ANNUAL DISCLOSURE INFORMATION

Pertaining to

City of Portland, Oregon

$34,580,000
South Park Blocks
Urban Renewal and Redevelopment Bonds,
2008 Series A (Federally Taxable)
Dated July 16, 2008

$32,020,000
South Park Blocks
Urban Renewal and Redevelopment and Refunding Bonds,
2008 Series B
Dated July 16, 2008

January 15, 2016

MATURITY SCHEDULES

$34,580,000*
South Park Blocks
Urban Renewal and Redevelopment Bonds
2008 Series A (Federally Taxable)

Due June 15	Principal Amount	Interest Rate	CUSIP No. 736746
2019	$3,360,000	6.081%	TS7

$14,360,000 6.031% Term Bond, due June 15, 2018
CUSIP Number: 736746 TR9

$32,020,000*
South Park Blocks
Urban Renewal and Redevelopment and Refunding Bonds
2008 Series B (Tax Exempt)

Due June 15	Principal Amount	Interest Rate	CUSIP No. 736746
2019	$5,330,000	5.00%	TT5
2020	5,845,000	5.00%	TU2
2021	4,060,000	5.00%	TV0
2022	4,265,000	5.00%	TW8
2023	4,480,000	5.00%	TX6
2024	8,040,000	5.00%	TY4
	$32,020,000		

*Original par amount.

ANNUAL DISCLOSURE INFORMATION

Pertaining to:

$34,580,000
City of Portland, Oregon
South Park Blocks Urban Renewal and Redevelopment Bonds,
2008 Series A (Federally Taxable)
Bonds Dated July 16, 2008

$32,020,000
City of Portland, Oregon
South Park Blocks Urban Renewal and Redevelopment and Refunding Bonds,
2008 Series B
Bonds Dated July 16, 2008

Information Updated as of January 15, 2016

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CITY FINANCIAL AND OPERATING INFORMATION

BASIS OF ACCOUNTING

The governmental fund types are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The economic resources measurement focus and the accrual basis of accounting is used for all proprietary fund and fiduciary fund financial statements. The City's accounting practices conform to Generally Accepted Accounting Principles (GAAP) as interpreted by the Governmental Accounting Standards Board (the "GASB"). The South Park Block Redemption Fund (the "Tax Increment Fund") is a governmental fund of the City.

FISCAL YEAR

July 1 to June 30.

AUDITS

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination be made of the accounts and financial affairs of every municipal corporation at least once each year. The audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy. Moss Adams LLP has performed auditing services for FY 2002-03 through FY 2014-15.

A complete copy of the City's FY 2014-15 audit is available on the Electronic Municipal Market Access (EMMA) system for municipal securities disclosure established by the MSRB and accessible at http://emma.msrb.org. Excerpts of the City's audited financial statements for the Tax Increment Fund on a GAAP basis are found in Appendix A.

FINANCIAL REPORTING AND BUDGETING

Financial Reporting

The City has been awarded the Government Finance Officers Association ("GFOA") Certificate of Achievement for Excellence in Financial Reporting every year since 1982. According to the GFOA, the Certificate of Achievement is the "highest form of recognition in the area of governmental financial reporting." To be awarded the certificate, a governmental unit must publish an easily readable and efficiently organized comprehensive financial report whose content conforms to program requirements and satisfies both GAAP and applicable legal requirements.

Budget Process

The City prepares annual budgets for all its bureaus and funds in accordance with provisions of Oregon Local Budget Law. The law provides standard procedures for the preparation, presentation, administration, and public notice for public sector budgets. At the outset of the process, the Mayor or the full City Council reviews overall goals, establishes priorities, and provides direction to bureaus. The Council conducts an extensive public information process to obtain direct public input on City service priorities, and most bureaus include key stakeholders in developing their budget requests.

In addition to this public outreach process, in January 2014, the City Council approved a five-year contract with the Citizens' Utility Board of Oregon (the "CUB"), an independent consumer advocacy nonprofit organization, to provide input regarding the City's water and sewer bureaus on behalf of residential customers. The CUB will provide recommendations to the City Council on capital spending, rates, and customer service issues. The CUB participated in the process for preparing the FY 2015-16 budgets of the Water and Environmental Services bureaus including reviewing documents and providing testimony at City Council rate hearings. On June 10, 2015, the City Council approved creation of the Portland Utility Board, a new citizen oversight panel that will replace the Portland Utility Review Board and budget advisory committees for the Portland Water Bureau and Bureau of Environmental Services. The Portland Utility Board will advise City Council regarding operations of the two utility bureaus, including development of bureau budgets and financial plans, capital spending, and rate setting.

A five-year General Fund financial forecast, which serves as the basis for determining resources available for budgeting, is also provided to the City Council along with budget requests. Major City bureaus generally prepare and submit five-year financial plans and Capital Improvement Plans. The City Budget Office coordinates the budget development process.

Bureau budget requests are reviewed by the Mayor and Council members, as well as a panel of community advisors. The Mayor develops a Proposed Budget that addresses City Council priorities, public input, and balancing requirements. Following presentation of the Proposed Budget, a community hearing is scheduled wherein public testimony is taken. A budget summary and notice of hearing are published prior to the hearings. The City Council, sitting as the Budget Committee, considers the testimony from the community and can alter the budget proposal before voting to approve the budget.

The City Council transmits the Approved Budget to the Tax Supervising and Conservation Commission (the "TSCC"), an oversight board appointed by the governor, for public hearing and review for compliance with budget law. Upon certification by the TSCC, the City Council holds a final public hearing prior to adoption. Final adoption of the City's budget is required to be through a vote of the Council no later than June 30. All committee meetings and budget hearings are open to the public.

INSURANCE

The City is self-insured for workers' compensation, general liability claims and certain employees' medical coverage in internal service funds. The Oregon Tort Claims Act (ORS 30.260 to 30.300) limits certain claims against the City for personal injury, death and property damage or destruction as described below. Claims under federal jurisdiction are not subject to such limitations.

The City estimates liability for incurred losses for reported and unreported claims for workers' compensation, general and fleet liability and employee medical coverage (included in accrued self-insurance claims in the combined statement of net assets). Workers' compensation, general and fleet liability estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management Services and independent actuarial studies. Liabilities are based on estimated ultimate cost of settling claims, including effects of inflation and other societal and economic factors. Estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine present value of the liability. For fiscal year ending June 30, 2015, the expected rate of return used was 0.50 percent. For fiscal year ending June 30, 2016, the expected rate of return used was 0.50 percent and for subsequent years, the expected rate of return was 0.60 percent. The Bureau of Human Resources and the employee benefits consultant determines relevant employees' medical coverage estimates.

The City provides insurance coverage that the City deems to be adequate, appropriate, and actuarially sound to meet the City's anticipated settlements, obligations and outstanding liabilities as described above. Current levels of accrued claims and retained earnings are viewed as reasonable provisions for expected future losses. The City purchases commercial insurance for claims in excess of coverage provided by the self-insurance fund. An excess liability coverage insurance policy covers occurrences in excess of $1,000,000 to policy limits for covered loss excluding law enforcement liability. Effective November 12, 2013, the excess liability for law enforcement requires a $2.5 million retention before insurance begins coverage. An excess workers' compensation coverage insurance policy covers claims in excess of $850,000 for occurrences after July 1, 2012.

Personal Injury and Death Claim

Under ORS 30.272, the liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed $666,700 for causes of action arising on or after July 1, 2014, and before July 1, 2015. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increases to $1,333,300 for causes of action arising on or after July 1, 2014, and before July 1, 2015. For causes of action arising on or after July 1, 2015, and before July 1, 2016, limitations increase to $682,800 for single claimant and $1,365,500 for multiple claimants.

Property Damage or Destruction Claim

Under ORS 30.273, the liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2014, and before July 1, 2015, are as follows: (a) $109,400 for any single claimant and (b) $546,800 to all claimants. For causes of action arising on or after July 1, 2015, and before July 1, 2016, limitations increase to $112,000 for single claimant and $560,000 for multiple claimants.

PENSION PLANS: OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM

Overview

The Oregon Public Employees Retirement System ("PERS" or "the Statewide PERS System") provides statewide defined benefit retirement plans for units of state government, political subdivisions, community colleges, and school districts. Most public employers in Oregon, including the City, participate in PERS. PERS is administered under Oregon Revised Statutes (ORS) Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a) by the Public Employees Retirement Board (the "PERS Board"). The PERS Board is responsible for setting policies and for providing administrative direction to PERS. Benefits provided through PERS are paid from the Oregon Public Employees' Retirement Fund ("OPERF"). PERS is a cost-sharing, multiple-employer public employee retirement system.

City employees (other than certain fire and police personnel), after six months of employment, participate in one of three retirement pension benefit programs provided through PERS as described below. The three PERS pension programs include two closed defined benefit programs and one program that has features of both defined benefit and defined contribution plans. In a defined benefit plan, the investment risk for the plan assets is borne by the employer. In a defined contribution plan, the investment risk for the plan assets is borne by the employee. A combination of participating employer contributions (determined by the PERS Board based upon the results of actuarial valuations), investment earnings and employee-paid contributions (currently, for the City, six percent of salaries and nine percent for police and fire employees) fund these pension programs. See "—Employer Contribution Rates and Amounts" and "—Fire and Police Disability and Retirement Plan" below.

Benefit Programs

Employees hired before January 1, 1996, are known as "Tier 1" participants. The retirement benefits applicable to Tier 1 participants are based on a defined benefit model. Effective January 1, 2016, Tier 1 has an assumed earnings rate guarantee of 7.50 percent and a normal retirement age of 58. PERS maintains a "Tier One Rate Guarantee Reserve" which is credited with investment earnings in excess of the assumed earnings rate guarantee and used to offset the effects of investment earnings below the assumed earnings rate guarantee. As of June 30, 2015, the balance of this reserve was $434 million. As of June 30, 2015, there were 32,542 active plan members, 119,865 inactive plan members currently receiving benefits, 15,847 inactive plan members entitled to but not yet receiving benefits, and 10 inactive members not eligible for refund or retirement, for a total of 168,264 Tier 1 members in the Statewide PERS System.

Employees hired on or after January 1, 1996, and before August 29, 2003, are known as "Tier 2" participants. The Tier 2 program also provides a defined benefit but with lower expected costs to employers than under the Tier 1 benefit. There is no assumed earnings rate guarantee and Tier 2 has a higher normal retirement age of 60. As of June 30, 2015, there were 41,275 active members 10,890 inactive plan members currently receiving benefits, 15,400 inactive plan members entitled to but not yet receiving benefits, and 753 inactive members not eligible for refund or retirement, for a total of 68,318 Tier 2 members in the Statewide PERS System.

