

**NEW ISSUE – COMPETITIVE via PARITY
BOOK-ENTRY ONLY**

RATING: Moody's Aa1

In the opinion of K&L Gates LLP, Portland, Oregon, Bond Counsel, assuming compliance with certain covenants of the City, interest on the 2009 Series A Bonds is excludable from gross income of the owners of the 2009 Series A Bonds for federal income tax purposes under existing law. Interest on the 2009 Series A Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on either individuals or corporations. Interest on the 2009 Series A Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel. In the opinion of Bond Counsel, interest on the 2009 Series A Bonds is exempt from Oregon personal income tax under existing law.

City of Portland, Oregon
\$21,450,000
Limited Tax Revenue Refunding Bonds
2009 Series A
(Central City Streetcar Project)
BASE CUSIP: 736740

Dated: Date of Delivery

DUE: April 1, as shown below

The City of Portland, Oregon Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar) (the "2009 Series A Bonds") will be issued in registered book-entry form only, in denominations of \$5,000 or integral multiples thereof. The 2009 Series A Bonds, when executed and delivered, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2009 Series A Bonds. While Cede & Co. is the registered owner of the 2009 Series A Bonds (the "Owner") as nominee of DTC, references herein to the Bondowners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2009 Series A Bonds. See "Book-Entry System" herein.

The 2009 Series A Bonds will bear or accrue interest rates as set forth in the table below. The 2009 Series A Bonds will be dated as of the Date of Delivery. Interest on the 2009 Series A Bonds will be payable semiannually on April 1 and October 1 of each year, beginning October 1, 2009.

MATURITY SCHEDULE

<u>Due</u> <u>April 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP No.</u> <u>736740 (1)</u>	<u>Due</u> <u>April 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP No.</u> <u>736740 (1)</u>
2010	\$1,260,000	1.00%	0.55%	JX0	2018	\$1,425,000	4.00%	2.80%	KF7
2011	1,165,000	4.00	1.00	JY8	2019	1,485,000	4.00	3.00	KG5
2012	1,210,000	2.50	1.30	JZ5	2020	1,550,000	4.00	3.28	KH3
2013	1,240,000	2.50	1.53	KA8	2021	1,600,000	4.00	3.42	KJ9
2014	1,275,000	2.50	1.88	KB6	2022	1,675,000	4.00	3.52	KK6
2015	1,310,000	2.50	2.16	KC4	2023	1,740,000	4.00	3.68	KL4
2016	1,340,000	2.50	2.35	KD2	2024	1,805,000	4.00	3.81	KM2
2017	1,370,000	4.00	2.55	KE0					

(1) Registered Trademark 2008, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies.

Proceeds of the 2009 Series A Bonds will be used to currently refund the City's outstanding Limited Tax Revenue Bonds, 1999 Series A (Central City Streetcar Project), as more fully described herein, and to pay costs of issuance. See "THE 2009 SERIES A BONDS – REFUNDING PLAN" herein.

The 2009 Series A Bonds are payable from all legally available funds of the City. The City has pledged its full faith and credit to pay the 2009 Series A Bonds. The 2009 Series A Bonds also are secured by a pledge of the Pledged Revenues. The Pledged Revenues consist of the Pledged Facilities Revenues and the Pledged Meter Revenues. See "SECURITY" herein.

The 2009 Series A Bonds are subject to optional redemption prior to maturity. See "REDEMPTION OF THE 2009 SERIES A BONDS" herein.

The 2009 Series A Bonds are offered when, as and if issued by the City and accepted by the successful bidder, subject to prior sale, withdrawal or modification of the offer without notice, to the final approving opinion of K&L Gates LLP, Portland, Oregon, Bond Counsel, and to certain other conditions. The City expects that the 2009 Series A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about May 21, 2009.



**OFFICIAL STATEMENT
OF THE
CITY OF PORTLAND, OREGON
\$21,450,000
LIMITED TAX REVENUE REFUNDING BONDS
2009 SERIES A
(CENTRAL CITY STREETCAR PROJECT)**

CITY COUNCIL

Sam Adams,
Mayor and Commissioner of Finance and Administration

Amanda Fritz, Commissioner No. 1
Nick Fish, Commissioner No. 2
Dan Saltzman, Commissioner No. 3
Randy Leonard, Commissioner No. 4

CITY OFFICIALS

Gary Blackmer, City Auditor*
David E. Thurman, City Treasurer
Linda Meng, City Attorney
Kenneth L. Rust, Chief Administrative Officer
Jennifer Sims, Chief Financial Officer

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BOND COUNSEL

K&L Gates LLP
Portland, Oregon

* City Auditor Gary Blackmer announced his intention to resign his office effective at 5:00 p.m. on May 18, 2009. A special election has been scheduled for May 19, 2009. Any candidate for City Auditor who receives a majority of the votes cast at the May 19 election will be elected. If no candidate receives a majority, the top two candidates will run off in a Special Runoff Election on July 14, 2009.



No dealer, broker, salesperson or other person has been authorized by the City of Portland (the “City”) to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. Bond Counsel’s review of this document is limited; see “Legal Matters” herein. This Official Statement has been deemed final as of its date by the City pursuant to Rule 15c2-12 of the Securities Exchange Act of 1934, as amended.

This Official Statement speaks only as of its date, and the information contained herein is subject to change without notice. Certain statements contained in this Official Statement are projections, forecasts and other statements about future events. These statements (“Forward Looking Statements”) are not statements of historical facts and no assurance can be given that the results shown in these Forward Looking Statements will be achieved. See “FORWARD LOOKING STATEMENTS.” All estimates set forth herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates are correct. So far as any statements herein involve any matters of opinion, whether or not expressly so stated, they are intended merely as such and are not representations of fact.

This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the 2009 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. In making an investment decision, potential investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. **In connection with this offering, the successful bidder may over allot or effect transactions which stabilize or maintain the market price of the 2009 Series A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued, and if discontinued, then recommenced, at any time.**

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**OFFICIAL STATEMENT
OF THE
CITY OF PORTLAND, OREGON
RELATED TO**

**\$21,450,000
LIMITED TAX REVENUE REFUNDING BONDS
2009 SERIES A
(CENTRAL CITY STREETCAR PROJECT)**

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the “City”), and its Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) (the “2009 Series A Bonds”).

THE 2009 SERIES A BONDS

SECURITY

The City has pledged its full faith and credit to pay the 2009 Series A Bonds, and the City is obligated to pay the 2009 Series A Bonds from Available General Funds. “Available General Funds” is defined under the Bond Declaration as revenues which are legally available to pay the 2009 Series A Bonds and not prohibited for such use under the charter and ordinances of the City and Oregon laws, and includes all taxes and other legally available general funds of the City. The City is not authorized to levy additional taxes to pay the 2009 Series A Bonds.

All City revenues credited to the City’s General Fund are legally available to pay the 2009 Series A Bonds. In FY 2007-2008 the City’s General Fund was credited with approximately \$439 million. A principal source of General Fund revenues is the City’s permanent tax rate property tax levy. In FY 2007-2008, revenues from that levy (including current and prior year collections) were approximately \$175 million, after delinquencies. See “ANNUAL DISCLOSURE INFORMATION – FINANCIAL OPERATIONS – Table 7” herein.

The 2009 Series A Bonds also are secured by a pledge of the Pledged Revenues. The Pledged Revenues consist of the Pledged Facilities Revenues and the Pledged Meter Revenues. The Pledged Facilities Revenues are revenues of the Parking Facilities which remain after payment of operating expenses of the Parking Facilities and debt service on the Prior Facilities Obligations. The Pledged Meter Revenues are revenues of the Parking Meters which remain after payment of operating expenses of the Parking Meters and debt service on the Prior Meter Obligations. See “THE PARKING FACILITIES AND PARKING METERS,” “ANNUAL DISCLOSURE INFORMATION -- PARKING FACILITY AND PARKING METER HISTORICAL FINANCIAL RESULTS” and “SUPPLEMENTAL INFORMATION ON THE GENERAL FUND, THE PARKING FACILITIES AND THE PARKING METERS” herein.

See Appendix A – Bond Declaration, Section 4, “Security for Bonds” for a more complete statement of the security for the 2009 Series A Bonds. See Appendix A – Bond Declaration, Section 2, “Definitions” for the definitions of “Available General Funds,” “Pledged Revenues,” “Parking Facilities,” “Prior Facilities Obligations,” “Pledged Facilities Revenues,” “Parking Meters,” “Prior Meter Obligations,” “Pledged Meter Revenues,” and related terms.

ADDITIONAL BONDS

The City may issue Additional Bonds for any lawful purpose, but only under the conditions described in the Ordinance. (See Appendix A – Bond Declaration, Section 5, “Additional Bonds.”) Additional Bonds are obligations that have a lien on the Pledged Revenues which is on a parity with the lien of the 2009 Series A Bonds. Additional Bonds are not required to be secured by the City’s full faith and credit or its Available General Funds.

AUTHORIZATION AND PURPOSE

The 2009 Series A Bonds are issued pursuant to the authority of Oregon Revised Statutes 287A.360 and City Ordinance No. 182605 adopted by the City Council on March 18, 2009. The 2009 Series A Bonds also are being issued pursuant to a Bond Declaration that is dated as of the date of closing (the "Bond Declaration"). The form of the Bond Declaration is provided in Appendix A.

The 2009 Series A Bonds are being issued to refund the outstanding Limited Tax Revenue Bonds, 1999 Series A (the "1999 Series A Bonds"). See "REFUNDING PLAN" herein.

DESCRIPTION

The 2009 Series A Bonds will be issued in book-entry form only, in registered form in denominations of \$5,000 or integral multiples thereof. The 2009 Series A Bonds, when executed and delivered, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). Purchasers of the 2009 Series A Bonds who are the Beneficial Owners thereof will not receive certificates evidencing their ownership interests in the 2009 Series A Bonds. While Cede & Co. is the registered Owner of the 2009 Series A Bonds (in such capacity, the "Owner") as nominee of DTC, it shall be treated in all respects as the sole Owner of the 2009 Series A Bonds and shall have the right to exercise (in lieu of the Beneficial Owners of the 2009 Series A Bonds) all rights as Owner, including but not limited to the right to give consents, the right to receive notices (including notices of redemption), and other rights conferred on owners of the 2009 Series A Bonds under the Bond Declaration or applicable law. So long as the 2009 Series A Bonds are subject to the Book-Entry System, all registrations and transfers of Beneficial Ownership of the 2009 Series A Bonds will be made only through the Book-Entry System. See "BOOK-ENTRY SYSTEM" in Appendix E herein.

The 2009 Series A Bonds will be dated as of the Date of Delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Interest on the 2009 Series A Bonds is payable on October 1, 2009, and semi-annually thereafter on April 1 and October 1 of each year, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

PAYMENT OF THE 2009 SERIES A BONDS WHILE IN BOOK-ENTRY SYSTEM

So long as the 2009 Series A Bonds are subject to the Book-Entry System, all payments of the principal of and interest on the 2009 Series A Bonds shall be remitted by the Registrar and Paying Agent, currently U.S. Bank National Association (the "Paying Agent") directly to DTC. DTC, in turn, will be required to distribute such payments to DTC Participants, and the DTC Participants will be responsible for ultimate distribution of such payments to the Beneficial Owners of the 2009 Series A Bonds. The City has no responsibility for the distribution of any payments on the 2009 Series A Bonds by DTC to any DTC Participant or by any DTC Participant to any Beneficial Owner, and shall have no liability whatsoever in the event of any failure by DTC or a DTC Participant to make any such distribution. See "BOOK-ENTRY SYSTEM" in Appendix E herein.

REDEMPTION OF 2009 SERIES A BONDS

Optional Redemption

The 2009 Series A Bonds are subject to redemption at the option of the City on April 1, 2019, and any date thereafter at 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption. While the 2009 Series A Bonds are in Book-Entry-Only form, if less than all the outstanding 2009 Series A Bonds of a particular maturity are to be redeemed, DTC will select the particular 2009 Series A Bonds in accordance with its customary practices.

Notice of Redemption

While the 2009 Series A Bonds are subject to the BEO System, notice of any redemption shall be given by the Paying Agent only to DTC in accordance with the agreement entered into among the City, the Paying Agent and DTC. It shall be the sole responsibility of DTC to give all notices of redemption to DTC Participants, and the DTC Participants, in turn, shall be responsible for giving such notices to the Beneficial Owners. Neither the City nor the Paying Agent will be responsible for giving any notice of redemption to any Beneficial Owner or any DTC Participant, nor shall the City or the Paying Agent be liable for any failure of DTC or any DTC Participant to give any such notice as described above.

REFUNDING PLAN

A portion of the proceeds of the 2009 Series A Bonds will be placed in an irrevocable escrow fund to be held by U.S. Bank National Association (the "Escrow Agent") and invested in United States Government obligations maturing in amounts sufficient to pay the principal of, interest on, and any redemption premium on the 1999 Series A Bonds. The accuracy of the mathematical computations will be verified by Grant Thornton LLP.

The following table lists the outstanding bonds and maturities to be refunded with the proceeds of the 2009 Series A Bonds.

Table 1
CITY OF PORTLAND, OREGON
Refunding Plan for Outstanding Limited Tax Revenue Bonds, 1999 Series A

CUSIP No.	Refunded	Principal	Redemption Date	Redemption
736679	Maturity	Amount		Price
HM6	4/1/2010	\$1,050,000	6/25/2009	100.00%
HN4	4/1/2011	1,090,000	6/25/2009	100.00
HP9	4/1/2012	1,140,000	6/25/2009	100.00
HQ7	4/1/2013	1,190,000	6/25/2009	100.00
HR5	4/1/2014	1,250,000	6/25/2009	100.00
HS3	4/1/2015	1,310,000	6/25/2009	100.00
HT1	4/1/2016	1,370,000	6/25/2009	100.00
HU8	4/1/2017	1,430,000	6/25/2009	100.00
HV6	4/1/2018	1,500,000	6/25/2009	100.00
**	**	**	**	**
HY0	4/1/2021	4,940,000	6/25/2009	100.00
**	**	**	**	**
JB8	4/1/2024	5,700,000	6/25/2009	100.00
		<u>\$21,970,000</u>		

ESTIMATED SOURCES AND USES OF FUNDS

The anticipated uses of proceeds from the 2009 Series A Bonds are itemized in the following table:

Table 2
CITY OF PORTLAND, OREGON
Estimated Sources and Uses of Funds

SOURCES:

Par amount of bonds	\$21,450,000.00
Original issue premium	<u>938,426.70</u>
TOTAL SOURCES	<u><u>\$22,388,426.70</u></u>

USES:

Deposit to refunding escrow	\$22,210,594.98
Underwriter's discount	143,030.83
Issuance costs	<u>34,800.89</u>
TOTAL USES	<u><u>\$22,388,426.70</u></u>

Source: City of Portland.

DEBT SERVICE SCHEDULE FOR 2009 SERIES A BONDS

The following table presents the debt service schedule for the 2009 Series A Bonds.

Table 3
CITY OF PORTLAND, OREGON
Scheduled Debt Service on the 2009 Series A Bonds

Fiscal Year Ending June 30th	Principal	Interest	Total
2010	\$1,260,000	\$623,940	\$1,883,940
2011	1,165,000	711,975	1,876,975
2012	1,210,000	665,375	1,875,375
2013	1,240,000	635,125	1,875,125
2014	1,275,000	604,125	1,879,125
2015	1,310,000	572,250	1,882,250
2016	1,340,000	539,500	1,879,500
2017	1,370,000	506,000	1,876,000
2018	1,425,000	451,200	1,876,200
2019	1,485,000	394,200	1,879,200
2020	1,550,000	334,800	1,884,800
2021	1,600,000	272,800	1,872,800
2022	1,675,000	208,800	1,883,800
2023	1,740,000	141,800	1,881,800
2024	1,805,000	72,200	1,877,200
Total	\$21,450,000	\$6,734,090	\$28,184,090

Source: City of Portland.

THE PARKING FACILITIES AND PARKING METERS

THE PARKING FACILITIES

The primary revenue sources pledged to the repayment of the 2009 Series A Bonds are Pledged Facilities Revenues and Pledged Meter Revenues (after payment of operating costs and debt service on Prior Facilities Obligations and Prior Meter Obligations as defined in the Bond Declaration).

