

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): May 17, 2012	4b. Calendar (Check One) Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/>		5. Date Submitted to Commissioner's office and FPD Budget Analyst: May 17, 2012
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 River District urban renewal and redevelopment refunding bonds (Ordinance)

2) Purpose of the Proposed Legislation:

The Ordinance authorizes the issuance of River District Urban Renewal and Redevelopment Refunding Bonds (the "Refunding Bonds") in an amount sufficient to advance refund any or all of the City's River District Urban Renewal and Redevelopment Bonds, 2003 Series A (the "2003 Series A Bonds") and River District Urban Renewal and Redevelopment Bonds, 2003 Series B (the "2003 Series B Bonds" and collectively with the 2003 Series A Bonds, the "2003 Bonds"). The 2003 Bonds currently are outstanding in the amount of \$42,410,000. The purpose of the refunding is to achieve debt service savings. Currently, only the 2003 Series A Bonds, outstanding in the amount of \$33,180,000 can be refunding for savings at a level that conforms with City policy.

The Ordinance also approves the issuance of bonds for the purpose of satisfying the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code") to refinance interim financing obtained for the low income housing portion of the Resource Access Center (now known as the Bud Clark Commons) (the "RAC Refunding Bonds"). Issuance of these bonds requires approval by the Portland City Council as the "applicable elected representative" under Section 147(f) of the Code, after a public hearing following reasonable public notice.

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 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 checked="" 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.

This legislation will not generate or reduce current or future revenue coming to the City.

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.)*

This legislation is expected to reduce City expenses by lowering debt service costs of outstanding River District Urban Renewal and Redevelopment Bonds. It is estimated that, based on current market conditions, total debt service savings related to the 2003 Series A Bonds will be approximately \$2.2 million through FY 2022-23. The resulting annual savings assuming savings is taken uniformly is estimated at approximately \$200,000 per year in FY 2014-15 through FY 2022-23. Net present value savings as a percentage of the par amount of the refunding bonds plus original issue premium is projected to be approximately 5.0%.

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

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.

This is an administrative action taken to refinance outstanding bonds and interim financing and to reduce costs.

9) If "YES," please answer the following questions:

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

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?

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

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

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

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

No. Once bonds are issued, City will pay debt service on the Refunding Bonds which reflects savings.

Richard F. Goward Jr., CFO 

Richard F. Goward, Jr.
BUREAU DIRECTOR



CITY OF PORTLAND
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Jack D. Graham, Chief Administrative Officer

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DATE: May 8, 2012

TO: Mayor Sam Adams

FROM: Jonas Biery, Debt Manager JB

RE: * Authorize River District urban renewal and redevelopment refunding bonds (Ordinance)

FOR MAYOR'S OFFICE USE ONLY

Reviewed by Bureau Liaison _____

1. INTENDED THURSDAY FILING DATE: May 17, 2012
2. REQUESTED COUNCIL AGENDA DATE: May 23, 2012
3. CONTACT NAME & NUMBER: Jonas Biery, Debt Manager, x3-4222
4. PLACE ON: CONSENT ☒ REGULAR
5. BUDGET IMPACT STATEMENT ATTACHED: ☒ 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 May 23, 2012. The Ordinance authorizes the issuance of River District Urban Renewal and Redevelopment Refunding Bonds (the “Refunding Bonds”) in an amount sufficient to advance refund any or all of the City’s River District Urban Renewal and Redevelopment Bonds, 2003 Series A (the “2003 Series A Bonds”) and River District Urban Renewal and Redevelopment Bonds, 2003 Series B (the “2003 Series B Bonds”) and collectively with the 2003 Series A Bonds, the “2003 Bonds”). The 2003 Bonds currently are outstanding in the amount of \$42,410,000. The purpose of the refunding is to achieve debt service savings. Currently, only the 2003 Series A Bonds, outstanding in the amount of \$33,180,000 can be refunding for savings at a level that conforms with City policy.

The Ordinance also approves the issuance of bonds for the purpose of satisfying the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”) to refinance interim financing obtained for the low income housing portion of the Resource Access Center (now known as the Bud Clark Commons) (the “RAC Refunding Bonds”). The interim financing for this project is outstanding in the amount of \$16,674,944.23. The RAC Refunding Bonds previously were authorized by Ordinance No. 183262 adopted by the City Council on October 21, 2009, but issuance of these bonds also requires approval by the Portland City Council as the “applicable elected representative” under Section 147(f) of the Code, after a public hearing following reasonable public notice. Following publication of the required Notice of Public Hearing, the public hearing was conducted on April 23, 2012. No members of the public attended the public hearing and no testimony was submitted in writing. Copies the Notice of Public Hearing and the Report of a Public Hearing are attached to the Ordinance as Exhibits A and B, respectively.

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 both the Refunding Bonds and the RAC Refunding Bonds through a negotiated sale in April. The City will also refinance other interim financing previously authorized by the Council as part of this sale.

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 five percent of the refunding bonds for advance refundings.

Controversial Issues – None

Citizen Participation – Not Applicable

Other Government Participation – The City has consulted with representatives of the Portland Development Commission ("PDC") about the refunding. The PDC Board has approved a resolution requesting the City to issue the Refunding Bonds at its April 30, 2012, meeting. That resolution will be effective 30 days after its approval date.

8. FINANCIAL IMPACT

It is estimated that, based on current market conditions, total debt service savings related to the 2003 Series A Bonds will be approximately \$2.2 million through FY 2022-23. The resulting annual savings assuming savings is taken uniformly is estimated at approximately \$200,000 per year in FY 2012-13 through FY 2022-23. Net present value savings as a percentage of the par amount of the refunding bonds plus original issue premium is projected to be approximately 5.0%.

9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve the Ordinance in order to provide debt service cost savings for outstanding 2003 Series A Bonds and to permit the issuance of the RAC Refunding Bonds in conformance with the Code.