

ORDINANCE No. 188690

* Authorize short term subordinate urban renewal and redevelopment bonds on behalf of Prosper Portland to finance projects in urban renewal areas (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The Portland Development Commission, operating under the assumed business name Prosper Portland ("Prosper Portland") has requested that the City of Portland Office of Management and Finance undertake short term financing for urban renewal projects on behalf of Prosper Portland.
2. The City of Portland finds it desirable to authorize the issuance of short term subordinate urban renewal and redevelopment bonds for certain existing urban renewal districts from time to time through and including June 30, 2020.

NOW, THEREFORE, the Council directs:

- a. Definitions. For purposes of this Ordinance, the following capitalized terms shall have the following meanings unless the context clearly requires otherwise:

“Areas” means the City’s Central Eastside Urban Renewal Area, Interstate Corridor Urban Renewal Area, Gateway Urban Renewal Area, Lents Town Center Urban Renewal Area, North Macadam Urban Renewal Area, and River District Urban Renewal Area, as they may be changed from time to time.

“Bonds” means the short term subordinate urban renewal and redevelopment bonds which are issued pursuant to Section 1.b of this Ordinance.

“City” means the City of Portland, Oregon.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Debt Manager” means the City’s Debt Manager, the Chief Financial Officer and Director of the Bureau of Revenue and Financial Services, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Ordinance.

“Ordinance” means this Ordinance authorizing the Bonds.

“Plan” means Prosper Portland’s urban renewal plan for an Area, as it may be amended from time to time.

“Projects Funds” means any separate funds or accounts which are not part of the Tax Increment Funds, and which are used to hold the proceeds of the Bonds.

“Prosper Portland” means Prosper Portland, the urban renewal agency of the City.

“Senior Lien Bonds” means any indebtedness which is payable from the Tax Increment Revenues of an Area and which is outstanding on the date a series of Bonds is issued which is payable from those Tax Increment Revenues, unless the indebtedness is specifically subordinated to that series of Bonds.

“Tax Increment Fund” means the fund for each Area which is established under ORS 457.440(6) to hold the Tax Increment Revenues for that Area.

“Tax Increment Revenues” means all ad valorem tax revenues from property within an Area which are attributable to the increase in assessed value of property within that Area pursuant to Section 1c, Article IX of the Oregon Constitution and Oregon Revised Statutes, Chapter 457, all taxes levied in connection with the Plan for that Area pursuant to Article XI, Section 11 (16) of the Oregon Constitution, and all earnings thereon while those Tax Increment Revenues are held in the Tax Increment Fund for that Area.

b. Authorization of Bonds.

1. The City hereby authorizes the issuance of Bonds from time to time through and including June 30, 2020, in multiple series; however, the total principal amount issued in any fiscal year for the following Areas shall not exceed the following amounts:

Central Eastside Urban Renewal Area	\$6,700,000.00
Gateway Urban Renewal Area	\$6,100,000.00
Interstate Corridor Urban Renewal Area	\$27,000,000.00
Lents Town Center Urban Renewal Area	\$12,000,000.00
North Macadam Urban Renewal Area	\$15,000,000.00
River District Urban Renewal Area	\$32,000,000.00

2. The principal amount of any series of Bonds shall not exceed the amount of Tax Increment Revenues which are pledged to pay that series of Bonds, and which are available to pay that series of Bonds on the date that series is issued. Tax Increment Revenues shall be considered available to pay a series of Bonds only if those Tax Increment Revenues are not required to be maintained in a debt service fund, reserve fund or similar fund, or as part of a minimum balance or similar requirement, for Senior Lien Bonds.
3. Each series of Bonds shall be subordinate to any Senior Lien Bonds which are payable from the Tax Increment Revenues which are pledged to that series, and to any requirement to fund or maintain reserves for those Senior Lien Bonds if the

requirement was established before that series of Bonds was issued. Each series of Bonds shall bear interest which is includable in gross income under the Code. The Bonds shall bear interest at the rate or rates approved by the Debt Manager pursuant to Section 1.h. Each series of Bonds shall mature within thirty days after the date of its issuance, and shall be issued on the terms established by the Debt Manager pursuant to Section 1.h.