The City owns seven parking garages in downtown Portland. Revenues from six of these garages (the “Parking Facilities”) comprise the Pledged Facilities Revenues. The Parking Facilities, along with the number of parking spaces and amount of commercial space in each garage, are listed in the table below.

Table 4
CITY OF PORTLAND, OREGON
Parking Facilities, Number of Spaces and Commercial Space

<u>Parking Facility</u>	<u>Number of Parking Spaces</u>	<u>Commercial Space (sq. ft.)</u>
O’Bryant Square Garage	123	–
10 th & Yamhill Garage	794	27,594
3 rd & Alder Garage	849	18,113
Naito & Davis Garage	449	14,904
4 th & Yamhill Garage	650	–
1 st & Jefferson Garage	<u>960</u>	<u>38,011</u> (1)
TOTAL	<u>3,825</u>	<u>98,622</u>

Notes:

(1) Commercial space for this garage is currently used primarily by the City.

Source: City of Portland.

These garages (along with a garage in the Portland Building not listed in Table 4 above) collectively form the City’s Smart Park system (“Smart Park”). All administrative, marketing, and operating functions of the garages are carried out under the auspices of Smart Park.

The City owns other parking facilities, including two garages located adjacent to the Rose Garden Arena, whose revenues are not included in the Pledged Facilities Revenues. Revenues from these other off-street parking facilities are not pledged to the repayment of the 2009 Series A Bonds and any Additional Bonds that may be issued in the future.

Parking Facility Management and Financial Operations

Prior to November 2008, the City’s Office of Management and Finance (“OMF”) was responsible for financial and operational management of the City’s Smart Park parking garages. In November 2008, City Council assigned this responsibility to the City’s Bureau of Transportation (“PBOT”) along with continued responsibility for on-street parking policy and operations. PBOT will continue OMF’s practice to contract for day-to-day operation and marketing of Smart Park garages. The current contract is with Star Park, LLC. Additionally, PBOT will continue OMF’s approach to operations, approving Star Park’s expenditures, monitoring revenues, and authorizing repairs and maintenance of Smart Park garages. Star Park in turn contracts with other businesses to provide attendant staffing, security, cleaning, and marketing. Star Park manages, deposits, and accounts for the daily cash, check and credit card receipts from Smart Park garages. Star Park also gathers and analyzes garage usage data, monitors the performance of subcontractors, administers a Parking Validation program, and plans and conducts marketing activities intended to increase garage usage.

Short-term parking rates are approved by the City Council. Commercial space rents are negotiated at current market rates. Until November 2008, all other rates had been set by the OMF, Facilities Services Division. Effective November 2008, PBOT will assume the responsibility of rate-setting for these parking facilities. Parking garage rates are established to encourage short-term parking. The rates are structured to provide annual revenues sufficient to pay operating and maintenance expenses of the parking facilities, to pay debt service on Parking System revenue bonds and the subordinate 2009 Series A Bonds, and to fund capital improvements. (See “PRIOR OBLIGATIONS” below.)

THE PARKING METERS

Description of Parking Meter Districts

The City operates three meter districts, one in the central Southwest part of the city (including the downtown core), one in the Lloyd District in the central Northeast part of the City, and a small district on Marquam Hill. The downtown meter district was established over 50 years ago and currently contains approximately 8,128 metered spaces (including meters added in the River District area north of the City's downtown core) and generates approximately \$13,500,000 in annual income. The majority of meters carry a \$1.25-per-hour rate.

Parking meters in the Lloyd District were installed in September 1997 as part of the implementation of the Central City Transportation Management Plan. There are 1,168 metered spaces in operation in the Lloyd District and gross annual revenue is approximately \$450,000. The primary rate is \$0.75 per hour.

The Marquam Hill meter district in the southwest section of Portland was created to help the Oregon Health Sciences University manage the limited parking on Marquam Hill. It was created in August 2004. It has 134 spaces and generates \$160,000 annually. The meters carry a \$1.00-per-hour rate.

Parking Meter Management and Financial Operations

The City Council adopted a formal policy for parking meter districts in 1996. This policy addresses parking meter rates, fines and parking enforcement in existing meter districts, the formation of new parking meter districts, and the allocation of revenues derived from parking meter systems. Parking meter rate changes must be approved by the City Council.

Parking meter districts are managed to support the economic vitality of the district by encouraging parking turnover, improving circulation, encouraging use of off-street parking, maintaining air quality, and promoting the use of alternative modes by managing the supply and price of on-street commuter parking. In managing the on-street parking system priority is given to short-term parking, followed by carpools. Minimizing impacts on surrounding neighborhoods to protect neighborhood livability is a key objective of the City's on-street parking management policies.

The meter system is managed by PBOT. In both meter districts, City staff carries out meter maintenance, operations, and enforcement. Meter collection functions are carried out by a private contractor.

Parking meter revenues are accounted for in the Transportation Operating Fund. Parking meter revenues include meter receipts, parking permit fees, and citation fines. Parking meter revenues support transportation related activities, including installation, operation, and maintenance of the meters, and regulation, enforcement, control, engineering and construction in connection with vehicle and pedestrian traffic within the City.

OTHER OBLIGATIONS

The City currently has other obligations with claims on the revenues of the Parking Facilities Revenues or the Meter Revenues, which are described below.

The City issued its Parking System Revenue Refunding Bonds, 2001 Series A, for the purpose of refunding outstanding Parking System obligations. These bonds are secured by a pledge of the net revenues of the Parking Facilities and the Parking Meters which is superior to the pledge of these revenues to the 2009 Series A Bonds. As of April 1, 2009, a total of \$2,725,000 of these bonds was outstanding.

Parking Meter revenues are pledged to the repayment of a transportation line of credit, which currently has an outstanding balance of \$2,589,052. This line of credit expires in June 2009.

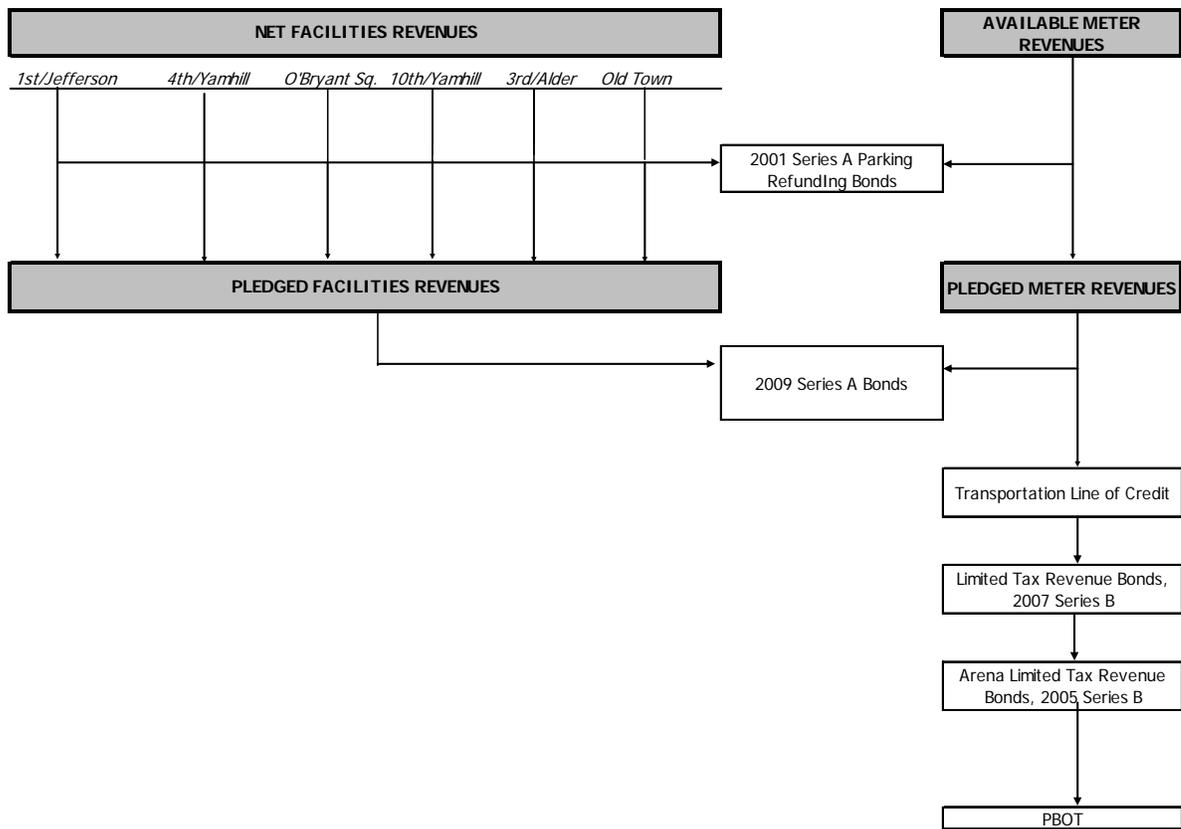
In August 2007, the City issued its Limited Tax Revenue Bonds, 2007 Series B (Transit Mall Revitalization Project) (the "2007 Series B Bonds"). In August 2004, the City Council authorized PBOT to increase on-street parking meter rates in order to provide sufficient revenues to pay the debt service on the 2007 Series B Bonds. While the City expects to use the net Parking Meter revenues to repay the 2007 Series B Bonds, these revenues are not pledged to the 2007 Series B Bonds. The 2007 Series B Bonds are outstanding in the amount of \$15,360,000 as of March 1, 2009, and have final maturity of June 1, 2017.

While Net Meter Revenues are not formally pledged to pay the City’s Arena Limited Tax Revenue Refunding Bonds, 2005 Series A (the “Arena Refunding Bonds”) the City has developed an internal contingency plan that commits parking meter revenues to pay about 55 percent of the Arena Refunding Bonds should Oregon Arena Project revenues be insufficient to service the debt. The City currently expects that Oregon Arena Project revenues will be sufficient to pay the Arena Refunding Bonds in the future.

FLOW OF FUNDS

The primary revenue source pledged to the repayment of the 2009 Series A Bonds is Pledged Facilities Revenues and Pledged Meter Revenues (after payment of operating costs and debt service on Prior Facilities Obligations and Prior Meter Obligations, which currently consist of the City’s Parking System Revenue Refunding Bonds, 2001 Series A). The following diagram illustrates the priority of the bonds for repayment.

**Figure 1
FLOW OF FUNDS FOR REPAYMENT OF
2009 SERIES A BONDS AND OTHER OBLIGATIONS**



Remaining debt service for Prior Facilities Obligations and Prior Meter Obligations is shown in the following table.

Table 5
CITY OF PORTLAND, OREGON
Remaining Debt Service on Prior Facilities/Meter Obligations

Fiscal Year Ending June 30th	Prior Facilities/ Meter Obligations
2010	\$981,375
2011	981,575
2012	505,375
2013	505,613
Total	\$2,973,938

Source: City of Portland.

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, §.15c2-12), the City will provide annually the updated historical financial information and operating data of the type presented in this section entitled “Annual Disclosure Information” to all NRMSIRs and SIDs, if any. See Appendix D, “Continuing Disclosure Certificate” herein.

FINANCIAL OPERATIONS

Basis of Accounting

The governmental fund types, expendable trust funds and agency funds are maintained on the modified accrual basis of accounting. The accounting practices of the City conforms to generally accepted accounting principles.

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.

KPMG LLP conducted audits of the financial statements of the City of Portland and related entities from FY 1995-96 through FY 2001-02. Moss Adams LLP performed auditing services for FY 2002-03 through FY 2007-08.

A complete copy of the City’s FY 2007-08 audit is available on the City’s web site at <http://www.portlandonline.com/omf/index.cfm?c=49561&a=228968>. The City’s web site is listed for reference only, and is not part of this Official Statement. See Appendix B, “EXCERPTS OF AUDITED FINANCIAL STATEMENTS,” herein.

Financial Reporting

The City has received the Government Finance Officers Association’s (“GFOA”) Certificate of Achievement for Excellence in Financial Reporting every year since 1982. According to 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 annual financial report whose content conforms to program requirements and satisfies both generally accepted accounting principles and applicable legal requirements.

Enterprise Business Solution Project

The City is currently in the process of implementing a citywide Enterprise Resource Plan (“ERP”) system to replace its existing 18-year-old financial system known as IBIS. Functionality of IBIS is limited and is at risk of losing maintenance support from the vendor as well as the loss of in-house expertise due to retiring City employees. When complete, the proposed Enterprise Business Solution (“EBS”) Project will provide a suite of fully integrated financial, purchasing and human resources modules that are expected to help eliminate many duplicative side systems within individual City bureaus.

This project was initiated by the City in 2003 with an assessment of the City’s needs and requirements, along with a review of the technology tools that could meet the City’s current and future business needs. Recommendations were presented to Council in July 2004 with direction from Council to proceed with the project.

In December 2007, the project Executive Steering Committee determined that work would not be done in time for the planned “go-live” date at the end of January 2008. The City decided that a different system integrator was needed to ensure project success. On May 7, 2008, the City Council approved a transition to SAP Public Consulting Services, Inc., a subsidiary of SAP America, Inc. The delay and extended timeframe has resulted in an expected \$17.2 million increase to the project cost for a new total budget of \$48.2 million.

The project is now scheduled to become operational in two phases. Phase One, including finance and purchasing, went live on November 26, 2008 as planned under the new schedule. The system is stable and business transactions are being successfully executed. Phase Two, including human capital management, is planned to go live June 18, 2009. Work remaining for Phase Two includes testing of the development and configuration and preparation of training and bureau readiness action plans. The existing IBIS system will continue to be operational until Phase Two is operational.

SAP is proven software used by over 42,000 organizations globally. The SAP consulting team has recent successful public sector experience. ERP projects are large and complex. All development and configuration will be fully tested prior to becoming operational. This is the City's first effort at implementing this type of system. Defects and errors may be identified after the EBS is operational. Business processes could be slowed or disrupted, especially during the critical period following "go-live." Extensive planning and training will occur to mitigate these risks. The City employs a quality assurance consultant to provide independent review and recommendations regarding project management and risk mitigation.

PARKING FACILITY AND PARKING METER HISTORICAL FINANCIAL RESULTS

Following a downturn in Gross Facilities Revenues between FY 2002-03 and the first half of FY 2003-04, parking revenues began to improve in the last half of FY 2003-04 with the recovery of the region's economy. From FY 2005-06 to FY 2006-07, Gross Facilities Revenues increased by 7.7 percent. In FY 2007-08, parking revenues have remained steady with several garages operating at capacity on weekdays.

The large increase in Gross Facilities Revenues experienced in FY 2005-06 was a result of a rate increase imposed in February 2006. FY 2006-07 was the first full year of charging the \$1.25 short-term rate at the SmartPark garages. The last short-term hourly rate increase occurred in February 1998, when rates increased from \$0.75 to \$0.95 per hour. In FY 2007-08, revenues for the 4th and Yamhill and 10th and Yamhill garages were somewhat lower relative to the prior fiscal year, which is believed to be a result of two major factors: 1) construction of the transit mall project on 5th & 6th Avenues and the use of adjacent streets for construction staging that covered over twenty blocks running north to south, and 2) other downtown construction projects.

Affecting the overall total revenue average over the past five years was a decrease in revenue from commercial space rents at the parking facilities, which represent approximately 10 percent of total Parking Facilities annual revenues. This drop in revenue was due to vacancies and uncollectible rental revenue from a major tenant with headquarters in another state that declared bankruptcy. The revenues from commercial rents continue to remain below their peak levels of about \$1.2 million in FY 2001-02, with a continuing vacancy rate of 15 percent. Until recently, the property manager had not been able to find new tenants to take their place. Buffalo Wild Wing recently opened at the 3rd & Alder Garage, and the only remaining vacant commercial space is at the 10th & Yamhill Garage. The City is exploring options to remedy this situation by redeveloping the garage.

Facilities Operating Expenses decreased by nearly \$200,000 from FY 2005-06 to FY 2006-07. The decrease in operating expenses were the result of several factors: 1) a sharing of administrative costs between the Spectator Facilities Fund and the Parking Facilities Fund; 2) lower repair/capital project costs at the 10th & Yamhill Garage due to the anticipated redevelopment project; and 3) the Portland Development Commission paying a share of costs in exchange for the Parking Fund providing management functions related to their parking garage. The increase in Facilities Operating Expenses in FY 2007-08 was due to several factors, including a higher level of maintenance performed on the garages, the City assuming operation of the Naito & Davis Heliport and performing repairs to bring that facility up to a maintenance standard required by the Federal Aeronautics Administration, and increased contractual costs with StarPark (the firm currently under contract with the City to provide day-to-day operation of the Parking Facilities) for management, attendant, janitorial, and security services.

