

Date: May 15, 2019
To: Board of Directors
From: J. Douglas Kelsey 
Subject: **RESOLUTION 19-05-32 AUTHORIZING THE ISSUANCE OF PAYROLL TAX 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, in one or more series, to provide up to \$200 million 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 \$200 million to pay for costs of issuance plus the costs of transit projects and transit supportive systems, such as the following projects: those in TriMet’s Capital Improvement Program, bus and vehicle replacements, Columbia Bus Base, Powell Garage and Red Line to Fair Complex.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other Issuance of Payroll Tax Revenue Bonds

3. Reason for Board Action

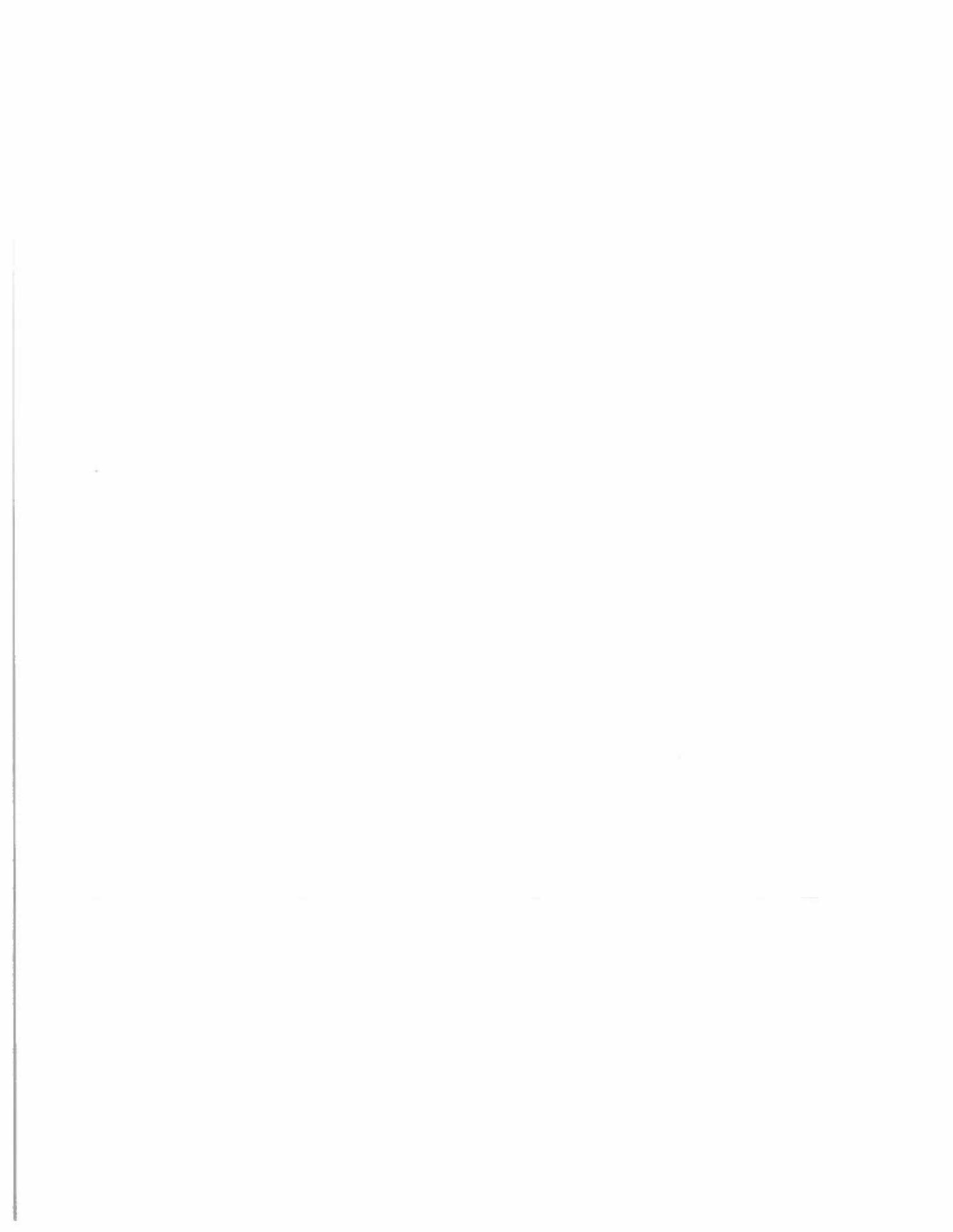
ORS 287A.150 (the “Act”) requires Board approval and a publication of notice before bonds may be issued pursuant to the Act.

