

FINANCIAL IMPACT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Eric Johansen	2. Telephone No. 503-823-6851	3. Bureau/Office/Dept. OMF/Financial Services
4a. To be filed (date) 5/20/2010	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>	5. Date Submitted to FPD Budget Analyst: 5/11/2010

1) Legislation Title:

* Authorize a borrowing of not more than \$32,450,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2010-2011 (Ordinance)

2) Purpose of the Proposed Legislation:

The proposed ordinance will authorize the City to issue tax anticipation notes to finance cash flow deficits until property tax revenues for FY 2010-11 are received.

3) Revenue:

Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated please identify the source.

The proposed Ordinance does not create a material impact on current or future revenue coming to the City.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)

The City will repay principal plus interest on the notes through maturity, which will be no later than June 30, 2010. Based on current market conditions, the expected principal and interest at maturity is expected to be approximately \$32.6 million. Principal and interest will be repaid with FPD&R Fund revenues.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)

No position changes are anticipated.

6) Will positions be created or eliminated in future years as a result of this legislation?

No position changes are anticipated.

Complete the following section only if an amendment to the budget is proposed.

7) Change in Appropriations (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount

Eric Johansen (BfoV)

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor
Kenneth L. Rust, Chief Administrative Officer
Richard F. Goward, Jr., Chief Financial Officer

183835
Eric H. Johansen, Interim Treasurer
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DATE: May 11, 2010

TO: Mayor Sam Adams

FROM: Eric Johansen, Debt Manager *EJ (BTF)*

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

RE: * Authorize a borrowing of not more than \$32,450,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2010-2011 (Ordinance)

1. INTENDED THURSDAY FILING DATE: May 20, 2010
2. REQUESTED COUNCIL AGENDA DATE: May 26, 2010
3. CONTACT NAME & NUMBER: Eric Johansen, Debt Manager, x3-6851
4. PLACE ON: CONSENT X REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: X Y N N/A
6. (3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY
ATTACHED: Yes No X N/A

7. **BACKGROUND/ANALYSIS**

Introduction and History – The attached Ordinance authorizes the City to issue up to \$32.45 million of Tax Anticipation Notes or other obligations to finance the projected operating deficit in the Fire and Police Disability and Retirement Fund for fiscal year 2010-11.

The Ordinance delegates to the Debt Manager the authority to determine the type of financing to be used and the method of sale, to establish terms of the borrowing, and to execute documents.

Legal Issues – Oregon Revised Statutes, Chapter 287A.180, authorizes the City to issue notes in anticipation of taxes and other revenues to be received by the City, and to pledge its anticipated taxes and other revenues to secure the notes, so long as the borrowings mature within 13 months after they are issued and do not exceed 80 percent of the amount the City has budgeted to receive in that fiscal year. If the full \$32.45 million is issued, the Notes will represent about 29.7 percent of the projected fiscal year 2010-11 tax collections for the Fire and Police Disability and Retirement Fund levy. The City will repay the principal and interest on the notes no later than June 30, 2011.

Link to Current City Policies – None

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – Staff at the Fire and Police Disability and Retirement (FPDR) Fund are working with the Office of Management and Finance to complete this financing.

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

8. FINANCIAL IMPACT

The City will issue tax anticipation notes in a principal amount not to exceed \$32.45 million. Based on current market conditions, the expected principal and interest at maturity is expected to be approximately \$32.6 million. Principal and interest will be repaid with FPDR Fund revenues.

9. RECOMMENDATION/ACTION REQUESTED

In order to ensure that the cash flow needs of the Fire and Police Disability and Retirement Fund can be met prior to receipt of FY 2010-11 taxes, it is recommended that the City Council adopt this Ordinance.