Employees hired on or after August 29, 2003, are participants in a successor retirement program to the Tier 1 and Tier 2 retirement programs (the "T1/T2 Pension Programs") known as the Oregon Public Service Retirement Plan ("OPSRP"). OPSRP consists of a defined benefit plan and also offers the Individual Account Program ("IAP"), which offers a defined contribution benefit. As of June 30, 2015, there were 94,773 active members, 1,751 inactive plan members currently receiving benefits, 4,227 inactive plan members entitled to but not yet receiving benefits, and 8,549 inactive members not eligible for refund or retirement, for a total of 109,300 OPSRP Pension Program members.

Effective January 1, 2004, all active Tier 1 and Tier 2 employees also became members of the IAP. Tier 1 and Tier 2 employees retain their existing T1/T2 Pension Program account, but member contributions are now deposited into the member's IAP account, not into the member's PERS account.

Apportionment of City Assets and Liabilities

The City is pooled with the State of Oregon and other Oregon local government and community college public employers for its T1/T2 Pension Programs (the "State and Local Government Rate Pool" or "SLGRP"), and the SLGRP's assets and liabilities are pooled. These assets and liabilities are not tracked or calculated on an employer basis or allocated to individual employers. The City's portion of the SLGRP's assets and liabilities is based on the City's proportionate share of SLGRP's pooled covered payroll. OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis or allocated to individual employers. The City's share of OPSRP's assets and liabilities is based on the City's proportionate share of OPSRP's pooled covered payroll. The City's proportionate liability of the T1/T2 Pension Programs and OPSRP may increase if other pool participants fail to pay their full employer contributions.

Employer Asset Valuation and Liabilities

Oregon statutes require an actuarial valuation of the Statewide PERS System by a competent actuary at least once every two years. The current PERS actuary, Milliman, Inc., replaced the prior actuary, Mercer (US), Inc. ("Mercer"), in January 2012. Under current practice, actuarial valuations are performed annually, but only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates that employers will be required to pay to fund the obligations of T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account Plan ("RHIA"). For a description of RHIA, see "POST-EMPLOYMENT RETIREMENT BENEFITS" below. Valuations are released approximately one year after the valuation date.

An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits. At its September 27, 2013, meeting, the PERS Board modified certain methods and assumptions, which were used for the 2012 and 2013 actuarial valuations (the "2013 Board Changes"). At its July 31, 2015, meeting, the PERS Board modified certain methods and assumptions which were to be used for the 2014 valuations and will be used for the 2015 valuations (the "2015 Board Changes"). The following table shows methods and assumptions adopted by the PERS Board, which are the basis for the actuarial valuations.

Table 1
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Actuarial Assumptions and Methods

ASSUMPTION/METHOD	2004-2011 VALUATIONS	2012-2013 VALUATIONS (2013 Board Changes)	2014-2015 VALUATIONS (3) (2015 Board Changes)
Actuarial Cost Method:	Projected Unit Credit	Entry Age Normal	Entry Age Normal
UAL -Method: T1/T2 Programs OPSRP	 Level Percentage of Payroll over 20 years (fixed) Level Percentage of Payroll over 16 years (fixed)	 Level Percentage of Payroll over 20 years (fixed) (1) Level Percentage of Payroll over 16 years (fixed)	 Level Percentage of Payroll over 20 years (fixed) (1) Level Percentage of Payroll over 16 years (fixed)
Asset Valuation Method:	Market Value (2)	Market Value (2)	Market Value (2)
Investment Rate of Return:	8.00%	7.75%	7.50%
Payroll Growth Rate:	3.75%	3.75%	3.50%
Inflation Level:	2.75%	2.75%	2.75%
Contribution Rate Stabilization Method:	Contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate; whichever is greater, when an employer's funded status is between 80% and 120%. At a funded status of 70% or less, or 130% or more, the limitation doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status between 70% and 80% or 120% and 130%, the limitation increases in increments between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater.	Contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate; whichever is greater, when an employer's funded status is between 70% and 130%. At a funded status of 60% or less, or 140% or more, the limitation doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status between 60% and 70% or 130% and 140%, the limitation increases in increments between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater.	Contribution rate may increase or decrease by 3% of payroll or by 20% of the previous rate; whichever is greater, when an employer's funded status is between 70% and 130%. At a funded status of 60% or less, or 140% or more, the limitation doubles to 6% of payroll or 40% of the previous rate, whichever is greater. At a funded status between 60% and 70% or 130% and 140%, the limitation increases in increments between 3%-6% of payroll or 20%-40% of the previous rate, whichever is greater.

Notes:

(1) Although the UAL amortization method remains unchanged, the PERS Board directed Milliman to re-amortize the UAL for the T1/T2 Pension Programs from the 2007, 2009, and 2011 valuations to restart the 20-year amortization period for those UALs effective with the 2013 valuation report.

(2) Market value of assets reduced by value of assets in statutory reserves (contingency, capital preservation and rate guarantee reserves).

(3) At its July 31, 2015, meeting, the PERS Board also made changes to actuarial assumptions including life expectancy and retirement age.

Source: Oregon Public Employees Retirement System.

The PERS actuary released its 2013 valuation for the Statewide PERS System as of December 31, 2013, (the "2013 System Valuation") on September 29, 2014, and its 2014 valuation for the Statewide PERS System as of December 31, 2014, (the "2014 System Valuation") on November 12, 2015. These reports include system-wide actuarial valuations for the T1/T2 Pension Programs and OPSRP.

The PERS actuary released the City's individual 2013 valuation report as of December 31, 2013, (the "2013 City Report") on October 7, 2014, and its individual 2014 valuation report as of December 31, 2014, (the "2014 City Report") on November 17, 2015. These valuation reports provide the City's portion of (a) the SLGRP based on the City's proportionate share of the total SLGRP covered payroll as of the valuation date, (b) OPSRP based on the City's proportionate share of total OPSRP covered payroll as of the valuation date, and (c) the RHIA based on the City's proportionate share of the total RHIA covered payroll as of the valuation date.

The tables below provide historical summary valuation information for the Statewide PERS System and for the City.

Table 2
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Summary of Statewide PERS System Funding Levels
($ in Millions) (1)

STATEWIDE PERS SYSTEM				
Calendar Year	**Actuarial Value of Assets**	**Actuarial Liability**	**Unfunded Actuarial Liability**	**Funded Ratio (%)**
2005	$51,403.9	$49,294.0	$(2,109.9)	104.3
2006	56,616.5	51,252.9	(5,363.6)	110.5
2007	59,327.8	52,871.2	(6,456.6)	112.2
2008	43,520.6	54,259.5	10,738.9	80.2
2009	48,729.2	56,810.6	8,081.4	85.8
2010	51,583.6	59,329.5	7,745.9	86.9
2011	50,168.2	61,198.4	11,030.2	82.0
2012 (2)	54,784.1	60,405.2	5,621.1	90.7
2013 (2)	60,014.1	62,593.6	2,579.5	95.9
2014 (3)	61,395.1	73,458.9	12,063.8	83.6

Notes:

(1) Composed of Tier 1/Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA. Includes side accounts resulting from employer supplemental deposits, including proceeds of pension obligation bonds.

(2) Reflects savings that were anticipated from the 2013 PERS Bills, but will not be realized because most of the 2013 PERS Bills were invalidated. See "—Recent Developments Related to PERS" below. Also reflects the 2013 Board Changes. See Table 1 above.

(3) Reflects the Oregon Supreme Court decision invalidating most of the 2013 PERS Bills. See "—Recent Developments Related to PERS" below. Also reflects 2015 Board Changes. See Table 1 above.

Source: Oregon Public Employees Retirement System.

Table 3
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Summary of City Funding Levels
($ in Millions) (1)

Calendar Year	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability	Funded Ratio (%)
2005	$1,459.9	$1,367.1	$(92.8)	106.8
2006	1,619.3	1,432.0	(187.3)	113.1
2007	1,635.0	1,410.8	(224.2)	115.9
2008	1,280.6	1,539.9	259.2	83.2
2009	1,424.0	1,606.0	182.0	88.7
2010	1,499.8	1,672.5	172.7	89.7
2011	1,459.0	1,724.2	265.3	84.6
2012 (2)	1,624.8	1,744.3	119.5	93.2
2013 (2)	1,762.8	1,804.7	41.9	97.7
2014 (3)	1,844.1	2,210.1	366.0	83.4

Notes:

(1) Composed of Tier 1/Tier 2 and OPSRP pensions but excluding retiree healthcare subsidies of RHIA. City information is calculated separately for the SLGRP and OPSRP using the City's payroll as a percentage of combined payroll of the respective rate pools. Includes impact of pension obligation bonds.

(2) Reflects savings that were anticipated from the 2013 PERS Bills, but will not be realized because most of the 2013 PERS Bills were invalidated. See "—Recent Developments Related to PERS" below. Also reflects 2013 Board Changes. See Table 1 above.

(3) Reflects the Oregon Supreme Court decision invalidating most of the 2013 PERS Bills. See "—Recent Developments Related to PERS" below. Also reflects 2015 Board Changes. See Table 1 above.

Source: Oregon Public Employees Retirement System.

The following table presents a history of the City's member payroll, unfunded actuarial liability and ratio of unfunded actuarial liability to payroll.

Table 4
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
City Payroll for PERS Members and Unfunded Actuarial Liability

Calendar Year	Payroll	Unfunded Actuarial Liability	Unfunded Liability to Payroll Ratio
2005	$226,295,315	$(92,818,145)	-41%
2006	242,259,162	(187,332,041)	-77%
2007	259,889,403	(224,199,619)	-86%
2008	289,371,762	259,241,423	90%
2009	303,851,551	182,019,126	60%
2010	307,538,429	172,726,579	56%
2011	303,508,135	265,267,189	87%
2012	311,688,601	119,477,128	38%
2013	313,291,592	41,882,231	13%
2014	335,113,826	365,964,877	109%

Source: Oregon Public Employees Retirement System.

The funded status of the pension programs may change depending on the market performance of the securities that the OPERF is invested in, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS. Additionally, the market value of the investments held in the OPERF is determined using various sources.

State Investment Policy

The Oregon State Treasury is the investment officer for the state of Oregon. Investment standards are established in ORS 293.726 and require funds to be managed as a prudent investor would do. The Oregon Investment Council ("OIC") establishes policies for the investment and reinvestment of moneys in PERS investment funds. Policies are established based on the primary investment asset class of each investment manager. The OIC has approved the following asset classes for the OPERF: Short-Term Investing, Fixed Income, Real Estate, Public and Private Equities, and Alternative Investments. In addition, OPERF invests in the Opportunity Portfolio, which may be populated with investment approaches across a wide range of investment opportunities with no limitation as to asset classes or strategies. The target investment portfolio mix at fair market value as of June 30, 2015, is 37.5 percent public equity, 20 percent private equity, 20 percent debt securities, 12.5 percent real estate, and 10 percent alternative equity.

