

IMPACT STATEMENT

Legislation title: Authorize limited tax revenue bonds to provide up to \$18.3 million to finance tenant space buildout and furnishings in the Portland Building (Ordinance)

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Purpose of proposed legislation and background information:

The proposed legislation authorizes the issuance of limited tax revenue bonds (the “Bonds”) in an amount sufficient to provide up to \$18.3 million to pay the costs of completing the build-out of tenant space in the reconstructed Portland Building and installing modern furniture systems (the “Projects”). Included in this amount is an estimated \$360,000 for costs related to issuing the Bonds. The Bonds will be secured by the City’s full faith and credit. The proposed financing is being done in conformance with debt limitations established in the City’s Debt Management Policy (FIN 2.12).

In March 2017, the City Council approved Resolution 37274 directing the Office of Management and Finance (“OMF”) to implement a plan for space optimization in the Portland Building. The reconstruction of the Portland Building offers an opportunity, through proper design and new, flexible furnishings, to accommodate more employees, thereby reducing the costs of future external leases. These improvements are expected to make the most efficient use of space in the reconstructed Portland Building.

The financing plan for the Projects includes both interim financing and long-term takeout financing. The proposed Bonds are expected initially to be issued in the form of a line of credit. Upon approval of the Ordinance by the Council, the City will issue a Request for Terms to solicit bids from commercial banks to provide the line of credit. The Ordinance authorizes the Debt Manager, without further action by the Council, to negotiate terms with the selected bank; prepare documents; establish the final principal amounts, maturity schedules, interest rates, redemption terms, and payment terms and rates; and execute the line.

Financial and budgetary impacts:

Interest payments on the line of credit will vary depending on interest rates and timing of draws. Interest payments on the line will be paid with cash from Facilities Services Fund resources. Upon completion of the Projects, the financing plan anticipates the issuance of long-term bonds to repay the line of credit. The Water Bureau and Bureau of Environmental Services are expected to issue revenue bonds to repay their shares of the line of credit. Debt service on the remaining long-term Bonds, which is projected to begin in FY 2020-21 and extend for seven years, will be included in a blended office space rates for all City-owned and leased office space in downtown Portland (with the exception of public safety bureaus).

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of the Bonds, the proceeds of which will be used to finance the Projects. There is no community impact or involvement anticipated.

100% Renewable Goal:

Not applicable.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES: Please complete the information below.
- NO: Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount