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191313

Ordinance

Authorize borrowings of not more than \$38 million in anticipation of the Fire and Police Disability and Retirement Fund levy for FY 2023-24

Passed

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 2023-24 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 or other moneys to be received by the City in fiscal year 2023-24, 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 \$191.6 million of ad valorem taxes for the Fire and Police Disability and Retirement Fund in fiscal year 2023-24.
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 issued, the City has expended all amounts it borrowed for cashflow purposes.
5. The City adopts this Ordinance to authorize the City to borrow up to \$38,000,000 in anticipation of the Fire and Police Disability and Retirement Fund levy for fiscal year 2023-24 plus additional amounts sufficient to pay estimated costs related to the borrowings.

NOW, THEREFORE, the Council directs:

- A. The City hereby authorizes borrowings in an aggregate principal amount of not more than \$38,000,000 to finance its deficit in the Fire and Police Disability and Retirement Fund in anticipation of the receipt of its Fire

Introduced by

[Mayor Ted Wheeler](#)

Bureau

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

Contact

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

June 7, 2023

and Police Disability and Retirement Fund levy for fiscal year 2023-24, plus additional amounts sufficient to pay estimated costs related to 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 statements or other documents that are desirable to facilitate 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 documents to carry out the borrowings authorized by this Ordinance and take any other action in connection with the borrowings which the Debt Manager finds will be advantageous.

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
June 7, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

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 2023-24 are received. The amount of notes permitted by the Ordinance is \$38,000,000, plus additional amounts sufficient to pay estimated costs related to the borrowings.

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 19.8 percent of the projected FY 2023-24 tax collections for the FPDR Fund levy. The City will repay the principal and interest on the notes no later than June 30, 2024.

Financial and Budgetary Impacts

Based on current market conditions, the principal and interest at maturity is not expected to exceed \$39.62 million assuming the notes are outstanding until the end of FY 2023-24. Principal and interest on the notes is expected to be repaid with receipts from the FY 2023-24 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 2023-24 are collected beginning in November 2023. There is no community impact or involvement anticipated.

100% Renewable Goal

Not applicable.

Budget Office Financial Impact Analysis

This ordinance allows FPDR to sell Tax Anticipation Notes to cover bureau expenses (pensions and disability claims) to bridge the revenue gap between the depletion of beginning fund balance and property tax revenue collected in November. The TANs are sold and repaid in the same fiscal year and are

budgeted annually in the bureau's budget. Current market conditions, principal and interest at maturity, is not expected to exceed \$39.62 million.

Agenda Items

440 Regular Agenda in [May 31-June 1, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/5/31)
(<https://www.portland.gov/council/agenda/2023/5/31>)

Rescheduled

Rescheduled to June 1, 2023 at 2:00 p.m.

453 Regular Agenda in [May 31-June 1, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/5/31)
(<https://www.portland.gov/council/agenda/2023/5/31>)

Passed to second reading

Passed to second reading June 7, 2023 at 2:00 p.m.

475 Regular Agenda in [June 7-8, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/6/7)
(<https://www.portland.gov/council/agenda/2023/6/7>)

Passed

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Absent

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea