

## ORDINANCE No. 183576

\* Authorize interim financing for sewer system and related matters (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City previously adopted Ordinance No. 183469, authorizing the issuance of up to \$450,000,000 of sewer revenue bonds. Ordinance No. 183469 permits those sewer revenue bonds to be issued either as 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 Bond Ordinance") or as revenue bonds that are secured by a second lien on the Net Revenues of the City's Sewer System pursuant to the City's Master Second Lien Sewer System Revenue Bond Declaration, as amended (the "Second Lien Bond Declaration").
2. The City may be able to reduce its debt service costs by issuing the bonds authorized by Ordinance No. 183469 as "Build America Bonds." Build America Bonds are taxable bonds that are eligible for a 35% federal interest subsidy. Neither the First Lien Bond Ordinance nor the Second Lien Bond Declaration currently allows federal interest subsidies to be taken into account. The First Lien Bond Ordinance can not be easily amended, but the Second Lien Bond Declaration can be amended if the bonds authorized by Ordinance No. 183469 are issued under the Second Lien Bond Declaration and the Second Lien Bond Declaration is amended when those bonds are issued.
3. If the bonds authorized by Ordinance No. 183469 are issued under the Second Lien Bond Declaration it may reduce the City's interest expense if the City agrees not to issue additional bonds under the First Lien Bond Ordinance ("First Lien Bonds").
4. To allow the City time to amend the Second Lien Bond Declaration, but still provide the Bureau of Environmental Services with the funds it needs for ongoing sewer projects, it may be desirable to issue the bonds authorized by Ordinance No. 183469 as short or intermediate term, third lien bonds which may be placed with commercial banks, and to refund those bonds with longer term bonds once the amendments to the Second Lien Bond Declaration are complete.
5. The City adopts this ordinance to permit the amendment of the Second Lien Bond Declaration, the agreement not to issue additional First Lien Bonds, the sale of bonds authorized by Ordinance No. 183469 as short or intermediate term, third lien bonds, the placement of those bonds with commercial banks, and the refunding of those bonds with longer term bonds once the amendments to the Second Lien Bond Declaration are complete.

NOW, THEREFORE, the Council directs:

- a. Interim Financing. 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 sell any of the bonds authorized by Ordinance No. 183469 as short or intermediate term bonds, and may secure those bonds with a lien on the revenues of the City's Sewer System that is subordinate to the lien securing bonds that are issued under the Second Lien Bond Declaration ("Second Lien Bonds").
- b. Refunding. The Debt Manager may sell revenue bonds to refund any revenue bonds authorized by Ordinance No. 183469 or this ordinance. The refunding bonds may be issued as Second Lien Bonds or may be secured with a lien on the revenues of the City's Sewer System that is subordinate to the lien securing the Second Lien Bonds (the "Third Lien Bonds").
- c. Delegation. The Debt Manager may, on behalf of the City:
  1. Amend the Second Lien Bond Declaration to take federal interest subsidies into account, and to make any other changes that the Debt Manager determines will improve interest rates or otherwise benefit the City.
  2. Covenant not to issue any additional First Lien Bonds.
  3. Issue any revenue bonds authorized by Ordinance No. 183469 or this ordinance in the form of short or intermediate term lines of credit, notes or bonds, and place any of those bonds with one or more commercial banks.
  4. Establish the terms governing Third Lien Bonds, enter into covenants for the benefit of owners of Third Lien Bonds obligations that are designed to obtain favorable terms for the City, and execute and deliver related documents.
  5. Issue, sell, and deliver the short and intermediate term bonds and refunding bonds authorized by this ordinance and take any action in connection with those bonds that the Debt Manager is authorized to take in connection with bonds authorized by Ordinance No. 183469.

Section 2. The Council declares that an emergency exists so that interim financing may be obtained in time to pay costs of ongoing Sewer System projects; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: **MAR 03 2010**

Mayor Sam Adams

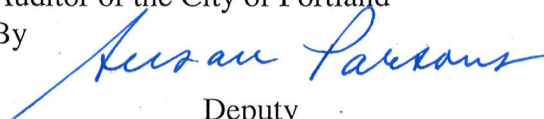
Prepared by: Bond Counsel:EJ

Date Prepared: February 16, 2010

**LaVonne Griffin-Valade**

Auditor of the City of Portland

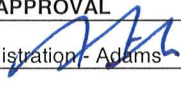

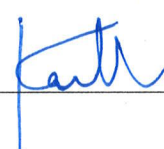
By







Deputy

Agenda No. **183576**  
**ORDINANCE NO.**  
 Title

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<p><b>INTRODUCED BY</b>          Commissioner/Auditor:  <b>Mayor Sam Adams</b></p> <p><b>COMMISSIONER APPROVAL</b></p> <p>Mayor—Finance and Administration - Adams </p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Leonard</p> <p><b>BUREAU APPROVAL</b></p> <p>Bureau: Office of Finance and Administration          Bureau Head: Ken Rust </p> <p>Prepared by: Eric Johansen:PT          Date Prepared: February 16, 2010</p> <p>Financial Impact Statement          Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>          Not Required <input type="checkbox"/></p> <p>Portland Policy Document          If "Yes" requires City Policy paragraph stated in document.          Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Council Meeting Date  <b>March 3, 2010</b></p> <p><b>City Attorney Approval</b></p>	<p>CLERK USE: DATE FILED <u><b>FEB 26 2010</b></u></p> <p style="text-align: right;">LaVonne Griffin-Valade          Auditor of the City of Portland</p> <p>By:  Deputy</p> <p><b>ACTION TAKEN:</b></p>
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<b>AGENDA</b>
<p><b>TIME CERTAIN</b> <input type="checkbox"/></p> <p>Start time: _____</p> <p>Total amount of time needed: _____          (for presentation, testimony and discussion)</p> <p><b>CONSENT</b> <input type="checkbox"/></p> <p><b>REGULAR</b> <input checked="" type="checkbox"/></p> <p>Total amount of time needed: <b>5 minutes</b>          (for presentation, testimony and discussion)</p>

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	1. Fritz 	
2. Fish	2. Fish 	
3. Saltzman	3. Saltzman 	
4. Leonard	4. Leonard 	
Adams	Adams 