

## IMPACT STATEMENT

**Legislation title:** Authorize Gateway Regional Center Urban Renewal and Redevelopment Bonds (Ordinance)

**Contact name:** Matt Gierach, Debt Manager

**Contact phone:** x3-6822

**Presenter name:** Matt Gierach

### **Purpose of proposed legislation and background information:**

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.

As noted above, 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. Prosper Portland is working with community stakeholders to update the Gateway Action Plan and associated investment priorities.

The Ordinance delegates to the Debt Manager certain tasks including negotiating the terms of and executing a bond declaration in substantially the form of Exhibit A to the Ordinance; 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. The Bonds are expected to be sold in May 2022 via a negotiated sale.

A Prosper Portland resolution requesting the City to issue the Bonds was approved by the Prosper Portland Board of Commissioners on January 12, 2022. If the Ordinance is approved by the Council after its second reading, a 30-day referral period begins. If during the referral period, written petitions signed by at least six percent of the City’s electors are filed with the City Auditor, any bonding authority provided by the proposed Ordinance could not be used unless approved by the voters.

**Financial and budgetary impacts:**

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.

**Community impacts and community involvement:**

This is an administrative action taken to authorize the issuance of the Bonds. 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