# RESOLUTION NO. 2020-28

## RESOLUTION OF THE CITY OF FOREST GROVE, OREGON, AUTHORIZING THE ISSUANCE OF REFUNDING REVENUE BONDS TO REFINANCE PROJECTS FOR PACIFIC UNIVERSITY

**WHEREAS,** the City of Forest Grove, Oregon (the "City") is authorized to refund outstanding campus improvement revenue bonds under ORS 350.675 and ORS 287A.360 to 287A.375; and,

**WHEREAS,** the University has requested the City issue refunding revenue bonds to refund all or any portion of the City's Campus Improvement Refunding Revenue Bonds (Pacific University Project), Series 2014A (Tax-Exempt) and Campus Improvement Revenue Bonds (Pacific University Project), Series 2014B (Federally Taxable) issued in the aggregate, principal amount of $38,640,000 (together, the "2014 Bonds") and its Campus Improvement Revenue and Refunding Bonds (Pacific University Project) (Series 2015A) issued in the aggregate, principal amount of $35,425,000 (the "2015 Bonds" and together with the 2014 Bonds, the "Prior Bonds").

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE, OREGON (THE "CITY"), AS FOLLOWS:**

**Section 1.** Revenue Refunding Bonds Authorized. The City hereby authorizes the issuance of revenue bonds pursuant to ORS 350.675 and ORS 287A.360 to 287A.375 to refund all or any portion of the Prior Bonds. The refunding bonds authorized by this Section (the "Refunding Bonds") may be issued in an amount sufficient to refund all or any portion of the Prior Bonds, to fund all or a portion of a debt service reserve fund, if any, and to pay estimated costs related to those Refunding Bonds.

**Section 2.** Security for the Bonds. The Refunding Bonds authorized by this Resolution shall be special, limited obligations of the City and shall be payable solely from the revenues and resources provided by the University. The Refunding Bonds will not constitute a debt of the City nor shall any Refunding Bonds be payable from any funds of the City or any tax levied upon any property within the City nor any other political subdivision of the State of Oregon.

**Section 3.** Delegation.

The Director of Administrative Services, the City Manager, or the designee of the Director of Administrative Services or the City Manager (the "City Official") is hereby authorized on behalf of the City and without further action by the City Council, to:

(A) Issue the Refunding Bonds in one or more series.

(B) Select one or more underwriters, commercial banks or other investors and negotiate the sale of any series of Refunding Bonds with those underwriters, commercial banks or investors.

(C) Determine the form, final principal amount of the Refunding Bonds, the interest rate or rates, fixed or variable, which the Refunding Bonds shall bear, mandatory and optional redemption terms, maturity schedules, payment terms and dates, record dates, any reserve requirements, and other terms of the Refunding Bonds.

(D) Engage the services of paying agents, verification agents, escrow agents, financial advisors, remarketing agents, trustees, and any other professionals whose services are desirable for the financing.

(E) Prepare, execute, deliver one or more indentures, supplemental indentures, bond declarations, loan agreements, or amendments to such documents which shall specify the security for each series of the Refunding Bonds, and the terms and administrative provisions under which each series of the Refunding Bonds are issued, and contain the terms and conditions under which the City shall lend the proceeds of each series of the Refunding Bonds to the University. These documents may allow for conversion of the Refunding Bonds into other interest rate modes, including conversion from taxable to tax-exempt rates, and may contain additional covenants for the benefit of the owners of the Refunding Bonds, providers of credit enhancement and reserve sureties.

(F) Issue any series of Refunding Bonds as "taxable bonds" bearing interest that is includable in gross income under the Code.

(G) Determine whether the savings produced by the refunding are adequate to justify the refunding and select the outstanding maturities of the Prior Bonds that will be refunded.

(H) Take any action to call, redeem, defease and prepay the Prior Bonds.

(I) Execute and deliver any related certificates or documents and take any other action in connection with the Refunding Bonds which the City Official finds are reasonably required to issue the Refunding Bonds or will be advantageous to the City.

**Section 4.** This resolution is effective immediately upon its enactment by the City Council.

**PRESENTED AND PASSED** this 16th day of March, 2020.

Anna D Ruggles

Anna D. Ruggles, City Recorder

**APPROVED** by the Mayor this 16th day of March, 2020.

P B Truax

Peter B. Truax, Mayor


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FOREST GROVE OREGON

*A place where families and businesses thrive.*

| CITY RECORDER USE ONLY: | |
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| AGENDA ITEM #: | 8. |
| MEETING DATE: | 03/16/2020 |
| FINAL ACTION: | RESO 2020-28 |

## CITY COUNCIL STAFF REPORT

**TO:** *City Council*

**FROM:** *Jesse VanderZanden, City Manager*

**MEETING DATE:** *March 16, 2020*

**PROJECT TEAM:** *Paul Downey, Director of Administrative Services*

**SUBJECT TITLE:** *Resolution Authorizing Issuance of Refunding Bonds for Pacific University*

**ACTION REQUESTED:**

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|---|---|---|---|---|---|---|---|---|---|
| | Ordinance | | Order | X | Resolution | | Motion | | Informational |

*X all that apply*

**ISSUE STATEMENT**: Due to the favorable interest environment for refinancing, Pacific University would like to refinance its Series 2014A, Series 2014B, and Series 2015A Bonds that the City issued on behalf of the University. In order to refinance the bonds, the City is being asked to issue new revenue refunding bonds that will refinance these bonds that were issued in 2014 and 2015. The City's Bond Counsel has prepared a resolution authorizing the issuance of the revenue refunding bonds.

**BACKGROUND**: The City issued the Series 2014A and 2014B Bonds in the principal amount of $38,640,000 and the Series 2015A Bonds in the principal amount of $35,425,000. Both bonds were used for various campus improvement projects.

Due to the rapidly decreasing interest rate environment, the University has an opportunity to refinance the bonds at a lower interest rate which will allow the University to reduce its interest costs and restructure the debt payment schedule. Since no one is sure how the interest rates will move in the near future, the University, like many other entities with bonds, is trying to refinance its bonds and get them to market as soon as they can. The University is asking the City to issue new bonds so the bonds can be refinanced. The amount of the new bonds will be to strictly refinance the bonds listed above and pay for all of the costs of issuing the new bonds. No new funds are being borrowed to finance any additional projects.

The City has issued numerous bonds for Pacific University since 1995. Like all of the other bond issues, the University will pay all of the debt service on these bonds. The City only issues the bonds on behalf of the University. The principal and interest on the bonds is payable only from the revenues and resources of the University and are not payable by the City of Forest Grove. If the University defaults on the bonds, the City is not liable for any payment on these bonds. These bonds are not a debt of the City nor shall the bonds be payable from any funds of the City or any tax levied upon any property within the City nor any other political subdivision of the State of Oregon.

As with all other previous resolutions, this resolution authorizes the City Manager or the Director of Administrative Services to complete the process to issue the new bonds.

**FISCAL IMPACT**: No City funds are being used to pay the costs of issuing these bonds. All costs of issuing the bonds, including the bond counsel for the City, are the responsibility of the University. There will be some City staff time involved in the process. The City is charging the University a fee of $2,000 to pay for City staff time for the issuance process. The University pays for all costs to issue the bonds.

**STAFF RECOMMENDATION**: Staff recommends the City Council approve the attached resolution authorizing the issuance of new refunding revenue bonds to refinance the bonds which were issued earlier by the City.

**ATTACHMENT(s)**: Resolution