

**Date:** September 28, 2016

**To:** Board of Directors

**From:** Neil McFarlane 

**Subject:** **RESOLUTION 16-09-57 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 bus and non-revenue vehicles for both replacement and expansion, the eFare project, and the Transit Police location project.

**2. Type of Agenda Item**

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

**3. Reason for Board Action**

ORS 287A.150 requires Board approval before revenue bonds may be issued.

**4. Type of Action:**

- Resolution
- Ordinance 1<sup>st</sup> Reading
- Ordinance 2<sup>nd</sup> Reading
- Other \_\_\_\_\_

**5. Background**

This resolution authorizes the issuance and sale of additional revenue bonds under the Oregon Uniform Revenue Bond Act, ORS 287A.001 to 287A.380 (“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 up to \$110,000,000 of transit-related projects, including the acquisition of buses and non-revenue vehicles, the eFare project, and the Transit Police location project plus fund transaction costs. A portion of the bond proceeds will reimburse TriMet for costs associated with the issuance of the bonds. Note that the Board either has, or will, review and consider separate contract actions to implement these projects.

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.

TriMet's bond rating on its payroll tax based senior lien debt is currently AAA by both Standard & Poor's and Moodys which will make the issue attractive to potential buyers and enhance the overall favorable market potential of undertaking such an issue within the expected time frame.

**6. Financial/Budget Impact**

The cost of principal and interest on the bonds is reflected in TriMet's adopted budget.

Until revenues rise, this bond issue will maximize the senior lien debt service capacity allowed under the current 6% ceiling limit in TriMet's Strategic Financial Plan Guideline governing debt management:

“Our debt policy establishes that debt service on senior lien payroll tax revenue bonds must be less than 6.0% of continuing revenues throughout the long-term forecast. Financial managers should seek a credit rating that achieves a balance between minimizing borrowing costs and maximizing financial flexibility.”

**7. Impact if Not Approved**

If this Resolution is not approved, TriMet would need to utilize general fund dollars to fund the projects or defer the vehicle acquisitions and projects to later years when general fund dollars would be available. If vehicle acquisitions are deferred, the average age of the fleet will increase and expansion buses would not be available to meet the service demands of expected expansion over the next few years.

DB/pc

**RESOLUTION 16-09-57**

**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 \$110 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. The Board adopts this resolution to authorize the revenue bonds described in the notice that is attached to this resolution as Exhibit A, 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 (the “Bonds”) that is sufficient to provide net proceeds of up to \$110 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 Bonds required for this purpose will not exceed \$110 million. The 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 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. Delegation.**

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 3 as soon as permitted by ORS 287A.150. 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.
- (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 28th day of September, 2016**

\_\_\_\_\_  
**Presiding Officer**

**Attest:**

\_\_\_\_\_  
**Recording Secretary**

**Approved as to legal sufficiency:**

  
\_\_\_\_\_  
Carol J. McCoog, Bond Counsel

**Exhibit A**  
**Resolution 16-09-57**  
**Notice of Revenue Bond Authorization**

NOTICE IS HEREBY GIVEN that the Board of the Tri-County Metropolitan Transportation District of Oregon (“TriMet”) adopted Resolution 16-09-57 on September 28, 2016, 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 \$110 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 \$110 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 November 27, 2016, 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).