

Date: October 25, 2017
To: Board of Directors
From: Neil McFarlane *Neil McFarlane*
Subject: RESOLUTION 17-10-75 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET)
AUTHORIZING THE ISSUANCE OF CAPITAL GRANT RECEIPT
REVENUE BONDS

1. Purpose of Item

The purpose of this item is to request that the TriMet Board of Directors (Board) adopt a Resolution authorizing the issuance of revenue bonds to provide up to \$120 million over one or more bond issues for projects plus additional amounts that are required to pay costs related to the bonds, including costs of issuance, capitalized interest, and funding debt service reserves. TriMet estimates that the total principal amount of revenue bonds required for this purpose will not exceed \$120 million to pay for costs of issuance plus the costs of transit projects and transit supportive systems, such as projects in TriMet’s Capital Improvement Program, Southwest Corridor, Division Transit, and other transit related projects.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other Issuance of Grant Receipt Revenue Bonds

3. Reason for Board Action

ORS 287A.150 (the “Act”) requires Board approval and a publication of notice before bonds may be issued pursuant to the Act.

4. Type of Action

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. Background

This resolution authorizes the issuance and sale of revenue bonds to pay capital costs and costs of issuance as noted above.

Grant Receipt Revenue Bonds

The bonds authorized by this resolution will be secured by future Federal Metropolitan Transportation Improvement Program (MTIP) grants received from Metro. The region, through Metro and the Joint Policy Advisory Committee on Transportation (JPACT), has allocated future MTIP grant funds to pay debt service on the bonds. Metro is the federally mandated metropolitan planning organization for the Oregon portion of the Portland metropolitan area. Metro is responsible for approving the expenditure of all federal transportation funds in the region.

These bond proceeds and other sources of revenue will augment TriMet's capital program and meet the region's intent to fund the Southwest Corridor, Division Transit, Powell Garage project and may be used for one or more other capital projects such as the ODOT Project Development-Highway Arterial; Active Transportation/Safe Routes to School Projects; Enhanced Transit Projects; and other transit related projects.

6. Financial/Budget Impact

MTIP grants will be pledged to pay debt service on the Grant Receipt Revenue Bonds, and are anticipated to fully cover all debt service payments. To date, TriMet has received all MTIP payments pledged to cover debt service payments on the Series 2011A and the Series 2017A Bonds under a similar agreement. As an additional security measure to increase the bond rating and reduce interest costs, TriMet also intends to pledge its receipt of federal funds under the federal Section 5307 program (Urbanized Area formula funds). This bond structure is consistent with the funding structure in plan under the outstanding Series 2017A Capital Grant Receipt Revenue Refunding bonds.

The proposed bond issues comply with and are consistent with TriMet's Debt Management Policy and Strategic Financial Plan (SFP). The Debt Management Policy provides that Debt secured by grant revenues can be issued when the anticipated receipts are sufficient to meet all debt service requirements, which is anticipated for this issue.

7. Intent to Reimburse

This Resolution also declares TriMet's official intent pursuant to Section 1.150-2 of the Treasury Regulations to reimburse itself with the proceeds of the Bonds for expenditures on the funded projects paid before the Bonds are issued.

8. Impact if Not Approved

If this Resolution is not approved, TriMet will be unable to issue the MTIP grant backed Revenue Bonds as anticipated by the Metro IGA. This will impact TriMet's ability to move forward on the projects for which the proceeds are dedicated.

RESOLUTION 17-10-75

RESOLUTION OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING THE ISSUANCE OF GRANT RECEIPT REVENUE BONDS

The Board of the Tri-County Metropolitan Transportation District of Oregon (TriMet) finds:

A. It is financially feasible and in the best interests of TriMet to authorize the issuance of revenue bonds to provide up to \$120 million for costs of transit projects and transit supportive systems such as projects in TriMet's Capital Improvement Program, Southwest Corridor, Division Project and Other Transit-Related Projects (collectively the "Projects").

B. ORS 287A.150 and related provisions of ORS Chapter 287A (the "Act") permit TriMet to authorize revenue bonds by publishing a notice describing the revenue bonds. Unless at least five percent of TriMet's electors sign and file a petition to refer the bonds to an election within sixty days after the notice is published, TriMet may issue the revenue bonds described in the notice.

C. The revenue bonds authorized by this resolution will be secured by certain federal grant receipts that TriMet expects to receive and related amounts (the "Grant Receipts").

D. The Board adopts this resolution to authorize the revenue bonds described in the notice that is attached to this resolution as Exhibit A and to delegate to TriMet staff the authority to sell and issue those bonds.

E. TriMet may spend money on the Projects (the "Expenditures") before TriMet issues revenue bonds to finance the Projects and the rules of the United States Internal Revenue Service require TriMet to declare its official intent to reimburse itself for amounts that TriMet will spend before the revenue bonds are issued in order for TriMet to be reimbursed for such Expenditures from the proceeds of the revenue bonds.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Revenue Bonds Authorized.

TriMet hereby authorizes the issuance of a principal amount of revenue bonds that is sufficient to provide net proceeds of up to \$120 million to pay for costs of the Projects, plus additional amounts that are required to pay costs related to the bonds, including costs of issuance, capitalized interest, and funding debt service reserves. TriMet estimates that the total principal amount of revenue bonds required for this purpose will not exceed \$120 million. The revenue bonds described in this Section 1 (the "Bonds") shall be issued and sold in accordance with the Act and Section 3 of this resolution, and shall be secured solely by the Grant Receipts. The Bonds may be issued on parity with TriMet's outstanding bonds issued under the Master Capital

Grant Receipt Revenue Bond Trust Agreement dated June 1, 2005, as amended (the "Master Trust Agreement").

