

## ORDINANCE No. 189849

\* Authorize an interfund loan not to exceed \$3,333,500 from the Transportation Operating Fund to the General Fund to provide financing for prepayment of Limited Tax Housing Revenue Bonds, 2005 Series D and amend the fiscal year 2019-20 budget (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. The City issued its Limited Tax Housing Revenue Bonds, 2005 Series D (Tax Exempt) (Housing Opportunity Program), referred to in this ordinance as the "Refundable Bonds," to fund grants to sponsors of various housing projects for low-income seniors, people with disabilities, and low-income working people. The debt service on Refundable Bonds is supported by General Fund resources.
2. Current market interest rates are lower than the interest rates borne by the Refundable Bonds and the City may be able to obtain debt service savings by refunding all or a portion of the Refundable Bonds.
3. Because of the relatively low principal amount outstanding, issuance costs of refunding the Refundable Bonds in the capital markets would result in insufficient savings.
4. The City Treasurer and the City's Debt Manager have identified an interfund loan as a viable alternative in order to prepay the Refundable Bonds with internal resources of the City.
5. The Bureau of Transportation has sufficient resources in its Transportation Operating Fund and has agreed to lend monies to the General Fund to prepay the Refundable Bonds, to be repaid with interest no later than June 30, 2025.
6. In order to capture savings from prepaying the Refundable Bonds as soon as possible, it is necessary to amend the budgets of the Transportation Operating Fund and the Governmental Bond Redemption Fund. Total cost savings to the General Fund are estimated at \$200,000.
7. Amendment of the budget of the Governmental Bond Redemption Fund will increase budgeted expenditures by more than 10 percent of that fund.
8. Under Oregon's Local Budget Law, when a budget amendment adjusts a fund by more than 10 percent of the budgeted expenditures of that fund, a notice of a special public hearing to discuss the amendment must be published five days prior to the hearing and the hearing must be held at a regularly scheduled public meeting prior to adoption of the amendment by the City Council.

9. In accordance with Local Budget Law, a notice was published in the Daily Journal of Commerce on January 31, 2020, and a public hearing has been conducted at the regularly scheduled City Council meeting held on February 5, 2020, to discuss the amendment.

NOW, THEREFORE, the Council directs:

- a. An interfund loan is hereby authorized from the Transportation Operating Fund to the General Fund in the not-to-exceed amount of \$3,333,500 in accordance with City financial policy FIN 2.18 and the terms shown in Exhibit A.
- b. The fiscal year 2019-2020 budget is hereby amended as follows:

Transportation  
Fund – 200  
Business Area – TR  
Contingency – (\$3,333,500)

Transportation  
Fund – 200  
Business Area – TR  
Interfund Cash Transfer Expense – \$3,333,500

Fund Management  
Fund – 317  
Business Area – MF  
Interfund Cash Transfer Revenue – \$3,333,500

Fund Management  
Fund – 317  
Business Area – MF  
Debt Service – \$3,333,500

This action will transfer of \$3,333,500 in budgeted unrestricted contingency from the Transportation Operating Fund to the Governmental Bond Redemption Fund, increasing budgeted expenditures for debt service in the Governmental Bonds Redemption Fund by \$3,333,500 to prepay the Refundable Bonds.

- c. The General Fund will repay the Transportation Operating Fund per the terms shown in Exhibit A, redirecting annual cash transfers to the Bond Redemption Fund for debt service on the bonds to the Transportation Operating Fund for repayment of the interfund loan. As indicated in Exhibit A, the General Fund may prepay the interfund loan's principal amount in part or in full, with accrued interest, at any time prior to the final maturity of the interfund loan.

- d. Should the Portland Bureau of Transportation forecast a shortfall in its Transportation Operating Fund's five-year financial plan at any time during the term of the interfund loan, the Portland Bureau of Transportation may direct the General Fund to repay the interfund loan immediately through then-current resources or find an alternative funding source through the remaining term of the interfund loan.
- e. The actions amending the FY 2019-20 budget contained in this ordinance are binding City policy.

Section 2. The Council declares that an emergency exists in order that Refundable Bonds may be prepaid as early as possible; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Passed by the Council: FEB 05 2020

Mayor Ted Wheeler  
Prepared by: Brigid O'Callaghan  
Date Prepared: January 17, 2020

**Mary Hull Caballero**  
Auditor of the City of Portland

By   
Deputy

Agenda No. **104**  
 Item Type: Ordinance No. **189849**  
 Council Meeting Date: February 5, 2020

Title: \*Authorize an interfund loan not to exceed \$3,333,500 from the Transportation Operating Fund to the General Fund to provide financing for prepayment of Limited Tax Housing Revenue Bonds, 2005 Series D and amend the ~~fiscal year~~ 2019-20 budget (Ordinance)

**AGENDA TYPE**

☐ Consent  
☒ Regular  
☐ Time Certain Start Time

Item 1 of 1

Total amount of time needed for presentation, testimony and discussion (Regular and Time Certain Only): 20 Minutes

**INTRODUCED BY: Mayor Ted Wheeler**

**COMMISSIONER / AUDITOR APPROVAL**

Mayor - Finance & Admin. - Wheeler Digitally signed by Mustafa Washington Date: 2020.01.28 11:04:11 -08'00'

Position 1/ Utilities - Fritz

Position 2/ Works - ~~Vacant~~

Position 3/ Affairs - Hardesty

Position 4/ Safety - Eudaly

City Auditor - Hull Caballero

1) Is a completed Impact Statement attached? ☒ Yes

3) Is the item a Code ordinance? ☐ Yes ☒ No

If yes, Auditor Office Approval

5a) Is item a Portland Policy Document or Administrative Rule?  
☐ Yes ☒ No

**BUREAU APPROVALS**

Bureau: OMF/BRFS

OMF/CAO: Carmen Merlo Digitally signed by Carmen Merlo Date: 2020.01.21 14:04:25 -08'00'

Bureau Approval: Michelle Kirby Digitally signed by Michelle Kirby Date: 2020.01.17 17:12:16 -08'00'

Prepared By: Matt Gierach

Date Prepared: January 17, 2020

2) Does the item amend the budget? ☒ Yes ☐ No  
 If yes, Budget Office Approval Jessica Kinard Digitally signed by Jessica Kinard Date: 2020.01.17 16:28:12 -08'00'

4) Is this item a contract (current or future), code, easement, franchise, comp plan or Charter? ☐ Yes ☒ No  
 If yes, Attorney Office Approval

5b) If yes, is the City Policy/Admin Rule directive in the ordinance or resolution? ☐ Yes ☐ No

**ACTION TAKEN:**

CLERK USE: DATE FILED 1/28/20

Mary Hull Caballero  
 Auditor of the City of Portland

By: Keelan McClymont Digitally signed by Keelan McClymont Date: 2020.01.29 12:33:13 -08'00'  
 Deputy

**FOUR-FIFTHS AGENDA**

1. Fritz

2. ~~Vacant~~

3. Hardesty

4. Eudaly

Wheeler

**COMMISSIONERS VOTED AS FOLLOWS:**

	YEAS	NAYS
1. Fritz	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. <del>Vacant</del>	<input type="checkbox"/>	<input type="checkbox"/>
3. Hardesty	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Eudaly	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Wheeler	<input checked="" type="checkbox"/>	<input type="checkbox"/>