

ORDINANCE NO. 158923

ORDINANCE AUTHORIZING AMENDED AND RESTATED DOCUMENTS AND ACTIONS IN CONNECTION WITH THE SECONDARY OFFERING OF THE CITY OF PORTLAND, OREGON MULTIFAMILY HOUSING REVENUE BONDS (THE SOUTH PARK BLOCKS APARTMENTS II PROJECT), 1985 SERIES A, AND DECLARING AN EMERGENCY.

THE CITY OF PORTLAND, OREGON ORDAINS:

Section 1. The City Council hereby makes the following findings and determinations:

(1) Oregon Revised Statutes Sections 280.410 to 280.485, as amended (the "Act"), authorizes and empowers the City of Portland, Oregon (the "City") to issue its limited obligation development revenue bonds and loan the proceeds of such bonds to private enterprises in order to finance the acquisition and construction of residential rental housing facilities for low-and moderate-income families and persons, all for the purpose of promoting the public health, safety, convenience and prosperity.

(2) The City has issued The City of Portland, Oregon Multifamily Housing Revenue Bonds (the South Park Block Apartments II Project), 1985 Series A (the "Bonds") to finance the acquisition and construction of a residential rental housing project to be located within the jurisdictional limits of the City (the "Project") and to be owned and operated by University Park Limited Partnership, an Oregon limited partnership (the "Developer").

(3) The City's participation in the financing of the Project is to enable the Developer to utilize applicable provisions of the United States Internal Revenue Code of 1954, as amended (the "Code"). Section 103 of the Code encourages the construction of certain facilities and the public financing thereof through revenue bonds by providing that the interest on such Bonds, as contrasted with any bonds issued by the Developer itself, will be exempt from Federal income tax. This tax exemption enables the purchasers of the Bonds to accept a lower rate of interest, and since the Developer in effect pays the interest on the Bonds, reduces the interest cost of the Project financing to the Developer.

(4) The Bonds were issued on December 31, 1985 at a fixed interest rate. Effective May 22, 1986, the interest rate on the Bonds was converted to a Weekly Interest Rate which, as adjusted from time to time, will remain in effect through the Extended Conversion Date. On the Extended Conversion Date, September 3, 1986, the interest rate on the Bonds will be converted to a Long-Term Interest Rate.

(5) The City and the United States National Bank of Oregon, as trustee (the "Trustee") contemplated at the time when the Bonds were issued as reflected in Sections 706, 1001(h) and 1201(e) of the Indenture of Trust dated as of December 1, 1985 between the City and the Trustee (the "Original Indenture") that the terms of the Original Indenture and the Loan Agreement dated as of December 1, 1985, among the City, the Developer and the Trustee (the "Original Loan Agreement") would need to be modified to reflect the requirements of the Credit Facility Provider to provide a Credit Facility during the Long-Term Interest Rate Period; provided such modification did not materially change the terms and provisions of the Original Indenture, the Original Loan Agreement or the Bonds.

(6) Citibank, N.A., (the "Credit Facility Provider") has agreed to issue a direct pay letter of credit to pay the principal and interest on the Bonds during the first Long-Term Interest Rate Period and such letter of credit meets the requirements for a Credit Facility under Section 5.8 of the Original Loan Agreement; provided certain technical and other immaterial changes are to be made to the Original Indenture and the Original Loan Agreement, as such are to be amended and restated, respectively, by the First Amended and Restated Indenture of Trust dated as of September 1, 1986 between the City and the Trustee (the "Indenture") and the First Amended and Restated Loan Agreement dated as of September 1, 1986 among the City, the Developer and the Trustee (the "Loan Agreement").

(7) The Indenture will amend and restate the Original Indenture as such Original Indenture was amended and supplemented by the Supplement to Indenture dated as of May 22, 1986 between the City and the Trustee (the "Supplement to Indenture").

(8) The Loan Agreement will amend and restate the Original Loan Agreement.

(9) To clarify certain rights, remedies and options by the City, the Trustee, the Credit Facility Provider and the Developer, the Credit Facility Provider will require such parties to enter into an Intercreditor Agreement as of September 1, 1986 (the "Intercreditor Agreement").

(10) The Credit Facility Provider will also require certain minor revisions to the Regulatory Agreement dated as of December 1, 1985, among the Developer, the City and Trustee as reflected in the Supplement to Regulatory Agreement dated as of September 1, 1985, among the Developer, the City and the Trustee (the "Supplement to Regulatory Agreement").

