

ORDINANCE No. 183469 As Amended

Authorize sewer revenue bonds to finance additions and improvements to the sewer system
(Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City is authorized to issue revenue bonds for any public purpose under ORS 287A.150 (the "Act"). Revenue bonds issued under the Act may be payable from all or any portion of the sewer system revenues of the City.
2. The City may authorize revenue bonds under the Act by nonemergency ordinance. The City may not sell the revenue bonds under the Act until the period for referral of the nonemergency ordinance authorizing the revenue bonds has expired. If a nonemergency ordinance authorizing the revenue bonds is referred, the City may not sell the revenue bonds unless the voters approve the revenue bonds.
3. The City now finds it financially feasible and in the best interests of the City to authorize the issuance of revenue bonds under the Act in order finance capital assets of the sewer system, including construction, replacement, rehabilitation or other improvements to real and personal property owned, operated, used, or maintained by the City for sewage disposal or sewage purification within or without the corporate limits of the City, including but not limited to, all methods of storm drainage, intercepting sewers, diversion sewers, relieving or interconnection sewers, sewers to separate storm and sanitary sewage, pump or ejector stations and equipment, and plants for treatment, processing and disposal of sewage (collectively, the "System Improvements").
4. Oregon statutes authorize the City to refund its outstanding bonds. If current market rates are below the rates at which outstanding sewer revenue bonds bear interest it may benefit the City to refund all or a portion of those bonds.
5. The City has issued revenue bonds that are secured by a first lien on the Net Revenues of the City's Sewer System pursuant to City Ordinance No. 160276, as amended (the "First Lien Sewer Revenue Bond Ordinance"). The City has also issued revenue bonds that are secured by a second lien on the Net Revenues of the City's Sewer System, as provided in the Master Second Lien Sewer System Revenue Bond Declaration that is dated April 3, 2003, as amended (the "Master Second Lien Sewer Revenue Bond Declaration").
6. The City adopts this ordinance to authorize the issuance and sale of up to four hundred fifty million dollars of sewer revenue bonds under the First Lien Sewer Revenue Bond Ordinance or the Master Second Lien Sewer Revenue Bond Declaration to finance System Improvements, and to authorize the issuance of refunding first or second lien sewer revenue bonds to obtain debt service savings.

NOW, THEREFORE, the Council directs:

- a. Issuance of Bonds for System Improvements.
 1. The City hereby authorizes the issuance of not more than four hundred fifty million dollars (\$450,000,000) in aggregate principal amount of revenue bonds to finance the System Improvements, fund bond reserves and pay related costs. The bonds shall be issued and sold in accordance with the Act.
 2. The bonds authorized by this ordinance shall be special obligations of the City that are payable solely from sewer system revenues as provided in the First Lien Sewer Revenue Bond Ordinance or the Master Second Lien Sewer Revenue Bond Declaration.
 3. No bonds authorized by Section 1.a.1 of this ordinance may be sold and no purchase agreement for any of those bonds may be executed until the period for referral of this nonemergency ordinance has expired. If this ordinance is referred, the City may not sell the bonds authorized by Section 1.a.1 of this ordinance unless the voters approve those bonds.
- b. Issuance of Refunding Bonds. The City hereby authorizes the issuance of refunding bonds pursuant to applicable Oregon statutes and the First Lien Sewer Revenue Bond Ordinance or the Master Second Lien Sewer Revenue Bond Declaration to obtain debt service savings. The refunding bonds authorized by this Section 1.b may be issued in an aggregate principal amount sufficient to refund any sewer revenue bonds selected by the Debt Manager pursuant to Section 1.c.10 of this ordinance, plus amounts required to fund bond reserves and pay costs to the refunding bonds.
- c. Delegation. The Debt Manager of the City, the Chief Financial Officer of the Bureau of Financial Services, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Ordinance (any of whom is referred to in this ordinance as a "Debt Manager") may, on behalf of the City:
 1. Issue the revenue bonds authorized by this ordinance (the "2010 Bonds") in one or more series.
 2. Provide that any 2010 Bonds may be issued as taxable "Build America Bonds" or other types of bonds that were authorized by the American Recovery and Reinvestment Tax Act of 2009 which are eligible for a federal interest subsidies or tax credits (collectively, "ARRA Bonds"), present to Council proposed amendments to the First Lien Sewer Revenue Bond Ordinance that will facilitate issuance of the 2010 Bonds as ARRA Bonds, or amend the or the Master Second Lien Sewer Revenue Bond Declaration to facilitate issuance of 2010 Bonds as ARRA Bonds.

