

ORDINANCE No. 183710

Authorize North Macadam Urban Renewal and Redevelopment Bonds and extension of interim financing (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. In City Ordinance No. 173651 the City approved the urban renewal plan for the North Macadam Urban Renewal Area (the "Area") with a maximum indebtedness limit for the Area of \$288,562,000. The amount of bonds authorized by this Ordinance, plus the amount of indebtedness for the Area which the City issued since the Area was created, will not exceed the maximum indebtedness limit for the Area.
2. The City previously adopted Ordinance No. 178846 to authorize interim financing for projects within the Area and executed its \$30,800,000 Non-Revolving Credit Facility South Waterfront Central District Projects dated June 23, 2005 (the "2005 Line of Credit"). The 2005 Line of Credit was subsequently included in the \$70,800,000 First Amended Non-Revolving Credit Facility South Waterfront Central District Projects, dated January 11, 2007 (the "2007 Line of Credit"), which provided for an additional \$40,000,000 of interim financing for projects in the Area as authorized by Ordinance No. 180075 and Ordinance No. 180447, and which amended the maturity date of the 2005 Line of Credit to June 15, 2010.
3. The City also has executed its Maximum Amount of \$277,000,000 City of Portland, Oregon Urban Renewal Areas Credit Facility and Bonds dated December 13, 2007, authorized by Ordinance 181286, which provides for up to \$27,000,000 of interim financing for the Area (collectively with the 2005 Line of Credit and the 2007 Line of Credit, the "Lines of Credit".)
4. The City now has \$97,800,000 in authorized lines of credit for the North Macadam Urban Renewal Area, of which a balance of \$62,863,661 remains outstanding as of March 30, 2010.
5. The City desires to issue long-term bonds secured by the tax increment revenues of the Area to provide long-term financing for projects financed with the Lines of Credit.
6. The City is authorized to issue bonds that are payable from the tax increment revenues of the North Macadam Urban Renewal Area (the "Area").
7. The Portland Development Commission is adopting a resolution requesting the City to issue bonds to refinance projects in the Area pursuant to Section 15-106 of the City Charter.
8. The City desires to issue the long-term bonds authorized by this Ordinance after the maturity date of the 2005 Line of Credit and therefore, must extend the Line of Credit.

9. The City is authorized to refund lines of credit obtained to provide interim financing for capital projects pursuant to Oregon Revised Statutes Section 287A.180.

10. The City adopts this Ordinance to authorize the issuance of bonds secured by the tax increment revenues of the Area to refinance urban renewal projects in the Area and extend the 2005 Line of Credit.

NOW, THEREFORE, the Council directs:

a. Authorization.

1. The City hereby authorizes the sale and delivery of its North Macadam Urban Renewal and Redevelopment Bonds (the "2010 Bonds") in accordance with this Ordinance and the bond declaration executed by the Debt Manager pursuant to Section 1.C.7 of this ordinance (the "Declaration"). Proceeds of the 2010 Bonds shall be used to refinance some or all of the outstanding balances on the Lines of Credit that financed urban renewal projects in the Area, and to pay costs related to the 2010 Bonds. The aggregate principal amount of the 2010 Bonds shall not exceed \$70,000,000, which includes the sum of the amounts required to (a) refinance the Lines of Credit that financed urban renewal projects in the Area, and (b) provide any additional amounts that the Debt Manager estimates are necessary to fund debt service reserves and pay costs related to the 2010 Bonds, including costs of reserve sureties for the 2010 Bonds, costs of credit enhancement, and costs of issuing the 2010 Bonds.
2. The City hereby authorizes the extension of the 2005 Line of Credit through October 1, 2010 under the same terms and conditions as the outstanding 2005 Line of Credit.

b. Security for Bonds.

