

Portland, Oregon
FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Jonas Biery JB		2. Telephone No. X 3-4222	3. Bureau/Office/Dept. OMF/Financial Services
4a. To be filed (date): July 28, 2011	4b. Calendar (Check One) Regular Consent 4/5ths <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: July 20, 2011
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

1) Legislation Title:

* Authorize limited tax revenue refunding bonds (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the issuance of limited tax revenue refunding bonds (the "Bonds") in an amount sufficient to currently refund any or all of the City's Limited Tax Revenue Bonds, 2001 Series A (Convention Center Expansion Project) (the "2001 Series A Bonds") and its Limited Tax Revenue Bonds, 2001 Series C (PCPA Project) (the "2001 Series C Bonds" and collectively with the 2001 Series A Bonds, the "Refundable Bonds"). The purpose of the refunding is to achieve debt service savings. The City is currently evaluating which series and maturities of the Refundable Bonds will be included in the transaction.

On May 18, 2011, the Council approved Ordinance 184577 to authorize the Bonds and the pledge of the City's full faith and credit to repay the Bonds. This Ordinance permits the City to pledge its full faith and credit as well as all or any portion of the amounts due to the City under an intergovernmental agreement known as the Visitor Development Initiative (the "VDI") to pay the Bonds. It also rescinds Ordinance 184577.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

The City will collect a \$25,000 debt management fee from the bond proceeds for managing this transaction. There will be no other financial impact to the City as a result of issuing the Bonds, as all savings from the refunding will be directed toward other purposes identified in the VDI.

5) Expense: What are the costs to the City related to 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. If there is a project estimate, please identify the level of confidence.)*

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

6) Staffing Requirements:

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

No position changes in any years 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 Fund Center column if new center needs to be created. Use additional space if needed.)*

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

- YES:** Please proceed to Question #9.
 NO: Please, explain why below; and proceed to Question #10.

9) If “YES,” please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

In accordance with the VDI, savings from the refunding will be directed toward other eligible purposes identified in the VDI.

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?

The City consulted representatives of Metro, Travel Portland and Multnomah County to apprise them of potential savings of refunding the Refundable Bonds and to reach consensus on how savings would be directed within the framework of the VDI.

c) How did public involvement shape the outcome of this Council item?

All parties were in agreement on how the refunding savings would be used.

d) Who designed and implemented the public involvement related to this Council item?

Key parties to the VDI were contacted by the City’s Chief Administrative Officer, with follow-up by the City’s Treasurer and Debt Manager.

e) Primary contact for more information on this public involvement process (name, title, phone, email):

Jonas Biery, Debt Manager, 823-4222, jonas.biery@portlandoregon.gov

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

No. Once refunding bonds are issued and savings achieved, revenues established through the VDI will flow automatically to the uses identified in the VDI.



A rectangular box containing a handwritten signature in black ink. The signature is cursive and appears to read 'R. Goward, Jr.'.

Richard F. Goward, Jr.
BUREAU DIRECTOR



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Sam Adams, Mayor
Jack D. Graham, Chief Administrative Officer

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DATE: July 19, 2011
TO: Mayor Sam Adams
FROM: Jonas Biery, Debt Manager JB
RE: *Authorize limited tax revenue refunding bonds (Ordinance)

FOR MAYOR'S OFFICE USE ONLY
Reviewed by Bureau Liaison _____

- 1. **INTENDED THURSDAY FILING DATE:** July 28, 2011
- 2. **REQUESTED COUNCIL AGENDA DATE:** August 3, 2011
- 3. **CONTACT NAME & NUMBER:** Jonas Biery, Debt Manager, x3-4222
- 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** **N/A**

7. BACKGROUND/ANALYSIS

Introduction and History – Attached is an Ordinance for Council consideration and approval on August 3, 2011. The Ordinance authorizes the issuance of limited tax revenue refunding bonds (the “Bonds”) in an amount sufficient to currently refund any or all of the City’s Limited Tax Revenue Bonds, 2001 Series A (Convention Center Expansion Project) (the “2001 Series A Bonds”) and its Limited Tax Revenue Bonds, 2001 Series C (PCPA Project) (the “2001 Series C Bonds” and collectively with the 2001 Series A Bonds, the “Refundable Bonds”). The purpose of the refunding is to achieve debt service savings.

On May 18, 2011, the Council approved Ordinance 184577 to authorize the Bonds and the pledge of the City’s full faith and credit to repay the Bonds. This Ordinance permits the City to pledge its full faith and credit as well as all or any portion of the amounts due to the City under an intergovernmental agreement known as the Visitor Development Initiative (the “VDI”) to pay the Bonds. It also rescinds Ordinance 184577.

The Ordinance delegates to the Debt Manager certain tasks including preparing and executing one or more Bond Declarations; 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 approved by the Council, the City plans to sell the Bonds through a competitive bidding process in September. The City is currently evaluating which series and maturities of the Refundable Bonds will be included in the transaction.

Legal Issues – The City is authorized by the Oregon Revised Statutes to issue bonds to refund outstanding bonds.

Link to Current City Policies – The proposed current refunding is being done in conformance with the City's debt policy, which requires net present value savings of at least \$100,000.

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – The City has consulted with representatives of Metro, Travel Portland, and Multnomah County about the refunding.

8. FINANCIAL IMPACT

It is estimated that, based on current market conditions, annual debt service savings related to the 2001 Series A Bonds will be approximately \$8.2 million in FY 2011-12 through FY 2029-30. The resulting annual savings assuming savings is taken uniformly is estimated at approximately \$430,000 per year. Net present value savings as a percentage of the par amount of the refunding bonds plus original issue premium is projected to be approximately 7.3%. Debt service savings on the 2001 Series C Bonds is estimated at \$171,000, or at approximately \$17,000 per year. Net present value savings as a percentage of the par amount of the refunding bonds is projected to be approximately 9.0%. As noted earlier, the final terms of the refunding will not be determined until closer to the sale date of the Bonds, and the City may choose to refund all or only some portion of the Refundable Bonds.

The City will collect a \$25,000 debt management fee from the bond proceeds for managing this transaction. There will be no other financial impact to the City as a result of issuing the Bonds, as all savings will flow to other purposes identified in the VDI.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve the Ordinance in order to provide debt service cost savings for outstanding limited tax revenue bonds to be used for purposes identified in the VDI.