

IMPACT STATEMENT

Legislation title: Authorize \$30 million of revenue bonds for North Macadam Urban Renewal Area (Ordinance)
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Purpose of proposed legislation and background information:

The proposed legislation authorizes \$30 million of revenue bonds for the North Macadam urban renewal area. The legislation provides for the following, as more fully described herein:

- Authorizes issuance of revenue bonds (the "Interim Bonds") to provide interim financing in support of carrying out the North Macadam urban renewal plan;
- Authorizes long-term tax increment bonds (the "Long-term Bonds") to refinance the Interim Bonds; and
- Permits bonds to be secured either solely by tax increment revenues of an urban renewal area or by both tax increment revenues and the City's general fund.

In order to avoid lending of credit restrictions, the Interim Bonds authorized by this ordinance may be secured only by the tax increment revenues of the North Macadam urban renewal area; however, if they qualify, Interim Bonds may additionally be secured by the City's legally available funds in order to reduce costs. All Interim Bonds are expected to be paid from available tax increment revenues, from proceeds of a replacement line of credit, or from the proceeds of Long-term Bonds that will be secured solely by tax increment revenues.

The Long-term Bonds authorized by this Ordinance shall be secured solely by the tax increment revenues of the North Macadam urban renewal area and may be issued in an amount up to \$30 million to repay the Interim Bonds, to fund debt service reserves, and to pay issuance costs.

The amount of revenue bonds authorized by this legislation is based on estimated project needs and projected tax increment collections for the North Macadam urban renewal area over the next three years. 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 Prosper Portland's annually adopted budget.

The Ordinance delegates to the Debt Manager certain tasks for issuance of the Interim Bonds, including entering into lines of credit and issuing Interim Bonds to secure those lines of credit; establishing the final principal amounts, maturity schedules, interest rates, and other terms related to the sale of the Interim Bonds; and executing any other documents in connection with the Interim Bonds.

The Ordinance permits issuance of Long-term Bonds that are on parity with outstanding long-term North Macadam 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 North Macadam 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; amending the existing Master Bond Declaration for North Macadam Long-term Bonds if the Debt Manager deems desirable; and executing other documents. However, prior to issuing Long-term Bonds for which 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.

Financial and budgetary impacts:

The annual debt service payments on Interim Bonds will vary depending on interest rates and actual amounts drawn by the Prosper Portland 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 the North Macadam urban renewal area.

Community impacts and community involvement:

This is an administrative action taken to authorize the issuance of Interim Bonds and Long-term Bonds in order to finance the costs of capital improvements in the North Macadam urban renewal area. No direct community impact or involvement is anticipated.

100% Renewable Goal:

This is an administrative action taken to authorize the issuance of Interim Bonds and Long-term Bonds and has no impact on the City’s goal of meeting 100 percent of community-wide energy needs with renewable energy by 2050.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

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