



CITY OF PORTLAND

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City of Portland Issues First “Green Bonds”

Earlier today, the City of Portland sold its first bond issue that carries a “green bond” designation. This is also the first known issuance of green bonds in the state of Oregon. The bonds have a final maturity in 2026 and were sold through competitive bidding at a true interest cost of 1.977%.

Proceeds of the bonds will provide \$18.5 million to the Bureau of Transportation to convert the City’s existing street lights from high pressure sodium bulbs to energy-efficient LEDs. This conversion is expected to result in an energy savings of almost 30 million kilowatt hours per year, or the amount of energy needed to power 3,000 homes.

The green bond designation does not affect the security or rating of the bonds, but it does provide potential investors with notice that projects funded with the bonds will provide an environmental or other “green” benefit.

Green bonds nationwide are used to finance projects like clean power, clean transportation, renewable energy, and land use and reclamation. Although there is not a generally accepted definition of a green project, the City believes its LED streetlight conversion project is well within the definition of what constitutes a green bond.

Issuance of green bonds by state and local governments is growing. According to the Government Finance Officers Association (GFOA), the first green municipal bond was issued by the Commonwealth of Massachusetts in June 2013. 2014 saw green bond issuance by California, DC Water, New York State, and others.

In 2015, approximately \$4.7 billion of green-labelled municipal bonds were issued in the United States, mostly for water and transportation infrastructure. The largest issuers included the State of Washington, the Commonwealth of Massachusetts, and New York City.

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