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.



6. Senior Lien Payroll Tax Bonds

TriMet expects to issue up to \$200 million in one or more series of bonds in FY2020. The proceeds will pay for costs of issuance plus the costs of transit projects and transit supportive systems, such as the following projects: those in TriMet's Capital Improvement Program, bus and vehicle replacements, Columbia Bus Base, Powell Garage and Red Line to Fair Complex.

7. Financial/Budget Impact

Payroll Tax Revenue will be pledged to pay debt service on the Senior Lien Payroll Tax Bonds and are anticipated to fully cover all debt service payments.

The proposed bond issues comply with and are consistent with TriMet's Debt Management Policy and Strategic Financial Plan (SFP).

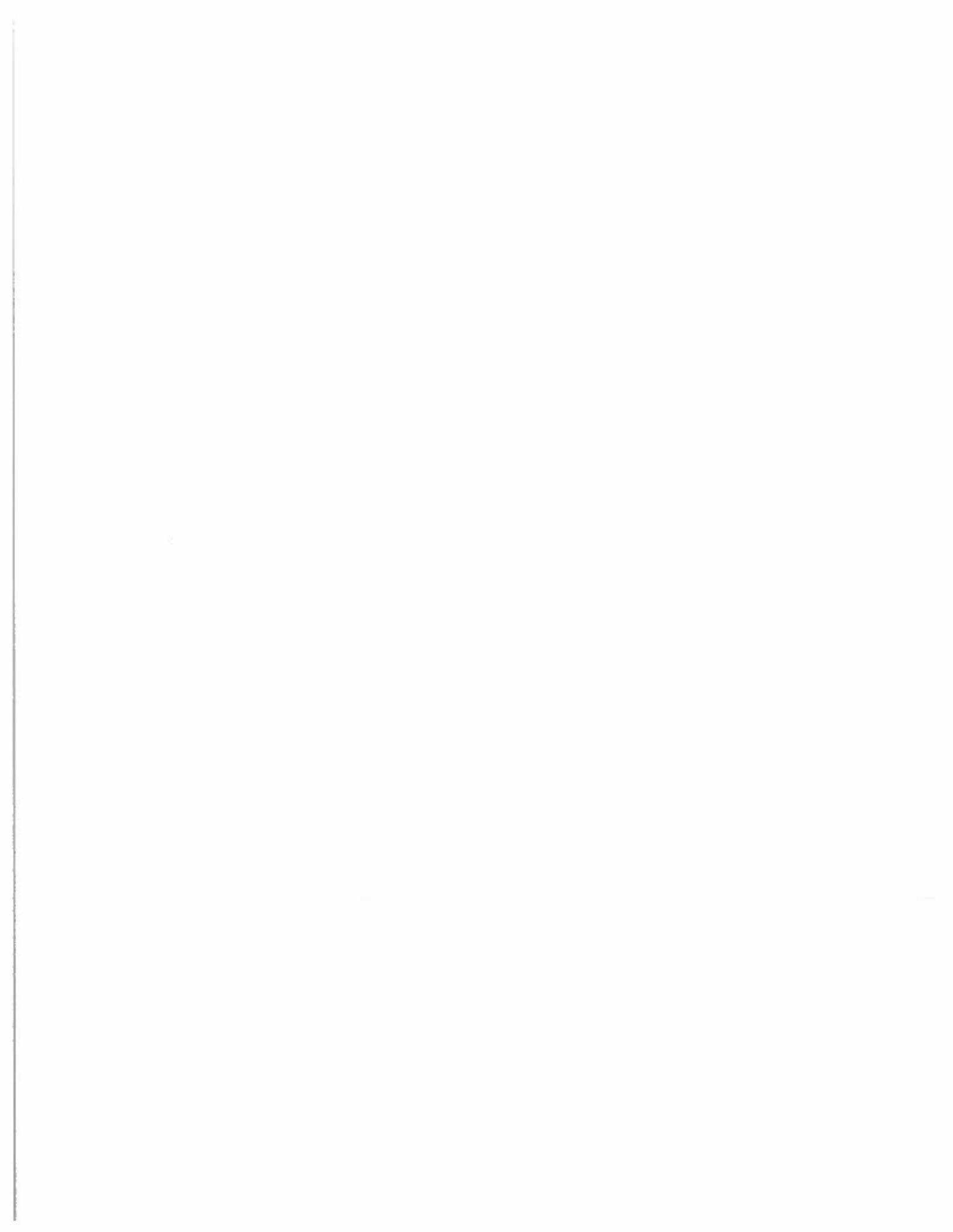
8. Intent to Reimburse

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.

9. Impact if Not Approved

If this Resolution is not approved, TriMet will be unable to issue the Senior Lien Payroll Tax Revenue Bonds on schedule. This will impact TriMet's ability to move forward on the projects for which the proceeds are dedicated.

DB/pc



RESOLUTION 19-05-32

**RESOLUTION OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET)
AUTHORIZING THE ISSUANCE OF PAYROLL TAX 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 \$200 million for costs of transit projects and transit supportive systems, such as the following projects: those in TriMet’s Capital Improvement Program, bus and vehicle replacements, Columbia Bus Base, Powell Garage and Red Line to Fair Complex (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 payroll and self-employment taxes, State payments in-lieu of taxes and related amounts (collectively, the “Payroll Tax Revenues”).

