

Agenda No. ~~389~~ 388

ORDINANCE NO. 190420

Authorize a borrowing of not more than \$60,470,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for FY 2021-22 (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The Fire and Police Disability and Retirement Fund of the City of Portland (the "City") will experience a cumulative cash flow deficit during fiscal year 2021-22 due to the timing of collections of property taxes.
2. Oregon Revised Statutes Section 287A.180 authorizes the City to borrow money in anticipation of taxes and other moneys to be received by the City in fiscal year 2021-22, and to pledge its anticipated taxes and other revenues to secure those borrowings, 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.
3. The City will budget to receive approximately \$190.9 million of ad valorem taxes for the Fire and Police Disability and Retirement Fund in fiscal year 2021-22.
4. Federal law permits the City to finance its cashflow deficit in the Fire and Police Disability and Retirement Fund with tax-exempt obligations, and to avoid payment of arbitrage rebate in connection with the borrowings, if within six months after the obligations are

Introduced by

Mayor Ted Wheeler

Bureau

Revenue and Financial
Services
Management & Finance

Prepared by

Matt Gierach

Date Prepared

April 27, 2021

Requested Council Date

May 19, 2021

Requested Agenda Type

Regular 5 min

Date Filed with Clerk

May 11, 2021

issued the City's maximum cumulative cash flow deficit, calculated taking into account a reasonable working capital reserve, does not exceed the amount the City borrows.

5. The City adopts this Ordinance to authorize the City to borrow up to \$60,470,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2021-22.

NOW, THEREFORE, the Council directs:

- A. The City hereby authorizes borrowings in an aggregate principal amount of not more than \$60,470,000 to finance its deficit in the Fire and Police Disability and Retirement Fund in anticipation of the receipt of its Fire and Police Disability and Retirement Fund levy for fiscal year 2021-22, and to pay the costs of the borrowings. The borrowings shall mature not later than thirteen months after they are issued, shall be issued under the authority of ORS 287A.180, and may be in the form of one or more notes, lines of credit, or other obligations. In connection with these borrowings, 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, the City Treasurer, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Ordinance (any of whom is referred to in this Ordinance as a "Debt Manager") may, on behalf of the City and without further action by the Council:
 1. Borrow money from one or more commercial banks in the form of notes, lines of credit or other obligations, or sell notes or other obligations in the public securities markets by negotiated sale or competitive bid;
 2. Participate in the preparation of, authorize the distribution of, and deem final any disclosure documents that are desirable for the borrowings;
 3. Establish the final principal amounts, payment dates, interest rates, and other terms of the borrowings within the limitations of this Ordinance;
 4. Pledge the City's full faith and credit, ad valorem taxing power, and any other City taxes and revenues to pay the borrowings;

5. Provide that the borrowings bear interest that is excludable from, or includable in, gross income under the federal internal revenue code;
6. Covenant to comply with the requirements of federal law that are necessary for interest on tax-exempt borrowings to be excludable from gross income under the federal internal revenue code, or to receive federal income tax subsidies in connection with the borrowings;
7. Negotiate the terms of, and execute and deliver any legal documents that are desired to carry out the borrowings authorized by this Ordinance, execute and deliver any related certificates or other documents, and take any other action in connection with the borrowings which the Debt Manager finds will be advantageous.

Passed by Council: May 26, 2021

MARY HULL CABALLERO

Auditor of the City of Portland

Action Taken: May 19, 2021 Passed to
Second Reading May 26, 2021 at 9:30 am

By *Megan Lehman*

Deputy

Commissioners voted as follows (Yea or Nay)

Rubio - Yea

Ryan - Yea

Hardesty - Yea

Mapps - Yea

Wheeler - Yea

IMPACT STATEMENT

Legislation title: Authorize a borrowing of not more than \$60,470,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for FY 2021-22 (Ordinance)

Contact name: Matt Gierach, Debt Manager

Contact phone: x3-6822

Presenter name: Matt Gierach

Purpose of proposed legislation and background information:

The proposed ordinance authorizes the City to issue tax anticipation notes to finance the cash flow deficit of the Fire and Police Disability and Retirement (“FPDR”) Fund until property tax revenues for FY 2021-22 are received. The amount of note proceeds permitted by the Ordinance will not exceed \$60,470,000.

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 amount authorized by the Ordinance is issued, the notes will represent about 31.7 percent of the projected FY 2021-22 tax collections for the FPDR Fund levy. The City will repay the principal and interest on the notes no later than June 30, 2022.

Financial and budgetary impacts:

Based on current market conditions, the principal and interest at maturity is not expected to exceed \$60.8 million assuming the notes are outstanding until the end of FY 2021-22. Principal and interest will be repaid with FPDR Fund revenues including receipts from the FY 2021-22 FPDR Fund property tax levy.

Community impacts and community involvement:

This is an administrative action taken to provide funding to meet the cash flow deficit of the FPDR Fund until property taxes for FY 2021-22 are collected beginning in November 2021. 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

City Council Meeting - Wednesday, May 19, 2021 9:30 a.m.

Agenda No.	First Name	Last Name	Zip
359	Edith	Gillis	97206