

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

(Deliver original to City Budget Office. Retain copy.)

1. Name of Initiator Jonas Biery JB		2. Telephone No. x3-4222	3. Bureau/Office/Dept. OMF/Public Finance and Treasury
4a. To be filed (hearing date):  September 19, 2013 (September 25, 2013)	4b. Calendar (Check One)  Regular    Consent    4/5ths <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		5. Date Submitted to Commissioner's office and CBO Budget Analyst: September 19, 2013
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 revenue bonds for urban renewal areas (Ordinance)

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

The Ordinance authorizes the issuance of revenue bonds (the "Interim Bonds") under Oregon Revised Statutes 287A.150 to provide interim financing in support of carrying out the City's urban renewal plans and to refinance outstanding interim financings. The Ordinance also authorizes the issuance of long-term tax increment bonds (the "Long-term Bonds") to refinance the Interim Bonds that are authorized by the Ordinance. The total amount of the Interim Bonds will not exceed \$74.975 million for all urban renewal areas, which is expected to meet expenditure requirements through December 2016.

The amount of Interim Bonds authorized for each urban renewal area is as follows:

	Rollover Amount From Current Lines	New Money Authorized	Total Amount Authorized
Central Eastside	\$6,184,000	\$41,000	\$6,225,000
Gateway	12,545,073	4,704,927	17,250,000
Interstate Corridor	8,009,158	10,490,842	18,500,000
Lents	0	6,800,000	6,800,000
North Macadam	15,920,855	179,145	16,100,000
River District	0	10,100,000	10,100,000
<b>Total</b>	<b>\$42,659,086</b>	<b>\$32,315,914</b>	<b>\$74,975,000</b>

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                  |                                    |                                    |                                |

### 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.

PDC will recognize up to approximately \$32.3 million of new proceeds from Interim Bonds through December 2016, which will pass through the City's Special Finance and Resource Fund. This amount excludes the portion of the Interim Bonds applied to refinancing principal on existing lines of credit, in accordance with local budget law.

5) **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 year, including Operations & Maintenance (O&M) costs, if known, and estimates, if not known. 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**.)

The annual debt service payments on Interim Bonds will vary depending on interest rates and actual amounts drawn by the PDC each year. Typically, interest on Interim Bonds is paid from tax increment revenues until the Interim Bonds are refinanced with the Long-term Bonds. Debt service for Long-term Bonds will be determined once the bonds are issued. Debt service costs are expected to be paid from tax increment revenues of each urban renewal area for which Interim Bonds or Long-term Bonds are issued.

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.)

No position changes are anticipated.

- **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 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.

This is an administrative action taken to authorize the issuance of Interim Bonds and Long-term Bonds in order to finance or refinance the costs of urban renewal capital improvements.

**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?**

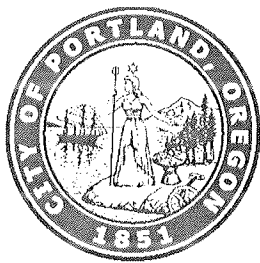
e) Primary contact for more information on this public involvement process (name, title, phone, email):

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

No. Once approved, the City will execute urban renewal Interim Bonds and will repay balances on the Interim Bonds if tax increment revenues are sufficient to cost-effectively issue the Long-term Bonds.



Jack D. Graham, Chief Administrative Officer  
APPROPRIATION UNIT HEAD



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

Charlie Hales, Mayor  
Jack D. Graham, Chief Administrative Officer

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186273

DATE: September 10, 2013  
TO: Mayor Charlie Hales  
FROM: Jonas Biery, Debt Manager  
RE: Authorize revenue bonds for urban renewal areas (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**  
Reviewed by Bureau Liaison \_\_\_\_\_

1. INTENDED THURSDAY FILING DATE: September 19, 2013
2. REQUESTED COUNCIL AGENDA DATE: September 25, 2013
3. CONTACT NAME & NUMBER: Jonas Biery, x34222
4. PLACE ON:    CONSENT     REGULAR
5. FINANCIAL IMPACT/PUBLIC INVOLVMENT STATEMENT ATTACHED:  
   Yes    No    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 first reading by the City Council on September 25, 2013. The Ordinance authorizes the issuance of revenue bonds (the “Interim Bonds”) under Oregon Revised Statutes 287A.150 to provide interim financing in support of carrying out the City’s urban renewal plans and to refinance outstanding interim financings. The Ordinance also authorizes the issuance of long-term tax increment bonds (the “Long-term Bonds”) to refinance the Interim Bonds that are authorized by this Ordinance.