The following table presents a 10-year history of investment returns for the OPERF.

Table 5
OREGON PUBLIC EMPLOYEES RETIREMENT FUND
Oregon PERS Investment Returns (1)

Fiscal Year Ending June 30	Net Returns (%)
2006	14.4
2007	18.6
2008	-3.5
2009	-22.2
2010	17.0
2011	22.3
2012	1.6
2013	12.7
2014	16.6
2015	4.3

Notes:

(1) Total fund performance, excluding variable account.

Source: "Oregon PERS Monthly Returns" as of June 30 of the respective fiscal year shown in the table, website of the Oregon State Treasurer, Investment Division, Oregon Public Employees Retirement Fund (OPERF) as of December 30, 2015.

The following table presents annualized investment returns over the most recent 1-year, 3-year and 5-year periods. Calculations were prepared using a time-weighted rate of return based on market rates in accordance with the Global Investment Performance Standards performance presentation standards.

Table 6
OREGON PUBLIC EMPLOYEES RETIREMENT FUND
Annualized Investment Results (1)

	Annualized		
Periods Ending June 30, 2015	1-Year	3-Year	5-Year
Total Portfolio, Excluding Variable	4.3%	11.1%	11.2%

Notes:

(1) Total fund performance, excluding variable account.

Source: Comprehensive Annual Financial Report Oregon Public Employees Retirement System, An Agency of the State of Oregon.

Employer Contribution Rates and Amounts

The PERS Board is required by State statute to determine liabilities of the Statewide PERS System from time to time and to set contributions of participating employers at a level that ensures liabilities of the Statewide PERS System will be funded no more than 40 years after the date on which the determination is made. ORS 238.225 requires participating public employers to pay the amounts the PERS Board determines to be actuarially necessary to fund benefits provided to employees.

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates are based upon the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including known and anticipated investment performance of the OPERF.

At the end of each odd-numbered year, actuarial valuations determine the employer contribution rates that are officially set by the PERS Board. All employers participating in PERS are required to make their contribution to PERS based on the employer contribution rates set by the PERS Board. The City's employer contribution rates were derived using a rate stabilization methodology (the "Rate Collar") designed to cap rate increases and reduce large fluctuations in employer contribution rates. Such rate increases are shifted to future biennia. See Table 1 for a summary of the Rate Collar in effect. Because of the Rate Collar, the PERS Board-approved employer contribution rates for some employers, including the City, are currently less than the actuarially required contribution ("ARC").

T1/T2 Pension Programs employees and OPSRP employees are required by state statute to contribute six percent of their annual salary to the respective programs. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The City has elected to make the employee contribution. An employer also may elect via written employment policy or agreement to make additional employer contributions to its employees' IAP accounts in an amount that can range from not less than one percent of salary to no more than six percent of salary and must be a whole percentage. Employers may make this policy or agreement for specific groups of their employees. The City has elected to make an optional contribution to the IAP accounts of public safety employees hired after January 1, 2007, of an additional three percent of their annual salary.

The table below shows the City's current employer contribution rates for the 2015-17 biennium that ends on June 30, 2017. The table also shows the City's advisory rates for the 2017-19 biennium that begins on July 1, 2017, as reported in the 2014 City Report. The rates reported in the table do not include the six percent and nine percent employee contribution rates for contributions to the IAP paid by the City. Actual employer contribution rates for the 2017-19 biennium will be based on actuarial valuations as of December 30, 2015, which is expected to be released in late 2016. Milliman estimates that a PERS System-average, uncollared employer contribution rate increase of 8.7 percent of covered payroll due to the Oregon Supreme Court decision invalidating most of the 2013 PERS Bills and the 2015 Board Changes beginning in the 2017-19 biennium would be necessary to begin to recover the increase in the actuarial liability; however, due to the Rate Collar, employer contribution rates will be less than this estimate with increases expected to carry forward into future biennia, assuming future experience is near the current assumptions. See "—Recent Developments Related to PERS" below for a discussion of the 2013 PERS Bills and the Oregon Supreme Court decision and Table 1 for a description of the Rate Collar.

Table 7
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Employer Contribution Rates
Percentage of Covered Payroll (1)

Payrolls Paid	Current Rates 2015-17 (2)	Advisory Rates 2017-19 (3)
T1/T2	12.85%	16.86%
OPSRP General Services	7.00%	9.74%
OPSRP Police and Fire	11.11%	14.54%

Notes:

(1) Does not include contribution rates to fund RHIA. See "OTHER POST-EMPLOYEE RETIREMENT BENEFITS – PERS Program." For FY 2014-15, one percent of the City's covered payroll for the three pension benefit programs was approximately: $1,614,480 for T1/T2 Pension Programs; $1,335,913 for OPSRP general services; and $352,885 for OPSRP police and fire.
(2) Includes adjustments for side accounts and pre-SLGRP liabilities.
(3) Actual employer contribution rates for the 2017-19 biennium will be based on the actuarial valuation as of December 30, 2015 to be released in late 2016.

Source: City of Portland, Oregon Public Employees Retirement System, and 2014 City Report prepared by Milliman.

The City's contribution rates may increase or decrease due to a variety of factors, including the investment performance of the OPERF, the use of pension-related reserves, further changes to system valuation methodology and assumptions and decisions by the PERS Board, and changes in benefits resulting from legislative modifications.

City Funding Policy

In August 2014, the City Council approved a policy regarding funding of its PERS pension liability. The policy requires the City to make contributions at no less than the rate established by the PERS Board and required by ORS 238.225. The City has always funded its full employer contribution as required by ORS 238.225. See "—Employer Contribution Rates and Amounts" above.

Pension Obligation Bonds

In addition to their PERS contribution, City bureaus in existence as of November 10, 1999, (the issue date of the bonds) are required to make a contribution to pay debt service on outstanding Limited Tax Pension Obligation Revenue Bonds (the "Pension Obligation Bonds"), which were issued to fund the City's share of the unfunded actuarial liabilities of PERS as of December 31, 1997. The Pension Obligation Bonds were issued in three series: one series of fixed rate bonds in an amount of $150,848,346 and two series of auction rate securities in an aggregate amount of $150,000,000. The final maturity of the fixed rate Pension Obligation Bonds is June 1, 2029. Pension Obligation Bonds issued as auction rate securities mature on June 1, 2019. Proceeds of the Pension Obligation Bonds were deposited in an account with PERS. Table 8 below shows the debt service paid by the City on its Pension Obligation Bonds.

Total City Pension Contribution

The following table shows the amount of City contributions paid to PERS for the three pension programs including amounts paid by the City for the employee contribution. Contributions include the payments from the Fire and Police Disability and Retirement Fund for pensions of police and firefighters participating in the T1/T2 Pension Programs and OPSRP. Fire and Police Disability and Retirement Fund contributions are funded from a dedicated Citywide property tax levy. See "—Fire and Police Disability and Retirement Fund" below. In FY 2014-15, 57.9 percent of the total cash contribution was for the employer share and 42.1 percent was for the employee share. The City made its required contribution for its pension obligation in all years. See "—Employer Contribution Rates and Amounts" above.

Table 8
CITY OF PORTLAND, OREGON
City Contribution to PERS

Fiscal Year Ending June 30	City's Required Cash Contribution to PERS (1)	Debt Service on Pension Obligation Bonds	Total Cash Contribution for Pension Costs
2006	$29,765,118	$14,635,732	$44,400,850
2007	31,172,696	18,990,492	50,163,188
2008	32,779,658	19,839,413	52,619,071
2009	35,326,820	16,059,937	51,386,757
2010	32,598,608	15,223,638	47,822,246
2011	33,622,080	16,413,710	50,035,790
2012	45,229,731	17,738,966	62,968,697
2013	45,278,556	19,432,611	64,711,167
2014	45,868,558	21,128,704	66,997,262
2015	48,997,346	23,204,402	72,201,748

Notes:

(1) Includes City's statutorily required employer contribution for T1/T2 and OPSRP pension program and its pension contribution on behalf of employees. Includes contributions from FPDR property tax levy and other non-General Fund bureaus such as the Water Bureau and the Bureau of Environmental Services.

Source: City of Portland.

Recent Developments Related to PERS

During the 2013 Legislative Session and the 2013 Special Session the Legislative Assembly enacted Senate Bills 822, 861, and 862 (the "2013 PERS Bills") that were expected to: limit annual benefits cost of living adjustments ("COLAs"), for PERS retirees, eliminate a benefit increase for out-of-state retirees based on Oregon income tax, exclude salary increase given to pay for insurance costs from the final average salary used to calculate pension benefits, and reduce legislators' participation in PERS. The 2013 PERS Bills were expected to reduce the amount of future benefit payments from the Statewide PERS System and reduce the unfunded actuarial liability of the Statewide PERS System by approximately $5 billion.

In addition to legislative actions, in 2013 the PERS Board made other adjustments that were estimated by PERS to increase the unfunded actuarial liability of the Statewide PERS System by approximately $2.5 billion. See Table 1 for a summary of the changes made by the PERS Board.

Several lawsuits were filed challenging the 2013 PERS Bills. On April 30, 2015, the Oregon Supreme Court released its decision in these cases. According to its decision, the Supreme Court invalidated the limits on COLAs (the "COLA Limits") insofar as they apply to benefits that members earned before the effective dates of the 2013 PERS Bills and upheld the elimination of the benefit increase for out-of-state retirees.

As reflected in the 2014 System Valuation and the 2014 City Report, because the COLA Limits were held unconstitutional, a substantial portion of the anticipated savings from the PERS changes that are reflected in the funded status for PERS and the City in the 2013 System Valuation and the 2013 City Valuation, respectively, will not be realized. Additionally, the City anticipates an increase in employer contribution rates beginning in the 2017-19 biennium, as reflected in the advisory rates provided in the 2014 City Report. While the actual impact is not known at this time, the City's financial plan has been updated to incorporate higher growth assumptions for PERS employer rates. The financial plan assumes an increase in PERS rates of approximately four percentage points and OPSRP rates of approximately three percentage points above current rates for FY 2017-18 and FY 2018-19. For FY 2019-20 and FY 2020-21, the financial plan assumes an increase in PERS rates of another four percentage points and in OPSRP rates of another three percentage points.

At its July 31, 2015, Board meeting, the PERS Board adopted revisions to its actuarial assumptions and methods. See "—Employer Asset Valuation and Liabilities" and Table 1 above.

