



DATE: April 11, 2012
TO: Board of Commissioners
FROM: Patrick Quinton, Executive Director
SUBJECT: Report Number 11-94

Requesting the City Council to issue bonds for the Oregon Convention Center Urban Renewal Area and provide for related matters

BOARD ACTION REQUESTED

Adopt Resolution No. 6938

ACTION DESCRIPTION

With this action, the Portland Development Commission (the "Commission") will request that the Portland City Council issue bonds for the Oregon Convention Center Urban Renewal Area. Additionally, the Commission will authorize the Executive Director and the City, on behalf of the of the Commission to execute such agreements and take such additional actions as may be required to issue, sell and deliver the Bonds on terms favorable to the Commission and the City.

BACKGROUND AND CONTEXT

The Resolution for consideration requests the City Council to authorize the issuance of urban renewal and redevelopment bonds (the "Bonds") for the Oregon Convention Center Urban Renewal Area (the "OCCURA") in order to refund the outstanding balance on a line of credit established for the OCCURA and to borrow an amount that does not exceed the remaining maximum indebtedness (\$39.7 million) for the OCCURA. The Bonds will be secured solely by the tax increment revenues of the OCCURA.

On November 2, 2010, the City Council, acting on the Commission's request, authorized the City to execute a line of credit for the OCCURA and to refund those draws with long-term urban renewal and redevelopment bonds. The outstanding balance on this line of credit is currently \$30.1 million. With this action, the City would expect to issue bonds in an amount sufficient to repay this outstanding balance and to utilize fully the OCCURA's remaining maximum indebtedness to provide additional resources for urban renewal projects in the OCCURA. The total amount of the Bonds is expected to be approximately \$69.8 million, which includes an amount to repay the line of credit and approximately \$39.7 million of maximum indebtedness that is expected to remain after issuance of short-term ("du jour") debt in late March or early April.

The OCCURA is an Option 3 urban renewal area with a last date to issue debt of June 30, 2013. The City and the Commission had been aiming to issue final bonds for the OCCURA in FY 2012-13. Interest rates are currently favorable and it is financially prudent to issue the Bonds earlier than originally anticipated. If requested by the Commission and approved by the City Council as currently scheduled, the City plans to issue the bonds through a negotiated bond sale in May 2012.

The Resolution authorizes the Executive Director and the City, on behalf of the Commission, and without further action by the Commission, to execute agreements and take additional actions as may be required to issue, sell, and deliver the Bonds on terms favorable to the City and the Commission. If the Resolution is approved, it is anticipated the City Council will consider an ordinance on this matter at its April 11, 2012 meeting.

COMMUNITY AND PUBLIC BENEFIT

Issuance of the Bonds will facilitate the Commission's ability to carry out the Oregon Convention Center Urban Renewal Plan.

PUBLIC PARTICIPATION AND FEEDBACK

Not applicable.

BUDGET AND FINANCIAL INFORMATION

The currently anticipated structure of the Bonds would defer some principal payments on the Bonds to FY 2020-21 and later, when the OCCURA is expected to receive a higher allocation of the city-wide special levy for Option 3 urban renewal areas. Through FY 2019-20, annual debt service on the Bonds is estimated at approximately \$4.5 million and would increase beginning in FY 2020-21 based on anticipated tax increment revenues and market requirements for debt service coverage. The currently anticipated structure is consistent with assumptions used in the development of the Commission's budget and long-term forecast as reflected in Attachment A.

RISK ASSESSMENT

The financial assumptions noted above are subject to change based on market conditions at the time bonds are issued.

ALTERNATIVE ACTIONS

The Commission could direct staff to delay the bond sale to FY 2013. The last date to issue long-term bonds for the OCCURA is June 30, 2013 at which time a bond sale is necessary to retire the existing line of credit. A delay in bond sale would carry additional risk for potential negative impacts on financing assumptions related to changes in market conditions.