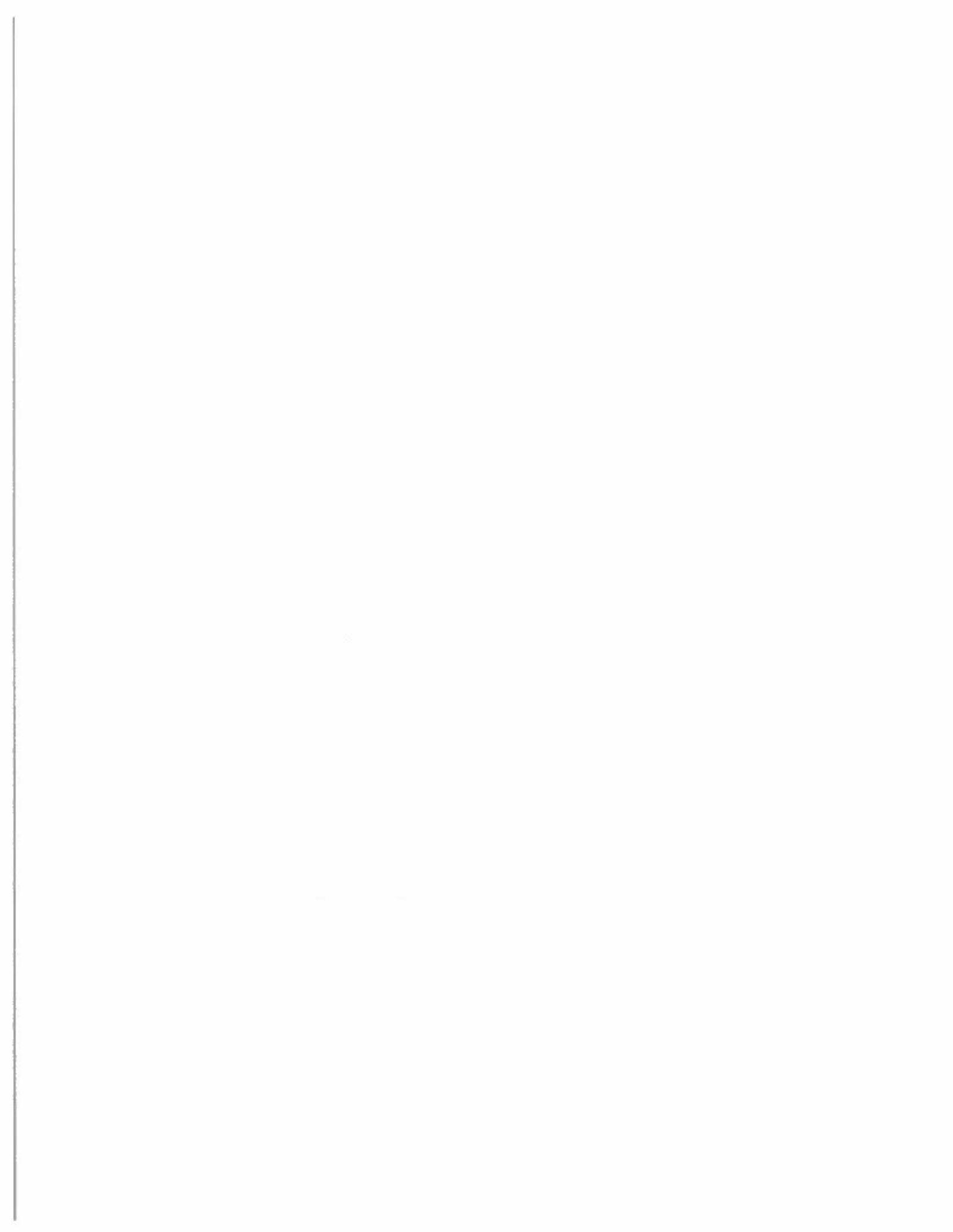
D. The Board adopts this resolution to authorize the revenue bonds described in the notice that is attached to this resolution as Exhibit A and to delegate to TriMet staff the authority to sell and issue those bonds.

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 by the TriMet Board as follows:

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 \$200 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 \$200 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 a senior lien of Payroll Tax Revenues described in the



Trust Indenture dated April 1, 2001, as it has and may be amended (the "Indenture"), and on parity with TriMet's outstanding Senior Lien Payroll Tax Bonds issued under the Indenture.

Section 2. Notice; Procedure.