PENSION PLANS: FIRE AND POLICE DISABILITY AND RETIREMENT FUND

Overview

The following discussion pertains to the City's Fire and Police Disability, Retirement and Death Benefit Plan (the "FPDR Plan"). The FPDR Plan was established in 1942 to provide disability, retirement and death benefits for sworn members of the City's Bureaus of Fire and Police and their survivors. The FPDR Plan is governed by a Board of Trustees (the "FPDR Board"), composed of the Mayor or Mayor's designee, two active members of the Fire and Police Bureaus and two citizens appointed by the Mayor and confirmed by the City Council. The Fire and Police member trustees are elected by the active members of the Fire Bureau and Police Bureau, respectively. The citizen trustees must have relevant experience in pension or disability matters. The Plan is administered by the Bureau of Fire and Police Disability and Retirement, led by the Fund Administrator.

The FPDR Plan's authority for vesting and benefit provisions is provided by Chapter 5 of the City Charter. Amendments require majority approval of the voters in the City. Ten revisions have been passed by the voters since the creation of the plan. The most recent revision, comprised of eleven different plan amendments, was passed November 6, 2012, and made reforms which clarified final pay calculations, eliminated a provision to increase vested termination benefits if the member was subsequently employed in PERS-covered service prior to FPDR retirement, and reduced the eligibility threshold for nonservice-connected death before retirement from ten years of service to five. City Council may provide by ordinance any additional benefits that the City is required by law to extend to the members and may also change benefits by ordinance to maintain the FPDR Plan's tax-qualified status.

Benefit Programs

The FPDR Plan consists of three tiers, two of which are now closed to new employees. The retirement plans for FPDR One, the original plan, and FPDR Two, in which most active fire and police personnel participate, are single-employer, defined-benefit plans administered by the FPDR Board. In addition to retirement benefits for FPDR One and FPDR Two members, the FPDR Plan provides for service-connected, nonservice-connected, and occupational disability benefits for FPDR One, FPDR Two and FPDR Three members. FPDR Plan members do not participate in Social Security and do not receive Social Security benefits for their years of service.

FPDR One. Sworn members of the Police and Fire Bureaus subject to the FPDR Plan as constituted prior to July 1, 1990, are included in the FPDR One tier. All FPDR One members are now retired or receiving long-term disability benefits. Under FPDR One, benefits are provided upon termination of employment on or after attaining age 50 (with 25 or more years of service) or 55 (with 20 years or more of service). Retirement benefits are paid to members at two percent of current top-step pay for a police officer or firefighter for each year of active service (up to 60 percent); therefore, FPDR One members receive postretirement benefit increases equal to increases in current top-step police officer or firefighter pay. As of June 30, 2015, there were 535 members and beneficiaries in FPDR One.

FPDR Two. Sworn members of the Police and Fire Bureaus subject to the FPDR Plan as constituted after June 30, 1990, and first sworn before January 1, 2007, are included in the FPDR Two tier. The FPDR Two provides for the payment of benefits upon termination of employment on or after attaining age 55, or on or after attaining age 50 if the member has 25 or more years of service. Members become 100 percent vested after five years of service. Benefits are paid using a formula tied to years of service and the highest one-year base pay the member received during the final three years of employment. Members enrolled in the FPDR Plan prior to July 1, 1990, were required to make an election as to whether they wished to fall under the provisions of the FPDR Plan as constituted prior to July 1, 1990 (now called FPDR One) or become subject to the new FPDR Two provisions after June 30, 1990. As of June 30, 2015, there were 2,499 members and beneficiaries in FPDR Two.

FPDR Three. Sworn members of the Police and Fire Bureaus hired on or after January 1, 2007, are included in the FPDR Three tier; those sworn on or after January 1, 2013, are included in FPDR Three after six months of service. These participants are part of OPSRP for retirement benefits and are under the FPDR Plan for disability and pre-retirement death benefits, offset by any benefits received on account of disability or death under OPSRP. Retirement benefits for these participants are pre-funded, and the FPDR levy pays the employee and employer portions of the OPSRP contribution. For information regarding OPSRP and the employee and employer contribution rates for OPSRP, see "PENSION PLANS: OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM," above. As of June 30, 2015, there were 422 FPDR Three members.

Funding

The FPDR Plan is funded by a special property tax levy which cannot exceed two and eight-tenth mills on each dollar of valuation of property ($2.80 per $1,000 of Real Market Value) that is not exempt from such levy. The FPDR property tax levy has been sufficient in all years to meet required annual benefit payments. In the event that collections from this special property tax levy for the FPDR Plan is less than the amount required for payment of benefits in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and then from other City funds to make up the difference. While the FPDR Fund has not experienced any funding shortfalls to date, future funding is dependent on the availability of property tax revenues and, in the absence of sufficient property tax revenues, City funds.

Although the City Charter provides the FPDR Plan with dedicated property tax levy authority, the Oregon state constitution caps each property's general government taxes at $10 per $1,000 of Real Market Value. After reaching this point, all levies, including the FPDR levy, are subject to Measure 5 compression to fit within the $10 limit. For this reason it is unlikely that FPDR could collect the full $2.80 per $1,000 of Real Market Value on each property. In FY 2015-16, the tax loss due to Measure 5 compression was $7.4 million, or 5.5 percent of the FPDR tax levy.

Retirement Plan Asset Valuation and Liabilities

The table below shows key assumptions for the most recent valuation of the FPDR Plan. Key actuarial assumptions have changed over time, including a change from Attained Age Normal to Entry Age Normal for retirement benefits with the June 30, 2012 valuation. Mortality and other assumptions are regularly reviewed and updated as needed. Also, the discount rate has changed over time to reflect economic conditions and changes have been made to reflect Governmental Accounting Standards Board standards.

Table 9
CITY OF PORTLAND, OREGON
FPDR Plan -- Actuarial Assumptions and Methods
For the June 30, 2015, Roll-Forward of the June 30, 2014, Valuation

Actuarial Cost Method	Entry Age Normal
Actuarial Value of Assets	Market Value
Funding Policy	Pay-As-You-Go
Discount Rate	3.80%
Payroll Growth Rate	3.75%

Source: City of Portland Fire and Police Disability and Retirement Fund audited financial statements, June 30, 2015.

Assets generally are not accumulated in the current year to pay for benefit payments in future years. The table below shows funding levels for the FPDR Plan over the past ten fiscal years. In accordance with the Charter's provisions, there are no requirements to fund the FPDR Plan using actuarial techniques. The FPDR Plan is funded on a pay-as-you-go basis. Each year's benefits and expenses are paid for with employer contributions derived from dedicated property tax revenue received during that year. Because of the FPDR Plan's pay-as-you-go funding basis, the unfunded actuarial accrued pension liability and net pension liability (the new terminology per Statement No. 67 of the Government Accounting Standards Board ("GASB 67") implemented by the City effective June 30, 2014), do not reflect the value of dedicated future revenues from the property tax levy. See "—Levy Adequacy" below. As reflected in the City's Comprehensive Annual Financial Report ("CAFR") for its fiscal year ended June 30, 2015, and required by Statement No. 68 of the Government Accounting Standard Board ("GASB 68"), the net pension liability for the FPDR Plan is a primary factor in the City's unrestricted net position deficit for governmental activities for the fiscal year ended June 30, 2015, and contributes to the City's total net position decrease from FY 2013-14 to FY 2014-15. See table entitled "Net Position by Component Last Ten Fiscal Years (accrual basis of accounting)" on page 318 of the City's CAFR for its fiscal year ended June 30, 2015, which is available on EMMA.

Table 10
CITY OF PORTLAND, OREGON
FPDR Plan --Summary of Funding Levels (1)

Fiscal Year	Actuarial Value of Assets	Actuarial Liability	Unfunded Actuarial Liability (1)	Funded Ratio (2)
2005	$15,121,840	$1,684,457,000	$1,669,335,160	0.90%
2006	15,266,971	1,817,661,000	1,802,394,029	0.84%
2007 (3)	9,884,902	1,919,501,000	1,909,616,098	0.51%
2008	5,377,290	2,217,414,215	2,212,036,925	0.24%
2009 (3)	11,571,074	2,279,923,000	2,268,351,926	0.51%
2010	16,542,896	2,549,479,088	2,532,936,192	0.65%
2011 (3)	25,648,253	2,610,360,794	2,584,712,541	0.98%
2012 (3)	20,287,803	2,674,072,175	2,653,784,372	0.76%

Fiscal Year	Plan Net Position, Ending	Total Pension Liability	Net Pension Liability (2)	Net Position as Percent of Total Liability
2013 (3)	$17,155,015	$2,517,096,534	$2,499,941,519	0.68%
2014 (3)	20,532,924	2,473,970,866	2,453,437,942	0.83%
2015 (3)	21,876,942	2,896,894,767	2,875,017,825	0.76%

Notes:

(1) Table reflects transition to new accounting classifications as required by the Governmental Accounting Standards Board.
(2) Does not include value of future dedicated FPDR property tax collections.
(3) Amounts are calculated by rolling forward prior actual valuations. See Table 11 below for summary of June 30, 2012, and June 30, 2014, valuations.

Source: City of Portland audited financial statements.

Overall the unfunded actuarial liability decreased from $2.88 billion on June 30, 2012, to $2.47 billion on June 30, 2014, as shown in Table 11 below. Note that these valuations differ from results shown in Table 10 above because they are based on actual results prepared by Milliman and are not roll-forward amounts of prior valuations.

Table 11
CITY OF PORTLAND, OREGON
FPDR Plan--Summary of Most Recent Actuarial Valuations

Fiscal Year	Plan Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability
2012	$20,287,803	$2,899,238,902	$2,878,951,099
2014	20,532,924	2,488,261,858	2,467,728,934

Source: Milliman Inc., City of Portland Fire & Police Disability & Retirement (FPDR) Fund, Pension Actuarial Valuation Report as of June 30, 2014, dated January 15, 2015.

To comply with GASB 67, the 2014 valuation used a bond market index rate that was 4.29 percent as of June 30, 2014. The increase in the discount rate from 3.50 percent to 4.29 percent accounted for $274 million of the decreased liability. The FPDR Plan provides that FPDR Two adjustments to the COLA cannot exceed the rate used by PERS for sworn retirees. For the 2014 valuation, these adjustments were based on the PERS COLA as modified by the 2013 PERS Bills, which reduced the liability by $293 million. The reductions in the liability from the higher discount rate and the 2013 PERS Bills were offset by various increases totaling $157 million, for an overall reduction of $411 million in the actuarial accrued liability between June 30, 2012, and June 30, 2014. However, see "—Recent

Developments Related to PERS" and "—Recent Developments Related to the FPDR Fund." For the June 30, 2015, roll-forward of the June 30, 2014, valuation, the discount rate decreased to 3.80 percent, and most of the FPDR Two benefit adjustment savings from the 2013 PERS Bills were invalidated by the Oregon Supreme Court's decision. The result of these two changes is that the total pension liability increased by $423 million.

