

ORDINANCE No. 1 8 8 0 4 5

Authorize water revenue bonds to finance water system additions and improvements and to refund water revenue bonds (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City is authorized to issue revenue bonds for a public purpose under ORS 287A.150 and related statutes (the "Act"). Revenue bonds issued under the Act may be payable from all or any portion of the water system revenues of the City. The City is also authorized to issue revenue bonds to refund revenue bonds pursuant to ORS 287A.360 to 287A.375.
2. The City may authorize revenue bonds under the Act by nonemergency ordinance. The City may not sell revenue bonds authorized under the Act until the period for referral of the authorizing ordinance 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 a portion of the costs of the capital improvement plan of the City's water system, including additions, improvements, and capital equipment that facilitate supply, treatment, transmission, storage, pumping, distribution, regulatory compliance, customer service and support (collectively, the "System Improvements").
4. The City enacted Ordinance No. 166756 on July 21, 1993. That ordinance, as amended (the "Existing First Lien Ordinance") provides the terms under which the City may issue revenue bonds that are secured by a first lien on the net revenues of the City's water system (the "First Lien Bonds"). The Existing First Lien Ordinance contains covenants and other provisions that give rights to the owners of the First Lien Bonds.
5. The City has reserved the right to amend the Existing First Lien Ordinance if the City obtains the consent of a sufficient number of owners of the affected bonds.
6. The City has obtained the consent of a sufficient number of owners of First Lien Bonds to make a variety of amendments to the Existing First Lien Ordinance, including replacing the Existing First Lien Ordinance with a master first lien bond declaration. These amendments are intended to benefit the City.
7. The City may be able to obtain debt service savings or favorably restructure debt service or covenants for its outstanding First Lien Bonds by refunding those bonds.

8. The City adopts this ordinance to authorize the issuance and sale of water revenue bonds in an amount sufficient to produce net proceeds of up to \$93 million for costs of System Improvements, and to authorize refunding of water revenue bonds.

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 \$93 million to pay for costs of System Improvements and to pay costs related to the bonds. The City estimates that the total principal amount of revenue bonds required for this purpose will not exceed \$93 million. The bonds shall be issued and sold in accordance with the Act.
 2. The bonds authorized by Section 1.a.1 of this ordinance shall be special obligations of the City that are payable solely from water system revenues that are issued as First Lien Bonds.
 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 ORS 287A.360 to 287A.375 to refund any outstanding First Lien Bonds to obtain debt service savings in accordance with the City's debt management policy. The refunding bonds authorized by this Section 1.b shall be issued as First Lien Bonds and may be issued in an aggregate principal amount sufficient to refund the water revenue bonds selected by the Debt Manager pursuant to Section 1.c.7 of this ordinance, plus amounts estimated to pay costs related to the refunding bonds.
- c. Delegation. After this ordinance takes effect the City's Debt Manager, Chief Financial Officer and Director of the Bureau of Revenue and 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 (any of whom is referred to in this ordinance as a "Debt Manager") may, on behalf of the City and without further action by the Council:
 1. Issue the revenue bonds authorized by this ordinance (the "2016 Bonds") in one or more series, which may be sold at different times.
 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 2016 Bonds.

3. Subject to the limits of this ordinance, 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 2016 Bonds and 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.
4. Prepare, execute and deliver one or more bond declarations or other documents or agreements that will specify the terms under which each series of the 2016 Bonds are issued and the administrative provisions that apply to the 2016 Bonds. The bond declarations or other documents or agreements may also contain covenants for the benefit of the owners of the 2016 Bonds and any credit enhancement providers.
5. Amend the Existing First Lien Ordinance as permitted by the Existing First Lien Ordinance to make changes that the Debt Manager determines will benefit the City, including replacing the Existing First Lien Ordinance with a master first lien bond declaration.
6. Refund any outstanding First Lien Bonds to obtain debt service savings in accordance with the City's debt management policy.
7. Undertake to provide continuing disclosure for any series of 2016 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
8. Apply for and purchase municipal bond insurance or other forms of credit enhancements for any series of 2016 Bonds, and enter into related agreements.
9. Appoint and enter into agreements with escrow agents, paying agents, verification agents and other professionals and service providers for the 2016 Bonds.
10. Issue any qualifying series of 2016 Bonds as "tax-exempt bonds" bearing interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, (the "Code") and enter into covenants for the benefit of the owners of those series to maintain the excludability of interest on those series from gross income under the Code.
11. Issue any qualifying series of 2016 Bonds as "tax credit bonds," "federal subsidy bonds" or other obligations that are eligible for federal tax credits, federal interest subsidies or other federal benefits, and enter into any covenants and take any actions that are required to qualify for those federal benefits.
12. Issue any series of 2016 Bonds as "taxable bonds" bearing interest that is includable in gross income under the Code.

