

**ORDINANCE No.**      **185916**

Authorize water revenue bonds to refund outstanding bonds and finance water system capital improvements (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. Revenue bonds issued under ORS 287A.150 may be payable from all or any portion of the water system revenues of the City.
2. The City may authorize revenue bonds under ORS 287A.150 by nonemergency ordinance. The City may not sell those revenue bonds until that nonemergency ordinance takes effect. If a nonemergency ordinance authorizing the revenue bonds is referred, the ordinance will not take effect and the City may not sell the revenue bonds authorized by that ordinance unless the voters approve those revenue bonds.
3. The City now finds it financially feasible and in the best interests of the City to authorize the issuance and sale of revenue bonds under ORS 287A.150 to finance additions and improvements to the City's water system that facilitate water supply, treatment, transmission, storage, pumping, and distribution, regulatory compliance, and customer service and support (the "Capital Improvements").
4. It is desirable to authorize revenue bonds that will provide up to \$161,500,000 (One Hundred Sixty-one Million Five Hundred Thousand Dollars) to pay for costs of Capital Improvements, plus additional amounts for debt service reserves and costs related to the revenue bonds.
5. The City is authorized to refund outstanding revenue bonds by ORS 287A.360 to 287A.380. The City may be able to obtain debt service savings or favorably restructure its outstanding water revenue bonds by refunding all or a portion of the City's Water System Revenue Refunding Bonds, 2004 Series A and Water System Revenue Bonds, 2004 Series B, and the City's Second Lien Water System Revenue Bonds, 2006 Series A (the "Refundable Bonds").
6. 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.
7. In 2006 the City executed a master second lien water system revenue bond declaration and issued its Second Lien Water System Revenue Bonds, 2006 Series A. Events in the financial markets have made it desirable to enter into a new master declaration governing revenue bonds that are secured by a second lien on the net revenues of the City's water system.

8. It is desirable to permit the City to issue revenue bonds authorized by this ordinance to provide interim financing for the Capital Improvements, and to refund those interim financing bonds.

NOW, THEREFORE, the Council directs:

- A. Authorization of Bonds. The Council hereby authorizes the issuance of water revenue bonds in an amount sufficient to provide up to \$161,500,000 (One Hundred Sixty-one Million Five Hundred Thousand Dollars) to finance the costs of Capital Improvements, plus additional amounts that are sufficient to fund debt service reserves for all bonds authorized by this ordinance and pay costs related to the bonds. The total principal amount of bonds to be issued for these purposes is estimated not to exceed \$185 million. The Council also hereby authorizes the issuance of water revenue refunding bonds pursuant to ORS 287A.360 to 287A.380 in amounts sufficient to refund all or any portion of the Refundable Bonds and any revenue bonds issued pursuant to this ordinance to provide interim financing for Capital Improvements, and to pay related costs.
1. The revenue bonds authorized by this ordinance (the "Bonds") shall be special obligations of the City that are secured solely by the net revenues of the water system and other amounts related to the city's water system that the city commits to pay the Bonds.
  2. No series of Bonds may be sold and no purchase agreement for any series of Bonds authorized may be executed until this ordinance takes effect. This ordinance will take effect thirty days after it is enacted unless it is referred. If this ordinance is referred this ordinance will not take effect and the City may not sell the Bonds unless the voters approve the Bonds.
- B. Sale of Bonds; Delegation. The Council hereby authorizes the sale and delivery of the Bonds as provided in this ordinance. After this ordinance takes effect the Debt Manager of the City, the City Treasurer, 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 and without further action by the Council:
1. Draft and finalize a new, master second lien bond declaration for the Bonds, which shall be substantially in the form attached as Exhibit A, but with any changes that may be subsequently approved by the Debt Manager, and draft and finalize any other bond declarations that are desirable to carry out this ordinance. These bond declarations may also contain covenants for the benefit of the owners and any credit enhancement providers.
  2. Issue the Bonds in one or more series, which may be sold at different times and in combination with other series of revenue bonds authorized by the Council.

3. Issue any Series of Bonds under the new, master second lien bond declaration described in Section 1.B.1 of this ordinance or under the existing master second lien water system revenue bond declaration.
4. Issue one or more series of the Bonds to provide interim financing for the Capital Improvements, enter into lines of credit or similar documents which permit the City to draw Bond proceeds over time, and issue Bonds to refund the Bonds that provide interim financing for the Capital Improvements.
5. 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 Bonds.
6. Subject to the limits in this ordinance, 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 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 lenders and negotiate the sale of any series with those underwriters or lenders.
7. Undertake to provide continuing disclosure for any series of the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
8. Appoint and enter into agreements with service providers for the Bonds.
9. Enter into covenants to maintain the excludability of interest on any series of the Bonds from gross income under the Internal Revenue Code of 1986, as amended.
10. If permitted by federal law, issue any series of Bonds as taxable bonds that are eligible for federal interest subsidies or tax credits.
11. Issue Bonds to refund the Refundable Bonds and take any other actions required to refund the Refundable Bonds, including the submission of an advance refunding plan to the Oregon State Treasurer for review and approval and the execution of an escrow agreement, if necessary.

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

Passed by the Council: MAR 06 2013

Mayor Charlie Hales

Prepared by: Bond Counsel: Jonas Biery JB

Date Prepared: February 12, 2013

**LaVonne Griffin-Valade**  
Auditor of the City of Portland

By



019281

Agenda No. **ORDINANCE NO. 185916**  
Title

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

**INTRODUCED BY**  
Commissioner/Auditor:  
**Mayor Charlie Hales**

**COMMISSIONER APPROVAL**

Mayor—Finance and Administration - Hales

Position 1/Utilities - Fritz

Position 2/Works - Fish

Position 3/Affairs - Saltzman

Position 4/Safety - Novick

**BUREAU APPROVAL**

Bureau: OMF/Bureau of Financial Services *JB*

CAO: Jack D. Graham *JG*

Bureau Head: Richard Goward

Prepared by:  
Bond Counsel: Jonas Biery *JB*

Date Prepared: February 12, 2013

Financial Impact & Public Involvement Statement

Completed  Amends Budget

Portland Policy Document  
If "Yes" requires City Policy paragraph stated in document.  
Yes  No

Council Meeting Date  
**February 27, 2013**

**City Attorney Approval:**  
required for contract, code, easement, franchise, comp plan, charter

CLERK USE: DATE FILED FEB 22 2013

LaVonne Griffin-Valade  
Auditor of the City of Portland

By: *[Signature]*  
Deputy

**ACTION TAKEN:**  
FEB 27 2013 PASSED TO SECOND READING MAR 06 2013 9:30 A.M.

**AGENDA**

**TIME CERTAIN**

**Total amount of time needed:**  
(for presentation, testimony and discussion)

**CONSENT**

**REGULAR**

**Total amount of time needed: 5 minutes**  
(for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish	✓	
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	