(11) Forms of the Indenture, Supplement to Regulatory Agreement, Loan Agreement and Intercreditor Agreement have

previously been submitted to the Portland Development Commission staff for review. It is now appropriate for the City to act on these amended, restated and supplemental documents.

NOW, THEREFORE, the City Council directs:

A. Determination of Necessity. The approval of the Intercreditor Agreement, the Supplement to Regulatory Agreement, the Indenture and the Loan Agreement is necessary to assist in financing of the Project and to insure a Credit Facility will be obtained for the Bonds, complies with the purposes and provisions of the Act and will promote the public health, welfare, safety, convenience and prosperity. The Project continues to constitute an "Economic Development Project" under the Act and the City Code.

B. Approval of Indenture, Loan Agreement, Intercreditor Agreement, and Supplement to Regulatory Agreement. The Forms of Indenture, Loan Agreement, Intercreditor Agreement, and Supplement to Regulatory Agreement on file with the Portland Development Commission are hereby approved.

C. Execution and Delivery of Documents and Changes Therein. The Executive Director of the Portland Development Commission, or his designee, is hereby authorized, empowered and directed, for and on behalf of the City, to execute and deliver the Indenture, Loan Agreement, Supplement to Regulatory Agreement and the Intercreditor Agreement, all in substantially the forms approved, with such changes and insertions in such documents as may be necessary or desirable and permitted by the Act and otherwise by law, and not adverse to the City.

D. Authorization of Other Documents. The Executive Director of the Portland Development Commission, or his designee, is hereby authorized to execute and deliver such other certificates, documents, instruments and other agreements as may be required by the Original Indenture, Regulatory Agreement, Original Loan Agreement, Loan Agreement, Remarketing Agreement, Supplement to Indenture, the Indenture, Tender Agent Agreement or as may be necessary or convenient to effect the secondary offering of the Bonds in accordance with the terms of the aforementioned documents and the provision of the Credit Facility by the Credit Facility Provider.

E. Conflict. All ordinances and parts of ordinances or other proceedings of the Council in conflict herewith are repealed to the extent of such conflict.

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F. Definitions. The words used herein and in the premises shall have, where not otherwise indicated, those meanings established in the Indenture.

Section 2. Declaration of Emergency. By reason of the fact that the Indenture requires that the Bonds be redeemed on September 3, 1986, unless the Bonds are remarketed on that date and a Credit Facility is provided by a Credit Facility Provider on that date, and that such redemption would adversely affect the feasibility of financing the Project by means of the Bonds, thereby jeopardizing the Developer's ability to proceed with the Project and thus further the public purposes sought to be advanced under the Act, it is necessary that the Bonds be remarketed on September 3, 1986; therefore it is hereby declared that an emergency exists and that this Ordinance is immediately necessary for the preservation of the public peace, health and safety, and in particular, to further the public purposes of the Act, and that this Ordinance is hereby passed and approved as an emergency ordinance to become effective upon final passage.

Passed by the Council, **AUG 21 1986**

Mayor Clark  
PDC:LLB:bls  
August 20, 1986

**Jewel Lansing**  
Auditor of the City of Portland  
By *Doris E. Chelley*  
Deputy

THE COMMISSIONERS VOTED AS FOLLOWS:		
	Ycas	Nays
BOGLE	✓	
LINDBERG	✓	
SCHWAB	✓	
STRACHAN	✓	
CLARK	✓	

FOUR-FIFTHS CALENDAR	
BOGLE	<i>Dick Bogle</i>
LINDBERG	<i>MDS</i>
SCHWAB	
STRACHAN	<i>MDS by JRP</i>
CLARK	<i>J.E. Bud Clark</i>

Calendar No. 1727

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### Title

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Filed AUG 21 1986

JEWEL LANSING  
Auditor of the CITY OF PORTLAND  
By Nancy Dunford  
Deputy

INTRODUCED BY	
Mayor J.E. Bud Clark	
NOTED BY THE COMMISSIONER	
Affairs	
Finance and Administration <i>J.E. Bud Clark</i>	
Safety	
Utilities	
Works	
BUREAU APPROVAL	
Bureau: Portland Development Commission	
Prepared By:	Date:
Larry Brown	August 20, 1986
Budget Impact Review:	
<input type="checkbox"/> Completed <input type="checkbox"/> Not required	
Bureau Head <i>Patrick L. LaCrosse</i>	
CALENDAR	
Consent	Regular
NOTED BY	
City Attorney	
City Auditor	
City Engineer	