

**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 Jonas Biery, Debt Manager	2. Telephone Number 503/823-4222	3. Bureau/Office/Dept. Financial Services/Public Finance and Treasury
4a. To be filed (date)  April 7, 2011	4b. Calendar (Check One) Regular   Consent   4/5ths  [ ]            [X]            [ ]	5. Date Submitted to FPD Budget Analyst:  March 29, 2011

**1) Legislation Title:**

\* Authorize refunding of urban renewal bonds for Downtown Waterfront, Oregon Convention Center and South Park Blocks urban renewal areas (Ordinance)

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

The Ordinance authorizes the sale and delivery of urban renewal and redevelopment bonds (the "Refunding Bonds") to refund outstanding bonds that the City has issued for the Downtown Waterfront, the Oregon Convention Center and the South Park Blocks urban renewal areas. Proceeds of the Refunding Bonds authorized by this Ordinance shall be used to refund and pay outstanding City bonds, to fund any required debt service reserves, and to and to pay costs related to the refunding. The Refunding Bonds will be secured by the tax increment revenues of the urban renewal areas for which they are being issued.

The City plans to issue bonds (the "Taxable Refunding Bonds") later this fiscal year in an amount sufficient to currently refund any or all of the Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series B and the South Park Blocks Urban Renewal and Redevelopment Bonds, 2000 Series B in order to achieve debt service savings. The Taxable Refunding Bonds will have a lien on the tax increment revenues that is subordinate to the lien of existing urban renewal and redevelopment bonds, which allows the City to obtain more favorable terms including eliminating the need for a debt service reserve for these bonds. If the Ordinance is approved by the Council, the City plans to place the Taxable Refunding Bonds directly with Bank of America. The Taxable Refunding Bonds will have a final maturity in June 2013.

The City may also issue bonds (the "Tax-Exempt Refunding Bonds") in the future in an amount sufficient to refund any or all of the Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series A and the Downtown Waterfront Urban Renewal and Redevelopment Bonds, 2000 Series A for debt service savings. The City will issue the Tax-Exempt Refunding Bonds if savings can be achieved in conformance with the City's debt policies. The Tax-Exempt Refunding Bonds may have either a parity lien or subordinate lien on tax increment revenues.

**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's debt policies require net present value savings of \$100,000 for a current refunding. By issuing the Taxable Refunding Bonds, the City estimates net present value savings of at least \$600,000, exceeding the policy target. Savings are anticipated to be taken in fiscal years 2013 and 2014. The City will monitor market conditions to identify opportunities to issue the Tax-Exempt Refunding Bonds.

**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

B. Jonas Biery, Debt Manager

*B. J. AS BUN*

APPROPRIATION UNIT HEAD (Typed name and signature)



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

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Ken Rust, Chief Administrative Officer

Bureau of Financial Services  
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184513

DATE: March 29, 2011

TO: Mayor Sam Adams

FROM: <sup>JB</sup> Jonas Biery, Debt Manager

RE: \* Authorize refunding of urban renewal bonds for Downtown Waterfront, Oregon Convention Center and South Park Blocks urban renewal areas (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**

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

1. INTENDED THURSDAY FILING DATE: April 7, 2011  
2. REQUESTED COUNCIL AGENDA DATE: April 13, 2011  
3. CONTACT NAME & NUMBER: Jonas Biery, x 3-4222  
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 X N/A

**7. BACKGROUND/ANALYSIS**

**Introduction and History** – Attached is an Ordinance for Council consideration on April 13, 2011. The Ordinance authorizes the sale and delivery of urban renewal and redevelopment bonds (the “Refunding Bonds”) to refund outstanding bonds that the City has issued for the Downtown Waterfront, the Oregon Convention Center and the South Park Blocks urban renewal areas. Proceeds of the Refunding Bonds authorized by this Ordinance shall be used to refund and pay outstanding City bonds, to fund any required debt service reserves, and to and to pay costs related to the refunding. The Refunding Bonds will be secured by the tax increment revenues of the urban renewal areas for which they are being issued.

The City plans to issue bonds (the “Taxable Refunding Bonds”) later this fiscal year in an amount sufficient to currently refund any or all of the Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series B and the South Park Blocks Urban Renewal and Redevelopment Bonds, 2000 Series B in order to achieve debt service savings. The Taxable Refunding Bonds will have a lien on the tax increment revenues that is subordinate to the lien of existing urban renewal and redevelopment bonds, which allows the City to obtain more favorable terms including eliminating the need for a debt service reserve for these bonds. The City anticipates combined net present value debt service savings of at least \$600,000 over the remaining life of the Taxable Refunding Bonds. If the Ordinance is approved by the Council, the City plans to place the Taxable Refunding Bonds directly with Bank of America. The Taxable Refunding Bonds will have a final maturity in June 2013.

The City may also issue bonds (the “Tax-Exempt Refunding Bonds”) in the future in an amount sufficient to refund any or all of the Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series A and the Downtown Waterfront Urban Renewal and Redevelopment Bonds, 2000 Series A for debt service savings. The City will issue the Tax-Exempt Refunding Bonds if savings can be achieved in conformance with the City’s debt policies. The Tax-Exempt Refunding Bonds may have either a parity lien or subordinate lien on tax increment revenues.

A key objective of issuing the Refunding Bonds is to recapture revenue capacity as part of a larger strategy to access the remaining maximum indebtedness in the Oregon Convention Center urban renewal area. Lower debt service from the refundings reduces the amount of special levy needed to pay debt service; hence, these resources can then be redirected toward paying future Oregon Convention Center urban renewal bonds.

The Ordinance delegates to the Debt Manager certain tasks including establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the bonds; issuing any series of bonds for an urban renewal area on a parity with outstanding bonds for that area, or issuing any series of 2011 Bonds for an urban renewal area with a lien on the tax increment revenues of an area that is subordinate to the lien of outstanding bonds for that area; finalizing the terms of, executing and delivering a bond declaration for each series of 2011 Bonds; and executing documents.

**Legal Issues** – The Portland Development Commission has adopted a resolution requesting the City to issue refunding bonds for these urban renewal areas pursuant to Section 15-106 of the City Charter.

**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 these transactions.

## **8. FINANCIAL IMPACT**

The City's debt policies require net present value savings of \$100,000 for a current refunding. By issuing the Taxable Refunding Bonds, the City estimates net present value savings of at least \$600,000, exceeding the policy target. Savings are anticipated to be taken in fiscal years 2013 and 2014. The City will monitor market conditions to identify opportunities to issue the Tax-Exempt Refunding Bonds.

## **9. RECOMMENDATION/ACTION REQUESTED**

It is recommended that the City Council approve this Ordinance in order to achieve debt service cost savings for outstanding urban renewal and redevelopment bonds.