- c. Security for Bonds. The Bonds shall not be general obligations of the City or Prosper Portland. The principal of and the interest on each series of Bonds shall be payable solely from the Tax Increment Revenues which are pledged to pay that series of Bonds, and from the proceeds of that series of Bonds, as provided herein. The Debt Manager may irrevocably pledge the Tax Increment Revenues from an Area to pay the Bonds issued for that Area, including all amounts deposited in the Tax Increment Fund for that Area. Except as provided in the next sentence, the lien on, and pledge of the Tax Increment Revenues from an Area to pay a series of Bonds shall be superior to all claims against the Tax Increment Revenues from that Area. The lien on, and pledge of the Tax Increment Revenues from an Area to pay a series of Bonds shall be subordinate to the lien of then outstanding Senior Lien Bonds which are payable from the Tax Increment Revenues of that Area, and to any previously established requirement to fund reserves for those Senior Lien Bonds. The Debt Manager may also pledge the proceeds of each series of Bonds to pay that series of Bonds until such time as those proceeds have been spent.
- d. The Tax Increment Funds. The City covenants to deposit the Tax Increment Revenues from each Area into the Tax Increment Fund for that Area, and, so long as Bonds are outstanding which are payable from the Tax Increment Revenues of that Area, to expend the Tax Increment Revenues from that Area only for the following purposes, in the following order of priority:
1. To pay principal, interest or premium on Senior Lien Bonds which are secured by the Tax Increment Revenues of that Area and to make deposits to maintain or replenish reserves for Senior Lien Bonds (but only if the requirement to maintain or replenish those reserves was established before the Bonds which are then outstanding were issued);
 2. To pay the Bonds which are payable from the Tax Increment Revenues of that Area; and,
 3. For any other lawful purpose.
- e. Projects Funds; Use of Proceeds. Proceeds of each series of Bonds shall be deposited in the Project Funds, which shall be held by the City. The Projects Funds shall be used only to pay for costs of issuing that series of Bonds, costs of carrying out the Plan for the Area which generates the Tax Increment Revenues which secure that series of Bonds, and, if the pledged Tax Increment Revenues are not sufficient, to pay that series of Bonds.
- f. Superior, Parity and Subordinate Obligations. As long as a series of Bonds is outstanding which is payable from the Tax Increment Revenues of an Area:

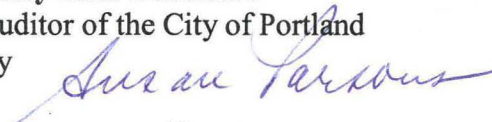
1. The City covenants not to issue any obligations payable from the Tax Increment Revenues of that Area which have a lien or claim on the Tax Increment Revenues of that Area which is superior to the lien of that outstanding series of Bonds without the prior written consent of all owners of that series.
2. The City covenants not to issue obligations which have a lien on the Tax Increment Revenues of that Area which is equal to the lien of that outstanding series of Bonds without the prior written consent of all owners of that series.
3. The City may issue subordinate obligations which have a lien on the Tax Increment Revenues of that Area which is subordinate to the lien of that outstanding series of Bonds, but only if the documents authorizing the subordinate obligations clearly indicate that no Tax Increment Revenues from that Area shall be used to pay those subordinate obligations until that outstanding series of Bonds has been paid in full.
- g. Execution of the Bonds. The Bonds shall be signed with the manual signature of the Debt Manager and will be in the form approved by the Debt Manager.
- h. Delegation. The Debt Manager is hereby authorized on behalf of the City, and without further action by the City:
 1. to establish the terms for each series of Bonds, including the interest rate, maturity date, payment method, price, redemption date and redemption price;
 2. to negotiate, execute and deliver each series of Bonds to its purchaser;
 3. to redeem each series of Bonds on or prior to its stated maturity date;
 4. to pledge the Tax Increment Revenues to secure each series of Bonds;
 5. to approve and execute one or more Bond Purchase Agreements establishing the terms under which each series of Bonds are sold; and
 6. to execute and deliver any other certificates or documents and take any other action which is desirable in order to issue, sell, and deliver the Bonds in accordance with this Ordinance.

Section 2. The Council declares that an emergency exists in order that the initial series of Bonds may be issued as soon as possible; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council, NOV 29 2017
Mayor Ted Wheeler
Prepared by: Bond Counsel:Eric Johansen
Date Prepared: November 6, 2017

Mary Hull Caballero
Auditor of the City of Portland

By



Deputy

Agenda No. **1 8 8 6 9 0**
ORDINANCE NO.
 Title

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INTRODUCED BY Commissioner/Auditor: Mayor Ted Wheeler	CLERK USE: DATE FILED <u>NOV 20 2017</u>
COMMISSIONER APPROVAL	Mary Hull Caballero Auditor of the City of Portland By: <u><i>Susan Parsons</i></u> Deputy ACTION TAKEN:
Mayor—Finance & Administration - Wheeler <i>W</i>	
Position 1/Utilities - Fritz	
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Eudaly	
BUREAU APPROVAL	
Bureau: Revenue and Financial Services Bureau Head: Ken Rust <i>KLR</i>	
Prepared by: Bond Counsel: Eric Johansen <i>EJH</i> Date Prepared: 11/6/2017	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter	
Council Meeting Date 11/29/2017	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____ Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> <i>5</i> Total amount of time needed: <u>5 minutes</u> (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	✓	
3. Saltzman	✓	
4. Eudaly	✓	
Wheeler	✓	