16-09-58 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING THE ISSUANCE OF GRANT RECEIPT REVENUE REFUNDING 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 grant receipt revenue refunding bonds to refund its Capital Grant Receipt Revenue Bonds, Series 2011 Series A (the "Series 2011A Bonds") to achieve debt service savings.

2. **Type of Agenda Item**

   - [ ] Initial Contract
   - [ ] Contract Modification
   - [X] Other Issuance of Grant Receipt Revenue Refunding Bonds

3. **Reason for Board Action**

   ORS 287A.360 requires Board approval before refunding bonds may be issued.

4. **Type of Action:**

   - [X] Resolution
   - [ ] Ordinance 1st Reading
   - [ ] Ordinance 2nd Reading
   - [ ] Other _________

5. **Background**

   This resolution authorizes the issuance and sale of revenue bonds to refund all or a portion of the Series 2011A Bonds plus pay transaction costs associated with such refunding. The refunding will occur 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 future Federal Metropolitan Transportation Improvement Program ("MTIP") grants received from Metro. The region, through Metro and the Joint Policy Advisory Committee on Transportation ("JPACT"), has allocated future MTIP grant funds to pay debt service on the bonds, which were originally issued by TriMet to provide funding for the Portland to Milwaukie Light Rail Project ("PMLR"), bus
purchases, and the Southwest Corridor Project alternatives analysis. Metro is the federally mandated metropolitan planning organization for the Oregon portion of the Portland metropolitan area. Metro is responsible for approving the expenditure of all federal transportation funds in the region. JPACT unanimously approved the allocation of federal MTIP funds in support of the original issue of the Capital Grant Receipt Revenue Bonds in 2011.

6. Financial/Budget Impact

MTIP grants will be pledged to pay debt service on the bonds, and are anticipated to fully cover all debt service payments. To date, TriMet has received all MTIP payments that were pledged to cover debt service payments. As an additional security measure to increase the bond rating and reduce interest costs, TriMet also intends to pledge its receipt of federal funds under the federal Section 5307 program (Urbanized Area formula funds). This bond structure is consistent with the funding structure in plan under the outstanding 2011 Capital Grant Receipt Revenue bonds.

The refunding of the Series 2011A Bonds will allow TriMet to take advantage of low interest rates to achieve debt service savings over the remaining life of the issue. As of September 2, 2016, the estimated present value savings on refunding the entire outstanding issue is $4.8 million (5.9%).

The proposed bond issue complies with and is consistent with TriMet’s Debt Management Policy and Strategic Financial Plan (SFP). The Debt Management Policy provides that Debt secured by grant revenues can be issued when the anticipated receipts are sufficient to meet all debt service requirements, which is anticipated for this issue.

7. Impact if Not Approved

If this Resolution is not approved, cost savings associated with the refunding of the 2011 Capital Grant Receipt Revenue bonds would not be achieved. Given the estimated cost savings to the District, that is not a recommended action.

DB/pc
RESOLUTION NO. 16-09-58

A RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON AUTHORIZING THE ISSUANCE OF GRANT RECEIPT REVENUE REFUNDING BONDS

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

A. TriMet is authorized to issue revenue bonds to refund revenue bonds pursuant to ORS 287A.360 to 287A.375 (the "Act").

B. TriMet has previously issued its Capital Grant Receipt Revenue Bonds, Series 2011 Series A (the "Series 2011A Bonds") and 2011 Series B (the "2011B Bonds") pursuant to a Master Capital Grant Receipt Revenue Bond Trust Agreement (the "2005 Master Trust Agreement"), as supplemented by a First Supplemental Trust Agreement dated as of June 1, 2011 (together, the "Trust Agreement"). The 2011B Bonds are no longer outstanding.

C. Current interest rates are low and TriMet may be able to obtain debt service savings by issuing revenue bonds to refund all or a portion of TriMet’s currently outstanding Series 2011A Bonds (the "Refundable Bonds").

D. TriMet adopts this resolution to authorize the issuance and sale of revenue bonds to refund the Refundable Bonds to obtain debt service savings.

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

Section 1. Refunding Bonds Authorized.

TriMet hereby authorizes the issuance of refunding bonds (the "Refunding Bonds") pursuant to Oregon Revised Statutes Sections 287A.360 to 287A.380 to refund any of its outstanding Refundable Bonds that may be refunded to produce debt service savings. The Refunding Bonds authorized by this Section 1 may be issued in an aggregate principal amount sufficient to defease or pay the Refundable Bonds that are selected for refunding pursuant to Section 2(5) of this resolution and to pay costs related to the refunding bonds, and may be paid from the federal grant receipts that TriMet expects to receive, as provided in the Trust Agreement.

Section 2. Delegation.

The General Manager of TriMet or the person authorized in writing by the General Manager to act for the General Manager under this resolution (the "General Manager") may, on behalf of TriMet and without further action by the TriMet Board:

(1) Sell and issue the Refunding 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 any official statement or other disclosure documents relating to each series of the Refunding Bonds.

(3) Execute one or more supplemental trust agreements that amend and supplement the Trust Agreement and authorize and describe each series of Refunding Bonds. A supplemental trust agreement may contain any amendments or additional covenants for the benefit of the owners of Refunding Bonds that the General Manager determines are desirable to facilitate compliance with the Master Trust Agreement and sell the Refunding Bonds on favorable terms.

(4) Establish the final principal amounts, maturity schedules, interest rates, sale prices and discount, prepayment terms, payment terms and dates, and other terms of each series of Refunding Bonds.

(5) Select the outstanding Refundable Bonds that will be refunded.

(6) Negotiate the terms of the sale of any series of Refunding Bonds one or more underwriters, enter into a bond purchase agreement for that series and sell that series to such underwriters, or solicit competitive proposals for the purchase of any series of Refunding Bonds and award the sale of that series to the proposer offering the most favorable terms to TriMet.

(7) Apply for and purchase municipal bond insurance, reserve sureties or obtain other forms of credit enhancements for each series of the Refunding Bonds, enter into covenants and agreements with the providers of credit enhancement, and execute and deliver related documents and agreements.

(8) Provide that any series of Refunding Bonds will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended (the “Code”), or is includable in gross income under the Code. If a series bears interest that is excludable from gross income under the Code, the General Manager may enter into covenants to maintain the excludability of interest on that series from gross income under the Code.

(9) If federal interest subsidies are available for a series Refunding Bonds that could be issued as tax-exempt bonds, the General Manager may elect to issue that series as taxable bonds that are eligible for federal interest subsidies, if using taxable bonds with federal interest subsidies is estimated to reduce TriMet’s interest expense below the estimated interest expense of traditional, tax-exempt bonds. TriMet may enter into any covenants that are necessary to assure receipt of federal interest subsidies that are pledged to pay Refunding Bonds.

(10) Undertake to provide continuing disclosure for each series of Refunding Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

(11) Execute and deliver each series of Refunding Bonds to their purchaser.

(12) Execute and deliver any agreements or certificates and take any other action in connection with any series of Refunding Bonds which the General Manager finds is
desirable to permit the sale and issuance of that series of Refunding Bonds in accordance with this resolution.

Section 3. Effective Date. This resolution shall take effect on the date it is adopted.

Adopted this 28th day of September, 2016

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Presiding Officer

Attest:

__________________________
Recording Secretary

Approved as to legal sufficiency:

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Carol J. McCoog, Bond Counsel