Levy Adequacy

Since the FPDR Plan is a pay-as-you-go plan funded with a dedicated property tax, the critical measure of its financial health is whether this property tax will ever be insufficient to fully cover plan expenditures. The table below compares the certified tax levy for the FPDR Plan and OPSRP contribution for FPDR Three participants and the amount authorized based on the $2.80/$1,000 Charter limitation. Between FY 2006-07 and FY 2015-16, taxable Real Market Value has grown by a compounded annual rate of approximately 3.9 percent.

Table 12
CITY OF PORTLAND, OREGON
FPDR Fund--Certified Levies Compared with Maximum Levies Authorized

FYE June 30	Tax Levy per $1,000 RMV	Certified Tax Levy (1)	Maximum Levy Authorized ($2.80/1,000 RMV)	Amount Available to be Certified from Authorized Levy
2007	$1.19	$86,550,497	$204,130,325	$117,579,828
2008	1.13	95,365,463	236,014,742	140,649,279
2009	1.23	111,152,436	253,003,644	141,851,208
2010	1.29	114,980,456	249,261,909	134,281,453
2011	1.37	118,526,184	241,849,105	123,322,921
2012	1.41	114,264,711	227,257,618	112,992,907
2013	1.55	123,564,952	223,709,460	100,144,508
2014	1.62	136,383,540	235,325,707	98,942,167
2015	1.48	136,883,230	259,331,341	122,448,111
2016	1.30	133,795,013	287,358,793	153,563,780

Notes:

(1) Before Measure 5 compression, delinquencies and discounts.

Source: City of Portland.

The table below shows historical taxes imposed (after Measure 5 compression) and historical expenditures for retirement benefits and death and disability benefits. As fire and police retirement benefits transition from a pay-as-you-go system to a pre-funded system through OPSRP, the FPDR levy will be funding two generations of FPDR members simultaneously: FPDR One and FPDR Two members who are funded on a pay-as-you-go basis during their retirement years and FPDR Three members whose retirement and death benefits are pre-funded through OPSRP during their working careers. Costs for disability benefits will continue to be paid on a pay-as-you go basis. As described below, higher costs are expected over approximately the next 20 years, with the potential for higher tax levy rates.

Table 13
CITY OF PORTLAND, OREGON
FPDR Fund--Imposed Levies and Expenditures for
Pension Benefits and Death/Disability Benefits

FYE June 30	Imposed Tax Levy (1)	FPDR One & Two Pension Benefits	FPDR Three OPSRP Contributions	Disability & Funeral Benefits	Total FPDR Benefit Contributions
2006	$83,963,419	$68,620,817	$0	$11,098,689	$79,719,506
2007	84,180,663	74,375,304	-	10,849,102	85,224,406
2008	92,819,416	80,718,048	726,748	10,876,351	92,321,147
2009	107,869,880	85,079,520	1,774,991	9,241,784	96,096,295
2010	111,376,678	89,038,110	2,210,250	9,075,988	100,324,348
2011	114,217,070	90,464,611	2,865,737	7,938,636	101,268,984
2012	108,666,428	94,708,986	4,735,637	7,064,187	106,508,810
2013	115,752,880	99,417,595	5,265,815	6,725,710	111,409,120
2014	123,304,615	103,506,696	5,998,321	7,410,977	116,915,994
2015	126,777,805	103,355,638	6,952,685	6,219,646	116,527,969

Notes:

(1) Amount after Measure 5 compression but not adjusted for delinquencies and discounts.

Source: City of Portland.

The FPDR Board assesses the FPDR Plan's long-term financial condition in part by projecting the future availability of revenues from the dedicated property tax (the "Levy Adequacy Analysis"), which are the source of employer contributions under the Charter. The most recent Levy Adequacy Analysis, completed by an independent actuary in connection with the actuarial valuation of the fund, was as of June 30, 2014. The Levy Adequacy Analysis found that, under a wide range of simulated economic scenarios in the foreseeable future, the future FPDR Fund levy would remain under $2.80 per $1,000 of Real Market Value, but the levy exceeded the $2.80 threshold in at least one year in approximately four percent of modeled scenarios. The first year in which the percent of scenarios exceeding the levy limit reaches the one percent level is FY 2029-30. Pay-as-you-go costs peak in FY 2035-36 in nominal terms; the peak on an inflation-adjusted basis is in FY 2028-29. With the Oregon Supreme Court decision invalidating portions of the 2013 PERS Bills, pay-as-you-go costs will be higher in the 2016 Levy Adequacy Analysis to be presented in January 2017, with the potential for a higher percentage of scenarios exceeding the levy limit, but Real Market Value growth over 10 percent in each of the two most recent years will at least partially offset increased cost pressure on levy rates. The table below shows projected levy rates and taxes levied at the 50th and 5th percentiles for FY 2014-15 through FY 2033-34.

Table 14
CITY OF PORTLAND, OREGON
FPDR Fund--Projected Levy Rate, Taxes and Requirements (1)

Fiscal Year Ended June 30	Levy Rate at 50th Percentile	Taxes Levied at 50th Percentile	Levy Rate at 5th Percentile	Taxes Levied at 5th Percentile
2015	$1.46	$135,000,000	$1.46	$135,000,000
2016	1.40	138,600,000	1.40	138,600,000
2017	1.39	143,400,000	1.54	144,600,000
2018	1.38	149,200,000	1.63	152,500,000
2019	1.38	155,100,000	1.67	159,000,000
2020	1.38	161,700,000	1.76	171,500,000
2021	1.37	168,500,000	1.80	179,700,000
2022	1.37	176,300,000	1.89	193,700,000
2023	1.37	183,500,000	1.92	203,200,000
2024	1.36	191,400,000	1.99	217,100,000
2025	1.37	200,600,000	2.03	229,200,000
2026	1.37	210,500,000	2.11	245,400,000
2027	1.38	220,700,000	2.16	259,600,000
2028	1.38	230,400,000	2.23	276,700,000
2029	1.38	240,500,000	2.28	291,700,000
2030	1.43	264,000,000	2.46	323,400,000
2031	1.43	275,000,000	2.50	339,400,000
2032	1.41	284,300,000	2.53	357,700,000
2033	1.40	294,600,000	2.55	374,100,000
2034	1.37	302,200,000	2.60	391,700,000

Notes:

(1) Results are expressed as a probability distribution. Amounts shown in table are median values within percentile categories. Actual rates for FY 2014-15 and FY 2015-16 are found in the table entitled "FPDR Fund—Certified Levies Compared with Maximum Levies Authorized."

Source: Milliman, Inc., Levy Adequacy Analysis, June 30, 2014.

The current analysis extends through FY 2033-34 and encompasses all facts, decisions and conditions pertaining to the FPDR Plan known at the time the analysis was completed. Future actuarial measurements may differ significantly from the measurements presented herein due to factors such as changes in economic or demographic assumptions (including changes in Real Market Value); changes related to PERS, performance of investments, and changes in FPDR Plan benefit provisions or applicable law.

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB")

The City's OPEB liability includes two separate plans. The City provides a contribution to the State of Oregon PERS cost-sharing multiple-employer defined benefit plan and an implicit rate subsidy for retiree Health Insurance Continuation premiums.

PERS Program

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may also receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premiums under the RHIA program. RHIA's assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City's allocated share of the RHIA program's assets and liabilities is based on the City's proportionate share of the program's pooled covered payroll. According to the 2013 City Report, the City's allocated share of the RHIA program's UAL was $4,336,291 as of December 31, 2013, and according to the 2014 City Report, the City's allocated share of the RHIA program's UAL was $2,663,682 as of December 31, 2014.

The City's current employer contribution rate to fund RHIA benefits during the 2015-2017 biennium for T1/T2 employees is 0.53 percent and for OPSRP general services and police and fire employees is 0.45 percent. According to the 2014 City Valuation, the advisory rate to fund RHIA benefits during the 2017-19 biennium for T1/T2 employees is 0.50 percent and for OPSRP general services

and policy and fire employees is 0.43 percent. These employer contribution rates to fund RHIA are not reflected in the rates described in Table 7 above.

Health Insurance Continuation Option

Distinct from the PERS program, Oregon municipalities, including the City, are required to allow retirees and their dependents to continue to receive health insurance by paying the premiums themselves at a rate that is blended with the rate for current employees until retirees and spouses are eligible for federal Medicare coverage and until children reach the age of 18 (the "Health Insurance Continuation Option"). GASB 45 refers to this as an implicit subsidy and therefore requires the corresponding liability to be determined and reported.

The OPEB liability associated with the Health Insurance Continuation Option is an actuarially-determined amount calculated in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The valuation is prepared using the Entry Age Normal actuarial cost method and amortized over an open period of 30 years using the level percentage of projected pay. Other assumptions include a 3.5 percent investment rate of return, and annual healthcare cost trend rates of two to 8.5 percent for health insurance, negative ten to five percent for dental insurance, and three percent for vision. The City's unfunded actuarial accrued liability for OPEB is solely attributable to the Health Insurance Continuation Option and at the valuation date of July 1, 2013 (the date of the most recent actuarial valuation), is estimated to be $105,266,428. The unfunded actuarial accrued liability as a percentage of covered payroll is 30 percent. Actuarial valuations for the Health Insurance Continuation Option are undertaken every two years. A new valuation study will be undertaken for reporting the OPEB liability as of July 1, 2015.

The City's annual OPEB cost is calculated based on the actuarially-determined ARC, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liability over a period of 30 years. For FY 2014-15, the amount to be recognized as the annual employer OPEB cost was $8,542,920. For fiscal year ended June 30, 2015, the City benefits paid on behalf of retirees exceeded the premiums they paid by $2,959,979. The City elected to not pre-fund the FY 2014-15 annual OPEB cost. The amount unfunded in FY 2014-15 is $42,044,666, which is the OPEB obligation from the beginning of the fiscal year, plus the ARC for FY 2014-15 along with interest on the net OPEB obligation and adjustments, less payments made in relation to the FY 2014-15 net OPEB obligation. The City expects to use a pay-as-you-go approach to fund its actuarial accrued liability and OPEB obligation, but will monitor its OPEB liability and assess whether a different approach is needed in future years.

LITIGATION

No litigation is pending or threatened which would, if successfully prosecuted against the City or the Portland Development Commission, materially and adversely affect the outstanding bonds or the Tax Increment Revenues.

SOUTH PARK BLOCKS URBAN RENEWAL AREA TAX INCREMENT INFORMATION

HISTORICAL TRENDS IN MEASURE 5 MARKET VALUES AND ASSESSED VALUES

The table below presents a five-year history of "Measure 5 Market Value," which adjusts the Real Market Value to reflect the value of specially assessed properties, including farm and forestland and exempt property, and Assessed Value in the Park Blocks Urban Renewal Area (the "Area"). Values in FY 2013-14 were lower due to a Plan amendment, which reduced the Frozen Base to $305.7 million of Assessed Value beginning in FY 2013-14.