The Interim Bonds will be issued to repay outstanding balances on expiring lines of credit and to pay for new projects in six of the City's urban renewal areas. As has been the practice of the City for prior urban renewal lines of credit, the Interim Bonds authorized by this Ordinance will be secured by the City's legally available funds in order to reduce costs and simplify borrowing plans. However, the Interim Bonds are expected to be paid either from available tax increment revenues or from the proceeds of Long-term Bonds that will be secured solely by tax increment revenues. The City expects to solicit bids from potential line of credit providers through a competitive bidding process.

The Ordinance authorizes issuance of the Long-term Bonds to provide assurance that the City’s General Fund is protected against making payments on the Interim Bonds, and that the full faith and credit commitments authorized by this Ordinance can be reduced as soon as practical. The Long-term Bonds shall be secured only by the tax increment revenues of the urban renewal area for which the Interim Bonds are being repaid and may be issued in an amount sufficient to repay the Interim Bonds, to fund a debt service reserve, and to pay issuance costs.

The total principal amount of the Interim Bonds will not exceed \$74,975,000 for all urban renewal areas. This amount includes approximately \$43 million in balances on current lines of credit that will be rolled onto the new lines of credit because the existing lines expire on December 31, 2013. The remaining amount of approximately \$32 million is expected to be sufficient to meet urban renewal interim borrowing needs through December 2016.

The amount of Interim Bonds authorized for each urban renewal area is as follows:

	<b>Rollover Amount From Current Lines</b>	<b>New Money Authorized</b>	<b>Total Amount Authorized</b>
Central Eastside	\$6,184,000	\$41,000	\$6,225,000
Gateway	12,545,073	4,704,927	17,250,000
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The amounts to be authorized for each district are based on project cash flows and projected tax increment collections for urban renewal areas as presented in the Portland Development Commission (“PDC”) FY 2013-14 budget and financial plan. These amounts represent the maximum amount of Interim Bonds that may be issued through December 2016. Actual amounts may be lower if project expenditures do not materialize as planned or if tax increment revenue projections do not support the level of anticipated expenditures. Interim Bonds may not be used for project expenditures that are not included in PDC’s annually adopted budget.

The Ordinance delegates to the Debt Manager certain tasks for issuance of the Interim Bonds, including issuing Interim Bonds for each urban renewal area; providing that the Interim Bonds will secure interim financing for urban renewal projects; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the Interim Bonds; and finalizing terms and executing lines of credit, loan agreements, and any other documents.

The Ordinance permits issuance of Long-term Bonds that are on parity with outstanding long-term urban renewal and redevelopment bonds without further Council action. The Ordinance also delegates to the Debt Manager certain tasks for issuance of the Long-term Bonds, including issuing each series of Long-term Bonds on a parity with outstanding bonds and other commitments of tax increment revenues, or with a pledge of tax increment revenues that is subordinate to the lien of outstanding commitments of tax increment revenues; establishing 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; finalizing the terms of, execute and deliver a bond declaration for each series of Long-term Bonds; and executing other documents. However, prior to issuing Long-term Bonds for urban renewal areas for which either (1) no long-term urban renewal and redevelopment bonds are outstanding or (2) the Long-term Bonds are planned to be subordinate to outstanding parity indebtedness, the Ordinance requires that the Debt Manager present to the City Council for approval a substantially final form of a master bond document for the urban renewal area that describes certain terms and administrative provisions of the Long-term Bonds.

**Legal Issues** – If the Ordinance is approved by the Council after its second reading, a 30-day referral period begins. If during the referral period, written petitions signed by at least six percent of the City’s electors are filed with the City Auditor, any Interim Bonds or Long-term Bonds for the urban renewal areas could not be issued unless approved by the voters.

Additionally, no Interim Bonds or Long-Term Bonds may be issued until the PDC Board approves a resolution requesting the City to issue the bonds. A resolution is expected to be approved by the Commission on September 13, 2013.

**Link to Current City Policies** – Issuance of Interim Bonds and Long-term Bonds will be done in conformance with the City’s debt policy.

**Controversial Issues** – None

**Citizen Participation** – Not Applicable

**Other Government Participation** – Staff of the PDC are working with the Office of Management and Finance to determine financing needs and to assist with other tasks necessary to issue the Interim Bonds.

**8. FINANCIAL IMPACT**

The annual debt service payments on Interim Bonds will vary depending on interest rates and actual amounts drawn by the PDC each year. Typically, interest on Interim Bonds is paid from tax increment revenues until the Interim Bonds are refinanced with the Long-term Bonds. Debt service for Long-term Bonds will be determined once the bonds are issued. Debt service costs are expected to be paid from tax increment revenues of each urban renewal area for which Interim Bonds or Long-term Bonds are issued.

**9. RECOMMENDATION/ACTION REQUESTED**

It is recommended that Council adopt this Ordinance in order to convert existing line of credit balances and to carry out planned urban renewal projects through December 2016.