186312

Portland, Oregon

# FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT
# For Council Action Items

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

| 1. Name of Initiator | 2. Telephone No. | 3. Bureau/Office/Dept. |
|---|---|---|
| Jonas Biery JB | x3-4222 | OMF - Public Finance and Treasury |

| 4a. To be filed (hearing date): | 4b. Calendar (Check One) | 5. Date Submitted to Commissioner's office and CBO Budget Analyst: |
|---|---|---|
| October 24, 2013<br>(October 30, 2013) | Regular ☐ Consent ☒ 4/5ths ☐ | October 24, 2013 |

| 6a. Financial Impact Section: | 6b. Public Involvement Section: |
|---|---|
| ☒ Financial impact section completed | ☒ Public involvement section completed |

**1) Legislation Title:**

* Authorize general obligation refunding bonds (Ordinance)

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

The Ordinance authorizes the sale and delivery of General Obligation refunding bonds (the "Refunding Bonds") to refund any or all maturities of the City's outstanding General Obligation Emergency Facilities Bonds, 2004 Series A (the "2004 Bonds") and to pay costs related to the refunding. The Refunding Bonds will be secured by an ad valorem tax on property within the City.

**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)?**

☒ City-wide/Regional ☐ Northeast ☐ Northwest ☐ North
☐ Central Northeast ☐ Southeast ☐ Southwest ☐ East
☐ Central City

## FINANCIAL IMPACT

**4) <u>Revenue</u>: 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.**

Refunding the 2004 Bonds will produce debt service savings. Because the Refunding Bonds are paid from a dedicated property tax levy, the refunding will allow the City to reduce the property tax levy required to pay debt service on these bonds, thereby reducing the amount of property tax revenues coming to the City.

**5) <u>Expense</u>: 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 City will pay financing costs for the transaction, including bond counsel, rating agency (if needed), escrow verification, escrow agent and other issuance costs. These costs are not expected to exceed $100,000 and will be paid from bond proceeds.

**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.

- **Will positions be created or eliminated in** ***future years*** **as a result of this legislation?** No.

***(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 item to authorize the refunding of the 2004 Bonds for debt service savings.

**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 the Ordinance is approved, the City will issue the Refunding Bonds in conformance with the Ordinance.

Jack D. Graham

APPROPRIATION UNIT HEAD Jack D. Graham, CAO

186312

# CITY OF PORTLAND

OFFICE OF MANAGEMENT AND FINANCE

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

**Public Finance & Treasury Division**
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(503) 823-5288
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**DATE:** October 15, 2013

**TO:** Mayor Charlie Hales

**FROM:** Jonas Biery, Debt Manager JB

**RE:** * Authorize general obligation refunding bonds (Ordinance)

**FOR MAYOR'S OFFICE USE ONLY**

Reviewed by Bureau Liaison _____

**1. INTENDED THURSDAY FILING DATE:** October 24, 2013
**2. REQUESTED COUNCIL AGENDA DATE:** October 30, 2013
**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 October 23, 2013. The Ordinance authorizes the sale and delivery of General Obligation refunding bonds (the "Refunding Bonds") to refund any or all maturities of the City's outstanding General Obligation Emergency Facilities Bonds, 2004 Series A (the "2004 Bonds") and to pay costs related to the refunding. The Refunding Bonds will be secured by an ad valorem tax on property within the City.

The City currently plans to refund the 2015 through 2024 maturities of the 2004 Bonds, which are callable in June 2014. Based on current market conditions, net present value debt service savings of the refunding is approximately $425,000 over the remaining life of the Refunding Bonds, or five percent of the Refunding Bond principal. The Refunding Bonds will have a final maturity in June 2024.

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 the Ordinance is approved by the Council, the City plans to either sell the Refunding Bonds through a public offering or place the bonds directly with a commercial bank through a competitive selection process.

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

**Link to Current City Policies** – Refunding of the 2004 Bonds is expected to produce net present value savings of at least five percent, in conformance with the City's Debt Management Policies.

**Controversial Issues** – None

**Citizen Participation** – Not applicable

**Other Government Participation** – Not applicable.

## 8. FINANCIAL IMPACT

By issuing the Refunding Bonds, the City estimates net present value savings of approximately $425,000. Annual savings of approximately $50,000 are anticipated to be taken in fiscal years 2015 and 2024. Savings do not result in any direct benefits to the City, but would result in a reduced general obligation bond levy, which benefits property taxpayers in the City.

## 9. RECOMMENDATION/ACTION REQUESTED

It is recommended that the City Council approve this Ordinance in order to achieve debt service cost savings for outstanding 2004 Bonds.