

**FINANCIAL IMPACT STATEMENT**  
**For Council Action Items**  
**(Use this form for Ordinances and Resolutions)**  
 (Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Eric Johansen, Debt Manager	2. Telephone Number 503/823-6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date)  January 7, 2010	4b. Calendar (Check One) Regular Consent 4/5ths  [ ] [X] [ ]	5. Date Submitted to FPD Budget Analyst:  December 28, 2009

**1) Legislation Title:**

\* Authorize water revenue refunding bonds (Ordinance)

**2) Purpose of the Proposed Legislation:**

This Ordinance authorizes the City to issue water system revenue refunding bonds (the "Refunding Bonds") pursuant to applicable Oregon statutes to refund all or any portion of the water system revenue bonds (the "Refundable Bonds") that the City has issued and may issue to obtain debt service savings. The Ordinance authorizes the City to issue revenue bonds that are secured either by a first lien or a second lien on the net revenues of the City's water system. If approved by the Council, authority to issue Refunding Bonds under this Ordinance would extend through December 31, 2011. The Refunding Bonds will be secured by the revenues of the City's water system and amounts related to that water system.

**3) Revenue:**

**Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If new revenue is generated identify the source.**

This legislation will not generate or reduce current or future revenue to the City.

**4) Expense:**

**What are the costs to the City as a result of this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years) (If the action is related to a grant or contract please include the local contribution or match required)**

The City is currently evaluating whether savings can be achieved by refunding any of the Refundable Bonds and will issue Refunding Bonds if savings can be achieved in conformance with the City's debt policies. Given current market conditions, refunding the outstanding Water System Revenue Bonds, 2000 Series A produces debt service savings. Net present value savings as a percentage of the Refunding Bonds is approximately seven percent.

**Staffing Requirements:**

**5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term or permanent positions. If the position is limited term please indicate the end of the term.)**

No position changes are anticipated.

**6) Will positions be created or eliminated in future years as a result of this legislation?**

No position changes are anticipated.

**Complete the following section only if an amendment to the budget is proposed.**

**7) Change in Appropriations (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Center Code column if new center needs to be created. Use additional space if needed.)**

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Amount

Eric, Johansen, Debt Manager



APPROPRIATION UNIT HEAD (Typed name and signature)



**CITY OF PORTLAND**  
OFFICE OF MANAGEMENT AND FINANCE

Sam Adams, Mayor  
Ken Rust, Chief Administrative Officer

Bureau of Financial Services  
Jennifer Sims, Director & CFO  
1120 S.W. Fifth Avenue, Rm. 1250  
Portland, Oregon 97204-1912  
(503) 823-5288  
FAX (503) 823-5384  
TDD (503) 823-6868

183460

**DATE:** December 28, 2009  
**TO:** Mayor Sam Adams  
**FROM:** Eric Johansen, Debt Manager  
**RE:** \*Authorize water revenue refunding bonds (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**

Reviewed by Bureau Liaison \_\_\_\_\_

**1. INTENDED THURSDAY FILING DATE:** January 7, 2010  
**2. REQUESTED COUNCIL AGENDA DATE:** January 13, 2010  
**3. CONTACT NAME & NUMBER:** Eric Johansen, Debt Manager, x3-6851  
**4. PLACE ON:** X CONSENT \_\_\_ REGULAR  
**5. BUDGET IMPACT STATEMENT ATTACHED:** X Y \_\_\_ N \_\_\_ N/A  
**6. (3) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED:** \_\_\_ Yes \_\_\_ No ✓ N/A

**7. BACKGROUND/ANALYSIS**

**Introduction and History** – Attached is an Ordinance for Council consideration on January 6, 2010. The Ordinance authorizes the City to issue water system revenue refunding bonds (the “Refunding Bonds”) pursuant to applicable Oregon statutes to refund all or any portion of the water system revenue bonds (the “Refundable Bonds”) that the City has issued and may issue to obtain debt service savings. The Ordinance authorizes the City to issue revenue bonds that are secured either by a first lien or a second lien on the net revenues of the City’s water system. If approved by the Council, authority to issue Refunding Bonds under this Ordinance would extend through December 31, 2011.

The Refunding Bonds will be secured by the revenues of the City’s water system and amounts related to that water system.

The Ordinance delegates to the Debt Manager certain tasks including negotiating the terms of and executing one or more bond declarations; 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.

**Legal Issues** – None

**Link to Current City Policies** – None.

**Controversial Issues** – None

**Citizen Participation** – Not Applicable

**Other Government Participation** – The City is working with the staff of the Water Bureau to evaluate refunding opportunities.

8. **FINANCIAL IMPACT**

The City is currently evaluating whether savings can be achieved by refunding any of the Refundable Bonds and will issue Refunding Bonds if savings can be achieved in conformance with the City's debt policies. Given current market conditions, refunding the outstanding Water System Revenue Bonds, 2000 Series A produces debt service savings. Net present value savings as a percentage of the Refunding Bonds is approximately seven percent.

9. **RECOMMENDATION/ACTION REQUESTED**

It is recommended that the City Council approve this Ordinance in order to achieve debt service cost savings for the Water Bureau's debt program.