ATTACHMENTS:

- A. Oregon Convention Center URA Financial Summary

Five-Year Forecast Project Requirements Detail

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Convention Center URA						
Resources						
Beginning Fund Balance	1,697,229	594	6,702,667	4,170,026	2,188,904	653,321
Interest on Investments	0	25,000	10,000	5,000	5,000	5,000
Loan Collections	425,000	300,000	350,000	350,000	350,000	350,000
Long Term Debt	19,500,000	14,600,000	0	0	0	0
Property Income	3,264,750	0	0	0	0	0
Reimbursements	1,473,339	5,900,000	0	0	0	0
Short Term Debt	4,495,500	4,495,500	0	0	0	0
Total Fund Resources	30,855,818	25,321,094	7,062,667	4,525,026	2,543,904	1,008,321
Requirements						
Program Expenditures						
Administration						
Urban Renewal Plan Area Develo						
A35442350 N/NE Economic Dev Init-CNV	45,660	0	0	0	0	0
P35091015 Public Outreach-CNV-Adm	0	5,000	0	0	0	0
Financial Administration						
A45101350 Debt Management-CNV	28,613	30,044	30,044	30,044	30,044	30,044
Administration Total	74,273	35,044	30,044	30,044	30,044	30,044
Business Dev						
Cluster Industry Development						
B15100350 Cluster Development-CNV	200,000	200,000	200,000	200,000	200,000	100,000
B15102350 Site Recruitment-CNV	50,000	50,000	50,000	50,000	50,000	25,000
Business Lending						
L02100350 BIF-General-CNV	250,000	250,000	250,000	250,000	250,000	125,000
Small Business & Entrepreneurs						
B55800350 Business Development-CNV	100,000	100,000	100,000	100,000	100,000	50,000
Business Dev Total	600,000	600,000	600,000	600,000	600,000	300,000
Infrastructure						
Public Facilities						
N35023715 MLK Jr Blvd Gtwy Impr-CNV-Adm	30,000	0	0	0	0	0
N35033115 Green Streets-CNV-Adm	0	150,000	0	0	0	0
Infrastructure Total	30,000	150,000	0	0	0	0
Portland Hsg Bureau						
PHB Housing						
H15430350 Affordable Rental Hsg-CNV	1,456,848	9,322,071	449,163	0	0	0
H15900350 PHB Staff & Admin-CNV	212,204	0	0	0	0	0
H15902350 MFH - 2nd and Wasco-CNV	6,500	6,500	6,500	0	0	0
H15903350 Lloyd Cascadian Phase II-CNV	21,500	6,500	6,500	0	0	0
H15932350 King/Parks Afford Hsg-CNV	362,752	0	0	0	0	0
H15949350 McCoy Apts Rehab-CNV	480,614	0	0	0	0	0
Portland Hsg Bureau Total	2,540,418	9,335,071	462,163	0	0	0
Property Redev						
Commercial Property Redevelopm						
A35401350 Central City 2035-CNV	0	132,661	0	0	0	0
P35050515 Eco District-CNV-Adm	195,000	70,000	70,000	70,000	0	0
P35050717 Convention Center Hot-CNV-Pred	0	4,000,000	0	0	0	0
P35051115 Block 47/49 Redev-CNV-Adm	20,000	0	0	0	0	0
P35051315 Rose Quarter Revit-CNV-Adm	23,000,000	0	0	0	0	0
P35057915 Eco Distr Implement-CNV-Adm	200,000	840,000	840,000	840,000	840,000	0
P35059815 Inn At Convention Ctr-CNV-Adm	100,000	100,000	0	0	0	0
P35091015 Public Outreach-CNV-Adm	5,000	0	0	0	0	0
Commercial Real Estate Lending						
R01100350 CPRL-General-CNV	250,000	250,000	250,000	250,000	0	0

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Five-Year Forecast Project Requirements Detail

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	
Community Redevelopment Grants							
G02100350 DOS-General-CNV	50,000	50,000	50,000	50,000	50,000	0	
G03100350 SIP-General-CNV	100,000	100,000	100,000	100,000	50,000	0	
Property Redev	Total	23,920,000	5,542,661	1,310,000	1,310,000	940,000	0
Total Program Expenditures	27,164,691	15,662,776	2,402,207	1,940,044	1,570,044	330,044	
Personal Services	817,480	506,511	144,132	116,402	94,202	63,902	
Transfers - Indirect	2,873,053	2,449,140	346,302	279,676	226,337	153,538	
PHB Staff/Admin	0	0	0	0	0	0	
Total Fund Expenditures	30,855,224	18,618,427	2,892,641	2,336,122	1,890,583	547,484	
Contingency	594	6,702,667	4,170,026	2,188,904	653,321	460,837	
Ending Fund Balance	0	0	0	0	0	0	
Total Requirements	30,855,818	25,321,094	7,062,667	4,525,026	2,543,904	1,008,321	