Between FY 2003-04 and FY 2007-08, Gross Meter Revenues increased by an average annual rate of 12.3 percent. The growth in revenue is attributable to two primary factors. The most recent changes occurred in FY 2005-06, when the hourly rate increased from \$1.00 per hour to \$1.25 per hour, and the rate for long-term parking was discontinued. Also, the hours of operations for the downtown meter area was extended by an hour from 6 p.m. to 7 p.m. This accounts for approximately half of the increase. In FY 2002-03, PBOT began replacing single-space meters with multi-space smart-meters. The smart-meters provide better customer service, reduce collection costs incurred by the City and improve revenue recovery performance. The increase in revenue is used to finance the purchase of the smart-meters and to pay additional operating costs.

Meter Operating Expenses grew over the same period by an average annual rate of 5.4 percent. The additional operating expenses are due to the cost of the software used in the smart-meters and the paper used for printing the parking validation receipt and bank transaction fees for customers using their credit or debit cards to pay for parking.

Table 6 shows historical financial results for the Parking Facilities Revenues and the Parking Meter Revenues, debt service on the senior lien Parking System Revenue Bonds, and Pledged Parking Facilities and Pledged Meter Revenues remaining to pay debt service on the 1999 Series A Bonds. (For additional information on the Parking System Revenue Bonds, see Annual Disclosure Information filed for the City's Parking System Revenue Refunding Bonds, 2001 Series A.) Appendix A contains the consecutive Statement of Net Assets, Statement of Revenues, Expenses and Fund Net Assets, and Statement of Cash Flows for the City's Parking Facilities Fund.

For information on the Parking Facilities and the Parking Meter FY 2008-09 budget and financial plan, see "SUPPLEMENTAL INFORMATION ON THE GENERAL FUND, THE PARKING FACILITIES, AND THE PARKING METERS" herein.

Appendix B contains a Statement of Revenues and Expenditure and Balance Sheet that present financial information on the City's Parking Facilities Fund.

Table 6
CITY OF PORTLAND, OREGON
Historical Revenues, Expenses and Debt Service
(Parking Facilities and Meter Districts)

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Gross Facilities Revenues					
3 rd & Alder	\$2,280,063	\$2,370,055	\$2,578,515	\$2,912,729	\$3,054,060
10 th & Yamhill	2,213,580	2,396,057	2,644,905	2,721,977	2,630,450
Naito & Davis	805,250	820,619	1,004,197	1,012,307	1,053,082
O'Bryant Square	105,835	141,556	169,006	175,576	189,837
4 th & Yamhill	1,660,977	1,824,790	1,876,972	2,017,961	1,905,072
1 st & Jefferson	2,174,884	2,136,342	2,336,138	2,419,803	2,542,654
Interest Income	49,009	82,672	204,385	384,587	440,015
Total	\$9,289,598	\$9,772,091	\$10,814,118	\$11,644,940	\$11,815,170
Facilities Operating Expenses					
3 rd & Alder	\$997,758	\$1,039,830	\$1,178,130	\$1,154,450	\$1,172,474
10 th & Yamhill	940,804	897,636	1,255,502	1,048,038	1,036,002
Naito & Davis	495,379	531,915	768,027	619,946	1,186,045
O'Bryant Square	109,680	138,019	127,309	143,038	155,076
4 th & Yamhill	658,767	808,324	907,777	1,032,044	1,185,997
1 st & Jefferson	785,340	695,629	804,742	788,983	948,768
General Fund Overhead	103,057	77,865	93,288	135,915	137,297
Total	\$4,090,785	\$4,189,218	\$5,134,775	\$4,922,414	\$5,821,659
Net Facilities Revenues	\$5,198,813	\$5,582,873	\$5,679,343	\$6,722,526	\$5,993,511
Gross Meter Revenues					
Meter Collections	\$8,960,134	\$9,814,533	\$13,231,023	\$14,276,804	\$14,684,225
Citation Fines	2,667,592	2,781,658	3,326,982	3,772,552	3,813,102
Misc. Fees/Permit	1,325,556	1,288,940	1,265,492	1,999,934	2,411,907
Total	\$12,953,282	\$13,885,131	\$17,823,497	\$20,049,290	\$20,909,234
Meter Operating Expenses					
Parking Patrol Program	\$3,188,514	\$3,411,115	\$3,467,153	\$3,330,756	\$3,623,414
Parking Op./Mgt. Program	1,770,565	2,031,796	2,678,111	3,288,833	3,045,455
Meter Maintenance	485,318	463,008	498,761	417,257	458,026
Collection Contract (1)	161,159	128,238	176,219	0	0
Total	\$5,605,556	\$6,034,157	\$6,820,244	\$7,036,846	\$7,126,894
Available Meter Revenues	\$7,347,725	\$7,850,974	\$11,003,253	\$13,012,444	\$13,782,340
Total Net Revenues	\$12,546,538	\$13,433,847	\$16,682,596	\$19,734,970	\$19,775,851
Debt Service–Parking Revenue					
Refunding Bonds 2001 Series A	\$1,734,013	\$1,396,563	\$984,563	\$981,438	\$987,375
Pledged Facilities/Meter Revenues (2)	\$10,812,525	\$12,037,284	\$15,698,033	\$18,753,532	\$18,788,476

Notes:

- (1) This work is no longer contracted, and has been folded into Parking Operations and Management Program expenses.
- (2) The 1999 Series A Bonds, which are being refunded with the 2009 Series A Bonds, were secured in part by the Pledged Facilities Revenues and the Pledged Meter Revenues.

Source: City of Portland.

GENERAL FUND

Overview

The General Fund includes all activities of the City that are supported by property taxes and other non-dedicated revenues, including utility license fees, business license fees, transient lodging taxes, state shared revenues (from cigarette and liquor taxes), interest income, and miscellaneous revenues and beginning cash balances. General Fund resources are used to support such City services as police, fire and parks, as well as planning, community development and administrative support services.

No Material Liens

The City has not granted any material liens on amounts in the General Fund. The limited tax bonds of the City and the salaries and other expenses of the City that are paid from the General Fund all have an unsecured claim to amounts in the General Fund.

General Fund Revenues

Major categories of revenues that are accounted for in the General Fund are described below. Table 7, excerpted from the City's annual financial statements, presents a Schedule of Revenues and Expenditures on a budgetary basis.

Taxes. Taxes consist of two categories: property taxes and transient lodging taxes. Property taxes constitute the largest revenue source, representing nearly 40 percent of total General Fund revenues in FY 2007-08. Property taxes consist of current year and prior year property taxes collected from the City's \$4.557/\$1,000 permanent rate levy (\$175.2 million). See "PROPERTY TAX AND VALUATION INFORMATION – Section 11 – Permanent Tax Rate" herein.

The transient lodging tax is a tax on transient lodgers, which are daily or weekly renters at hotels, motels and other lodging establishments. Beginning April 1, 2000, the tax rate within Multnomah County is 11.5 percent. Of the 11.5 percent transient lodging tax collected within the City, 6.0 percent is allocated to the City, with 5.0 percent going to the City's General Fund and 1.0 percent going to Travel Portland (formerly the Portland Visitors Association). The remaining 5.5 percent is allocated to Multnomah County. Transient lodging taxes were 3.7 percent of General Fund revenues in FY 2007-08, or \$16.4 million.

Licenses and Permits. Licenses and permits represented \$132 million, or 30 percent of the General Fund revenues, in FY 2007-08. Within this category are business license fee revenues collected from firms doing business within the City. The City's business license fee is based upon net apportioned income, and must be paid in advance for each year of business. Utility license fees, which are paid by public utilities such as electric, natural gas, communications, and cable providers, doing business in Portland, are another major revenue source. Additionally, utility license fee revenues are derived from fees charged to their customers by the City's water and sewer utilities. Utility license fees have been capped by the City Council at FY 2004-05 levels until such time as a 5 percent tax rate produces revenues in excess of about \$17 million.

Intergovernmental Revenues. Intergovernmental revenues (6.0 percent of the FY 2007-08 General Fund revenues, or about \$26 million) consist largely of State-shared revenues (including taxes on cigarettes and liquor), and also include revenues from Multnomah County and other local governments for their shares of expenses of specific programs or activities that are administered by the City. The City (along with the State and Multnomah County) also receives a share of revenues from traffic court fines, classified as local shared revenues.

Charges for Services. Charges for services were \$19 million, or 4.4 percent of General Fund revenues in FY 2007-08. This category includes rents and reimbursements received for use of City-owned property such as City Hall, PGE Park and other facilities, and parks and recreation facilities fees.

Other Sources. The General Fund receives revenues from a variety of other sources. Approximately 8.7 percent of its revenues are received from City bureaus and agencies related to specific services that are paid from this fund. Additionally, all bureaus whose programs are supported by the General Fund pay a share of centralized service or overhead costs. In total, these overhead billings represented 4.5 percent of General Fund revenues in FY 2007-08. Other sources include investment earnings, payments in lieu of taxes, and General Fund intrafund revenue.

Table 7
CITY OF PORTLAND, OREGON
Statement of General Fund Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
REVENUES					
Taxes:					
Current and prior year property taxes	\$149,847,917	\$154,030,565	\$159,783,669	\$167,687,976	\$175,172,471
Lodging taxes	11,104,018	11,808,450	13,303,241	14,605,568	16,372,997
Total taxes	160,951,935	165,839,015	173,086,910	182,293,544	191,545,468
Licenses and permits:					
Business licenses, net	44,450,961	52,465,479	62,231,703	75,758,543	76,517,913
Public utility licenses	40,558,892	40,926,082	45,481,383	46,999,857	51,258,950
Other	2,820,201	3,113,045	3,221,317	3,946,893	4,192,796
Total licenses and permits	87,830,054	96,504,606	110,934,403	126,705,293	131,969,659
Intergovernmental					
State sources	9,892,180	9,802,738	11,495,893	11,986,454	11,861,607
County sources	5,087,119	2,176,527	4,500,699	3,906,601	2,839,361
Local sources	9,454,415	10,697,450	10,423,267	12,386,117	11,532,177
Total intergovernmental	24,433,714	22,676,715	26,419,859	28,279,172	26,233,145
Charges for services:					
Rents and reimbursements	2,068,636	2,096,536	2,380,112	3,217,317	3,759,621
Parks and recreation facilities fees	7,408,508	7,969,802	7,895,635	8,578,462	9,476,797
Other	3,972,228	3,826,894	4,625,719	5,061,122	6,038,568
Total charges for services	13,449,372	13,893,232	14,901,466	16,856,901	19,274,986
Billings to other funds for services	24,432,574	29,596,653	39,875,236	42,026,758	38,250,600
Billings to other funds for general and overhead charges	13,509,075	12,486,214	13,194,088	16,508,882	19,906,535
Other	11,855,087	14,156,094	8,932,465	11,356,416	11,986,794
TOTAL REVENUES	336,461,811	355,152,529	387,344,427	424,026,966	439,167,187

Table 7 (continued)
CITY OF PORTLAND, OREGON
Statement of General Fund Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

EXPENDITURES (1)	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08
Public Safety		207,572,314	217,668,186	231,211,310	239,109,736
Parks, Recreation and Culture		49,212,401	50,395,432	58,189,332	59,059,863
Community Development		36,217,348	30,623,102	43,396,132	49,146,026
Legislative/Admin. Support Services		55,468,203	65,138,233	68,990,433	69,340,049
Debt service and related costs		468,890	269,219	240,755	2,039,003
Capital outlay		2,989,727	3,701,346	4,383,485	5,078,171
TOTAL EXPENDITURES	325,993,727	351,928,883	367,795,518	406,411,447	423,772,848
Revenues Over / (Under) Expenditures	10,468,084	3,223,646	19,548,909	17,615,519	15,394,339
OTHER FINANCING SOURCES/(USES)					
Transfers from other funds	33,814,568	36,639,629	37,532,787	43,422,486	34,635,650
Transfers to other funds	(34,264,822)	(35,450,795)	(40,331,039)	(49,592,768)	(56,483,049)
Loans issued	-	5,565,000	1,824,000	-	-
Sale of capital asset	-	-	76,351	-	-
TOTAL OTHER FINANCING SOURCES / (USES)	(450,254)	6,753,834	(897,901)	(6,170,282)	(21,847,399)
Net Change in Fund Balance	10,017,830	9,977,480	18,651,008	11,445,237	(6,453,060)
Beginning Fund Balance, Budgetary Basis	19,387,276	29,405,106	51,561,836	70,212,844	81,658,081
Prior Period adjustment	-	12,179,250	-	-	-
Ending Fund Balance, Budgetary Basis	\$29,405,106	\$51,561,836	\$70,212,844	\$81,658,081	\$75,205,021
Adjustments to GAAP basis:					
General Reserve Fund budgeted as separate fund	\$39,184,722	\$42,202,105	\$49,249,291	\$49,721,922	\$55,220,383
Unrealized gain (loss) on investments - GASB 31	(78,057)	(238,042)	(200,461)	(95,760)	471,837
Section 108 Loan	(868,164)	-	-	-	-
Resources not available for spending:					
Petty cash	22,376	16,999	18,926	42,570	42,550
Inventories	370,167	399,674	-	-	-
Ending Fund Balance, GAAP basis	\$68,036,150	\$93,942,572	\$119,280,600	\$131,326,813	\$130,939,791

Notes:

- (1) Due to changes in reporting, expenditure categories for FY 2003-04 were not the same as those presented in this table, and the expenditure detail for these years has not been included. However, the total expenditures for these fiscal years have been presented for comparative purposes.

Source: City of Portland.

For information on the General Fund FY 2008-09 budget and financial plan, see "SUPPLEMENTAL INFORMATION ON THE GENERAL FUND, THE PARKING FACILITIES, AND THE PARKING METERS" herein.

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, the City created the Portland Utilities Review Board (the "PURB") in 1994. The PURB, an appointed body of nine interested citizens who provide independent and representative customer review of water, sewer, stormwater, and solid waste financial plans and rates, operates in an advisory capacity to Council.

A five-year General Fund financial forecast is provided to the City Council at the beginning of the budget process in December, which serves as the basis for determining resources available for budgeting. Major City bureaus generally prepare five-year financial plans and Capital Improvement Plans, which are required to be provided to the City Council about a month before budget requests are submitted.

Bureau budget requests are reviewed by Council members and community advisors who solicit further public comment and make recommendations to the Mayor. The Mayor then develops a Proposed Budget that addresses City Council priorities, public input, and balancing requirements. Following presentation of the Proposed Budget, one or more community hearings are 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.

For information regarding recent budget activity, see "SUPPLEMENTAL INFORMATION ON THE GENERAL FUND, THE PARKING FACILITIES AND PARKING METERS" below.

INSURANCE

The City is self-insured for workers' compensation, general liability claims, and certain employees' medical coverage in internal service funds. Under the Oregon Tort Claims Act (the "OCTA"), general and fleet liability claims are limited to \$100,000 per person, an additional \$100,000 per person under special circumstances and \$500,000 aggregate per occurrence. 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. 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 Division and independent actuarial studies. Liabilities are based on the 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 the present value of the liability. For FY 2008-09, the expected rate of return is 2.50 percent. The City's Bureau of Human Resources and the employee benefits consultant determine relevant employees' medical coverage estimates.

The City provides insurance coverage that has been deemed by independent actuaries and the City's Risk Management Division as adequate, appropriate, and actuarially sound. It meets all the City's anticipated settlements, obligations, and outstanding liabilities. Current levels of accrued claims and retained earnings are viewed as reasonable provisions for expected future losses. An excess liability insurance policy covers individual claims in excess of \$1,000,000 and an excess workers' compensation insurance policy covers claims in excess of \$750,000. Settlements have not exceeded coverages in the past three fiscal years.

The City is self-insured for workers' compensation, tort liability, and certain employees' medical coverage in internal service funds. The City provides workers' compensation coverage as prescribed by ORS 656. This program covers all City employees except sworn police and fire employees.