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 2010 Bonds.
 4. Establish the final principal amounts, lien status, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record dates and other terms for each series of 2010 Bonds, and, subject to Section 1.a.3 of this ordinance, either 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 the City, or select one or more underwriters and negotiate the sale of that series with those underwriters.
 5. Undertake to provide continuing disclosure for each series of 2010 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
 6. Apply for and purchase municipal bond insurance, reserve sureties or other forms of credit enhancements for any series of 2010 Bonds, and enter into related agreements.
 7. Prepare, execute and deliver one or more 2010 Bond Declarations. The 2010 Bond Declarations shall specify the terms under which the 2010 Bonds are issued and the administrative provisions that apply to the 2010 Bonds. The 2010 Bond Declarations may also contain covenants for the benefit of the owners of the 2010 Bonds, insurers of the 2010 Bonds, and providers of reserve sureties.
 8. Make changes to the Master Second Lien Sewer Revenue Bond Declaration to facilitate the issuance of the 2010 Bonds.
 9. Enter into covenants to maintain the excludability of 2010 Bond interest from gross income under the Internal Revenue Code of 1986, as amended or maintain any 2010 Bonds as ARRA Bonds.
 10. Select outstanding sewer revenue bonds to be refunded, and refund any outstanding sewer revenue bonds that produce net debt service savings.
 11. Take any actions that are required to refund the Refundable Bonds.
 12. Execute any documents and take any other action in connection with the 2010 Bonds which the Debt Manager finds will be advantageous to the City.
- d. Compliance with the First Lien Sewer Revenue Bond Ordinance.
1. The covenants in this section are made to comply with the requirements of the First Lien Sewer Revenue Bond Ordinance. Capitalized terms used in this section shall have the meanings defined for those terms in the First Lien Sewer Revenue Bond Ordinance.

2. The bonds authorized by this ordinance that are issued as Parity Obligations pursuant to the First Lien Sewer Revenue Bond Ordinance (the "2010 First Lien Bonds") shall not be issued until the City complies with all applicable requirements of the First Lien Sewer Revenue Bond Ordinance.
3. The balance in the Reserve Account at closing of the 2010 First Lien Bonds shall be made equal to the Required Reserve for all outstanding Bonds, including the proposed 2010 First Lien Bonds, as required by the First Lien Sewer Revenue Bond Ordinance.
4. The City covenants to operate the Sewer System so that:
 - i. Net Revenues (without adjustment for payments to or withdrawals from the Rate Stabilization Fund) in each fiscal year are projected to be at least equal to the sum of all payments due under any Reserve Equivalent, plus all debt service due on outstanding First Lien Bonds (including the 2010 First Lien Bonds) in that fiscal year; and
 - ii. Net Revenues (after adjustments for payments to and withdrawals from the Rate Stabilization Fund) in each fiscal year are projected to be at least equal to the sum of all payments due under any Reserve Equivalent, plus 1.20 times the debt service due on all outstanding First Lien Bonds (including the 2010 First Lien Bonds) in that fiscal year.

Passed by the Council, JAN 13 2010

Mayor Sam Adams
Prepared by:
Eric Johansen: Bond Counsel
December 18, 2009

LAVONNE GRIFFIN-VALADE

Auditor of the City of Portland

By


Deputy


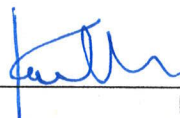
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Agenda No. **183469** As Amended
ORDINANCE NO.
Title

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to finance additions and improvements to the sewer system

INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams	CLERK USE: DATE FILED DEC 31 2009
COMMISSIONER APPROVAL Mayor—Finance and Administration - Adams 	LaVonne Griffin-Valade Auditor of the City of Portland
Position 1/Utilities - Fritz	By:  Deputy
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Leonard	
BUREAU APPROVAL Bureau: Office of Finance and Administration Bureau Head: Ken Rust	
Prepared by: Eric Johansen:PT Date Prepared: December 18, 2009	ACTION TAKEN: JAN 06 2010 PASSED TO SECOND READING As Amended JAN 13 2010 9:30 A.M.
Financial Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Council Meeting Date January 6, 2010	
City Attorney Approval	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 5 minutes (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	<input checked="" type="checkbox"/>	
2. Fish	<input checked="" type="checkbox"/>	
3. Saltzman	<input type="checkbox"/>	
4. Leonard	<input checked="" type="checkbox"/>	
Adams	<input type="checkbox"/>	