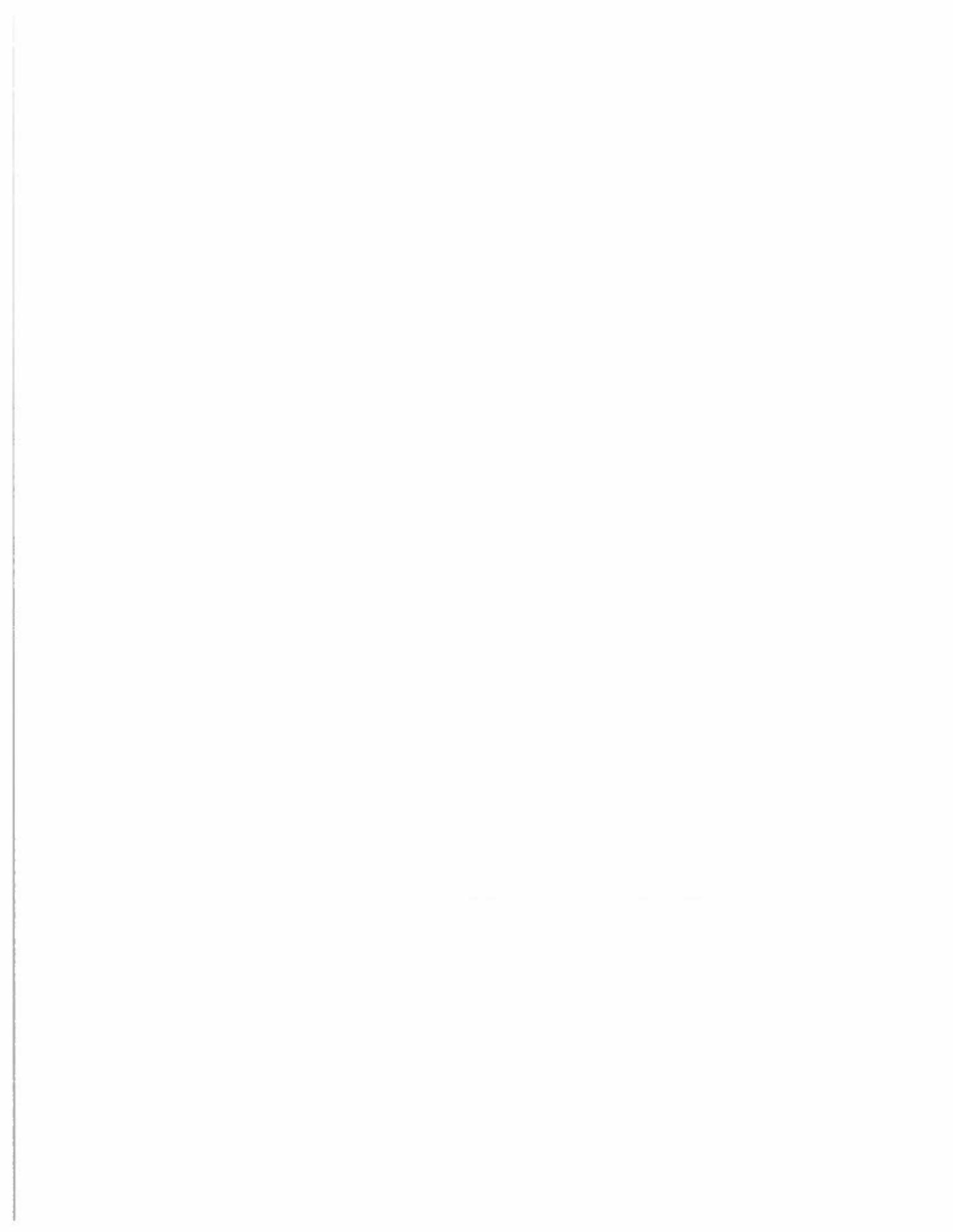
In accordance with ORS 287A.150, the Bonds may not be sold, and no purchase agreement for those the bonds may be executed, until at least sixty (60) days after publication of the Notice of Revenue Bond Authorization in substantially the form which is attached to this resolution as Exhibit "A" (the "Notice"). 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.
- (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 Indenture 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 Indenture 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.