ORS 30.260 to 30.300, the OCTA, makes the City liable for the duty related, negligent acts of its elected officials, employees and legal agents. The OTCA limits the City's general and fleet liability. Currently, the OTCA caps are set at \$50,000 for property damage per claim, \$100,000 for general damages per claim, an additional \$100,000 per claim for special damages and \$500,000 per occurrence aggregate regardless of the number of claims. Claims under federal jurisdiction are not subject to these limitations.

The City estimates incurred losses for reported and unreported claims for workers' compensation, general and fleet liability, and employee medical coverage. Losses for workers' compensation and general and fleet liability are based on individual claim payouts and reserves for reported claims and through historical data for unreported claims. Estimates are determined by the City's Risk Management Division and independent actuarial studies. Liabilities are based on the projected ultimate cost of settling claims. Ultimate costs include the 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 the present value of the liability. For FY 2008-09, the expected rate of return is 2.50 percent. The City's Bureau of Human Resources and the employee benefits consultant determine relevant employees' medical coverage estimates.

City coverage for workers' compensation and tort liability that has been deemed as adequate, appropriate, and actuarially sound by independent actuaries and the City's Risk Management Division. Coverage meets all the City's anticipated settlements, obligations, and outstanding liabilities. Current levels of accrued claims and retained earnings are viewed as reasonable provisions for expected future losses. The City buys commercial insurance policies to cover individual tort claims in excess of \$1,000,000 and individual workers' compensation claims in excess of \$750,000. Settlements have not exceeded the self-insured retention in the past three fiscal years.

On December 28, 2007, the Oregon Supreme Court (the "OSC") upheld a 2006 Oregon Court of Appeals OTCA ruling. The OSC supported the constitutionality of the OTCA but found that, in some cases, the limits in the OTCA would not provide an "adequate remedy" for the harm done. In response to the OSC decision, the 2009 Oregon Legislature passed Senate Bill 311, which increases the liability limits for Oregon public bodies under the OTCA. Senate Bill 311 was signed by the Governor on April 15, 2009 and will be effective on July 1, 2009. Under the new law, Oregon local public bodies such as the City will be subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim

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 \$500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally 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, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Senate Bill 311. The adjustment may not exceed 3% for any year.

Property Damage or Destruction Claim

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, 2009 are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants. Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in Senate Bill 311. The adjustment may not exceed 3% for any year.

At the advice of the City's independent actuary and in anticipation of the Oregon legislature raising tort caps as it has done under Senate Bill 311, the City made adjustments to its insurance program. Beginning in FY 2007-08, the City increased its limits of coverage on the excess liability policy from \$10 million to \$30 million per claim above the \$1 million self-insurance retention. The confidence level for the self-insurance reserves in the Insurance & Claims Fund was increased from 60 percent to 70 percent for FY 2007-08, 75 percent for FY 2008-09 and 80 percent for FY 2009-10. An 80 percent confidence

level means that there is an 80 percent chance that the self-insurance reserves will be too high and a 20 percent chance that the reserves will be too low. Currently the City's independent actuary is conducting a special study. The study will assess the impact of the proposed new tort caps and the cost of increasing the City's self-insured retention above the current \$1,000,000. A report is expected in June of 2009.

PENSION PLANS

General

Substantially all City employees (other than most fire and police personnel), after six months of employment, are participants in three retirement pension benefit programs under the State of Oregon Public Employees Retirement System ("PERS" or the "System") – Tier 1, Tier 2, or the Oregon Public Service Retirement Plan ("OPSRP").

The Tier 1 and Tier 2 pension programs (the "T1/T2 Pension Programs") are defined benefit pension plans that provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Retirement benefits for T1/T2 Pension Program members are based on final average salary and length of service and are calculated under a full formula method, formula plus annuity method, or money match (defined contribution) method if a greater benefit results.

Public employees hired on or after August 29, 2003, become part of OPSRP, unless membership was previously established in the T1/T2 Pension Program. OPSRP is a hybrid (defined contribution/defined benefit) pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund the Individual Account Program ("IAP") under the separate defined contribution program. Beginning January 1, 2004, active members of the T1/T2 Pension Program became members of the IAP under OPSRP and their employee contributions were directed to the member's IAP account and will be part of a separate defined contribution program.

Oregon statutes require an actuarial valuation of the System by a competent actuary at least once every two years, and based on the actuarial review, every two years the Public Employees Retirement Board ("PERB") establishes the 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"). See "POST-EMPLOYMENT RETIREMENT BENEFITS" below. The rates are based upon the current and projected cost of benefits and the anticipated level of funding available from the Oregon Public Employee's Retirement Fund, including known and anticipated investment performance of the fund.

On September 26, 2008, Mercer Human Resource Consulting ("Mercer"), the PERS actuary, released the City's 2007 actuarial valuation report (the "2007 City Report"), which includes the City's share of the System's actuarial accrued liabilities and assets as of December 31, 2007 and provides the City's employer contribution rates recently set by the PERB that will be effective from July 1, 2009 through June 30, 2011.

Employer Asset Valuation and Liabilities

An employer's share of PERS's 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.

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. 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 allocated 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.

The table below is a summary of principal valuation results from the 2007 City Valuation and the City's actuarial valuation as of December 31, 2006 (the "2006 City Valuation"):

Table 8
CITY OF PORTLAND, OREGON
Valuation Results for 2006 and 2007

	2006	2007
Allocated Pooled T1/T2 UAL/ (surplus)	\$(186,128,313)	\$(221,774,371)
Allocated Pooled OPSRP UAL/ (surplus)	(1,203,728)	(2,425,248)
Net unfunded pension actuarial accrued liability/(surplus)	\$(187,332,041)	\$(224,199,619)

Source: City of Portland, Oregon Public Employees Retirement System, 12/31/06 Valuation Report prepared by Mercer Human Resource Consulting and City of Portland, Oregon Public Employees Retirement System, 12/31/07 Valuation Report prepared by Mercer Human Resource Consulting.

Significant actuarial assumptions and methods used in the valuations included: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8%, (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 21 years (fixed) for the T1/T2 Pension Programs and 16 years (fixed) for OPSRP.

The funded status of the System and the City, as reported by Mercer as of December 31, 2007 in the 2007 City Report, will change over time depending on the market performance of the securities that the Oregon Public Employees Retirement Fund (the "OPERF") is invested, 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. No assurance can be given that the unfunded actuarial liability of PERS and of the City will not materially increase. The OPERF, like many pension funds across the country, is reported to have experienced significant losses since the most recently released valuation reports as of December 31, 2007, including the 2007 City Report. Investment returns since June 30, 2008, have been particularly volatile, and between June 30, 2008, and January 31, 2009, the market value of assets in the OPERF decreased from approximately \$60.7 billion to approximately \$44.1 billion. The PERB recently set employer contribution rates for fiscal years 2009-2011, and the City can not predict whether such losses will effect its employer contribution rates after fiscal year 2011.

Employer Contribution Rates

The City's current employer contribution rates are based on the actuarial valuation report by Mercer based on December 31, 2005. These rates became effective on July 1, 2007 and are effective through June 30, 2009.

The 2007 City Valuation provides the City's employer contribution rates for fiscal years 2009-2011. The table below shows the City's current employer contribution rates and the 2009-2011 rates.

Table 9
CITY OF PORTLAND, OREGON
Current Employer Contribution Rates and Advisory Rates
(Percentage of Covered Payroll)

	Current Rates			Adopted Rates		
	2007-2009			2009-2011		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Total net pension contribution rate	6.29%	8.95%	12.22%	4.01%	4.85%	7.56%

Source: City of Portland, Oregon Public Employees Retirement System, 12/31/05 Valuation Report prepared by Mercer Human Resource Consulting and City of Portland, Oregon Public Employees Retirement System, 12/31/07 Valuation Report prepared by Mercer Human Resource Consulting.

Currently, one percent of covered payroll for the three pension benefit programs is approximately: \$1.9 million for T1/T2 Pension Programs; \$490,000 for OPSRP general services; and \$19,000 for OPSRP police and fire. The City's contribution rates may increase or decrease due to a variety of factors, including the investment performance of the PERS Fund, the use of

reserves, further changes to system valuation methodology and assumptions and the outcome of litigation relating to legislative change and PERB action.

T1/T2 Pension Program 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 any or all of 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 rates reported in Table 9 above do not include the six percent and nine percent employee contribution rates for contributions to the IAP paid by the City.

In addition to the City's employer rate, each City bureau is required to make a contribution to pay debt service on approximately \$300.8 million of Limited Tax Pension Obligation Revenue Bonds issued in FY 1999-2000 to fund the City's share of the unfunded actuarial liabilities of PERS as of December 31, 1997.

Fire and Police Disability and Retirement Fund

Most of the fire and police personnel are covered under the City's Fire and Police Disability and Retirement ("FPDR") Plan. The FPDR Plan is a single-employer, defined-benefit plan administered by the FPDR Board. The authority for the FPDR Plan's vesting and benefit provisions is contained in the Charter of the City. Fire and police personnel generally become eligible for membership in the FPDR Plan immediately upon employment. The FPDR Plan provides for service connected and occupational disability benefits at 75 percent of the member's base pay reduced by 50 percent of any wages earned in other employment. The FPDR Plan also provides for non-service connected disability benefits at reduced rates of base pay.

Effective July 1, 1990, the FPDR Plan was amended to provide for the payment of benefits upon termination of employment on or after attaining age fifty-five, or on or after attaining age fifty if the member has twenty-five or more years of service. Members become 100 percent vested after five years of service. 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 or become subject to the new FPDR Plan provisions after June 30, 1990.

On November 6, 2007, voters in the City of Portland passed a measure that changed the retirement plan for most new police officers and firefighters. In general, police and firefighters hired on or after January 1, 2007, receive retirement benefits through OPSRP rather than the existing FPDR Plan. The FPDR levy will pay 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 – General," above. This move is expected to increase property taxes for 35 years. Performance audits will be implemented to assess the implementation of the FPDR Plan reforms. The first such audit on the disability program has been performed, and a follow-up audit will be completed by July 2009.

The 2007 ballot measure passed by the voters also changed the medical coverage for retirees of the FPDR Fund. The change is effective for retirees after January 1, 2007. Under the ballot measure, the FPDR Fund will pay medical and hospital expenses associated with retired police and firefighters' approved job-related injuries. (See OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB") below.)

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) not exempt from such levy. In the event that funding for the FPDR Plan is less than the required payment of benefits to be made in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and other City funds second, to make up the difference. Repayment of advances, if any, would be made from the special property tax levy in the succeeding year. In the event that the special property tax levy is insufficient to pay benefits because benefits paid exceed the two and eight-tenth mills limit, other City funds would be required to make up the difference. The FY 2008-09 levy of \$111,152,436 requires a tax rate of \$2.6241 per \$1,000 of assessed property value, or approximately \$1.23 per \$1,000 of real market value.

In accordance with the Charter's provisions, there are no requirements to fund the Plan using actuarial techniques, and the Charter indicates that the City cannot pre-fund the FPDR Plan benefits. As required by the Charter, the FPDR Fund's Board of Trustees estimates the amount of money required to pay and discharge all requirements of the FPDR Fund, exclusive of any loans or advances, for the succeeding fiscal year and submits this estimate to the City Council. The Council is required by

Charter to annually levy a tax sufficient to provide amounts necessary to fund the estimated benefits for the upcoming year provided by the FPDR Fund's Board of Trustees. 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.

The FPDR Fund's Board periodically assesses the future availability of property tax revenues by having projections and simulations performed in connection with the Actuarial Valuation of the Fund. The most recent assessment was as of July 1, 2008. The Fund's Board believes 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 reaching the \$2.80 threshold has a five percent probability level starting in 2024.

As of June 30, 2008, the City's actuary estimated that the unfunded actuarial liability of the FPDR Fund was \$2.2 billion. Recognizing that the economic conditions have changed significantly over the past few years, the City reviewed the discount rate and assumptions utilized in the calculations of the actuarial valuation, actuarial accrued pension liabilities, and net pension obligation, and determined they should be revised to more closely match the funding and investment returns that actually are achieved under existing investment. The City continued to monitor the discount rate used to value the FPDR Fund liabilities throughout the fiscal year, and as a result, revised 2009's rate from 6.04 percent to 4.50 percent. The impact of this change in estimate increased the net pension obligation by \$466 million.

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB")

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

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 2007 City Valuation, the City's allocated share of the RHIA program's UAL is \$8,375,260.

According to the 2005 City Valuation, the City's current total contribution rate to fund RHIA benefits for T1/T2 employees is 0.37 percent and for OPSRP general services employees and police and fire employees is 0.26 percent. According to the 2007 City Valuation, the City's contribution rates for fiscal years 2009-2011 for RHIA benefits for T1/T2 employees is 0.29 percent and for OPSRP general services employees and police and fire employees is 0.19 percent.

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 City's actuary for its OPEB liability associated with the Health Insurance Continuation Option, AON Employee Benefits Consulting, has completed a final actuarial valuation for purposes of complying with the GASB 45 standards. The final valuation was prepared using the Entry Age Normal actuarial cost method by spreading future normal costs evenly over future service ("EAN-Service"). The final valuation was prepared using an amortization period of 30 years and an assumed discount rate of five percent. The City's actuarial accrued liability for OPEB is solely attributable to the Health Insurance Continuation Option and at the valuation date of July 1, 2007 (the date of the most recent actuarial valuation), is estimated to be \$98,027,683 million on an EAN-Service basis. Actuarial valuations for the Health Insurance Continuation Option are undertaken every two years.

For fiscal year 2007, the annual required contribution (“ARC”) of the employer to be recognized as the annual employer OPEB cost is estimated to be \$10,934,810 on an EAN-Service basis. For fiscal year ended June 30, 2008, the City benefits paid on behalf of retirees exceeded the premiums they paid by \$2,005,392. The City has elected to not pre-fund the fiscal year 2008 employer’s annual required contribution to the plan (ARC) of \$10,934,810. Net of the payments made in relation to the ARC, the amount unfunded in fiscal year 2008 is \$8,929,418. The City expects to use a pay-as-you-go approach to fund its actuarial accrued liability and ARC, but will monitor its OPEB liability and assess whether a different approach is needed in future years.

Other Post-Employment Benefits

The City’s FPDR Fund pays medical and hospital expenses for retired police officers and firefighters for approved service connected or occupational injuries or illnesses.

The City’s annual OPEB cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of 30 years. In the July 1, 2006 actuarial valuation (the date of the most recent actuarial valuation), the attained age normal actuarial cost method was used. The actuarial assumptions included a five percent investment rate of return and an annual healthcare cost trend rate of 4.5 to 11 percent for medical and prescription costs. The UAAL is being amortized over 30 years using the level dollar method. The unfunded actuarial accrued liability of the plan as of July 1, 2006 was \$28,864,710. Actuarial valuations for FPDR OPEB are undertaken every two years. The next report is scheduled to be issued in May 2009.

The disability payments for retired police officers and firefighters are paid through the City’s FPDR Fund, which operates on the pay-as-you-go basis. Benefits paid during the fiscal year totaled \$290,589.

OUTSTANDING LONG TERM DEBT

The City issues a variety of debt types for the purpose of carrying out its capital financing activities. These various debt types are shown in the table titled “Long Term Debt Statement.” Outstanding debt amounts are as of March 1, 2009.

Unlimited Tax General Obligation Bonds

Tax Supported General Obligation Bonds

The City has \$72.13 million of outstanding tax-supported general obligation bonds. These bonds were originally issued for the purpose of funding park and emergency facility system improvements. The City is authorized to levy an unlimited ad valorem tax to pay these bonds.

Self-Supporting General Obligation Water Bonds

The City has \$3.135 million of outstanding self-supporting general obligation water bonds. While the City has the authority to levy an unlimited ad valorem tax to pay these bonds, the City has chosen to pay these bonds entirely from revenues of the water system.

Bonds Paid and/or Secured by the General Fund

The following obligations are secured by the full faith and credit of the City. The City is obligated to pay these obligations from any taxes or other revenues available to the City that may legally be applied to pay them. The City is not authorized to levy additional taxes to pay these obligations.

Non Self-Supporting General Fund Obligations

Limited Tax Revenue Bonds. The City has \$83.0 million of outstanding limited tax revenue bonds. These bonds are paid primarily from General Fund resources. The City has issued limited tax revenue bonds to satisfy a variety of capital financing requirements.

