


Date: February 26, 2025

To: Board of Directors

From: Sam Desue, Jr. 

Subject: **RESOLUTION NO. 25-02-06 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING THE ISSUANCE OF SENIOR LIEN PAYROLL TAX REVENUE BONDS**

1. Purpose of Item

This Resolution requests that the TriMet Board of Directors (Board) authorize the General Manager or his designee to issue Senior Lien Payroll Tax Revenue Bonds, in one or more series, in a total amount not to exceed \$150 million for transit projects, plus additional amounts necessary to pay costs related to the issuance of the bonds.

2. Type of Agenda Item

- Initial Contract
- Contract Modification
- Other: Issuance of Senior Lien Payroll Tax Revenue Bonds

3. Reason for Board Action

ORS 287A.150 requires Board approval and a publication of notice before TriMet may issue revenue bonds.

4. Type of Action

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

5. Background

Pursuant to ORS Chapter 287A, TriMet is authorized to issue and sell revenue bonds for a public purpose. The attached Resolution authorizes TriMet to issue and sell Senior Lien Payroll Tax Revenue Bonds in an amount not to exceed \$150 million to pay for transit projects and transit support systems, including: light rail vehicle replacement, alternative fuel infrastructure, Tualatin Valley Highway Transit Project, 82nd Avenue Transit Project, bus purchases, and the Columbia Operations Facility project, along with the costs to administer the bond sales.

Senior Lien Payroll Tax Revenue Bonds are guaranteed by revenue derived from TriMet’s payroll tax, which enhances their value in the marketplace. The proposed issuance of these bonds is consistent with TriMet’s Debt Management Policy and Strategic Financial Plan.

6. **Financial/Budget Impact**

Payroll tax revenue will be pledged to pay debt service on the Senior Lien Payroll Tax Revenue Bonds authorized by this Resolution and is expected to fully cover all debt service payments.

7. **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 impair TriMet's ability to advance the projects to which the bond proceeds are dedicated.

RESOLUTION NO. 25-02-06

**RESOLUTION NO. 25-02-06 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING
THE ISSUANCE OF SENIOR LIEN PAYROLL TAX REVENUE BONDS**

WHEREAS, it is financially feasible and in the best interests of TriMet to authorize the issuance of Senior Lien Payroll Tax Revenue Bonds to provide \$150 million for costs of transit projects and transit supportive systems, including: light rail vehicle replacement, alternative fuel infrastructure, Tualatin Valley Highway Transit Project, 82nd Avenue Transit Project, bus purchases, and the Columbia Operations Facility project (collectively, the Projects); and

WHEREAS, ORS 287A.150 and related provisions of ORS Chapter 287A (the Act) permit TriMet to authorize issuance of 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: and

WHEREAS, the Senior Lien Payroll Tax 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, Payroll Tax Revenues); and

WHEREAS, certain provisions of the Act, including ORS 287A.360 and ORS 287A.365 authorize TriMet to refund, subject to market conditions, all or a portion of TriMet's outstanding obligations including Senior Lien Payroll Tax Revenue Bonds secured by Payroll Tax Revenues (Refunded Bonds); and

WHEREAS, the Board adopts this Resolution to authorize the issuance of the Senior Lien Payroll Tax Revenue Bonds (New Money Bonds) described in the Notice that is attached hereto as Exhibit A, and any additional revenue bonds it may determine to be in the best interest of TriMet for purposes of refunding the Refunded Bonds (both the Refunding Bonds and the New Money Bonds are referred to herein as Bonds) and to delegate to TriMet staff the authority to sell and issue those Bonds; and

WHEREAS, TriMet may expend money on the Projects before TriMet issues Senior Lien Payroll Tax 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 it will spend before the revenue bonds are issued in order for TriMet to be reimbursed for such expenditures from the revenue bond proceeds;

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Revenue Bonds Authorized.

TriMet hereby authorizes the issuance of a principal amount of New Money Bonds that is sufficient to provide net proceeds of up to \$150 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 \$150 million. TriMet also hereby authorizes the issuance of Refunding Bonds in an amount sufficient to

refund the Refunded Bonds pursuant to the authority granted by this Resolution. The revenue bonds described in this Section 1 (the Bonds) shall be issued and sold in accordance with the Act and Sections 3, 4 and 5 of this resolution.

Section 2. Notice; Procedure.

In accordance with ORS 287A.150, the New Money 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 hereto 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 TriMet public notices.

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 New Money Bonds shall be placed on the ballot at the next legally available election date; and no New Money Bonds may be sold until the question of issuing the New Money Bonds is approved by a majority of the electors of TriMet who vote on that question.

Section 3. Security.

The Bonds shall not be a general obligation of TriMet and shall not be payable from any other sources than as provided for herein. As security for the payment of the Bonds, TriMet pledges Payroll Tax Revenues described in the Trust Indenture dated April 1, 2001, as it has and may be amended (the Indenture) to the payment of the Bonds. The Bonds shall be issued on a Senior Lien basis under the terms of the Indenture, on parity with TriMet's outstanding Senior Lien Payroll Tax Bonds issued under the Indenture. The owners of the Bonds will not have a lien on or security interest in the Projects or any other property financed with the proceeds of the Bonds.

Section 4. Refunding of Outstanding Obligations.

Pursuant to ORS 287A.360 and ORS 287A.365, the Board authorizes the issuance of Refunding Bonds to be applied to refund all or a portion of one or more of the Refunded Bonds through a current refunding, tender, exchange, forward delivery or taxable advance refunding, as such manner of refunding is determined by the General Manager to be in the best interest of TriMet.

Section 5. Delegation Security.

TriMet may sell and issue the Bonds as soon as permitted by ORS 287A.150. The General Manager or the General Manager's designee (each of whom is referred to as General Manager herein) 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, interest rates, 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) Select the Refunded Bonds and negotiate, execute and deliver any documents or agreements required in connection with refunding all or any portion of the Refunded Bonds including, without limitation, any escrow deposit agreements, forward delivery agreements, tender agent agreements and dealer manager agreements.
- (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 6. Declaration of Intent to Reimburse.

TriMet hereby declares its official intent to reimburse itself with the proceeds of the Bonds for any Expenditures with respect to the Projects paid prior to the issuance of the Bonds. This declaration is adopted as official action of the Board in order to comply with United States Treasury Regulation §1.150-2.

Section 7. Effective Date Security.

This Resolution shall take effect on the date it is adopted.

Dated: February 26, 2025

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:



Christine E. Reynolds, Partner
Orrick, Herrington & Sutcliffe LLP

Exhibit A

Form of Notice of Revenue Bond Authorization

NOTICE IS HEREBY GIVEN that the Board of the Tri-County Metropolitan Transportation District of Oregon (TriMet) adopted Resolution No. 25-02-06 on February 26, 2025, authorizing the issuance of Senior Lien Payroll Tax Revenue Bonds (Bonds) in one or more series to finance costs of transit projects and transit supportive systems, including: light rail vehicle replacement, alternative fuel infrastructure, Tualatin Valley Highway Transit Project, 82nd Avenue Transit Project, bus purchases, and the Columbia Operations Facility project (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 \$150 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 \$150 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 _____, 2025, 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 101 SW Main Street, Suite 700, Portland, OR 97204, 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).