Table 15
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
HISTORICAL TRENDS IN MEASURE 5 MARKET AND ASSESSED VALUES
BY PROPERTY TYPE
(FY 2011-12 through FY 2015-16)

	MEASURE 5 MARKET VALUE				
Property Type	2011-12	2012-13	2013-14	2014-15	2015-16
Real	$1,945,835,350	$1,827,746,370	$1,484,394,920	$1,688,181,230	$1,917,727,710
Personal	123,981,718	117,577,854	109,275,004	114,080,340	123,920,430
Machinery/Equip. (1)	0	372,320	320,740	334,510	0
Utility	37,029,993	35,677,059	34,351,622	33,558,204	36,690,430
Total	$2,106,847,061	$1,981,373,603	$1,628,342,286	$1,836,154,284	$2,078,338,570
% Change	-0.60%	-5.96%	-17.82%	12.76%	13.19%

	ASSESSED VALUE				
Property Type	2011-12	2012-13	2013-14	2014-15	2015-16
Real	$1,101,760,020	$1,135,842,770	$932,925,480	$964,199,530	$1,030,041,880
Personal	123,981,652	117,577,786	109,275,004	114,080,340	123,920,430
Machinery/Equip. (1)	0	372,320	320,740	334,510	0
Utility	35,874,900	35,116,686	33,842,320	33,555,177	36,652,400
Total	$1,261,616,572	$1,288,909,562	$1,076,363,544	$1,112,169,557	$1,190,614,710
% Change	2.20%	2.16%	-16.49%	3.33%	7.06%
Incremental AV	$885,549,998	$912,842,988	$770,670,660	$806,476,673	$884,961,826
% Change	3.16%	3.08%	-15.57%	4.65%	9.73%

Notes:

(1) Senate Bill 1529, which became effective in June 2012, required the Oregon Department of Revenue to establish a separate class for real property machinery and equipment effective with tax year 2012-13.

Source: Multnomah County Division of Assessment, Recording and Taxation.

The following table presents trends in Assessed Value for the Area. The table also shows the Maximum Tax Increment Revenues and the Tax Increment Revenues levied in recent fiscal years. Significantly higher growth in FY 2007-08 reflects the addition to the tax rolls of The Eliot, a residential condominium building, which increased the Area's Assessed Value by $61.6 million. As noted above, the decline in value in FY 2013-14 was due to a Plan amendment, which removed property from the Area.

Table 16
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
ASSESSED VALUE GROWTH AND TAX INCREMENT LEVY

Fiscal Year	Assessed Value			Incremental AV % Change	Maximum Tax Increment Revenues (MTIR)	Tax Increment to Raise (1)	Tax Increment Revenues as % of MTIR
	Total	Base	Incremental				
2006-07	$944,175,847	$378,055,680	$566,120,167	4.7%	$18,118,547	$7,858,154	43.4%
2007-08	1,078,419,604	378,055,680	700,363,924	23.7	22,414,988	7,794,621	34.8
2008-09	1,105,789,352	378,055,680	727,733,672	3.9	23,290,951	8,385,000	36.0
2009-10 (2)	1,154,332,058	376,066,574	778,265,484	6.9	24,908,210	7,885,318	31.7
2010-11	1,234,513,480	376,066,574	858,446,906	10.3	27,474,398	7,917,547	28.8
2011-12	1,261,616,572	376,066,574	885,549,998	3.2	28,341,827	7,904,633	27.9
2012-13	1,288,909,562	376,066,574	912,842,988	3.1	29,215,333	8,095,819	27.7
2013-14 (2)	1,076,363,544	305,692,884	770,670,660	-15.6	24,665,139	8,501,257	34.5
2014-15	1,112,169,557	305,692,884	806,476,673	4.7	25,811,103	8,735,999	33.8
2015-16	1,190,654,710	305,692,884	884,961,826	9.7	28,323,002	8,360,000	29.5

Notes:

(1) Amount shown is before Measure 5 compression and other adjustments by the county assessor, and reflects policy decisions on collections of Tax Increment Revenues.

(2) Reduction in Frozen Base is due to Plan amendments. In FY 2013-14, property from the South Park Blocks urban renewal area was moved to the Education urban renewal area.

Sources: Multnomah County Division of Assessment, Recording and Taxation; City of Portland.

Property Types and Values

The Assessed Value for new construction and changed property is calculated by multiplying the Real Market Value of the property by the ratio of the Assessed Values to the Real Market Values of comparable properties in a county (the "Changed Property Ratio"). This produces an Assessed Value for new construction and changed property that approximates the Assessed Value of comparable existing properties in an area. The following table presents a five-year history of Changed Property Ratios for Multnomah County for various property classifications. Increases in the changed property ratios for commercial and industrial property in FY 2012-13 are due in part to legislation requiring separate classifications for machinery and equipment, centrally assessed industrial property, and locally-assessed industrial and commercial property combined.

Table 17
CITY OF PORTLAND, OREGON
History of Changed Property Ratios by Property Type
(Multnomah County)

Fiscal Year Ending June 30	2011-12	2012-13	2013-14	2014-15	2015-16
Residential	0.6931	0.7279	0.6972	0.6367	0.5941
Commercial/Local Industrial (1)	0.4883	0.5413	0.5699	0.5654	0.5535
State Industrial (1)	0.8376	1.0000	1.0000	1.0000	1.0000
Multi-Family	0.5644	0.5998	0.5837	0.5506	0.4917
Recreational	0.7087	0.6979	0.8064	0.7962	0.8679
Machinery and Equipment (2)	N/A	1.0000	1.0000	1.0000	1.0000
Miscellaneous	0.6724	0.6601	0.6663	0.6533	0.6911
Personal Property	1.0000	1.0000	1.0000	1.0000	1.0000

Notes:

(1) In FY 2012-13, Multnomah County reported property values for commercial and County-assessed industrial properties as a combined value and reported industrial property assessed by the State of Oregon separately. In prior Annual Disclosure documents, the County-assessed and State-assessed industrial property values have been combined, and commercial property value has been reported separately.

(2) Senate Bill 1529, which became effective in June 2012, required the Oregon Department of Revenue to establish a separate class for real property machinery and equipment effective with tax year 2012-13.

Source: Multnomah County Division of Assessment, Recording and Taxation.

The following table shows Assessed Value, Measure 5 Market Value, and Assessed/Measure 5 Value Property Ratios for types of property in the Area. Note that for purposes of collecting Divide the Taxes Revenues and the Special Levy, property taxes are levied on all property types shown in the table.

Table 18
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
ASSESSED AND MEASURE 5 MARKET VALUE BY PROPERTY TYPE
(FY 2015-16)

Property Class	Assessed Value	Percent of Total	Measure 5 Market Value	AV/Measure 5 Value Ratio
Real Property				
Residential	$100,435,830	8.7%	$149,857,350	69.0%
Commercial/Industrial (County Assessed)	724,016,710	63.1%	1,341,236,460	56.0%
Multi-Family	175,184,010	14.7%	426,633,900	41.1%
Subtotal	1,030,041,880	86.5%	1,917,727,710	
Personal Property	123,920,430	10.4%	123,920,430	100.0%
Utilities	36,652,400	3.1%	36,690,392	100.0%
Total	$1,190,614,710	100.0%	$2,078,338,532	

Source: "Table 7a – TAXABLE ASSESSED VALUE AND REAL MARKET VALUE BY PROPERTY CLASS, Tax Year 2015-16," South Park Blocks Urban Renewal District, Multnomah County Division of Assessment, Recording and Taxation.

The following table shows the Assessed Value and Real Market Value ratios by ratio category for all property types in the Area. Properties with low AV/RMV ratios have substantial room to grow at the three percent limit established by the Oregon Constitution. Approximately 63 percent of properties have AV/RMV ratios below 70 percent as of FY 2015-16.

Table 19
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
ASSESSED TO REAL MARKET VALUE RATIOS
(FY 2015-16)

AV/RMV Ratio	Assessed Value	Cumulative Percent of Total	Percent of Total
Under 30%	$35,662,080	3.0%	3.0%
30 - 39%	46,414,750	3.9%	6.9%
40 - 49%	403,902,990	33.9%	40.8%
50 - 59%	177,759,760	14.9%	55.7%
60 - 69%	87,548,440	7.4%	63.1%
70 - 79%	171,558,860	14.4%	77.5%
80 - 89%	63,363,160	5.3%	82.8%
90 - 99%	31,007,700	2.6%	85.4%
100%	173,436,970	14.6%	100.0%
Total	$1,190,654,710	100.0%	

Source: Multnomah County Division of Assessment, Recording and Taxation.

Principal Area Taxpayers

The top ten property taxpayer accounts in the Area for FY 2015-16 are listed in the following table.

Table 20
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
TOP TEN PROPERTY TAXPAYER ACCOUNTS

Company Name	Type of Business/Use	2015-16 Assessed Value	Percent of Total Assessed Value
Total South Park Blocks		$1,190,654,710	100.0%
Fox Tower LLC	Real estate (office)	97,852,060	8.2%
PacWest Center LLC	Real estate (office)	95,529,090	8.0%
First Interstate Bank of OR	Banking	63,578,600	5.3%
12W RPO LLC	Multi-family housing	61,608,910	5.2%
Ladd Condominium Tower LLC	Multi-family housing	49,032,760	4.1%
OR Congress Center Limited	Real estate (office)	46,337,160	3.9%
West Park Avenue LLC (1)	Multi-family housing	42,494,290	3.6%
One Thousand Broadway Bldg. Ltd. Partnership	Real estate (office)	40,266,720	3.4%
The VI Portland LLC	Hospitality	35,321,710	3.0%
Standard Insurance Co. (2)	Real estate (office)	34,817,500	2.9%
		$566,838,800	47.6%

Notes:

(1) West Park Avenue LLC has filed an appeal for property with Real Market Value of $86,342,000 and Assessed Value of $42,494,290. The actual amount of property value being appealed is unknown. A decision on the appeal is not expected before April or May 2016.

(2) Standard Insurance Co. has filed an appeal for property with Real Market Value of $64,621,490 and Assessed value of $30,514,330. The actual amount of property value being appealed is unknown. A decision on the appeal is not expected before April or May 2016.

Source: Multnomah County Division of Assessment, Recording and Taxation.

City Assessed Property Values and Property Taxation

The Bonds for the Area are secured, in part, by a citywide Special Levy authorized for the Area. The following table presents historical trends in property Assessed Values in the City. The City's Assessed Value is derived from portions of Multnomah County, Washington County, and Clackamas County; however, over 99 percent of its Assessed Value is within Multnomah County.