Limited Tax Pension Obligation Revenue Bonds. The City issued \$300.8 million of Limited Tax Pension Obligation Revenue Bonds in November 1999 to finance the City's December 31, 1997, unfunded actuarial accrued pension liability with the State of Oregon Public Employees Retirement System. The bonds are secured by Available General Funds, defined as revenues which are legally available to pay the bonds and not prohibited for such use under the charter and ordinances of the City and Oregon laws, and includes all taxes and other legally available general funds of the City. Approximately forty percent of the debt service on these bonds is expected to be paid from resources of the General Fund. The remaining sixty percent is expected to be paid by non-General Fund bureaus of the City. (See "Self-Supporting General Fund Obligations" below.) Approximately \$109 million of outstanding principal remains on the portion of the bonds projected to be repaid with General Fund resources.

Limited Tax Housing Revenue Bonds. The City has outstanding a total of \$20.635 million of Limited Tax Housing Revenue Bonds. This amount includes \$11.565 million issued for the Headwaters Apartment Project and \$9.070 million issued for the Housing Opportunity Program.

Contingent Loan Agreements. The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on six conduit housing revenue bond issues. The original par amount of these issues is \$36.215 million, of which \$33.015 million remains outstanding.

Self-Supporting General Fund Obligations

Limited Tax Pension Obligation Revenue Bonds. Of the total outstanding Limited Tax Pension Obligation Revenue Bonds described above, approximately \$184.55 million is expected to be fully self-supporting and paid from non-General Fund bureaus of the City.

Limited Tax Revenue Bonds (Visitor Development Initiative). The City has issued bonds pursuant to an intergovernmental agreement known as the Visitor Development Initiative for various projects. While ultimately secured by the General Fund, these bonds are expected to be repaid in whole or in part with revenues generated from surcharges on the transient lodging tax and the motor vehicle rental tax. The City has \$95.05 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project, \$28.53 million of outstanding bonds for the Civic Stadium Project, and \$1.57 million of outstanding bonds for the Portland Center for Performing Arts ("PCPA") Project.

Limited Tax Revenue Bonds (Central City Streetcar Project). The City has \$22.97 million of outstanding limited tax revenue bonds for the Central City Streetcar Project. These bonds are ultimately secured by the City's General Fund, but the City expects to pay the debt service on these bonds with revenues from the City's parking facilities and meters.

Limited Tax Revenue Bonds (Transit Mall Project). In August 2007, the City issued limited tax revenue bonds to provide a share of the local funding necessary for a light rail extension along the downtown transit mall between Union Station and Portland State University. These bonds are ultimately secured by the City's General Fund, but the City expects to pay the debt service with revenues from the its parking meter revenues. The City has \$15.36 million of these bonds outstanding.

Limited Tax Improvement Bonds. The City has \$48.19 million of outstanding limited tax improvement bonds. These bonds are issued for the purpose of financing local improvement projects. These bonds are expected to be fully self-supporting from assessment payments received from property owners benefiting from the improvement projects. In addition, the City has pledged its full faith and credit to pay the bonds, and the bonds are payable from all legally available revenues, taxes and other funds of the City.

Arena Limited Tax Revenue Bonds. On February 17, 2005, the City sold the Arena Limited Tax Revenue Refunding Bonds, 2005 Series A and B to refund the Arena Limited Tax Revenue Bonds, 1996 Series A and B, the Arena Limited Tax Bonds, Series 1996 and the Arena Gas Tax Revenue Bonds, 1996 Series A. The City currently has \$23.085 million of these bonds outstanding. These limited tax revenue bonds are ultimately secured by the City's General Fund. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.

Other Obligations. The City has about \$2.36 million in other obligations outstanding. This includes a loan being repaid by the North Macadam Investors, LLC and a State loan being repaid by the Bureau of Environmental Services.

Revenue Bonds

The City issues revenue bonds to satisfy a variety of capital financing requirements backed solely by the fees derived from the provision of certain services. Included among the purposes for which these types of revenue bonds have been issued are sewer system facilities, water system facilities, parking system facilities, golf facilities, environmental remediation activities, road improvements and hydroelectric generation facilities. In these cases, fees and charges are collected for the individual services provided, generally on the basis of usage. The types and amounts of outstanding revenue bonds are shown in a subsequent table.

Urban Renewal Bonds

A total of \$351.6 million of Urban Renewal and Redevelopment Bonds are outstanding for six urban renewal areas. All of these obligations are paid from tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds.

Table 10
CITY OF PORTLAND, OREGON
Long-Term Debt Statement (1)
As of March 1, 2009

Type of Obligation	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS	
A. Tax Supported	
General Obligation Parks Refunding Bonds	\$28,740,000
General Obligation Emergency Facilities Bonds	43,390,000
Total Tax Supported G.O. Bonds	72,130,000
B. Self-Supporting	
General Obligation Water Bonds	3,135,000
Total Self-Supporting G.O. Bonds	3,135,000
II. BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
A. Non-Self-Supporting	
Limited Tax Revenue Bonds	83,040,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	108,969,662
Limited Tax Housing Revenue Bonds	20,635,000
Total Bonds Secured and Paid from the General Fund (1)	212,644,662
B. Self-Supporting	
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	184,553,684
Limited Tax Revenue Bonds (Streetcar) (2)	22,970,000
Limited Tax Revenue Bonds (Visitor Dev. Initiative)	125,148,888
Limited Tax Revenue Bonds (S. Waterfront)	2,361,614
Limited Tax Revenue Bonds (Arena)	23,085,000
Limited Tax Revenue Bonds (Transit Mall)	15,360,000
Limited Tax Improvement Bonds	48,190,000
State Loans (Brookside)	397,663
Total Self-Supporting Bonds Secured by the General Fund	422,066,849
III. REVENUE BONDS	
Sewer Revenue Bonds	1,391,960,000
Sewer SRF Loans	20,137,861
Water Revenue Bonds	267,045,000
Parking Revenue Bonds	3,565,000
Golf Revenue Bonds	2,854,000
Hydroelectric Revenue Bonds	16,870,000
Urban Renewal Bonds	351,605,000
Gas Tax Revenue Bonds	5,415,000
Total Revenue Bonds	2,059,451,861
TOTAL - ALL OUTSTANDING LONG-TERM DEBT	\$2,769,428,372

Notes:

- (1) Excludes lines of credit, tax anticipation notes and contingent loan agreements.
- (2) These are the 1999 Series A Bonds, which will be refunded with the 2009 Series A Bonds.

Source: City of Portland.

CITY GENERAL OBLIGATION DEBT

Tables 11-13 below set forth the City's general obligation capital debt ratios, the overlapping debt among various taxing districts in the City, and outstanding direct general obligation debt of the City incurred for capital purposes.

Table 11
CITY OF PORTLAND, OREGON
Debt Ratios
As of March 1, 2009

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
July 1, 2008 Population	575,930			
2008-09 Market Value (Measure 5) (1)	\$90,943,842,539	\$157,908		
2008-09 Assessed Value (2)	\$46,364,215,708	\$80,503	50.98%	
Gross Bonded Debt (3)	\$921,592,800	\$1,600	1.01%	1.99%
Net Direct Debt (4)	\$72,130,000	\$125	0.08%	0.16%
Net Overlapping Debt (as of 6/30/2008) (5)	\$312,920,601	\$543	0.34%	0.67%
<u>Net Direct and Overlapping Debt</u>	<u>\$385,050,601</u>	<u>\$669</u>	<u>0.42%</u>	<u>0.83%</u>
FY 2008-09 General Fund Debt Service as a Percent of FY 2008-09 General Fund Budget (6)	2.6%			

Notes:

- (1) Market Value reported in this table encompasses City of Portland values within Multnomah, Washington, and Clackamas Counties, including estimated urban renewal incremental real market values. Market Value reported in this table and in Table 15 are "Measure 5 Values," which represent 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 2008-09, the Measure 5 Market Value in Multnomah County represented about 84 percent of full real market value. For information regarding historical Market Value, see table titled "Historical Trends in Assessed and Market Values" herein.
- (2) Includes urban renewal incremental assessed value. For information regarding historical assessed values, see table titled "Historical Trends in Assessed and Market Values" herein.
- (3) Includes City's outstanding general obligation bonds, limited tax improvement bonds, and limited tax revenue bonds. Also includes general fund-supported lines of credit and tax anticipation notes.
- (4) Includes only general obligation bonds paid from a separate, unlimited ad valorem tax. Does not include self-supporting general obligation bonds or bonds paid and/or secured by the City's General Fund.
- (5) See Table 12 below for information on overlapping debt.
- (6) Debt service amount includes all non-self supporting bonds paid and/or secured by the General Fund, but excludes General Fund share of pension obligation bonds.

Sources: Portland State University Population Research Center; Multnomah County Department of Assessment and Taxation; Municipal Debt Advisory Commission, Oregon State Treasury; City of Portland.

Table 12
CITY OF PORTLAND, OREGON
Overlapping Debt
As of June 30, 2008

<u>Overlapping District</u>	2007-08 Real Market Value	Percent Overlap	Overlapping Debt	
			Gross Property-tax Backed Debt (1)	Net Property-tax Backed Debt (2)
David Douglas School District 40	\$207,515,773,322	40.6256%	\$113,795,016	\$83,537,069
Multnomah County	4,916,269,462	100.0000%	77,925,000	77,925,000
Portland Community College	100,325,316,136	83.6771%	243,360,754	49,741,852
Centennial School District 28J	163,395,899,788	43.8881%	105,434,577	19,488,511
Tri-Met	3,376,564,671	52.7509%	19,531,734	19,214,349
Portland Public School District 1J	206,303,713,216	40.8642%	18,141,662	18,141,662
Reynolds School District 7	73,407,503,190	97.3763%	477,556,261	14,694,084
Parkrose School District 3	7,204,784,271	22.5940%	33,654,709	12,304,692
Mt. Hood Community College	4,243,797,642	97.8977%	10,705,113	10,705,113
North Clackamas School District 12	31,966,419,962	39.1028%	23,474,874	2,207,353
Beaverton School District 48J	15,587,217,201	0.5982%	2,448,904	1,809,412
East Multnomah Soil & Water Conservation	34,090,338,726	0.2938%	1,646,088	1,108,037
Riverdale School District 51J	70,030,814,386	80.4938%	1,086,666	1,086,666
Tigard-Tualatin School District 23J	859,140,791	4.3869%	502,522	436,718
Clackamas County	13,302,027,051	0.1014%	146,947	140,814
Washington County	57,192,695,090	0.2594%	200,296	126,522
Clackamas County Community College	70,931,234,586	0.2924%	349,345	107,545
Scappoose School District 1J	41,295,048,861	0.2258%	211,631	90,783
Lake Oswego School District 7J	1,889,880,820	5.0667%	30,907	30,907
Tualatin Hills Park & Rec. District	10,406,873,745	0.0262%	31,890	20,195
Northwest Regional ESD	28,697,364,315	0.0220%	3,393	3,317
Port of Portland	91,855,078,846	0.2280%	17,841	0
Multnomah County Drainage District No. 1	228,449,245,812	36.9032%	26,974,780	0
Multnomah ESD	106,967,095	100.0000%	5,580,000	0
Clackamas County ESD	102,079,962,763	82.2875%	30,631,522	0
David Douglas School District 40	54,635,149,794	0.1757%	48,054	0
Totals			\$1,193,490,486	\$312,920,601

Notes:

(1) Gross Property-tax Backed Debt includes all unlimited-tax General Obligation bonds and Bonds Paid and/or secured by the General Fund.

(2) Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax General Obligation debt and less Self-supporting General Fund Obligations.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

Table 13
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations

Fiscal Year Ending June 30	PAID FROM GENERAL FUND			SELF-SUPPORTING BONDS SECURED BY GENERAL FUND				
	Limited Tax Revenue Bonds	Limited Tax Pension Obligation Revenue Bonds (1)	Total Non-Self Supporting Bonds/ Gen. Fund	Limited Tax Improve. Bonds (2)	Arena Limited Tax Revenue Bonds (3)	Limited Tax Pension Obligation Revenue Bonds (4)	Other Limited Tax Revenue Bonds (5)	Total Self Supporting Bonds/ Gen. Fund
2009	\$14,043,272	\$8,495,385	\$22,538,657	\$4,519,220	\$2,823,250	\$14,387,992	\$13,487,283	\$35,217,745
2010	13,667,178	8,838,245	22,505,423	4,426,420	2,921,908	14,968,669	13,578,424	35,895,420
2011	13,702,408	9,186,414	22,888,822	4,333,820	3,262,953	15,558,336	13,612,010	36,767,119
2012	12,860,584	9,558,733	22,419,318	4,221,420	3,368,925	16,188,905	13,806,010	37,585,260
2013	12,224,265	9,943,772	22,168,037	1,969,620	3,484,500	16,841,016	14,137,885	36,433,021
2014	11,140,026	10,338,770	21,478,796	1,969,620	3,601,500	17,509,993	14,389,528	37,470,641
2015	11,148,899	10,750,246	21,899,145	1,969,620	3,720,750	18,206,880	14,642,283	38,539,532
2016	8,530,610	11,184,169	19,714,779	1,969,620	3,846,500	18,941,782	15,042,020	39,799,922
2017	5,337,630	11,627,391	16,965,021	11,809,620	1,947,750	19,692,434	17,224,000	50,673,805
2018	5,322,073	12,095,163	17,417,235	1,477,620		20,484,663	13,496,500	35,458,783
2019	2,913,075	12,573,783	15,486,858	2,617,620		21,295,267	13,819,500	37,732,387
2020	2,909,645	13,081,663	15,991,308	1,422,045		22,155,425	14,164,775	37,742,245
2021	2,436,671	13,604,648	16,041,320	1,422,045		23,041,165	14,513,338	38,976,548
2022	2,437,091	14,150,222	16,587,313	1,422,045		23,965,162	14,462,488	39,849,694
2023	2,428,695	14,716,231	17,144,926	11,492,045		24,923,769	14,207,363	50,623,176
2024	2,431,655	15,304,658	17,736,313	984,000		25,920,342	11,826,963	38,731,305
2025	2,430,795	15,917,215	18,348,010	984,000		26,957,785	9,891,213	37,832,997
2026	1,669,964	16,553,904	18,223,868	984,000		28,036,096	9,896,063	38,916,159
2027	1,671,770	17,214,723	18,886,493	20,664,000		29,155,277	9,891,438	59,710,714
2028	1,670,605	17,905,243	19,575,848			30,324,757	9,896,825	40,221,582
2029	775,795	18,619,893	19,395,688			31,535,107	9,990,688	41,525,794
2030	778,225		778,225				9,997,388	9,997,388
2031	774,170		774,170					
2032	773,865		773,865					
2033	767,075		767,075					
2034	769,035		769,035					
2035	724,260		724,260					
Total	\$136,339,335	\$271,660,474	\$407,999,809	\$80,658,400	\$28,978,035	\$460,090,822	\$285,973,979	\$855,701,236

Notes:

- (1) Reflects General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. Amounts shown include projected debt service on the variable rate 1999 Series D & E Bonds and are subject to change.
- (2) Actual debt service may differ substantially from schedule above due to optional and mandatory redemption provisions.
- (3) Bonds are expected to be paid from Arena Project revenues.
- (4) Reflects non-General Fund portion of the Limited Tax Pension Obligation Revenue Bonds, 1999 Series C, D & E. A portion of the debt service on the bonds is expected to be paid from capitalized interest. Amounts shown include projected debt service on the variable rate 1999 Series D & E Bonds (auction rate securities) and are subject to change.
- (5) Includes estimated debt service on the 2009 Series A Bonds, Convention Center Expansion Project, Portland Mall Revitalization Project, and improvements to the Portland Center for the Performing Arts ("PCPA") and Civic Stadium. The 2009 Series A Bonds are expected to be paid from parking facility and meter revenues. Bonds issued for Convention Center expansion, PCPA, and Civic Stadium will be repaid in whole or in part from transient lodging tax and vehicle rental tax surcharges imposed by Multnomah County. Bonds issued for Portland Mall Revitalization Project expected to be repaid with meter revenues. Also includes bonds for South Waterfront projects.

Source: City of Portland.

SHORT-TERM AND OTHER INDEBTEDNESS

Cash Flow Borrowings

The City may borrow for General Fund operating purposes through the issuance of short-term tax anticipation notes (“TANs”). State law limits the amount of TANs that a political subdivision may sell annually to no more than 80 percent of the amount of the annual tax levy, and all TANs must be retired within thirteen months after they were issued. In order to fund cash flow deficits in the FPDR Fund caused by the timing mismatch between when benefit payments are required to be made and when property tax collections are received, the City will issue TANs. On July 24, 2008, the City issued \$29,075,000 of TANs to fund cash flow deficits in the FPDR Fund. These notes mature on June 25, 2009.