1. The 2010 Bonds shall not be general obligations of the City or the Commission. The City and the Commission shall be obligated to pay the Bonds solely from the North Macadam Tax Increment Revenues and related amounts that are pledged to pay the 2010 Bonds in the Declaration.
2. The provisions of the Declaration shall constitute a contract with the Owners, and shall be enforceable by them.

c. Delegation. The Debt Manager of the City, the Chief Financial Officer of the Bureau of Financial Services, the Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this ordinance (each of whom may act independently and all of whom is referred to in this ordinance as the "Debt Manager") may, on behalf of the City:

1. Issue the 2010 Bonds in one or more series.

2. Provide that any series of 2010 Bonds may be issued as tax-exempt bonds, taxable bonds or taxable "Build America Bonds" or other types of bonds that were authorized by the American Recovery and Reinvestment Tax Act of 2009 which are eligible for a federal interest subsidies or tax credits (collectively, "ARRA Bonds").
3. Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for each series of the 2010 Bonds.
4. Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms for each series of the 2010 Bonds, and either publish a notice of sale, receive bids and award the sale of that series to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters and negotiate the sale of that series with those underwriters and execute and deliver a bond purchase agreement with such underwriters in connection with such sale.
5. Undertake to provide continuing disclosure for each series of the 2010 Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.
6. Apply for and purchase municipal bond insurance or obtain other forms of credit enhancements for each series of the 2010 Bonds or obtain reserve credit facilities or other reserve sureties for each series of the 2010 Bonds, enter into agreements with the providers of credit enhancement or reserve sureties, and execute and deliver related documents.
7. Finalize the terms of, execute and deliver a bond declaration (the "Declaration"), which shall be in substantially the form attached to this Ordinance as Exhibit A, but with such changes as the Debt Manager may approve.
8. Appoint and enter into agreements with paying agents and other professionals and service providers.
9. Apply proceeds of the 2010 Bonds to pay and retire outstanding balances on the Lines of Credit issued by the City to finance urban renewal projects in the Area.
10. Enter into covenants to maintain the ability of owners of any series of 2010 Bonds to exclude interest payments from gross income under the Internal Revenue Code, as amended, or to maintain the ability of the City to receive federal interest subsidies.

11. Execute and deliver any documents and take any other action in connection with the 2010 Bonds and the extension of the 2005 Line of Credit that the Debt Manager finds will be advantageous to the City.

Passed by the Council, APR 21 2010

Mayor Sam Adams
Prepared by: Bond Counsel:EJ:PT
March 30, 2010

LAVONNE GRIFFIN-VALADE
Auditor of the City of Portland

By


Deputy

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Agenda No.
ORDINANCE NO. 183710
Title

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INTRODUCED BY Commissioner/Auditor: Mayor Sam Adams	CLERK USE: DATE FILED <u>APR 09 2010</u>
COMMISSIONER APPROVAL	LaVonne Griffin-Valade Auditor of the City of Portland
Mayor—Finance and Administration - Adams	By: <u><i>Susan Parsons</i></u> Deputy
Position 1/Utilities - Fritz	
Position 2/Works - Fish	
Position 3/Affairs - Saltzman	
Position 4/Safety - Leonard	
BUREAU APPROVAL	ACTION TAKEN:
Bureau: Office of Finance and Administration Bureau Head: Ken Rust	APR 14 2010 PASSED TO SECOND READING 9:30 A.M.
Prepared by: Eric Johansen:PT Date Prepared: March 30, 2010	
Financial Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/> Not Required <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
Council Meeting Date April 14, 2010	
City Attorney Approval	

AGENDA
TIME CERTAIN <input type="checkbox"/> Start time: _____
Total amount of time needed: _____ (for presentation, testimony and discussion)
CONSENT <input type="checkbox"/>
REGULAR <input checked="" type="checkbox"/> Total amount of time needed: 5 minutes (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:	
	YEAS	NAYS
1. Fritz	✓	
2. Fish	—————	
3. Saltzman	✓	
4. Leonard	✓	
Adams	✓	