Table 21
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Market Values (1)
(000s)

Assessed Value

Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Assessed Value	Percent Change
2006-07	$38,638,637	$197,885	$4,965,439	$41,801,961	4.62%
2007-08	38,253,186	201,380	5,740,426	44,194,992	5.72%
2008-09	39,784,128	203,038	6,377,050	46,364,216	4.91%
2009-10	41,109,227	211,157	7,056,631	48,377,015	4.34%
2010-11	42,160,414	214,998	7,462,728	49,838,140	3.02%
2011-12	43,543,881	215,497	7,493,903	51,253,281	2.84%
2012-13	44,401,735	221,758	7,875,076	52,498,569	2.43%
2013-14	45,913,168	228,953	8,210,399	54,352,520	3.53%
2014-15	47,828,360	239,309	8,704,286	56,771,955	4.45%
2015-16	49,990,505	245,505	9,362,187	59,352,691	4.55%

Market Value (Measure 5) (2)

Fiscal Year	Inside Multnomah County	Outside Multnomah County	Total Market Value	Percent Change
2006-07	$72,566,725	$336,963	$72,903,688	11.63%
2007-08	83,935,421	355,558	84,290,979	15.62%
2008-09	90,002,463	355,981	90,358,444	7.20%
2009-10	88,691,826	330,284	89,022,110	-1.48%
2010-11	86,062,318	312,362	86,374,680	-2.97%
2011-12	80,872,627	290,808	81,163,435	-6.03%
2012-13	79,611,406	284,830	79,896,236	-1.56%
2013-14	83,745,200	299,696	84,044,896	5.19%
2014-15	92,289,836	328,499	92,618,336	10.20%
2015-16	102,284,606	343,534	102,628,140	10.20%

Notes:

(1) Under the provisions of Ballot Measure 50, beginning with FY 1997-98, Real Market Value and Assessed Value are no longer the same. Measure 50 rolled back the Assessed Value of each property for tax year 1997-98 to its 1995-96 Real Market Value, less ten percent. The Measure further limits any increase in Assessed Value to three percent for tax years after 1997-98, except for property that is substantially improved, rezoned, or subdivided, or property which ceases to qualify for a property tax exemption. This property will be assigned a new Assessed Value equal to the Assessed Value of comparable property in the area.

(2) Measure 5 Market Values are not calculated separately for urban renewal incremental value by the county assessor. Market Value reported in this table is "Measure 5 Value," which represents the Real Market Value of properties that are not specially assessed; and the value of specially assessed properties, including farm and forestland and exempt property which are less than full Real Market Value. In 2015-16, the Measure 5 Market Value of City of Portland properties within Multnomah County represented about 82 percent of full Real Market Value.

Sources: Multnomah County Division of Assessment, Recording and Taxation; City of Portland.

Major City Taxpayers

The following table lists the largest property taxpayer accounts within the City of Portland.

Table 22
CITY OF PORTLAND, OREGON
Top Ten Property Taxpayer Accounts (1)

Taxpayer Account	Type of Business	FY 2015-16 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		$59,352,691,160	100.00%
Pacificorp (PP&L)	Energy	329,165,000	0.55%
Portland General Electric Co.	Energy	293,872,550	0.50%
Alaska Airlines Inc.	Airline	277,694,700	0.47%
Comcast Corporation	Communications	260,447,400	0.44%
Weston Investment Co. LLC	Real estate (office)	251,746,610	0.42%
Evraz Inc., NA	Steel plate manufacturing	218,464,720	0.37%
CenturyLink	Communications	194,518,000	0.33%
AT&T Inc.	Communications	185,100,800	0.31%
CAPREF Lloyd Center LLC	Real estate (retail)	173,304,140	0.29%
Kaiser Foundation Health Plan NW	Health care	160,136,080	0.27%
Total		$2,344,450,000	3.95%

Notes:

(1) Excludes Assessed Value of various properties totaling about $520.1 million that are owned and leased by the Port of Portland to various tenants subject to property taxation.

Source: Multnomah County Division of Assessment, Recording and Taxation.

OTHER FACTORS AFFECTING TAX COLLECTIONS

Property Tax Rates

The City and the Portland Development Commission elected to limit the Divide the Taxes Revenues for the Area to $5,660,000 each Fiscal Year. The Divide the Taxes Revenues are calculated by multiplying the Incremental Assessed Value of the Area by the consolidated billing tax rate, which is the sum of the tax rates of taxing districts that overlap the Area excluding the urban renewal special levy. In July 2013, House Bill 2632 was signed, which generally excludes local option taxes approved after January 1, 2013, from the consolidated billing tax rate for purposes of computing urban renewal division of taxes for certain urban renewal plans, including the Area. Incremental Assessed Value not required to produce an amount equal to $5,660,000 when the consolidated billing tax rate is multiplied by the Incremental Assessed Value is released to the overlapping taxing districts, thereby shifting tax dollars raised from the Incremental Assessed Value of the Area to the overlapping taxing districts. Released amounts of Incremental Assessed Value may vary from year to year depending on the Incremental Assessed Value for each year and the amount of Incremental Assessed Value needed to produce the Divide the Taxes Revenues.

The following tables show the consolidated billing tax rate for the past five years, and the breakdown of tax rates attributable to each underlying taxing entity for FY 2015-16.

Table 23
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
CONSOLIDATED TAX RATE (1)

Fiscal Year	Consolidated Billing Tax Rate
2011-12	$21.9691
2012-13	22.1761
2013-14	23.8325
2014-15	23.2010
2015-16 (2)	20.8809

Notes:

(1) Rate per $1,000 of Assessed Value.
(2) Decline in consolidated billing tax rate reflects loss of new local option levies, including Portland Public School local option levy of $1.99/$1,000 of Assessed Value, due to passage of House Bill 2632.

Source: Multnomah County Division of Assessment, Recording and Taxation.

Table 24
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
CONSOLIDATED TAX RATE: FY 2015-16

Taxing District	Permanent Tax Rate Per $1,000 A.V.	Local Option And Other Tax Rates (1) Per $1,000 A.V.	General Obligation Debt Tax Rate Per $1,000 A.V.	Total Tax Rate Per $1,000 A.V.
City of Portland	$4.5770	$2.4990	$0.2840	$7.3600
Multnomah County	4.3434	0.0500	0.0938	4.4872
Multnomah County Library	1.1800	n/a	0.0000	1.1800
Metro	0.0966	n/a	0.1957	0.2923
Port of Portland	0.0701	n/a	0.0000	0.0701
West Multnomah Soil & Conservation	0.0750	n/a	0.0000	0.0750
Subtotal - General Government	10.3421	2.5490	0.5735	13.4646
Portland School District	5.2781	n/a	1.0951	6.3732
Portland Community College	0.2828	n/a	0.3027	0.5855
Multnomah Co. Education Svc. Dist.	0.4576	n/a	0.0000	0.4576
Subtotal - Schools	6.0185	-	1.3978	7.4163
Totals	$16.3606	$2.5490	$1.9713	$20.8809

Notes:

(1) Includes the City Fire and Police Disability and Retirement pension levy, the Multnomah County historical society levy, and the Portland Public Schools local option levy. Does not include impact of urban renewal division of tax rates. Does not include urban renewal special levy. Reflects impacts of House Bill 2632, which generally excludes local option taxes approved after January 1, 2013, from the consolidated billing tax rate for purposes of computing urban renewal division of taxes for certain urban renewal plans, as indicated by "n/a."

Source: Multnomah County Division of Assessment, Recording and Taxation.

Tax Increment Revenue Reductions Due to Measure 5 Compression

Tax Increment Revenues may be reduced by Measure 5 compression effects. In FY 2015-16, Measure 5's $10/$1,000 of Market Value tax limitation was the primary factor in reducing the projected Divide the Taxes property tax collections in the Area to $5,314,563 from the authorized amount of $5,660,000, or by about 6.1 percent.

Special Levy collections also may be reduced by compression and delinquencies and discounts. The City and the Portland Development Commission are authorized to request a Special Levy in an amount sufficient to offset the impact of compression, but in no circumstance in an amount such that the sum of the Divide the Taxes Revenues and the Special Levy exceeds the Maximum Tax Increment Revenues. If the City and the Portland Development Commission chose to impose the Special Levy to receive the Maximum Tax Increment Revenues, levies of other general governments would be subject to further compression so that the total general government levy fell within the $10/$1,000 cap.

The table below shows recent property tax losses for the Area due to compression.

Table 25
CITY OF PORTLAND, OREGON
Property Tax Levy Losses Due to Measure 5 Compression (1)

Fiscal Year	Divide the Taxes to Raise	Special Levy to Raise	Total Tax Increment Revenues to Raise	Divide the Taxes Imposed (2)	Special Levy Imposed (2)	Total Tax Increment Revenues Imposed (2)
2006-07	$5,660,000	$2,198,154	$7,858,154	$5,402,724	$2,137,434	$7,540,158
2007-08	5,660,000	2,134,621	7,794,621	5,376,094	2,077,056	7,453,150
2008-09	5,660,000	2,725,000	8,385,000	5,381,549	2,643,741	8,025,290
2009-10	5,660,000	2,225,318	7,885,318	5,340,760	2,154,633	7,495,393
2010-11	5,660,000	2,257,547	7,917,547	5,281,167	2,174,637	7,455,804
2011-12	5,660,000	2,244,633	7,904,633	5,072,867	2,133,973	7,206,841
2012-13	5,660,000	2,435,819	8,095,819	4,959,738	2,281,396	7,241,134
2013-14	5,660,000	2,841,257	8,501,257	4,876,124	2,567,122	7,443,246
2014-15	5,660,000	3,075,999	8,735,999	5,072,572	2,848,423	7,920,995
2015-16	5,660,000	2,700,000	8,360,000	5,314,563	2,549,463	7,863,826

Notes:

(1) Taxes to be raised are before Measure 5 compression; taxes imposed are after Measure 5 compression. Also includes miscellaneous adjustments by county assessor.
(2) Before losses due to delinquencies and discounts.

Source: Multnomah County Division of Assessment, Recording and Taxation; Washington County Department of Assessment and Taxation; Clackamas County Department of Assessment and Taxation; City of Portland.

Tax Increment Revenue Reductions Due to Delinquencies and Discounts

Property tax collections are also reduced by delinquencies and discounts. The following table shows property tax collections over the past ten fiscal years. In recent years, taxes collected in the year in which they were levied have generally exceeded 95 percent. Note that, under current State law, tax collections at the county level are pooled, and each taxing jurisdiction (including urban renewal areas) receives a *pro rata* distribution of county-wide collections. This practice has the effect of spreading delinquent payments county-wide.

Table 26
CITY OF PORTLAND, OREGON
Tax Collection Record for the Last Ten Years (1)

Fiscal Year	Total Levy (000) (2)	Collected Yr. of Levy (3)	Collected as of 12/31/2015 (3)
2006-07	$363,073	97.2%	100.0%
2007-08	394,492	97.0%	100.0%
2008-09	397,822	96.3%	100.0%
2009-10	436,246	96.8%	99.6%
2010-11	445,239	97.1%	99.6%
2011-12	445,044	96.8%	99.3%
2012-13	452,453	97.2%	99.1%
2013-14	467,516	97.3%	98.8%
2014-15	490,540	97.6%	98.5%
2015-16	516,334	90.9% (4)	90.9%

Notes:

(1) Tax collection information is for Multnomah County, which represents approximately 99.5% of the City's Assessed Value. Small portions of Washington and Clackamas Counties are also included in the City's Assessed Value.

