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190695

Ordinance

Authorize Gateway Regional Center Urban Renewal and Redevelopment Bonds

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. Section 15-106 of the Charter of the City of Portland, Oregon ("City") authorizes the City Council of the City ("Council"), upon request of Prosper Portland, to issue bonds which are payable from tax increment revenues derived from the City's urban renewal areas, and authorizes Prosper Portland, with concurrence of the Council, to pledge those tax increment revenues to pay the bonds.
2. Prosper Portland has adopted a resolution requesting the City to issue long-term urban renewal and redevelopment bonds (the "Bonds") pursuant to Oregon Revised Statutes ("ORS") Chapter 457 to finance projects in the Gateway Regional Center Urban Renewal Area (the "Area") and to refinance projects in the Area that were financed with lines of credit (collectively, the "Projects"), and authorizing the Council on behalf of Prosper Portland to pledge tax increment revenues of the Area to secure the Bonds.
3. The City adopts this ordinance to authorize the Bonds to finance the Projects.

NOW, THEREFORE, the Council directs:

- A. Authorization of Bonds. The City hereby authorizes the sale and delivery of the Bonds pursuant to Section 15-106 of the City Charter and the relevant provisions of ORS Chapter 457 and ORS Chapter 287A to finance the Projects. The Bonds may be issued in an amount that does not exceed the remaining maximum indebtedness for the Area to: a) refinance projects in the Area that the City financed with lines of credit; b) finance additional projects in the Area; and c) to fund debt service reserves and pay costs related to the Bonds, including costs of reserve sureties for the Bonds, costs of credit enhancement and issuance costs.

Introduced by

[Mayor Ted Wheeler](#)

Bureau

[Debt Management;](#)
[Management and Finance](#)

Prepared by

Bond Counsel; Matthew
Gierach

Date Prepared

January 18, 2022

Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

February 9, 2022

- B. Security. The Bonds may be secured by all or any portion of the tax increment revenues of the Area and any related amounts including proceeds, debt service reserves and earnings.
- C. Procedure. No Bonds may be sold and no purchase agreement for any Bonds may be executed until the period of referral of this nonemergency ordinance has expired and this ordinance takes effect. If this ordinance is referred, the City may not sell the Bonds unless the voters approve this ordinance.
- D. Delegation. The City's Debt Manager, Chief Financial Officer and the Director of the Bureau of Revenue and Financial Services, 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 of the Council:
1. Provide that the Bonds may be issued in one or more series which may be sold at different times.
 2. Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for each series of the Bonds.
 3. Subject to the limits in this ordinance, establish the final principal amounts, lien status, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record dates and other terms for each series of the Bonds, and either publish a notice of sale, receive bids and award the sale of each series to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters or lenders and negotiate the sale of any series with those underwriters or lenders.
 4. Undertake to provide continuing disclosure for each series of the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
 5. Finalize the terms of, execute and deliver a master bond declaration in substantially the form attached hereto as Exhibit A, and supplemental bond declarations that describe the terms of each series of the Bonds. The bond declarations may also contain covenants for the benefit of the owners of the Bonds and any credit enhancement providers.
 6. Appoint and enter into agreements with service providers.
 7. Apply for and purchase municipal bond insurance or obtain other forms of credit enhancement for any series of Bonds, enter into agreements with the providers of credit enhancement, and execute and deliver related documents.
 8. Enter into covenants to maintain the excludability of interest on each series of the Bonds from gross income under the Internal Revenue Code of 1986, as amended.
 9. If permitted by federal law, issue the Bonds as taxable bonds that are eligible for federal interest subsidies or tax credit.

10. Execute any documents and take any other action in connection with the Bonds which the Debt Manager finds will be advantageous to the City.

Documents and Exhibits

 [Exhibit A](#) (54.58 Kb)

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
February 9, 2022

Auditor of the City of Portland
Mary Hull Caballero

Impact Statement

 [Impact Statement](#) (27.41 Kb)

Budget Office Financial Impact Analysis

The proposed legislation authorizes the City to issue urban renewal and redevelopment bonds (the "Bonds") for the Gateway Regional Center urban renewal area (the "Area"). The Bonds will be secured by and repaid from the tax increment revenues of the Gateway Regional Center urban renewal area. Under the Ordinance, the Bonds are authorized in an amount that does not exceed the remaining maximum indebtedness (estimated at approximately \$85.2 million) for the Area to (a) refinance the outstanding lines of credit that financed urban renewal projects in the Area, (b) finance additional projects in the Area; and (c) fund debt service reserves and pay costs related to the Bonds, including costs of reserve sureties for the Bonds, costs of credit enhancement and issuance costs.

Currently, the estimated total bond issuance amount is not expected to exceed \$55 million, based on current market conditions, credit rating expectations, and a 1.75x debt service coverage planning assumption. The Bonds are planned to be issued as taxable bonds to provide maximum flexibility for the types of urban renewal projects to be financed, including affordable housing projects and other economic development projects.

A portion of proceeds of the Bonds will be used to repay the balances on lines of credit, which is currently about \$12.7 million. The balance of proceeds will be used to fund capital projects that will be included in the Council-approved capital improvement program (CIP) for the Gateway Regional Center urban renewal area, including ongoing capital investments, loan and grant programs, and new affordable housing projects.

The City is planning to issue bonds with a 20-year term. Depending on the structure of the issue, the City may have enough excess revenue by 2031 or 2032 to redeem bonds early. The Bonds are expected to be sold in May 2022 via a negotiated sale. While the final amount of the issue will not be determined until the sale date of the 2022 Bonds, annual net debt service on 2022 Bonds is expected to be in the range of \$3.3 million to \$3.8 million annually. Debt service will be paid with tax increment revenues of the Area.

Agenda Items

71 Regular Agenda in [February 1-2, 2022 Council Agenda](#)

Passed to second reading

Passed to second reading February 9, 2022 at 9:30 a.m.

83 Regular Agenda in [February 9, 2022 Council Agenda](#)

Passed

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Jo Ann Hardesty Yea

Commissioner Mingus Mapps Yea

Mayor Ted Wheeler Yea