

City of Portland, Oregon  
**FINANCIAL IMPACT STATEMENT**  
**For Council Action Items**

183589

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) March 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 24, 2010

**1) Legislation Title:**

\* Authorize Limited Tax Revenue Refunding Bonds (Ordinance)

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

The purpose of the proposed legislation is to authorize the City to issue limited tax revenue refunding bonds (the "Bonds") to refund all or portions of the outstanding Limited Tax Revenue Bonds, 1998 Series B, Limited Tax Revenue Bonds, 1999 Series B and Limited Tax Revenue Bonds, 2002 Series A (the "Refundable Bonds") provided they meet the City's debt service savings policy for refundings.

**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 year's debt service. The final amount of savings to be achieved on the refunding of the Refundable Bonds will not be determined until the sale of the Bonds. Based on current rates, Debt Management projects that the current refunding will produce total net present value savings of approximately \$860,000, and nominal savings of approximately \$120,000 per year, for FY 2011-13, \$85,000 per year for FY 2014-18 and \$65,000 per year for FY 2019-20. Actual savings will depend on market conditions at the time the bonds are sold.

**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 positions will be created or eliminated in future years as a result of this legislation.

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

**7) Change in Appropriations**

There is no change to current year appropriations, but future year debt service appropriation will be reduced by the amount of annual savings if the refunding is completed.

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  
Vacant, Director & CFO  
1120 S.W. Fifth Avenue, Rm. 1250  
Portland, Oregon 97204-1912  
(503) 823-5288  
FAX (503) 823-5384  
TDD (503) 823-6868

183589

DATE: February 24, 2010  
TO: Mayor Sam Adams  
FROM: Eric Johansen, Debt Manager *EJA*  
RE: \* Authorize Limited Tax Revenue Refunding Bonds (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**

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

1. INTENDED THURSDAY FILING DATE: March 4, 2010  
2. REQUESTED COUNCIL AGENDA DATE: March 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 March 10, 2010. The Ordinance authorizes the City to issue limited tax revenue refunding bonds (the “Bonds”) to refund all or portions of the outstanding Limited Tax Revenue Bonds, 1998 Series B, Limited Tax Revenue Bonds, 1999 Series B and Limited Tax Revenue Bonds, 2002 Series A (the “Refundable Bonds”) provided they meet the City’s debt service savings policy for refundings.

Interest rates have fallen such that debt service savings can currently be achieved by refunding certain maturities of the Refundable Bonds. The Bonds will retain the security pledge of the Refundable Bonds and be full faith and credit obligations of the City secured by a pledge of any legally available funds of the City.

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 March or early April.

**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

**8. FINANCIAL IMPACT**

The final amount of savings to be achieved on the refunding of the Refundable Bonds will not be determined until the sale of the Bonds. Based on current rates, Debt Management projects that the current refunding will produce total net present value savings of approximately \$860,000, and nominal savings of approximately \$120,000 per year, for FY 2011-13, \$85,000 per year for FY 2014-18 and \$65,000 per year for FY 2019-20. Actual savings will depend on market conditions at the time the bonds are sold.

**9. RECOMMENDATION/ACTION REQUESTED**

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