13. Execute any documents and take any other action in connection with the 2016 Bonds which the Debt Manager finds will be advantageous to the City.

- d. Rate Covenant. The City covenants for the benefit of the owners of all First Lien Bonds that are sold under the authority of this ordinance that the City shall, when the First Lien Bonds are issued, charge rates and fees in connection with the operation of the Water System which, when combined with other Gross Revenues, are adequate to generate Net Revenues at least equal to one hundred twenty five percent (125.00%) of Annual Debt Service due in that Fiscal Year, with the proposed Parity Obligations treated as Outstanding. Capitalized terms used in this Section 1.d that are not defined in this ordinance shall have the meanings defined for those terms in the Master First Lien Water System Revenue Bond Ordinance.
- e. Effect of Replacing the Existing First Lien Ordinance. When the Debt Manager replaces the Existing First Lien Ordinance with a master first lien bond declaration pursuant to Section 1.c.5 of this ordinance, the Existing First Lien Bond Ordinance shall cease to govern the issuance of First Lien Bonds, and First Lien Bonds shall be issued under the master first lien bond declaration as provided in that master first lien bond declaration.

Passed by the Council: OCT 19 2016

Mayor Charlie Hales

Prepared by: Bond Counsel: Eric Johansen

Date Prepared: September 28, 2016

Mary Hull Caballero

Auditor of the City of Portland


By



Susan Parsons

Deputy

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<p>INTRODUCED BY Commissioner/Auditor: Mayor Charlie Hales</p>	<p>CLERK USE: DATE FILED <u>OCT 04 2016</u></p>
<p>COMMISSIONER APPROVAL</p> <p>Mayor—Finance and Administration - Hales</p> <p>Position 1/Utilities - Fritz</p> <p>Position 2/Works - Fish</p> <p>Position 3/Affairs - Saltzman</p> <p>Position 4/Safety - Novick</p>	<p style="text-align: center;">Mary Hull Caballero Auditor of the City of Portland</p> <p>By:  Deputy</p>
<p>BUREAU APPROVAL</p> <p>Bureau: Revenue & Financial Svcs Bureau Head: Ken Rust <i>KLR</i></p> <p>Prepared by: Bond Counsel: Eric Johansen <i>EJH</i></p> <p>Date Prepared: 9/28/2016</p> <p>Impact 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>City Auditor Office Approval: required for Code Ordinances</p> <p>City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter</p> <p>Council Meeting Date 10/12/2016</p>	<p>ACTION TAKEN:</p> <p>OCT 12 2016 PASSED TO SECOND READING OCT 19 2016 9:30 A.M.</p>

<p style="text-align: center;">AGENDA</p> <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: 5 minutes (for presentation, testimony and discussion)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 30%;">FOUR-FIFTHS AGENDA</th> <th colspan="2">COMMISSIONERS VOTED AS FOLLOWS:</th> </tr> <tr> <th></th> <th style="width: 35%;">YEAS</th> <th style="width: 35%;">NAYS</th> </tr> <tr> <td>1. Fritz</td> <td style="text-align: center;">✓</td> <td></td> </tr> <tr> <td>2. Fish</td> <td style="text-align: center;">_____</td> <td></td> </tr> <tr> <td>3. Saltzman</td> <td style="text-align: center;">_____</td> <td></td> </tr> <tr> <td>4. Novick</td> <td style="text-align: center;">✓</td> <td></td> </tr> <tr> <td>Hales</td> <td style="text-align: center;">✓</td> <td></td> </tr> </table>	FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:			YEAS	NAYS	1. Fritz	✓		2. Fish	_____		3. Saltzman	_____		4. Novick	✓		Hales	✓	
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