Short-Term Borrowings

The City has issued short-term notes and lines of credit for a variety of purposes including interim construction financing of local improvement districts and interim financing for urban renewal district projects, housing, transportation, and other capital projects. The notes are paid primarily from proceeds of bond sold at completion of the construction projects. The City had approximately \$187.7 million of these short-term obligations outstanding on March 1, 2009.

Conduit Financings

The City issues revenue bonds for certain private activities under specific statutory authority. This debt is payable solely from private sources and is not an obligation of the City. These bonds are not reported in this document.

Concurrent Debt Issues

The City of Portland is currently underway or planning for the issuance of additional debt over the next six months. The following table identifies issues that are presently under consideration, and includes the estimated issuance amounts, planned issue dates, and the expected type of issue. The City may also obtain lines of credit for various facilities and equipment in amounts to be determined. These plans are subject to change.

Table 14
CITY OF PORTLAND, OREGON
Future Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Refund outstanding GO Emergency Facilities Bonds, 1999 Series A	\$15 million	June 2009	Unlimited Tax General Obligation Bonds
Cash flow borrowing	\$36 million	July 2009	Tax Anticipation Notes (FPD&R)

Source: City of Portland.

TRENDS IN PROPERTY VALUATION, TAX RATES, TAX COLLECTIONS, AND MAJOR TAXPAYERS

Tables 15-19 below present trends in property valuation, consolidated tax rates, tax collections, and major taxpayers.

Table 15
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Market Values
(000s)

Assessed Value					
Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Assessed Value	Percent Change
1997-98 (1)	\$26,413,250	\$111,212	\$1,764,211	\$28,288,673	(14.80%)
1998-99	27,900,438	128,750	1,988,740	30,017,928	6.11%
1999-00	29,221,639	133,939	2,144,205	31,499,783	4.94%
2000-01	30,536,310	142,710	2,744,898	33,423,918	6.11%
2001-02	31,724,086	152,421	3,258,040	35,134,547	5.12%
2002-03	32,412,271	158,690	3,557,116	36,128,077	2.83%
2003-04	33,166,845	160,207	3,981,438	37,136,519	2.79%
2004-05	34,214,710	179,226	4,093,296	38,487,232	3.64%
2005-06	35,285,419	186,755	4,484,614	39,956,788	3.82%
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%

Market Value (Measure 5) (2)					
Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Market Value	Percent Change
1997-98 (1)	\$34,374,190	\$147,783	\$2,231,355	\$36,753,328	10.65%
1998-99	36,598,114	165,782	2,522,729	39,286,625	6.89%
1999-00	39,618,917	174,744	3,152,069	42,945,730	9.31%
2000-01	41,884,242	188,959	4,250,563	46,323,764	7.87%
2001-02	44,732,501	201,208	5,422,196	50,355,905	8.70%
2002-03	46,445,323	207,172	6,010,206	52,662,701	4.58%
2003-04	48,768,015	226,555	6,497,813	55,492,383	5.37%
2004-05	51,540,278	250,013	7,059,947	58,850,238	6.05%
2005-06	56,879,601	275,930	8,153,649	65,309,180	10.98%
2006-07	62,788,119	336,963	9,778,605	72,903,688	11.63%
2007-08	71,230,759	355,558	12,704,662	84,290,979	15.62%
2008-09	76,427,023	355,981	14,160,838	90,943,842	7.89%

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. See "PROPERTY TAX AND VALUATION INFORMATION – Section 11B."
- (2) Allocation of Market Value to categories "Inside Multnomah County" and "Urban Renewal Incremental Value" is estimated by the City. For explanation of Measure 5 Market Value, see footnote 1 of table entitled "Debt Ratios."

Sources: Multnomah County Department of Assessment and Taxation; City of Portland.

Table 16
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2008-09
Levy Code 201 (1)

<u>Taxing District</u>	Permanent Tax Rate <u>Per \$1000 A.V.</u>	Local Option And Other Tax Rates (2) <u>Per \$1000 A.V.</u>	General Obligation Debt Tax Rate <u>Per \$1000 A.V.</u>	Total Tax Rate <u>Per \$1000 A.V.</u>
CITY OF PORTLAND	\$4.5770	2.6241	\$0.1913	\$7.3924
Portland Urban Renewal	0.0000	0.3235	0.0000	0.3235
Port of Portland	0.0701	0.0000	0.0000	0.0701
Metro	0.0966	0.0000	0.3018	0.3984
Multnomah County	4.3434	0.8900	0.1602	5.3936
Tri-County Metropolitan Trans. Dist.	0.0000	0.0000	0.0803	0.0803
E. Multnomah Soil & Conservation	0.0877	0.0000	0.0000	0.0877
Subtotal - General Government	\$9.1748	\$3.8376	\$0.7336	\$13.7460
Portland School District	\$5.2781	\$1.2500	\$0.0000	\$6.5281
Portland Community College	0.2828	0.0000	0.2203	0.5031
Multnomah Co. Education Svc. Dist.	0.4576	0.0000	0.0000	0.4576
Subtotal - Schools	\$6.0185	\$1.2500	\$0.2203	\$7.4888
Totals	\$15.1933	\$5.0876	\$0.9539	\$21.2348

Notes:

- (1) Levy Code 201 is the largest levy code area that includes the City, containing approximately 39 percent of the total assessed value of the City. Rates are before allocation to urban renewal division of taxes. Information regarding Levy Code 201 is provided in this table as a representative example of consolidated tax rates within the City.
- (2) Includes the City Fire and Police Disability and Retirement pension levy, urban renewal special levies, the Multnomah County local option library levy and the Portland Public Schools local option levy.

Source: Multnomah County Department of Assessment and Taxation.

Table 17
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 1/31/09 (3) (4)
1999-00	237,785	96.56%	99.99%
2000-01	257,865	96.35%	99.99%
2001-02	267,740	96.46%	99.98%
2002-03	283,978	96.57%	99.98%
2003-04	324,709	96.92%	99.96%
2004-05	332,887	97.11%	99.95%
2005-06	346,053	97.20%	99.68%
2006-07	363,073	97.29%	99.36%
2007-08	394,491	97.07%	98.48%
2008-09	397,822	87.66% (4)	87.66%

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. For a discussion on Measure 5 compression, see "PROPERTY TAX AND VALUATION INFORMATION – Section 11B" herein.
- (3) Collections reflect adjustments for cancellation of taxes, allowed discounts, and taxes added to tax roll due to omissions and corrections. Discounts currently represent the largest adjustment to the tax levy; discounts associated with the 2008-09 tax levy represented about 2.4% of that year's levy.
- (4) Partial year collections.

Sources: Multnomah County Department of Assessment and Taxation and City of Portland.

Table 18
CITY OF PORTLAND, OREGON
Assessed and Market Value of City Values in Multnomah County
by Property Type (FY 2008-09)

Property Type	Assessed Value	Percent of Total	Market Value (Measure 5)	AV/RMV Ratio
Real Property				
Residential	\$27,904,338,880	60.4%	\$57,719,646,392	48.3%
Commercial	7,318,917,830	15.9%	16,827,288,020	43.5%
Industrial	4,176,379,890	9.0%	6,678,147,860	62.5%
Multiple Family Housing	2,118,921,970	4.6%	3,992,329,080	53.1%
Other	62,665,750	0.1%	116,836,770	53.6%
Subtotal	41,581,224,320	90.1%	85,334,248,122	
Personal Property	2,199,168,325	4.8%	2,202,135,035	99.9%
Manufactured Property	80,460,140	0.2%	111,689,580	72.0%
Utilities	2,300,324,700	5.0%	2,354,390,067	97.7%
Total	\$46,161,177,485	100.0%	\$90,002,462,804	

Source: Multnomah County Department of Assessment and Taxation.

Table 19
CITY OF PORTLAND, OREGON
Principal Property Taxpayer Accounts

Taxpayer Account	Type of Business	FY 2008-09 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		\$ 46,364,215,708	100.00%
Qwest Corporation	Communications	\$274,428,060	0.59%
Portland General Electric	Energy	254,235,470	0.55%
Pacificorp (PP&L)	Energy	244,454,000	0.53%
Weston Investment Co. LLC	Real estate (office)	208,514,430	0.45%
Oregon Steel Mills Inc	Steel plate manufacturing	179,313,900	0.39%
LC Portland LLC	Real estate (retail)	153,027,950	0.33%
Northwest Natural Gas Co.	Energy	137,242,080	0.30%
AT&T	Communications	127,686,700	0.28%
Verizon Communications	Communications	123,480,400	0.27%
555 SW Oak LLC	Real estate (commercial)	119,142,300	0.26%
Total		\$1,821,525,290	3.93%

Source: Multnomah County Department of Assessment and Taxation.

(End of Annual Disclosure Information)

SUPPLEMENTAL INFORMATION ON THE GENERAL FUND, THE PARKING FACILITIES AND THE PARKING METERS

GENERAL FUND REVISED BUDGET AND FORECAST

As with other states and municipalities throughout the country, the economic downturn is having an impact on City revenues. While most City revenues are presently holding steady, it appears that business license fees, which are the most cyclical of City revenues, are declining rapidly, and in a worst case scenario could drop as much as \$18.7 million, or about 25 percent, through the remainder of FY 2008-09 and FY 2009-10. The City also expects to see a decline in transient lodging fees over the coming months. Although property taxes in Oregon should not significantly decline due to differences between assessed and real market values which are a result of Measure 50, the City could begin to see a decline in property tax growth due to foreclosures and delinquent payments as well as increased Measure 5 compression. (See "PROPERTY TAX AND VALUATION INFORMATION – SECTION 11.")

In the fall of 2008, the City Council set aside \$9.6 million in a rainy day fund in anticipation of declining business license tax revenues. This amount, along with an additional \$1.9 million in unanticipated pension obligation bond savings, is expected to help mitigate revenue losses.

Current Budget Adjustments

In January 2009, City bureaus were asked to develop mid-year budget reduction packages for Council consideration to prevent further deterioration of the General Fund from the deepening recession. All bureaus receiving General Fund support submitted FY 2008-09 reduction packages for Council consideration. On March 4, 2009, the City Council approved an ordinance which reduced General Fund expenditures and resources by \$5,883,596. This amount includes mid-year program-related reductions from General Fund bureaus of \$4,108,986 (1.30 percent). The Council also reallocated \$3,043,382 from contingency that was earmarked for police vacancies, public safety regional training center land acquisition, and City Hall reconfiguration, and will use it to bridge any revenue shortfall in the current fiscal year.

2009-2010 Budget

Revenue forecasts prepared for the FY 2009-10 budget process show a continued decline in business license revenues, which are projected to reach a low of about \$56.2 million. While property taxes are expected to increase, the City projects slower growth due to a forecasted \$2.2 million loss of revenues resulting from higher Measure 5 compression and delinquencies. In preparation for the FY 2009-10 budget, City bureaus have been asked to cut up to 5 percent of their FY 2008-09 budgets. Other actions being considered include new fees for City services, cost-of-living freezes, and employee furloughs. The City's Office of Management and Finance believes reductions of approximately \$8.8 million (2.6 percent) are needed to stabilize the General Fund. The Mayor is expected to release his proposed budget in late April.

Table 20 shows budgeted General Fund "discretionary" revenues (revenues with few or no restrictions that can be allocated to any program or service) for FY 2008-09 and forecast revenues for FY 2009-10 and FY 2010-11.

Table 20
CITY OF PORTLAND, OREGON
General Fund Discretionary Revenues—Budgeted and Forecast

Revenue/Resource Category	FY 2008-09 Budget	FY 2009-10 Forecast	FY 2010-11 Forecast
Beginning Fund Balance	\$31,632,005	\$18,844,019	\$12,749,434
Property Taxes	179,974,860	186,129,048	191,628,553
Lodging Tax	16,079,910	15,674,351	15,639,354
Business License Tax	75,705,012	56,230,090	65,557,293
Utility License	65,810,674	68,749,357	71,998,828
Service Charges/Other	7,907,718	4,455,702	4,968,872
Intergovernmental	12,036,210	12,276,690	12,578,343
Transfers from Other Funds	2,342,705	842,706	799,943
	<u>\$391,489,094</u>	<u>\$363,201,963</u>	<u>\$375,920,620</u>

Source: City of Portland.

PARKING FACILITIES AND METER FINANCIAL FORECAST

The following table presents historical and projected Pledged Revenues from the City's Parking Facilities and Parking Meters, and projected debt service for the 2009 Series A Bonds. Note that there is no debt service coverage requirement for the 2009 Series A Bonds.

For FY 2008-09, the forecasted garage revenue is 16 percent lower than FY 2007-08, which is thought to be largely due to high gas prices early in the fiscal year combined with a downturn in the Portland regional economy. Projected lower gas prices are expected to mitigate the effects of a sluggish economy, and revenues are forecasted to grow over the remaining years at an annual rate ranging between 1.5 percent to 2.5 percent. Similarly, parking meter and citation fine revenues are projected to grow modestly over the next five years after an eight percent reduction in projected revenue for FY 2008-09. Expenditures in all program areas are projected to grow at the rate of inflation over the planning period. Higher expenses in FY 2009-10 and FY 2010-11 for the Parking Facilities are due to additional maintenance costs associated with a project to seal the floors of all garages. The cost of this project will be covered by reserves which have been set aside for that purpose and are not reflected in the annual revenues of the Parking Facilities.

The forecast does not include the impact of a proposed \$0.25 rate increase for short-term garage parking that is being considered for approval later in FY 2008-09. The rate increase would be implemented in FY 2009-10, and is expected to generate \$1.5 million per year in FY 2009-10 through FY 2013-14. Future rate increases may be implemented, although the timing and amounts of such increases are not certain. Short-term rate increases would require approval by the City Council. PBOT has the authority to implement other types of rate increases, including adjustments to evening rates.

The forecast also does not include the impact of two on-street parking revenue proposals. The first is a \$0.25 per hour increase. The rate increase would be implemented in FY 2009-10, and is expected to generate \$2.2 million annually. The second proposal is to extend meter operations to Sundays between 1 p.m. to 7 p.m. This extension to Sundays would be implemented in FY 2009-10, and is expected to generate \$1.3 million annually. These proposals are being considered for approval later in FY 2008-09.

