

## ORDINANCE No. 186273

Authorize revenue bonds for urban renewal areas (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City is authorized to issue revenue bonds for a public purpose under ORS 287A.150 (the "Statute"). Revenue bonds issued under the Statute may be payable from all or any portion of the "revenue" of the City, as defined in ORS 287A.001(16). ORS 287A.001(16) defines "revenue" to mean all fees, tolls, excise taxes, assessments, property taxes and other taxes, rates, charges, rentals and other income or receipts derived by a public body or to which a public body is entitled.

2. The City may authorize revenue bonds under the Statute by nonemergency ordinance. The City may not sell the revenue bonds under the Statute until the period for referral of the nonemergency ordinance authorizing the revenue bonds has expired. If a nonemergency ordinance authorizing the revenue bonds is referred, the City may not sell the revenue bonds unless the voters approve the revenue bonds.

3. It will be beneficial to borrow money under the Statute to provide interim financing for the current and proposed costs of carrying out the City's urban renewal plans and to refinance outstanding interim financings.

4. To reduce the costs of the interim financings described in the preceding paragraph, the City may pledge its full faith and credit and agree to pay those financings from the City's tax revenues and all other legally available funds of the City, including tax increment revenues.

5. The City is also authorized by Section 15-106 of the City Charter to issue bonds that are payable from the tax increment revenues of the Portland Development Commission's urban renewal areas, and is authorized by ORS Chapter 287A to refinance its bonds. To ensure that the City's general fund is protected, and that the full faith and credit commitments authorized by this ordinance are reduced as soon as practical, it is beneficial to concurrently authorize the issuance of long-term tax increment bonds to refinance the full faith and credit interim financing obligations that are authorized by this ordinance.

NOW, THEREFORE, the Council directs:

- a. Interim Bonds Authorized. The City is hereby authorized to issue bonds (the "Interim Bonds") under the Statute to provide interim financing for the current and proposed costs of carrying out the City's urban renewal plans, and to refinance outstanding interim financings. The maximum amount of Interim Bonds that are issued under this ordinance shall not exceed the following principal amounts for the following urban renewal areas:

<u>Urban Renewal Area</u>	<u>Maximum Principal Amount</u>
Central Eastside	\$6,225,000
Gateway Regional Center	17,250,000
Interstate Corridor	18,500,000
Lents Town Center	6,800,000
North Macadam	16,100,000
River District	10,100,000
<b>TOTAL</b>	<b>\$74,975,000</b>

- b. Security. The Interim Bonds authorized by this ordinance shall be secured by a pledge of the City's full faith and credit and available funds. In addition, the Debt Manager of the City, the City Treasurer, 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 (any of whom is referred to in this ordinance as a "Debt Manager") may pledge the tax increment revenues of each urban renewal area to secure the Interim Bonds that are issued for that area.
- c. No Additional Taxes Authorized. No Interim Bonds shall be general obligations of the City and neither the authorization nor the issuance of any Interim Bonds shall authorize the City to levy any additional taxes.
- d. Procedure. No Interim Bonds may be sold and no purchase agreement for any Interim Bonds may be executed until the period of referral of this nonemergency ordinance has expired and this ordinance takes effect. If this ordinance is referred, the City may not sell the Interim Bonds unless the voters approve this ordinance.
- e. Delegation for Interim Bonds. After this ordinance takes effect the Debt Manager may, on behalf of the City and without further action by the Council:
1. select one or more commercial banks, underwriters or other purchasers of the Interim Bonds and negotiate the sale of the Interim Bonds with those bankers, underwriters or purchasers;
  2. issue one or more Interim Bonds for each urban renewal area, provide that the Interim Bonds shall secure lines of credit, establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, and other terms of the Interim Bonds;
  3. participate in the preparation of, authorize the distribution of, and deem final any disclosure documents for the Interim Bonds;
  4. enter into covenants to secure the Interim Bonds, including covenants to issue obligations to refinance the Interim Bonds, and covenants to levy, collect and apply tax increment revenues to pay the Interim Bonds;