(2) Includes urban renewal special levy and levy amounts allocated to urban renewal divide the taxes. Levy amounts shown are after Measure 5 compression. Also includes miscellaneous taxes, penalties, and corrections included in the fiscal year property tax receivable.

(3) Collections are calculated as payments received less adjustments for cancellation of taxes and allowed discounts, plus taxes added to tax roll due to omissions and corrections. Discounts currently represent the largest adjustment to the tax levy. Discounts associated with the FY 2014-15 tax levy represented about 2.6% of that year's levy. Discounts effectively reduce the amount of a fiscal year's levy remaining to be collected in future years.

(4) Partial year collection as of 12/31/2015.

Sources: Multnomah County Division of Assessment, Recording and Taxation and City of Portland.

HISTORICAL FINANCIAL RESULTS

Tax Increment Revenues, Maximum Tax Increment Revenues, and Annual Debt Service

Historical collections of Tax Increment Revenues, Maximum Tax Increment Revenues, and Annual Debt Service for outstanding bonds are shown in the following table.

Table 27
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
TAX INCREMENT REVENUES, MAXIMUM TAX INCREMENT REVENUES, AND ANNUAL DEBT SERVICE
(Actual Results Reported on a Budgetary Basis)

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Tax Increment Revenues					
Tax Collections (Current Year)	$7,047,977	$6,775,898	$6,869,858	$7,071,427	$7,534,085
Tax Collections (Prior Years)	187,218	170,654	180,902	143,371	139,017
Investment Earnings/Other	74,843	71,364	54,359	58,392	67,778
TOTAL	$7,310,038	$7,017,916	$7,439,825	$7,273,190	$7,740,880
Max. Tax Increment Revenues	$27,474,398	$28,341,827	$29,215,333	$24,665,139	$25,811,103
Annual Debt Service					
Parity Indebtedness	$7,185,714	$7,171,896	$7,053,185	$7,184,835	$7,177,691
TOTAL	$7,185,714	$7,171,896	$7,053,185	$7,184,835	$7,177,691

Source: City of Portland.

The following table presents a summary of historical property values, consolidated tax rates, current year Tax Increment Revenue collections and Annual Debt Service on the Bonds.

Table 28
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
SUMMARY OF SOUTH PARKS BLOCKS PROPERTY VALUE, TAX INCREMENT REVENUE COLLECTIONS, AND DEBT SERVICE

Fiscal Year	**2010-11**	**2011-12**	**2012-13**	**2013-14**	**2014-15**
Measure 5 Market Value	$2,119,510,040	$2,106,847,061	$1,981,373,603	$1,628,342,286	$1,836,154,284
Assessed Value:					
Frozen Base	$376,066,574	$376,066,574	$376,066,574	$305,692,884	$305,692,884
Incremental Assessed Value	858,446,906	885,549,998	912,842,988	770,670,660	806,476,673
Total Assessed Value	$1,234,513,480	$1,261,616,572	$1,288,909,562	$1,076,363,544	$1,112,169,557
Beginning Fund Balance (less Debt Service Reserve)	$1,839,919	$1,959,638	$1,805,339	$1,857,273	$1,945,628
Taxes to be Raised (1)	$7,917,547	$7,904,633	$8,095,819	$8,501,257	$8,735,999
Less Compression Loss	(461,743)	(697,792)	(854,685)	(1,058,011)	(815,004)
Taxes Imposed	7,455,804	7,206,841	7,241,134	7,443,246	7,920,995
Less Discounts, Delinquency	(407,827)	(430,943)	(371,276)	(371,819)	(386,910)
Net Tax Increment Revenues	7,047,977	$6,775,898	$6,869,858	$7,071,427	$7,534,085
Debt Service:					
Parity Indebtedness	$7,185,714	$7,171,896	$7,053,185	$7,184,835	$7,177,691
Total	$7,185,714	$7,171,896	$7,053,185	$7,184,835	$7,177,691
Debt Service Coverage (2)	124%	122%	123%	124%	132%

Notes:

(1) Includes Divide the Taxes Revenues and Special Levy.
(2) Debt service coverage includes balance in Tax Increment Fund plus Tax Increment Revenues.

Source: Multnomah County Division of Assessment, Recording and Taxation and City of Portland.

The Tax Increment Fund

The following table presents audited financial statements for the Tax Increment Fund on a budgetary basis. The Appendix provides excerpts of audited financial statements on a GAAP basis.

Table 29
CITY OF PORTLAND, OREGON
South Park Block Redemption Fund (1)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(Actual Results Reported on a Budgetary Basis)

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15
Revenues					
Current year property taxes	$7,047,977	$6,775,898	$6,869,858	$7,071,427	$7,534,085
Prior years' property taxes	187,218	170,654	180,902	143,371	139,017
Interest on investments/other	74,843	71,364	54,359	58,392	67,778
Total revenues	7,310,038	7,017,916	7,105,119	7,273,190	7,740,880
Expenditures					
Debt service and related costs					
Principal	3,365,000	3,690,000	3,695,000	4,015,000	4,250,000
Interest	3,823,319	3,481,896	3,358,185	3,169,835	2,927,691
Debt issuance costs	17,000	319	--	--	--
Total expenditures	7,205,319	7,172,215	7,053,185	7,184,835	7,177,691
Revenues over (under) expenditures	104,719	(154,299)	51,934	88,355	563,189
Other Financing Sources (Uses)					
Bonds and notes issued	2,585,000	--	--	--	--
Payment to refunded bond escrow agent	(2,570,000)	--	--	--	--
Total other financing sources (uses)	15,000	--	--	--	--
Net change in fund balances	119,719	(154,299)	51,934	88,355	563,189
Fund balances -- beginning	8,638,966	8,758,685	8,604,386	8,656,320	8,744,675
Fund balances -- ending	$8,758,685	$8,604,386	$8,656,320	$8,744,675	$9,307,864

Notes:

(1) This is the Tax Increment Fund. Information presented on a budgetary basis. The Appendix presents tables on a GAAP basis.

Source: City of Portland audited financial statements.

Outstanding Indebtedness

As of January 15, 2016, the City had outstanding indebtedness for the Area as shown in the table below.

Table 30
CITY OF PORTLAND, OREGON
South Park Blocks Urban Renewal Area
OUTSTANDING LONG-TERM DEBT AS OF JANUARY 15, 2016

Issue Name	Dated Date	Final Maturity Date	Amount Issued	Amount Outstanding
First Lien Bonds				
South Park Blocks Urban Renewal and Redevelopment Bonds, 2008 Series A	7/16/2008	6/15/2019	$34,580,000	$17,720,000
South Park Blocks Urban Renewal and Redevelopment and Refunding Bonds, 2008 Series B	7/16/2008	6/15/2024	$32,020,000	$32,020,000
TOTAL			$69,185,000	$49,740,000

Source: City of Portland.

APPENDIX
AUDITED FINANCIAL STATEMENTS

INTRODUCTION TO EXCERPTS OF FINANCIAL STATEMENTS

The financial statements of the City have been audited by independent certified public accountants for the fiscal years 2011, 2012, 2013, 2014, and 2015. Copies of these financial statements containing the reports of the independent certified public accountants are available on the City's website at:

http://www.portlandoregon.gov/bfs/26053

The following pages in this Appendix are excerpted from the City's Comprehensive Annual Financial Reports of the City for Fiscal Years ending June 30, 2011 through June 30, 2015. The Notes that follow the tabular data have been prepared by the City and have not been reviewed by the independent auditor.

A CONSENT OF THE INDEPENDENT AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THIS DISCLOSURE DOCUMENT AND IS THEREFORE NOT ASSOCIATED WITH THIS DISCLOSURE DOCUMENT.

CITY OF PORTLAND, OREGON
South Park Block Redemption Fund (1)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Generally Accepted Accounting Principles Basis

	2010-11	2011-12	2012-13	2013-14	2014-15
Revenues					
Taxes	$7,235,196	$6,946,552	$7,050,760	$7,214,798	$7,673,102
Investment earnings	125,384	70,184	19,051	82,032	64,581
Total revenues	7,360,580	7,016,736	7,069,811	7,296,830	7,737,683
Expenditures					
Debt service and related costs:					
Principal	5,935,000	3,690,000	3,695,000	4,015,000	4,250,000
Interest	3,823,319	3,481,896	3,358,185	3,169,835	2,927,691
Debt issuance costs	17,000	319	--	--	--
Total expenditures	9,775,319	7,172,215	7,053,185	7,184,835	7,177,691
Revenues over (under) expenditures	(2,414,739)	(155,479)	16,626	111,995	559,992
Other Financing Sources (Uses)					
Refunding bonds issued	2,585,000	--	--	--	--
Total other financing sources (uses)	2,585,000	--	--	--	--
Net change in fund balances	170,261	(155,479)	16,626	111,995	559,992
Fund balances -- beginning	8,617,772	8,788,033	8,632,554	8,649,180	8,761,175
Fund balances -- ending	$8,788,033	$8,632,554	$8,649,180	$8,761,175	$9,321,167

Notes:

(1) This is the Tax Increment Fund.

Source: City of Portland audited financial statements.

CITY OF PORTLAND, OREGON
South Park Block Redemption Fund
CONSECUTIVE BALANCE SHEETS
As of June 30

	2011	2012	2013	2014	2015
ASSETS					
Restricted:					
Cash and investments	$8,613,906	$8,473,801	$8,506,913	$8,639,827	$9,194,300
Receivables:					
Taxes	455,405	528,036	519,357	534,904	551,755
Accrued interest	52,659	40,505	23,479	19,088	28,875
Total assets	$9,121,970	$9,042,342	$9,049,749	$9,193,819	$9,774,930
LIABIILTIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
Liabilities payable from restricted assets:					
Deferred revenue	$409,788	$400,569	$ --	$ --	$ --
Deferred inflow of resources:					
Unavailable revenue - restricted	--	--	400,569	432,644	453,763
Total liabilities/deferred inflow of resources	409,788	400,569	400,569	432,644	453,763
Fund balances (deficits):					
Restricted	8,632,554	8,649,180	8,649,180	8,761,175	9,321,167
Total fund balances	8,632,554	8,649,180	8,649,180	8,761,175	9,321,167
Total liabilities, deferred inflow of resources and fund balances	$9,042,342	$9,049,749	$9,049,749	$9,193,819	$9,774,930

Source: City of Portland audited financial statements.