

**ORDINANCE No. 183460**

\* Authorize water revenue refunding bonds to finance costs related to the City's water system (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City has issued and may issue water system revenue bonds (the "Refundable Bonds") to finance costs related to the City's water system. The Refundable Bonds are secured by revenues of the City's water system and amounts related to that water system.
2. At certain times, interest rates may be lower than the interest rates borne by the Refundable Bonds and the City may be able to obtain debt service savings by refunding all or a portion of the Refundable Bonds.
3. The City has previously enacted Ordinance No. 174241. That ordinance, as amended (the "Master First Lien Water System Revenue Bond 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").
4. The City previously executed its Master Second Lien Water System Revenue Bond Declaration (the "Master Second Lien Declaration"). The Master Second Lien Declaration provides the terms under which the City may issue revenue bonds that are secured by a second lien on the net revenues of the City's water system (the "Second Lien Bonds").
5. The bonds described in this ordinance will be secured solely by the revenues of the City's water system and amounts related to that water system.
6. The City is authorized to issue water revenue bonds to refund outstanding water system revenue bonds by ORS 287A.360 to 287A.380.
7. The City adopts this ordinance to authorize the refunding of all or any portion of the City's Refundable Bonds to achieve debt service savings.

NOW, THEREFORE, the Council directs:

- a. Authorization of Refunding Bonds. The City hereby authorizes the sale and delivery of water system revenue refunding bonds (the "Refunding Bonds") pursuant to applicable Oregon statutes to refund all or any portion of the outstanding Refundable Bonds to obtain debt service savings. The Refunding Bonds may be issued in an amount sufficient to pay and redeem the Refundable Bonds and pay costs related to the Refunding Bonds. The authority provided under this Section a. shall remain in effect though December 31, 2011.

- b. Security. The Refunding Bonds shall be secured solely by the revenues of the City's water system and amounts related to that water system and may be issued as either First Lien Bonds or Second Lien Bonds.
- c. Delegation. When this ordinance takes effect 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. Provide that the Refunding Bonds may be issued in one or more series, any of which may be First Lien Bonds or Second Lien Bonds, and any of 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 Refunding Bonds.
  3. Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record dates and other terms for each series of the Refunding Bonds, and either publish a notice of sale, receive bids and award the sale of each series to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters or commercial banks and negotiate the sale of any series with those underwriters or commercial banks.
  4. Undertake to provide continuing disclosure for each series of the Refunding Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
  5. Apply for and purchase municipal bond insurance, reserve sureties or other forms of credit enhancements for each series of the Refunding Bonds, and enter into related agreements.
  6. Finalize the terms of, execute and deliver bond declarations that describe the terms of each series of the Refunding Bonds. The bond declarations may also contain covenants for the benefit of the owners of the Refunding Bonds, insurers of the Refunding Bonds and providers of reserve sureties.
  7. Appoint and enter into agreements with escrow agents, paying agents, verification agents and other professionals and service providers for the Refunding Bonds.
  8. Enter into covenants to maintain the excludability of interest on each series of the refunding Bonds from gross income under the Internal Revenue Code of 1986, as amended.

9. Execute any documents and take any other action in connection with the Refunding 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 Refunding Bonds 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

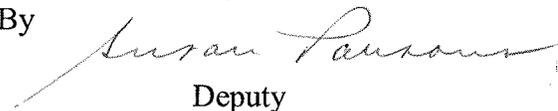
Section 2. The Council declares that an emergency exists in order that the borrowing may be done while interest rates are favorable. Therefore, this Ordinance shall be in force and effect from and after its passage by the Council.

Passed by the Council, JAN 13 2010

Mayor Sam Adams  
Prepared by:  
Eric Johansen: Bond Counsel  
December 22, 2009

LAVONNE GRIFFIN-VALADE  
Auditor of the City of Portland

By

  
Deputy

Agenda No. **ORDINANCE NO. 183460**

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 <i>Adams</i></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 <i>Ken Rust</i></p> <p>Prepared by: Eric Johansen:PT Date Prepared: December 22, 2009</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>January 13, 2010</b></p> <p><b>City Attorney Approval</b></p>	<p>CLERK USE: DATE FILED <u>JAN 08 2010</u></p> <p>LaVonne Griffin-Valade Auditor of the City of Portland</p> <p>By: <i>LaVonne Griffin-Valade</i> 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><b>Total amount of time needed:</b> _____ (for presentation, testimony and discussion)</p>
<p><b>CONSENT</b> <input checked="" type="checkbox"/></p>
<p><b>REGULAR</b> <input type="checkbox"/></p> <p><b>Total amount of time needed:</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 ✓	