Table 21
CITY OF PORTLAND, OREGON
Historical and Projected Parking Facilities and Meter Revenues and Expenditures, Pledged Revenues, and Debt Service Coverage

	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Parking Facilities Revenues											
3 rd & Alder	\$2,280,063	\$2,370,055	\$2,578,515	\$2,912,729	\$3,054,060	\$2,600,000	\$2,630,000	\$2,700,000	\$2,740,000	\$2,790,000	\$2,850,000
10 th & Yamhill	2,213,580	2,396,057	2,644,905	2,721,977	2,630,450	2,200,000	2,220,000	2,280,000	2,320,000	2,360,000	2,410,000
Old Town	805,250	820,619	1,004,197	1,012,307	1,053,082	800,000	810,000	830,000	840,000	860,000	880,000
O'Bryant Square	105,835	141,556	169,006	175,576	189,837	200,000	200,000	210,000	210,000	210,000	220,000
4 th & Yamhill	1,660,977	1,824,790	1,876,972	2,017,961	1,905,072	1,800,000	1,820,000	1,870,000	1,900,000	1,930,000	1,970,000
1 st and Jefferson	2,174,884	2,136,342	2,336,138	2,419,803	2,542,654	2,000,000	2,120,000	2,160,000	2,200,000	2,250,000	2,270,000
Interest Income	49,009	82,672	204,385	384,587	440,015	350,000	350,000	350,000	350,000	350,000	350,000
Total	\$9,289,598	\$9,772,091	\$10,814,118	\$11,644,940	\$11,815,170	\$9,950,000	\$10,150,000	\$10,400,000	\$10,560,000	\$10,750,000	\$10,950,000
Parking Facilities Expenditures											
3 rd & Alder	\$997,758	\$1,039,830	\$1,178,130	\$1,154,450	\$1,172,474	\$1,210,000	\$1,560,000	\$1,610,000	\$1,320,000	\$1,360,000	\$1,400,000
10 th & Yamhill	940,804	897,636	1,255,502	1,048,038	1,036,002	1,070,000	1,380,000	1,430,000	1,170,000	1,200,000	1,240,000
Old Town	495,379	531,915	768,027	619,946	1,186,045	1,220,000	1,580,000	1,630,000	1,330,000	1,370,000	1,420,000
O'Bryant Square	109,680	138,019	127,309	143,038	155,076	160,000	210,000	210,000	170,000	180,000	190,000
1 st and Jefferson	658,767	808,324	907,777	1,032,044	1,185,997	1,220,000	1,580,000	1,630,000	1,330,000	1,370,000	1,420,000
4 th & Yamhill	785,340	695,629	804,742	788,983	948,768	980,000	1,270,000	1,310,000	1,070,000	1,100,000	1,130,000
General Fund Overhead	103,057	77,865	93,288	135,915	137,297	141,000	145,000	149,000	153,000	159,000	163,000
Total	\$4,090,785	\$4,189,218	\$5,134,775	\$4,922,414	\$5,821,659	\$6,001,000	\$7,725,000	\$7,969,000	\$6,543,000	\$6,739,000	\$6,963,000
Net Facilities Revenues	\$5,198,813	\$5,582,873	\$5,679,343	\$6,722,526	\$5,993,511	\$3,949,000	\$2,425,000	\$2,431,000	\$4,017,000	\$4,011,000	\$3,987,000
Parking Meter Revenues											
Meter Collections	\$8,960,134	\$9,814,533	\$13,231,023	\$14,276,804	\$14,684,225	\$13,600,000	\$14,000,000	\$14,300,000	\$14,500,000	\$14,800,000	\$15,100,000
Citation Fines	2,667,592	2,781,658	3,326,982	3,772,552	3,813,102	3,700,000	3,700,000	3,800,000	3,900,000	4,000,000	4,200,000
Misc. Fees/Permit	1,325,556	1,288,940	1,265,492	1,999,934	2,411,907	1,900,000	1,900,000	2,000,000	2,000,000	2,100,000	2,100,000
Total	\$12,953,282	\$13,885,131	\$17,823,497	\$20,049,290	\$20,909,234	\$19,200,000	\$19,600,000	\$20,100,000	\$20,400,000	\$20,900,000	\$21,400,000
Parking Meter Expenditures											
Parking Patrol Program	\$3,188,514	\$3,411,115	\$3,467,153	\$3,330,756	\$3,623,414	\$3,700,000	\$3,800,000	\$4,000,000	\$4,100,000	\$4,200,000	\$4,300,000
Parking Management Program	1,770,565	2,031,796	2,678,111	3,288,833	3,045,455	3,100,000	3,200,000	3,300,000	3,400,000	3,500,000	3,600,000
Meter Maintenance	485,318	463,008	498,761	417,257	458,026	470,000	490,000	500,000	520,000	530,000	550,000
Collections Contract	161,159	128,238	176,219	0	0	0	0	0	0	0	0
Total	\$5,605,556	\$6,034,157	\$6,820,244	\$7,036,846	\$7,126,895	\$7,270,000	\$7,490,000	\$7,800,000	\$8,020,000	\$8,230,000	\$8,450,000
Available Meter Revenues	\$4,854,330	\$4,268,940	\$4,570,345	\$4,465,927	\$4,868,053	\$5,137,884	\$4,947,615	\$4,781,307	\$4,614,239	\$4,524,790	\$4,346,784
Debt Service (Prior Facilities and Prior Meter Obligations) (1)	\$1,734,013	\$1,396,563	\$984,563	\$981,438	\$987,375	\$984,975	\$981,375	\$981,575	\$505,375	\$505,613	\$0
Pledged Facilities/Meter Revenues	\$10,812,527	\$12,037,285	\$15,698,034	\$18,753,533	\$18,788,475	\$14,894,025	\$13,553,625	\$13,749,425	\$15,891,625	\$16,175,388	\$16,937,000
Debt Service (1999/2009 Series A Bonds)	\$2,003,213	\$2,093,613	\$2,089,213	\$2,093,613	\$2,096,413	\$2,086,400	\$1,969,792	\$1,963,250	\$1,963,750	\$1,966,750	\$1,967,000
Debt Service Coverage (x)	5.40	5.75	7.51	8.96	8.96	7.14	6.88	7.00	8.09	8.22	8.61

Notes:

(1) Scheduled debt service on the City of Portland Parking System Revenue Refunding Bonds, 2001 Series A.

Source: City of Portland.

PROPERTY TAX AND VALUATION INFORMATION

The property tax is used by Oregon cities, counties, schools and other special districts to raise revenue to partially defray the expense of local government. The State of Oregon has not levied property taxes for General Fund purposes since 1941 and obtains its revenue principally from income taxation.

Oregon voters changed the Oregon property tax system substantially when they approved Ballot Measure 50 in May of 1997. Ballot Measure 50 was a citizen initiative that substantially amended Article XI, Section 11 of the Oregon Constitution (“Section 11”).

SECTION 11

Permanent Tax Rate

Section 11 of the Oregon Constitution grants all local governments that levied property taxes for operations in FY 1997-1998 a permanent tax rate that was based on the taxing authority of those governments before Ballot Measure 50 was adopted. Permanent tax rates cannot be increased. The City’s permanent tax rate is \$4.5770/\$1,000 of Assessed Value. In FY 2006-2007 revenues from the City’s permanent tax rate (including prior year and current year collections) were approximately \$168 million. Revenues from permanent tax rate levies may be spent for any lawful purpose.

Assessed Value

Section 11 provides that property that was subject to ad valorem taxation in FY 1997-1998 will have an Assessed Value in that fiscal year which is equal to 90 percent of its FY 1995-96 estimated market value. Section 11 limits annual increases in Assessed Value to three percent for fiscal years after 1997-98, unless the property changes because it is substantially improved, rezoned, subdivided, annexed, or ceases to qualify for a property tax exemption.

In Oregon, the assessor’s estimate of market value is called “Real Market Value.” New construction and changed property is not assessed at its Real Market Value. Instead, it receives an Assessed Value that is calculated by multiplying the Real Market Value of the property by the ratio of Assessed Values of comparable property in the area to the Real Market Values of those properties. This produces an Assessed Value for new construction and changed property that approximates to the Assessed Value of comparable property in the area.

Other Property Taxes

Section 11 requires that new taxes be approved at an election that meets the voter participation requirements described below.

Local governments that have permanent tax rates cannot increase those rates. Local governments (including community colleges and school districts) can obtain the authority to levy “local option taxes.” See “Local Option Levies” below.

Section 11 limits property tax collections by limiting increases in Assessed Value, by preventing increases in permanent tax rates, and through its voter participation requirements. See “General Obligation Bonds” below.

In addition to permanent rate levies and local option levies, Section 11 allows the following:

- Some urban renewal areas that were in existence when Measure 50 was adopted are authorized to impose taxes throughout the boundaries of their creating city or county. The City has five urban renewal areas with this taxing authority.
- The City is authorized to impose a levy to pay its fire and police pension and disability obligations. The City has the authority to levy up to \$2.80/\$1,000 of Real Market Value under this exemption.
- Local governments are authorized to impose taxes to pay general obligation bonds (see “General Obligation Bonds” below).

In 2006, the Oregon Legislature approved Senate Bill 1100, which gives the Board of the Portland Public School District the authority to raise its district operating tax rate up to \$5.27 per \$1,000 of assessed value. This authority applies to each of three tax years beginning July 1, 2006. The school district would return to its permanent tax rate of \$4.77 per \$1,000 beginning in the FY 2009-10 tax year.

SECTION 11B

A citizen initiative, which is often called “Measure 5,” was added to the Oregon Constitution as Article XI, Section 11b (“Section 11b”). Section 11b limits property tax collections by limiting the tax rates (based on Real Market Value) that are imposed for government operations.

Section 11b divides taxes imposed upon property into two categories: “non-school taxes,” which fund the operations of local governments other than schools, and “school taxes,” which fund operations of the public school system and community colleges. Section 11b limits rates for combined non-school taxes to \$10 per \$1,000 of Real Market Value and rates for school taxes to \$5 per \$1,000 of Real Market Value.

If the combined tax rates within a category exceed the rate limit for the category, local option levies are reduced first, and then permanent rate levies, urban renewal levies and the City’s pension levy are reduced proportionately to bring taxes within the rate limit.

Taxes levied to pay general obligation bonds that comply with certain provisions are not subject to the rate limits of Section 11b.

In addition to limiting ad valorem property taxes, Section 11b also restricts the ability of local governments to impose certain other charges on property and property ownership.

LOCAL OPTION LEVIES

Local governments (including community colleges and school districts) may obtain voter approval to impose local option taxes. Local option taxes are limited to a maximum of 10 years for capital purposes, and a maximum of five years for operating purposes.

Local option levies are subject to the “special compression” under Section 11b. If operating taxes for non-school purposes exceed the \$10/\$1,000 limit, local option levies are reduced first to bring operating taxes into compliance with this limit. This means that local option levies can be entirely displaced by future approval of permanent rate levies for new governments, or by levies for urban renewal areas and the City’s pension levy.

A Multnomah County local option levy for libraries was approved in November 2006. This local option levy took effect in FY 2007-08 and extends for five years at a rate of \$0.8900 per \$1,000 of Assessed Value. In November 2006, voters also approved a new five-year local option levy for Portland Public Schools at a rate of \$1.2500 per \$1,000 of Assessed Value. This local option levy began in FY 2007-08.

In November 2008, voters approved a measure to renew a five-year levy for the Children’s Investment Fund at a rate of \$0.4026 per \$1,000 of Assessed Value. This local option levy will take effect in FY 2009-10.

VOTER PARTICIPATION

New local option levies, taxes to pay general obligation bonds (other than refunding bonds), and permanent rate limits for governments that have not previously levied operating taxes must be approved at an election that meets the voter participation requirements established by Section 11. Section 11 requires those taxes to be approved by a majority of the voters voting on the question either: (i) at a general election in an even numbered year, or (ii) at any other election in which not less than 50 percent of the registered voters eligible to vote on the question cast a ballot.

In many localities in Oregon, including the City, it is unusual for more than 50 percent of registered voters to cast ballots at an election other than a general election in an even numbered year.

GENERAL OBLIGATION BONDS

Levies to pay the following general obligation bonds are exempt from the limits of Sections 11 and 11b:

- 1) general obligation bonds authorized by a provision of the Oregon Constitution (this applies to State of Oregon general obligation bonds);
- 2) general obligation bonds issued on or before November 6, 1990;
- 3) general obligation bonds that were approved by a majority of voters after November 6, 1990 and before December 5, 1996, and issued to finance capital construction or capital improvements;
- 4) general obligation bonds that were approved after December 5, 1996, and issued to finance capital construction or capital improvements, and which met the voter participation requirements described above; and
- 5) obligations issued to refund the general obligation bonds described in the preceding four subparagraphs.

COLLECTION

The county tax collectors extend authorized levies, compute tax rates, bill and collect all taxes and make periodic remittances of collections to tax levying units. County tax collectors are charged with calculating public school and local government taxes separately, calculating any tax rate reductions to comply with tax limitation law, and developing percentage distribution schedules. Tax collectors then report to each taxing district within five days the amount of taxes imposed.

Tax collections are now segregated into two pools, one for public schools and one for local governments, and each taxing body shares in its pool on the basis of its tax rate (adjusted as needed with tax limitation rate caps), regardless of the actual collection experience within each taxing body. Therefore, in application, the amount for each taxing body becomes a pro rata share of the total tax collection record of all taxing bodies within the county. Thus, an overall collection rate of 90 percent of the county-wide levy translates into a 90 percent tax levy collection for each taxing body.

Taxes are levied and become a lien on July 1 and tax payments are due November 15 of the same calendar year. Under the partial payment schedule the first third of taxes are due November 15, the second third on February 15 and the remaining third on May 15. A three-percent discount is allowed if full payment is made by the due date, two-percent for a two-thirds payment. Late payment interest accrues at a rate of 1.33 percent per month. Property is subject to foreclosure proceedings four years after the tax due date.

A Senior Citizen Property Tax Deferral Program (1963) allows homeowners to defer taxes until death or sale of the home. Qualifications include a minimum age of 62 and household income under \$19,500 for claims filed after January 1, 1991; \$18,500 if filed during 1990; or \$17,500 if filed prior to January 1, 1990. Taxes are paid by the State, which obtains a lien on the property and accrues interest at six percent.

CITY ECONOMIC CHARACTERISTICS

The City, with an estimated population of 575,930 as of July 1, 2008, comprises an area of approximately 135 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, the City is the center of commerce, industry, transportation, finance and services for a metropolitan area with an estimated population of approximately 2.19 million people as of July 1, 2008. The City is the county seat of Multnomah County and is the largest city in Oregon and the second largest city in the Pacific Northwest.

PORTLAND-VANCOUVER-BEAVERTON METROPOLITAN STATISTICAL AREA

The Portland-Vancouver-Beaverton Metropolitan Statistical Area (the “MSA”) consists of Multnomah, Clackamas, Washington, Yamhill, and Columbia counties in Oregon, and Clark and Skamania counties in Washington. Metropolitan statistical areas are based on commuting patterns within a metropolitan area, and are used primarily for labor, employment and unemployment statistics.

Multnomah County encompasses the cities of Portland, Gresham, Troutdale, Fairview and Wood Village. Washington County contains Beaverton, Tigard, Tualatin and Hillsboro. Clackamas County includes Milwaukie, Oregon City, Lake Oswego, West Linn and Happy Valley. The cities of St. Helens and Scappoose are located in Columbia County. Yamhill County includes McMinnville and Newberg. Clark County contains Vancouver and Camas. Skamania County includes Stevenson, Carson and Skamania. As a major transportation hub of the Pacific Coast with water, land and air connections, Multnomah and Washington counties serve expanding international markets and have experienced considerable growth.

POPULATION

The population for the City has increased steadily over the past decade. The compounded annual rate of growth in population for the City from 1999 to 2008 was 1.31 percent compared to 0.99 percent for Multnomah County and 1.96 percent for the MSA for the same period.

**Table 22
CITY OF PORTLAND, OREGON
Population Estimate for the Last Ten Years**

As of July 1	State of Oregon	City of Portland	MSA ⁽¹⁾	Multnomah County	Washington County	Clackamas County
1999	3,300,800	512,395	1,841,200	656,810	404,750	326,850
2000	3,365,900	531,600	1,935,960	662,400	449,250	340,000
2001	3,471,700	536,240	1,960,500	666,350	455,800	345,150
2002	3,504,700	538,180	1,989,550	670,250	463,050	350,850
2003	3,541,500	545,140	2,019,250	677,850	472,600	353,450
2004	3,582,600	550,560	2,050,650	685,950	480,200	356,250
2005	3,631,440	556,370	2,082,240	692,825	489,785	361,300
2006	3,690,505	562,690	2,121,910	701,545	500,585	367,040
2007	3,745,455	568,380	2,159,720	710,025	511,075	372,270
2008	3,791,075	575,930	2,191,784	717,880	519,925	376,660
1999-2008 Compounded Annual Rate of Change	1.55%	1.31%	1.96%	0.99%	2.82%	1.59%
2004-2008 Compounded Annual Rate of Change	1.42%	1.13%	1.68%	1.14%	2.01%	1.40%

Notes: The federal Census figures, as of April 1 of the stated year, are as follows:

	1980	1990	2000
State of Oregon	2,633,156	2,842,321	3,421,399
Multnomah County	562,647	583,887	660,486
City of Portland	368,139	438,802	529,121
Washington County	245,860	311,554	445,342
Clackamas County	241,911	278,850	338,391

(1) Portland State University Population Research Center defines the Portland-Vancouver-Beaverton Metropolitan Statistical Area as Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon and Clark and Skamania Counties in Washington.

Source: Washington State Office of Financial Management; Portland State University, Center for Population Research. Under Oregon State law, the State Board of Higher Education must estimate annually the population of Oregon cities and counties so that shared revenues may be properly apportioned. The Center for Population Research and Census at Portland State University performs this statutory duty.

INCOME

In recent years, per capita personal income in the MSA has been consistently higher than in the State of Oregon and the nation.

