

ORDINANCE No. 185583

Authorize sewer revenue bonds to continue the sewer system capital improvement program (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 to 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 bonds. If current market rates are below the rates at which outstanding sewer revenue bonds bear interest or if the City can achieve a favorable reorganization of outstanding debt, 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 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. It may be desirable to obtain interim financing for the System Improvements, and to secure that interim financing with a lien on the revenues of the City's sewer system that is subordinate to outstanding City sewer revenue bonds.
7. The City adopts this ordinance to authorize the issuance and sale of sewer revenue bonds in an amount sufficient to produce net proceeds of up to \$200 million for costs of System Improvements, to refund sewer revenue bonds that are issued to provide interim

financing, and to refund sewer revenue bonds that produce debt service savings or achieve a favorable reorganization of outstanding debt, if conditions warrant.

NOW, THEREFORE, the Council directs:

a. Issuance of Bonds for System Improvements.

1. The City hereby authorizes the issuance of revenue bonds pursuant to ORS 287A.150 in an amount that is sufficient to provide net proceeds of up to \$200 million to pay for costs of System Improvements, plus additional amounts that are required to fund bond reserves and to pay related costs. The City estimates that the total principal amount of revenue bonds required for this purpose will not exceed \$220 million. 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.
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 to refinance any revenue bonds that are issued pursuant to Section 1.a.1 of this ordinance to provide interim financing, and to refinance any sewer revenue bonds of the City to obtain debt service savings or to achieve a favorable reorganization of outstanding debt, if conditions warrant. 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.13 of this ordinance, plus amounts required to fund bond reserves and pay costs related to the refunding bonds.

c. Delegation. The Debt Manager, City Treasurer, Chief Financial Officer of the Bureau of Financial Services, 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 (each 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 "2012 Bonds") in one or more series.
2. Issue the 2012 Bonds as short or intermediate term bonds to provide interim financing for System Improvements.

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 2012 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 2012 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 or lenders and negotiate the sale of that series with those underwriters or lenders.
5. Undertake to provide continuing disclosure for each series of 2012 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 2012 Bonds, and enter into related agreements.
7. Prepare, execute and deliver one or more 2012 Bond Declarations. The 2012 Bond Declarations shall specify the terms under which the 2012 Bonds are issued and the administrative provisions that apply to the 2012 Bonds. The 2012 Bond Declarations may also contain covenants for the benefit of the owners of the 2012 Bonds, any insurers of the 2012 Bonds, and any providers of reserve sureties.
8. Appoint and enter into agreements with escrow agents, paying agents, verification agents and other professionals and service providers for the 2012 Bonds.
9. Enter into agreements and execute declarations specifying the terms of revenue bonds that are secured by a subordinate lien on the revenues of the City's sewer system.
10. Make changes to the Master Second Lien Sewer Revenue Bond Declaration to facilitate the issuance of the 2012 Bonds and future second lien bonds.
11. Enter into covenants to maintain the excludability of 2012 Bond interest from gross income under the Internal Revenue Code of 1986, as amended.
12. Provide that any Bonds may be issued as taxable bonds that are eligible for federal interest subsidies ("Interest Subsidy Bonds"), if the Interest Subsidy Bonds are estimated to reduce the City's interest expense below the estimated interest expense of traditional, tax-exempt bonds, and if federal law at the time Bonds are issued allows Bonds to be issued as Interest Subsidy Bonds.
13. Select sewer revenue bonds to be refunded, refund any 2012 Bonds that are issued to provide interim financing with other short, intermediate or long-term term bonds, and refund any sewer revenue bonds that produce net debt service savings

or a favorable reorganization of debt that is in the City's best financial interest, and submit one or more advance refunding plans.

14. Execute any documents and take any other action in connection with the 2012 Bonds which the Debt Manager finds will be advantageous to the City.

Passed by the Council, AUG 29 2012

Mayor Sam Adams
Prepared by: Bond Counsel: Jonas Biery
Date Prepared: July 31, 2012

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland
By

Susan Parsons
Deputy

Agenda No.
ORDINANCE NO. 185583
Title

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<p>INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams</p>	<p>CLERK USE: DATE FILED <u>AUG 17 2012</u></p>
<p>COMMISSIONER APPROVAL</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 style="text-align: right;">LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Financial Services Bureau Head: Rich Goward</p> <p>Prepared by: Jonas Biery Date Prepared: July 31, 2012</p> <p>Financial Impact & Public Involvement Statement</p> <p>Completed <input checked="" type="checkbox"/> Amends Budget <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 August 22, 2012</p>	<p>ACTION TAKEN:</p> <p>AUG 22 2012 PASSED TO SECOND READING AUG 29 2012 9:30 A.M.</p>
<p>City Attorney Approval</p>	

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

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