



**PROSPER**  
**PORTLAND**  
Building an Equitable Economy

**DATE:** February 12, 2020  
**TO:** Board of Commissioners  
**FROM:** Kimberly Branam, Executive Director  
**SUBJECT:** Report Number 20-08  
Requesting City Council to Issue Bonds to Refund Bonds Previously Issued for the Lents Town Center and North Macadam Urban Renewal Areas

### **BOARD ACTION REQUESTED AND BRIEF DESCRIPTION**

Adopt Resolutions No. 7358 and 7359

With these actions, the Prosper Portland Board of Commissioners (Board) will request that the Portland City Council (City Council) issue refunding bonds for the Lents Town Center and North Macadam Urban Renewal Areas. Additionally, by adoption of the resolutions, the Prosper Portland Board will authorize the Executive Director and the City of Portland (City), on behalf of Prosper Portland, to execute agreements and take additional actions as may be required to issue, sell, and deliver the bonds on terms favorable to Prosper Portland and the City.

It is anticipated that City Council will consider an ordinance on this matter at its February 12, 2020 meeting. If requested by the Prosper Portland Board and approved by City Council as currently scheduled, the City plans to issue the bonds in the spring of 2020.

### **STRATEGIC PLAN ALIGNMENT AND OUTCOMES**

Issuance of the bonds is aligned with Prosper Portland's goal of being an equitable, innovative, and financially sustainable agency. Requesting City Council to issue lower cost refunding bonds will ultimately result in more resources available to the City for Council priorities instead of interest expense.

### **BACKGROUND AND CONTEXT**

The resolutions for consideration request City Council to authorize the issuance of urban renewal and redevelopment bonds for the two districts to refund any, or all, of the outstanding urban renewal and redevelopment bonds (Lents 2010 Series A and Series B bonds and North Macadam Series A and Series B bonds) to achieve debt service savings (the total outstanding amount to be refunded is \$24,965,000 for the Lents bonds and \$42,335,000 for North Macadam bonds). Interest rates are currently favorable and debt service savings can be achieved by refunding the 2010 bonds at a net present value savings of at least \$100,000, based on City of Portland debt policy.

### **EQUITY IMPACT**

Since these actions request to refund previously issued bonds, there are no direct equity impacts. However, more resources will ultimately be available from the interest savings to the City for Council priorities, including potential equity objectives.

**COMMUNITY PARTICIPATION AND FEEDBACK**

There was no public participation related to this proposed action.

**BUDGET AND FINANCIAL INFORMATION**

Based on current credit market conditions, total net present value debt service savings is projected to exceed City policy of at least \$100,000 in net present value savings for refunding. The estimated net present value savings for the North Macadam bonds is projected to be \$5,200,000 through June 15, 2030, the original maturity date of the bonds, while the net present value savings for the Lents bonds is projected to be \$2,800,000 through June 15, 2030, the maturity date of the original 2010 bonds.

The savings results in less tax increment revenue being required over the remaining life of the bonds to retire the debt. It is not anticipated that this will result in additional project resources since each district is already forecast to reach the maximum amount of debt allowable. However, the savings may result in debt being retired earlier than previously forecast, allowing future tax increment revenues to be returned to overlapping taxing jurisdictions sooner.

**RISK ASSESSMENT**

There are no material risks associated with this action.

**ATTACHMENTS**

None