

FINANCIAL IMPACT STATEMENT
For Council Action Items
(Use this form for Ordinances and Resolutions)
(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Jonas Biery, Debt Manager	2. Telephone Number 503/823-4222	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) May 12, 2011	4b. Calendar (Check One) Regular Consent 4/5ths [] [X] []	5. Date Submitted to FPD Budget Analyst: May 3, 2011

1) Legislation Title:

*Authorize limited tax revenue refunding bonds (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the issuance of limited tax revenue refunding bonds (the "Bonds") in an amount sufficient to currently refund any or all of the City's Limited Tax Revenue Bonds, 2001 Series A (Convention Center Expansion Project) (the "2001 Series A Bonds") and its Limited Tax Revenue Bonds, 2001 Series C (PCPA Project) (the "2001 Series C Bonds" and collectively with the 2001 Series A Bonds, the "Refundable Bonds"). The purpose of the refunding is to achieve debt service savings. It is expected that all outstanding maturities of the Refundable Bonds will be refunded.

The Refundable Bonds were originally issued under the terms of an intergovernmental agreement known as the Visitor Development Initiative (the "VDI"). Under terms of the VDI, the County imposed surcharges on the Transient Lodging Tax and the Motor Vehicle Rental Tax. This revenue stream was dedicated to various uses prioritized in the VDI Agreement, including first, to pay debt service on the 2001 Series A Bonds and second, to pay debt service on the 2001 Series C Bonds. Debt service savings from issuing the Bonds, which is estimated at approximately \$400,000 per year based on current market conditions, will be used for the purposes identified in the VDI.

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 identify the source.

The City will collect a \$25,000 debt management fee from the bond proceeds for managing this transaction. There will be no other financial impact to the City as a result of issuing the Bonds.

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)

There are no costs to the City as a result of this legislation.

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

B. Jonas Biery, Debt Manager

B. JONAS BIERY

APPROPRIATION UNIT HEAD (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Ken Rust, Chief Administrative Officer

184577
Bureau of Financial Services
Rich Goward, Director & CFO
1120 S.W. Fifth Avenue, Rm. 1250
Portland, Oregon 97204-1912
(503) 823-5288
FAX (503) 823-5384
TDD (503) 823-6868

DATE: May 3, 2011

TO: Mayor Sam Adams

FROM: Jonas Biery, Debt Manager

RE: *Authorize limited tax revenue refunding bonds (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. INTENDED THURSDAY FILING DATE: May 12, 2011
2. REQUESTED COUNCIL AGENDA DATE: May 18, 2011
3. CONTACT NAME & NUMBER: Jonas Biery, Debt Manager, x3-4222
4. PLACE ON: X CONSENT 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 ✓ N/A

7. **BACKGROUND/ANALYSIS**

Introduction and History – Attached is an Ordinance for Council consideration and approval on May 18, 2011. The Ordinance authorizes the issuance of limited tax revenue refunding bonds (the “Bonds”) in an amount sufficient to currently refund any or all of the City’s Limited Tax Revenue Bonds, 2001 Series A (Convention Center Expansion Project) (the “2001 Series A Bonds”) and its Limited Tax Revenue Bonds, 2001 Series C (PCPA Project) (the “2001 Series C Bonds” and collectively with the 2001 Series A Bonds, the “Refundable Bonds”). The purpose of the refunding is to achieve debt service savings. It is expected that all outstanding maturities of the Refundable Bonds will be refunded.

The Refundable Bonds were originally issued under the terms of an intergovernmental agreement known as the Visitor Development Initiative (the “VDI”). Under terms of the VDI, the County imposed surcharges on the Transient Lodging Tax and the Motor Vehicle Rental Tax. This revenue stream was dedicated to various uses prioritized in the VDI Agreement, including first, to pay debt service on the 2001 Series A Bonds and second, to pay debt service on the 2001 Series C Bonds. Debt service savings from issuing the Bonds, which is estimated at approximately \$400,000 per year based on current market conditions, will be used for the purposes identified in the VDI.

The Ordinance delegates to the Debt Manager certain tasks including preparing and executing one or more Bond Declarations; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the bonds; purchasing municipal bond insurance or other forms of credit enhancement; and executing documents.

If approved by the Council, the City plans to sell the Bonds through a competitive bidding process in early summer.

Legal Issues – The City is authorized by the Oregon Revised Statutes to issue bonds to refund outstanding bonds.

Link to Current City Policies – The proposed current refunding is being done in conformance with the City's debt policy, which requires net present value savings of at least \$100,000.

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – Not Applicable

8. FINANCIAL IMPACT

While the final terms of the refunding will not be determined until closer to the sale date of the Bonds, it is estimated that, based on current market conditions, annual debt service on the 2001 Series A Bonds will be approximately \$7.5 million in FY 2011-12 through FY 2029-30. The resulting annual savings assuming savings is taken uniformly is estimated at approximately \$395,000 per year. Net present value savings as a percentage of the par amount of the refunding bonds is projected to be approximately 6.7%. Debt service savings on the 2001 Series C Bonds is estimated at \$135,000, or at approximately \$13,000 per year. Net present value savings as a percentage of the par amount of the refunding bonds is projected to be approximately 9.0%. The City will collect a \$25,000 debt management fee from the bond proceeds for managing this transaction. There will be no other financial impact to the City as a result of issuing the Bonds.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve the Ordinance in order to provide debt service cost savings for outstanding limited tax revenue bonds to be used for purposes identified in the VDI.