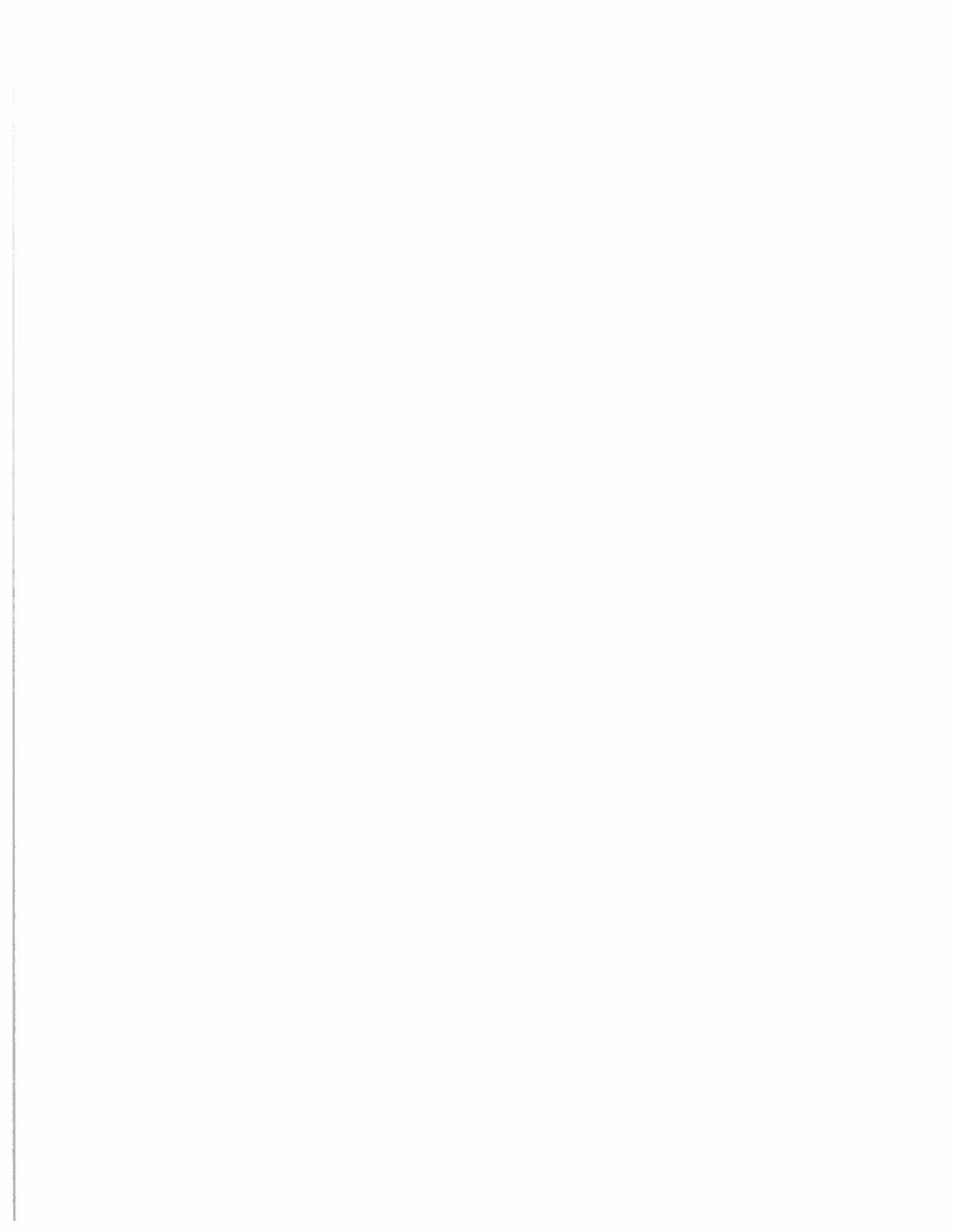
- (6) Appoint and enter into agreements with paying agents and other professionals and service providers.
- (7) Designate the Bonds as “Green Bonds” if applicable.
- (8) Issue any series of Bonds with interest that is includable in gross income under the United States Internal Revenue Code of 1986, as amended (the “Code”).
- (9) Issue any series of Bonds with interest that is excludable from gross income under the Code, and enter into related covenants.
- (10) 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.
- (11) 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.

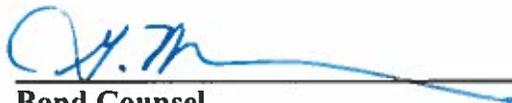
Adopted this 15th day of May, 2019

Presiding Officer

Attest:

Recording Secretary

Approved as to legal sufficiency:



Bond Counsel

Exhibit A
Resolution 19-05-32
Notice of Revenue Bond Authorization

NOTICE IS HEREBY GIVEN that the Board of the Tri-County Metropolitan Transportation District of Oregon (“TriMet”) adopted Resolution 19-05-__ on May 15, 2019, authorizing the issuance of revenue bonds in one or more series to finance costs of transit projects and transit supportive systems, such as the following projects: those in TriMet’s Capital Improvement Program, bus and vehicle replacements, Columbia Bus Base, Powell Garage and Red Line to Fair Complex (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 TriMet’s payroll and self-employment taxes, State payments in-lieu of taxes and related amounts. 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 \$200 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 \$200 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 date that is 60 days after publication of the notice], 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).

