

**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 28, 2010	4b. Calendar (Check One) Regular Consent 4/5ths  [X]      [ ]      [ ]	5. Date Submitted to FPD Budget Analyst:  January 19, 2010

**1) Legislation Title:**

Authorize Lents Town Center Urban Renewal and Redevelopment Bonds (Ordinance)

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

The Ordinance authorizes the City to issue urban renewal and redevelopment bonds (the "2010 Bonds") to finance improvements in the Lents Town Center urban renewal area and to refinance debt currently outstanding on a line of credit for that urban renewal area. The amount of bonds authorized is the sum of the amounts required to (a) refinance the outstanding lines of credit that financed urban renewal projects in the Area, (b) provide estimated net proceeds of no more than \$12 million to finance additional urban renewal projects in the Area, and (c) provide any additional amounts that the Debt Manager estimates are necessary to fund debt service reserves and pay costs related to the 2010 Bonds. The estimated total bond amount is not expected to exceed \$40 million. The 2010 Bonds will be secured by the tax increment revenues of the Lents Town Center urban renewal area.

**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)**

While the final amount of the issue will not be determined until the sale date of the 2010 Bonds, annual net debt service on 2010 Bonds is expected to be in the range of \$3.8 million annually. Debt service will be paid with tax increment revenues of the Lents Town Center urban renewal area.

**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	
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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  
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183537

DATE: January 19, 2010  
TO: Mayor Sam Adams  
FROM: Eric Johansen, Debt Manager   
RE: Authorize Lents Town Center Urban Renewal and Redevelopment Bonds (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**  
Reviewed by Bureau Liaison \_\_\_\_\_

- 1. INTENDED THURSDAY FILING DATE: January 28, 2010
- 2. REQUESTED COUNCIL AGENDA DATE: February 3, 2010
- 3. CONTACT NAME & NUMBER: Eric Johansen, Debt Manager, x3-6851
- 4. PLACE ON:    CONSENT   X   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 on February 3, 2010. The Ordinance authorizes the City to issue urban renewal and redevelopment bonds (the “2010 Bonds”) to finance improvements in the Lents Town Center urban renewal area and to refinance debt currently outstanding on a line of credit for that urban renewal area. The amount of bonds authorized is the sum of the amounts required to (a) refinance the outstanding lines of credit that financed urban renewal projects in the Area, (b) provide estimated net proceeds of no more than \$12 million to finance additional urban renewal projects in the Area, and (c) provide any additional amounts that the Debt Manager estimates are necessary to fund debt service reserves and to pay costs related to the 2010 Bonds. The estimated total bond amount is not expected to exceed \$40 million. The 2010 Bonds will be secured by the tax increment revenues of the Lents Town Center urban renewal area.

Bond proceeds will be used to repay the balance on a line of credit, which is currently about \$21.7 million, and to fund projects expected to be undertaken through FY 2010-11 in the Council-approved capital improvement program (CIP) for the Lents Town Center urban renewal area. Major projects in the CIP include:

- community economic development projects, including business finance and business development projects, and green business grants;
- multifamily rental housing, single family home repair, and single family homebuyer assistance projects;
- neighborhood transportation safety improvements, streets/sidewalk LID projects, and parks public improvements; and

- revitalization projects, including Lents Town Center redevelopment, retrofit projects, and redevelopment loan projects.

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 Ordinance also delegates to the Debt Manager the authority to structure some or all of the 2010 Bonds as Build America Bonds authorized by the American Recovery and Revitalization Act.

The 2010 Bonds are expected to be sold in April 2010.

**Legal Issues** – 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.

Additionally, no additional Bonds authorized by this ordinance will be issued until the Portland Development Commission Board of Commissioners approves a resolution requesting the City to increase the maximum principal amount of the Bonds for the three urban renewal areas. A resolution was approved by the Commission on January 13, 2010.

**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 Portland Development Commission to complete the financing.

## 8. FINANCIAL IMPACT

While the final amount of the issue will not be determined until the sale date of the 2010 Bonds, annual net debt service on 2010 Bonds is expected to be in the range of \$3.8 million annually. Debt service will be paid with tax increment revenues of the Lents Town Center urban renewal area.

## 9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve this Ordinance in order to provide the necessary funding to carry out the Lents Town Center urban renewal plan.