5. determine with respect to each Interim Bond whether such Interim Bond will bear interest which is excludable from gross income for federal income tax purposes, will bear interest which is includable in gross income for federal income tax purposes, and/or will be issued as an obligation that is eligible for federal interest subsidies;
  6. covenant to comply with any requirements of federal law that are necessary either for interest on tax-exempt Interim Bonds to be excludable from gross income for federal income tax purposes or to receive any available federal interest subsidies in connection with the Interim Bonds;
  7. issue, sell and deliver the Interim Bonds; and,
  8. execute lines of credit, loan agreements, and any other documents, and take any other action in connection with the Interim Bonds which the Debt Manager finds is desirable to carry out this ordinance.
- f. Long-term Bonds Authorized. The City is hereby authorized to issue one or more series of tax increment bonds (the “Long-term Bonds”) under the Statute, the City Charter and the relevant provisions of ORS Chapter 287A to refinance any Interim Bonds that are issued pursuant to this ordinance. Each series of Long-term Bonds is authorized to be issued in an amount sufficient to refund the Interim Bonds to be refunded with that series, plus an amount to fund any debt service reserves for the Long-term Bonds, plus additional amounts sufficient to pay the estimated costs related to issuing the Long-term Bonds and repaying the Interim Bonds.
- g. Security for Long-term Bonds. Each series of Long-term Bonds shall be secured solely by the tax increment revenues of the urban renewal area that contains the projects that are refinanced by the series of Long-term Bonds, and any related amounts such as debt service reserves.
- h. Procedure. No Long-term Bonds may be sold and no purchase agreement for Long-term Bonds may be executed until the period of referral of this nonemergency ordinance has expired and this ordinance takes effect. If this ordinance is referred, the City may not sell the Long-term Bonds unless the voters approve this ordinance.
- i. Delegation for Long-term Bonds. The Debt Manager may, on behalf of the City:
1. issue the Long-term Bonds in one or more series;
  2. 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 Long-term Bonds;
  3. 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 Long-term 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 or other lenders and negotiate the sale of that series with those underwriters or other lenders and execute and deliver a bond purchase agreement with such underwriters or other lenders in connection with such sale;
4. undertake to provide continuing disclosure for each series of the Long-term Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission;
  5. apply for and purchase municipal bond insurance or obtain other forms of credit enhancements for each series of the Long-term Bonds or obtain reserve credit facilities or other reserve sureties for each series of the Long-term Bonds, enter into agreements with the providers of credit enhancement or reserve sureties, and execute and deliver related documents;
  6. for urban renewal areas with outstanding long-term urban renewal and redevelopment bonds, issue Long-term Bonds on a parity with such outstanding bonds;
  7. for urban renewal areas with outstanding long-term urban renewal and redevelopment bonds, issue Long-term Bonds with a subordinate lien on tax increment revenues of the applicable area; *provided, however*, prior to the issuance of such subordinate Long-term Bonds, the Debt Manager shall present to Council for approval, which may be by emergency ordinance, a substantially final form of a master bond document for the urban renewal area that describes the security for such subordinate Long-term Bonds and future parity obligations, makes covenants for the benefits of owners and purchasers of the subordinate Long-term Bonds and future parity obligations, and describes the terms and administrative provisions of the subordinate Long-term Bonds and future parity obligations;
  8. for urban renewal areas without outstanding long-term urban renewal and redevelopment bonds, issue Long-term Bonds that are the first long-term debt obligations for an urban renewal area; *provided, however*, prior to the issuance of such Long-term Bonds, the Debt Manager shall present to Council for approval, which may be by emergency ordinance, a substantially final form of a master bond document for the urban renewal area that describes the security for such Long-term Bonds and future parity obligations, makes covenants for the benefits of owners and purchasers of the Long-term Bonds and future parity obligations, and describes the terms and administrative provisions of the Long-term Bonds and future parity obligations;
  9. finalize the terms of, execute and deliver a bond declaration for each series of Long-term Bonds, which describes the security for the series, makes covenants for the benefits of owners and purchasers of that Series, and describes the terms and administrative provisions of the series;

10. appoint and enter into agreements with paying agents and other professionals and service providers;
11. apply proceeds of the Long-term Bonds to pay and retire outstanding Interim Bonds;
12. determine with respect to each Long-term Bond whether such Long-term Bond will bear interest which is excludable from gross income for federal income tax purposes, will bear interest which is includable in gross income for federal income tax purposes, and/or will be issued as an obligation that is eligible for federal interest subsidies;
13. covenant to comply with any requirements of federal law that are necessary either for interest on tax-exempt Long-term Bonds to be excludable from gross income for federal income tax purposes or to receive any available federal interest subsidies in connection with the Long-term Bonds; and
14. execute and deliver any other documents, and take any other action in connection with the Long-term Bonds which the Debt Manager finds is desirable to carry out this ordinance.

Passed by the Council: OCT 02 2013

Mayor Charlie Hales  
Prepared by: Bond Counsel: Jonas Biery  
Date Prepared: September 3, 2013

LaVonne Griffin-Valade  
Auditor of the City of Portland  
By

  
Deputy

Authorize revenue bonds for urban renewal areas (Ordinance)

<p><b>INTRODUCED BY</b>          Commissioner/Auditor:  <b>Mayor Charlie Hales</b></p>	<p>CLERK USE: DATE FILED <u>SEP 20 2013</u></p>
<p><b>COMMISSIONER APPROVAL</b>          Mayor—Finance and Administration - Hales <i>[Signature]</i></p>	<p style="text-align: center;">LaVonne Griffin-Valade          Auditor of the City of Portland</p> <p>By: <i>[Signature]</i>          Deputy</p>
<p>Position 1/Utilities - Fritz</p>	
<p>Position 2/Works - Fish</p>	
<p>Position 3/Affairs - Saltzman</p>	
<p>Position 4/Safety - Novick</p>	<p><b>ACTION TAKEN:</b>          SEP 25 2013 PASSED TO SECOND READING OCT 02 2013 9:30 A.M.</p>
<p><b>BUREAU APPROVAL</b></p>	
<p>Bureau: Office of Management &amp; Finance          Bureau Head: Jack D. Graham <i>[Signature]</i></p>	
<p>Prepared by:          Bond Counsel: Jonas Biery <i>[Signature]</i>          Date Prepared: September 3, 2013</p>	
<p>Financial Impact &amp; Public Involvement Statement          Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/></p>	
<p>Portland Policy Document          If "Yes" requires City Policy paragraph stated in document.          Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p>	
<p>Council Meeting Date  <b>September 25, 2013</b></p>	
<p><b>City Attorney Approval:</b>          required for contract, code, easement, franchise, comp plan, charter</p>	

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

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