Section 2. Notice; Procedure.

In accordance with ORS 287A.150, the Bonds may be sold, and no purchase agreement for those the bonds may be executed, until at least sixty (60) days after publication of the Notice of Revenue Bond Authorization in substantially the form which is attached to this resolution as Exhibit "A" (the "Notice"). TriMet shall cause that notice to be published promptly after adoption of this resolution. The Notice shall specify the last date on which petitions may be submitted, and shall be published in at least one newspaper of general circulation within the boundaries of TriMet in the same manner as are other public notices of TriMet.

If TriMet receives petitions for an election, containing valid signatures of not less than five percent (5%) of TriMet's electors, by the date indicated in the Notice: the question of issuing the Bonds shall be placed on the ballot at the next legally available election date; and, no Bonds may be sold until the question of issuing the Bonds is approved by a majority of the electors of TriMet who vote on that question.

Section 3. Delegation.

TriMet may sell and issue the Bonds pursuant to this Section 3 as soon as permitted by ORS 287A.150. The General Manager or the designee of the General Manager (each of whom is referred to as the "General Manager" in this resolution) may take the following actions on behalf of TriMet:

- (1) Sell and issue the Bonds in one or more series, and in accordance with TriMet's Debt Management Policy of April, 2014.
- (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 Bonds.
- (3) Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms for each series of the Bonds, select one or more lenders or underwriters and negotiate the terms of the sale of any series of Bonds with those lenders or underwriters, or 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 TriMet.
- (4) Execute one or more supplemental trust agreements that amend and supplement the Master Trust Agreement and authorize and describe each series of Bonds. A supplemental trust agreement may contain any amendments or additional covenants for the benefit of the owners of the Bonds that the General Manager determines are desirable to facilitate compliance with the Master Trust Agreement or sell the Bonds on favorable terms.

- (5) Undertake to provide continuing disclosure for each series of the 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 obtain other forms of credit enhancement for each series of Bonds, enter into covenants and agreements with the providers of credit enhancement, and execute and deliver related documents and agreements.
- (7) Appoint and enter into agreements with paying agents and other professionals and service providers.
- (8) Designate the Bonds as “Green Bonds” if applicable.
- (9) Issue any series of Bonds with interest that is includable in gross income under the United States Internal Revenue Code of 1986, as amended (the “Code”).
- (10) Issue any series of Bonds with interest that is excludable from gross income under the Code, and enter into related covenants.
- (11) If the United States Congress permits TriMet to issue “interest subsidy bonds” or other forms of federally subsidized borrowings that lower TriMet’s borrowing costs, issue any series of Bonds in a manner that allows TriMet to achieve those lower costs, and enter into related covenants.
- (12) Execute and deliver any documents and take any other action in connection with the Bonds that the General Manager finds will be advantageous to TriMet.

Section 4. Intent to Reimburse. TriMet hereby declares its official intent pursuant to Section 1.150-2 of the Treasury Regulations to reimburse itself with the proceeds of the Bonds for any Expenditures paid before the Bonds are issued.

Section 5. Future Declarations of Intent to Reimburse. The General Manager is hereby authorized to make future declarations of intent to reimburse under Section 1.150-2 of the Federal Income Tax Regulations, on behalf of TriMet and without further action by the TriMet Board. All such future declarations shall be in writing and the original or a certified copy of each declaration shall be maintained in the public records of TriMet.

Section 6. Effective Date. This resolution shall take effect on the date it is adopted.

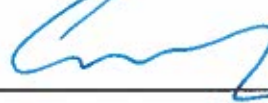
Dated: October 25, 2017

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Carol McCoog, Bond Counsel

Exhibit A
Resolution 17-10-75
Notice of Revenue Bond Authorization

NOTICE IS HEREBY GIVEN that the Board of the Tri-County Metropolitan Transportation District of Oregon (“TriMet”) adopted Resolution 17-10-75 on October 25 2017, authorizing the issuance of revenue bonds in one or more series to finance costs of transit projects and transit supportive systems, [such as projects in TriMet’s Capital Improvement Program, Southwest Corridor, Division Project and Other Transit-Related Projects] (collectively the “Projects”).

The bonds will be payable solely from TriMet’s revenues or other property. The bonds described in this notice are expected to be paid primarily from grants that TriMet receives. The bonds will not be general obligations of TriMet, and neither the authorization nor issuance of the bonds described in this notice will authorize TriMet to levy any taxes.

The bonds will be issued in an amount sufficient to produce net proceeds for the Projects of \$120 million. Bonds may also be issued to pay costs related to the bonds, including costs of issuance, capitalized interest and funding debt service reserves. TriMet estimates that the total principal amount of bonds required for this purpose will not exceed \$120 million. Bond proceeds will be used solely to pay for costs of the Projects and costs related to the bonds.

If written petitions requesting an election on the issuance of the bonds, signed by not less than five percent (5%) of TriMet’s electors, are filed with TriMet’s Recording Secretary at TriMet’s offices on or before[insert 60 days after publication], 2017, the question of issuing the bonds shall be placed on the ballot at the next legally available election date.

TriMet’s offices are located at 1800 SW 1st Ave., Suite 300, Portland, OR 97201, and a copy of the resolution authorizing the bonds is available from the Recording Secretary at that address. The bonds will be issued and sold under ORS 287A.150 and related statutes; this Notice is published pursuant to ORS 287A.150(4).