

**FINANCIAL IMPACT STATEMENT
For Council Action Items**

1. Name of Initiator Eric Johansen, Debt Manager		2. Telephone No. 503.823.6851	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date) February 4, 2010	4b. Calendar (Check One) Regular <input type="checkbox"/> Consent <input checked="" type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to FPD Budget Analyst: February 27, 2010

1) Legislation Title:

* Authorize General Obligation Refunding Bonds (Ordinance)

2) Purpose of the Proposed Legislation:

The purpose of the proposed legislation is to authorize the City to issue general obligation refunding bonds (the "Bonds") to refund the outstanding General Obligation Parks Refunding Bonds, 2001 Series A (the "2001 Bonds") and any other general obligation bonds that meet the City's debt service savings policy for refundings. The authorization expires on December 31, 2011.

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 please identify the source.

The savings generated as a result of the refunding will reduce future levies dedicated to the repayment of these bonds. The saving is estimated to be about \$400,000 per year beginning in FY 2010-11 and ending in FY 2014-15.

4) Expense:

What are the costs to the City as a result of this legislation? What is the source of funding for the expense?

There are no additional costs to the City as a result of this Ordinance.

Staffing Requirements:

5) Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?

No positions will be eliminated or created as a result of this Ordinance.

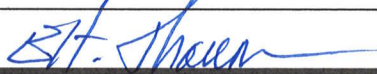
6) Will positions be created or eliminated in *future years* as a result of this legislation?

No.

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

7) Change in Appropriations

No Change in Appropriations.

Eric H. Johansen, Debt Manager	
--------------------------------	---

APPROPRIATION UNIT HEAD



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

183530

DATE: January 26, 2010
TO: Mayor Sam Adams
FROM: Eric Johansen, Debt Manager *Eric Johansen*
RE: * Authorize General Obligation Refunding Bonds (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

- 1. INTENDED THURSDAY FILING DATE: February 4, 2010
- 2. REQUESTED COUNCIL AGENDA DATE: February 10, 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 emergency Ordinance for Council consideration on February 10, 2010. The Ordinance authorizes the City to issue general obligation refunding bonds (the “Bonds”) to refund the outstanding General Obligation Parks Refunding Bonds, 2001 Series A (the “2001 Bonds”) and any other general obligation bonds that meet the City’s debt service savings policy for refundings.

Interest rates have fallen such that economic savings can currently be achieved by refunding the remaining maturities of the 2001 Bonds. While other outstanding general obligation bonds do not currently meet savings targets, this authorization remains available through December 31, 2011 allowing the City to respond quickly to any favorable changes in the market during that period.

The Bonds will be full faith and credit obligations of the City and will be secured by a pledge to levy an amount of property taxes sufficient to pay the principal of and interest on the Bonds when due.

The Ordinance delegates to the Debt Manager certain tasks including issuing one or more series of bonds; 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.

If the Council approves the Ordinance, the City plans to sell the Bonds through a competitive bidding process in late February or early March.

Legal Issues – None.

Link to Current City Policies – The proposed issuance of the bonds is being done in conformance with the City’s debt policy.

Controversial Issues – None

183530

Citizen Participation – Not Applicable

Other Government Participation – Not Applicable

8. **FINANCIAL IMPACT**

The final amount of savings to be achieved on the refunding of the 2001 Bonds will not be determined until closer to the sale of the Bonds. It is estimated that the current refunding will produce net present value savings of approximately \$2 million, and nominal savings of approximately \$400,000 per year, for the 2011- 15 maturities, based on current market conditions.

9. **RECOMMENDATION/ACTION REQUESTED**

Approval of the Ordinance is recommended to achieve debt service savings on the 2001 Bonds.