Table 23 below shows personal income and per capita income for the MSA compared to similar data for the State and nation. The compounded annual rate of change in total personal income for the MSA from 1997 to 2006 was 4.95 percent. The compounded annual rate of change in per capita income for the MSA was 3.23 percent from 1997 to 2006, compared with 3.48 percent for the State, and 4.21 percent for the nation.

Table 23
CITY OF PORTLAND, OREGON
Total Personal Income and Per Capita Income
MSA, Oregon, and the United States

Year	Total Personal Income MSA (000s)	Per Capita Income		
		MSA	Oregon	USA
1997	\$50,912,454	\$27,672	\$24,469	\$25,334
1998	54,105,615	28,851	25,542	26,883
1999	56,918,006	29,858	26,480	27,939
2000	62,189,975	32,118	28,096	29,845
2001	63,933,229	32,338	28,518	30,574
2002	64,908,688	32,228	28,931	30,821
2003	66,576,262	32,650	29,565	31,504
2004	69,328,033	33,657	30,621	33,123
2005	73,086,912	34,921	31,599	34,757
2006	78,618,336	36,845	33,299	36,714
1997-2006 Compound Annual Rate of Change	4.95%	3.23%	3.48%	4.21%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

LABOR FORCE AND UNEMPLOYMENT

Table 24 below shows the annual average civilian labor force, employment level and unemployment level data that is available for the MSA for the period 1999 through 2008. For March 2009 the seasonally-adjusted unemployment rate for the MSA was 11.1 percent with a resident civilian labor force of 1,190,008. Table 25 below shows the average annual unemployment rates for the MSA, the State and the United States for the period 1999 through 2008.

Table 24
CITY OF PORTLAND, OREGON
MSA LABOR FORCE AND UNEMPLOYMENT RATES⁽¹⁾

Year	Resident Civilian Labor Force	Unemployment		Total Employment
		Number	Percent of Labor Force	
1999	1,077,532	46,665	4.3%	1,030,867
2000	1,075,853	47,710	4.4	1,028,143
2001	1,087,254	65,569	6.0	1,021,685
2002	1,093,526	85,191	7.8	1,008,335
2003	1,090,119	90,082	8.3	1,000,037
2004	1,092,039	76,773	7.0	1,015,266
2005	1,104,193	64,619	5.9	1,039,574
2006	1,127,249	56,767	5.0	1,070,482
2007	1,147,876	55,982	4.9	1,091,894
2008	1,171,267	68,322	5.8	1,102,945

Notes:

(1) Includes non-agricultural wage and salary, self-employed, unpaid family workers, domestics, agricultural workers and labor disputants.

Source: Oregon Employment Department.

Table 25
CITY OF PORTLAND, OREGON
AVERAGE ANNUAL UNEMPLOYMENT
MSA, OREGON, AND THE UNITED STATES

Year	MSA	State of Oregon	USA
1999	4.3%	5.5%	4.2%
2000	4.4	5.1	4.0
2001	6.0	6.4	4.7
2002	7.8	7.6	5.8
2003	8.3	8.1	6.0
2004	7.0	7.3	5.5
2005	5.9	6.2	5.1
2006	5.0	5.3	4.6
2007	4.9	5.1	4.6
2008	5.8	6.4	5.8 (1)

Notes:

(1) Based on published monthly rates for 2008.

Source: Oregon Employment Department and U.S. Department of Labor – Bureau of Labor Statistics.

EMPLOYMENT BY INDUSTRY

Non-manufacturing employment (including government) accounts for about 88 percent of non-farm employment in the Portland area. The Portland metropolitan area's manufacturing employment, accounting for the remaining 12 percent of area employment, is largely based in the metals and computer and electronic equipment sectors.

Table 26
CITY OF PORTLAND, OREGON
PORTLAND-VANCOUVER-BEAVERTON, OREGON MSA
NON-FARM WAGE AND SALARY EMPLOYMENT ⁽¹⁾(000)

Industry	2004	2005	2006	2007	2008
Total nonfarm employment	954,100	983,600	1,015,300	1,034,900	1,035,500
Total private	817,900	846,000	876,400	892,700	888,900
Manufacturing	120,100	123,400	126,600	126,100	123,300
Durable goods	90,100	93,600	96,400	95,700	93,600
Wood product manufacturing	5,800	5,900	6,000	5,600	4,900
Primary metal manufacturing	5,700	6,000	6,300	6,600	7,100
Fabricated metal manufacturing	11,900	12,500	12,900	13,300	13,500
Machinery manufacturing	8,300	8,300	8,400	8,600	8,400
Computer/electronic manufacturing	35,600	36,500	37,700	36,900	35,800
Transportation equipment manufacturing	8,000	9,000	9,300	9,000	8,600
Nondurable goods	30,100	29,800	30,200	30,400	29,700
Food manufacturing	8,600	8,600	8,800	9,100	9,200
Paper manufacturing	5,200	5,000	4,900	4,700	4,400
Non-Manufacturing	697,800	722,500	749,800	766,600	765,600
Construction and mining	55,600	60,300	64,900	66,900	62,900
Trade, transportation, and utilities	193,400	198,000	202,600	205,700	204,000
Wholesale Trade	55,100	56,300	57,500	58,100	57,500
Retail trade	101,300	104,900	107,600	109,800	108,900
Transportation, warehousing, and utilities	37,000	36,900	37,500	37,800	37,600
Information	22,500	23,100	24,000	24,800	24,800
Financial activities	66,100	68,200	70,600	70,400	68,100
Professional and business services	122,100	128,500	134,700	136,400	136,100
Educational and health services	115,700	119,800	123,200	127,800	132,700
Leisure and hospitality	87,700	90,100	94,100	98,000	99,700
Other services	34,700	34,500	35,700	36,600	37,300
Government	136,200	137,600	138,900	142,300	146,600

Notes:

(1) Totals may not sum due to rounding.

Source: State of Oregon, Employment Department.

Table 27
CITY OF PORTLAND, OREGON
MAJOR EMPLOYERS IN THE MSA

Employer	Product or Service	2007 Estimated Employment (1)
Private Employers		
Intel Corporation	Computer and electronic products	16,000
Providence Health System	Health care & health insurance	15,000
Safeway Inc.	Grocery chain	13,000
Fred Meyer Stores	Grocery & retail variety chain	10,500
Legacy Health System	Health care	10,000
Kaiser Foundation of the Northwest	Healthcare	8,747
NIKE Inc.	Sports shoes and apparel	7,000
Wells Fargo	Bank	4,774
U.S. Bank	Bank & holding company	4,177
United Parcel Service (UPS)	Postal and mailing service	3,900
Freightliner LLC	Heavy duty trucks	3,600 ⁽²⁾
Southwest Washington Medical Center	Health care	3,200
McDonald's Corporation	Fast food franchise	3,000
Portland General Electric	Utilities	2,620
Farmers Insurance Company of Oregon	Insurance	2,500
Standard Insurance Company	Insurance	2,500
Volt Services Group	Employment Services	2,500
Regence BlueCross BlueShield of Oregon	Insurance	2,475
Albertsons Food Centers	Grocery	2,351
Precision Castparts Corporation	Steel castings	2,110
Public Employers		
State of Oregon	Government	15,000
U.S. Government	Government	14,998
Oregon Health and Science University	Health care & education	11,300
Portland State University	Education	6,000
City of Portland	Government	5,476
Portland Public Schools	Education	5,047
Multnomah County	Government	4,500
Beaverton School District	Education	4,100
Portland Community College	Education	3,400
TriMet	Mass Transit	2,495

Notes:

- (1) 2007 estimated employment based on 2006 data.
- (2) Freightliner laid off 750 employees in March 2007; prior to March 2007, Freightline employed a total of 4,050 employees. In November 2007, Freightliner announced it will move an additional 341 "white-collar" jobs to its Fort Mill, South Carolina location by mid-2008. The company expected to retain a workforce of 2,200 at its corporate headquarters in Portland and another 970 jobs at the Western Star Manufacturing Plant on Swan Island.

Source: Portland Business Alliance and State of Oregon Employment Department.

DEVELOPMENT ACTIVITY

In Clackamas, Multnomah and Washington counties, there are approximately 6,000 businesses, according to Travel Portland (formerly, Portland Oregon Visitor's Association).

A diverse mix of industrial properties are located throughout the Portland area for all types of industrial use, including more than 280 industrial and business parks.

Just west of the City, the Sunset Corridor has emerged as the center for Oregon's high technology industry and has drawn extensive investment in recent years. This area parallels a major east/west highway (U.S. Highway 26) in the western metropolitan area. The Interstate 5 ("I-5") Corridor, which extends from S.W. Portland to the City of Wilsonville along I-5, includes some of the area's most rapidly-growing distribution and warehouse operations. Another area of major retail development includes the I-205 corridor that connects Clackamas and Multnomah counties and includes the Clackamas Town Center, Mall 205 and the Gateway Mall.

Fourth quarter 2008 market data provided by Grubb & Ellis shows an overall office vacancy rate for the Portland region of 7.8 percent in the Central Business District and of 11.7 percent in the Portland region overall and an overall industrial vacancy for the Portland metropolitan area of 6.9 percent.

Changes in the Portland metropolitan area's retail, commercial and industrial environment are described in the following building and economic development projects.

Development within Downtown Portland

In May 2006, the PDC Board selected Gerding-Edlen Development Company for the redevelopment of the Montgomery Blocks/Block 153 properties. Block 153 properties owned by the PDC are the Jasmine Tree property and the Portland State University ("PSU") carpool lot. The designs for these blocks are currently in development, and construction is scheduled to begin in June 2009.

Macy's, a division of Federated Department Stores ("Macy's"), Sage Hospitality Resources ("Sage"), and the PDC are working together on a \$106 million project that will redevelop the Meier & Frank building in downtown Portland. Macy's has consolidated its store in the Meier & Frank Building to the first five floors. Sage has converted floors 6 through 16 of the building to a 334-room Marriott Renaissance hotel, known as "the Nines" and the outside of the building is being restored. The hotel opened in October 2008.

TMT Development has selected Hoffman Construction Co to construct Park Avenue West, a \$200 million mixed-use tower located at Southwest Park Avenue and Yamhill Street. The project will include 280,000 square feet of office space, three floors of retail, 85 housing units and 350 underground parking spaces and is scheduled to be completed in 2010.

Reliance Development and Williams & Dame Development constructed The Harrison, initially conceived as a collection of three condominium towers with a total of 537 condominiums and 24 townhomes with floor-to-ceiling windows along SW Harrison Street. Sale of units in Harrison West began in April 2006 and sale of units in Harrison East began in late 2006. Due to the softening of the condominium market, the third tower, consisting of 176 units, was converted to apartments in March 2008.

Another condominium project, the Cyan located at SW Fourth Avenue, has also been converted to rental units. Gerding-Edlen Development cited the nation's credit crunch and Portland's first condo slowdown in more than a decade as reasons for the conversion. The slab tower includes 354 units and is expected to begin leasing in the spring of 2009.

PSU partnered with the City and the PDC to build the new \$71 million, six-story, 208,000 square foot Academic and Student Recreation Center located on the south side of PSU's Urban Plaza. The multi-use facility will include classrooms, the Student Recreation Center, the School of Social Work, the City's Archives and Records Center, the Oregon University System's Office of the Chancellor and approximately 20,000 square feet of retail leased space. Plans are to open retail shops in the fall of 2009 and the balance of the building in January of 2010. The Oregon Legislature has allocated funds for several PSU projects: a major upgrade including seismic retrofitting of Lincoln Hall, additions to the Sciences Teaching Research Center, and additional housing and parking facility projects.

Octagon Development built the \$30 million, 26-story, Benson Tower on SW 11th Avenue. The Benson Tower, with 168 condominiums, was finished early in August 2007 and approximately 15 units have not been sold.

Opus Carroll LLC is building Ladd Tower on Park Avenue. Originally conceived as a condominium project, Opus Carroll announced in March 2007 that the 22-story, mixed-use residential tower will offer approximately 332 units of luxury rental apartments instead. The project is located along the South Park Blocks. The building began leasing in February 2009.

Sockeye Development and GBD Architects teamed up to build the Madison Office Condominiums. The Madison building was completed in October 2006 and includes five floors, with office condominiums on four floors and retail on the ground floor.

“12W,” a 22-story tower, is being built by Gerding-Edlen Development Company at SW 12th and Washington and will contain a mix of 17 floors of luxury apartments, four floors of office space, and underground parking. Zimmer Gunsul Frasca (ZGF) Architects is designing the building and is expected to move its corporate headquarters there when the project nears completion in 2009. The building will be one of the first urban buildings in the nation to integrate wind energy into its design. A series of wind turbines will be installed on the roof and generate about one percent of the power the 22-story tower will use.

South Waterfront/North Macadam District

The North Macadam area was the last large piece of undeveloped land close to the downtown area when it was designated as an urban renewal district by the City in August 1999. The area comprises 409 acres, and is approximately defined by Boundary Street on the south; Macadam Avenue and Hood Street on the west; Montgomery Street on the North; and the Willamette River on the east. The South Waterfront, a neighborhood within the North Macadam area, is an extensive redevelopment effort that includes the transformation of an abandoned 130-acre industrial brownfield along the Willamette River south of downtown. It is expected that 20 high-rise buildings will be built on the site. This includes medical offices and labs for Oregon Health & Science University (“OHSU”).

Simpson Housing bought Block 46 in the South Waterfront district in July 2007 and began building a 270-apartment project with ground floor retail in 2008. The project is scheduled to finish in fall 2010. It will be South Waterfront’s third apartment building.

Construction of the John Ross Condominium Tower began in mid-2005. The 31-story elliptical shaped building with 303 units is completed and has an expected cost of \$75 million. As of March 2009, approximately 43 units remain for sale.

The Atwater, a 23-story building offering 212 homes ranging in price from \$399,000 to \$3.9 million, is nearly complete, and as of March 2009, approximately 37 of the units remain available. The Atwater is located along Bancroft Street on the waterfront.

The Mirabella Retirement Community is a 32-story continuing care retirement community with 224 units that offers a range of retirement living options, from apartments to nursing home-level care. The project is being developed by Pacific Retirement Services, Inc. of Medford, Oregon in partnership with OHSU. Nearly all units have been sold. Mirabella Portland is currently under construction and is scheduled to open in 2010.

The RiverPlace Project is a mixed-use development on 73 acres along the west bank of the Willamette River, with apartments, restaurants, shops and office space. Construction of the first tower of The Strand, a \$110 million mixed use development, was complete in early 2007. The Strand consists of three glass and steel towers which, when all are complete, will house 189 condominium units, 27 two-story homes, a 110-space parking garage, a waterfront restaurant, and retail space. Approximately 10 of the Strand’s units have not been sold.

The Ardea, formerly planned as the 3720 Condos project, is now planned as rental luxury housing. The development consists of a 30-story tower and a five-story “side-car” structure, which will together contain 323 apartments and 33 townhomes, for a total of 350,000 square feet of. In addition, the development also calls for 17,000 square feet of retail and 380 parking spaces.

Gerding-Edlen Development and Williams & Dame Development constructed the Meriwether condominiums, an \$81 million, twin-towered residential project. The 246-unit project is the first residential project in the South Waterfront Central District neighborhood and all units have been sold. Residents began moving into the tower in May 2006.

The River District, Pearl District, and Old Town

Located north of the central business district and east of Interstate 405, the River District urban renewal area is comprised of approximately 310 acres bounded generally by Burnside Street on the south, NW 16th Avenue on the west, the northern end of the Terminal One site on the north, and the Willamette River and the boundaries of the Downtown Waterfront urban renewal area on the east.

Construction is underway on the Encore, a 16-story 177-unit condominium tower designed by Boora Architects, located at NW 9th and Overton. Construction was completed in late 2008. As of March 2009, approximately 24 units remained for sale.

Project 937 is a 16-story mixed used housing development located at NW Glisan between 9th and 10th Avenues. Project 937 includes 114 residences and ground floor retail, and was completed in the fall 2008. Approximately 26 units remain for sale.

The Casey is being developed by Gerding-Edlen Development on the corner of NW 12th and Everett, with 61 condominiums. Construction is complete and residents are moving into the tower. Approximately 12 units remain for sale. The Casey is designed to be one of the most energy efficient and environmentally-friendly high rise residential projects in the United States. The developer, Gerding-Edlen, is aiming for it to be the first condo tower in the country to earn a top “platinum” rating under the U.S. Green Building Council’s Leadership in Energy and Environmental Design (“LEED”) program.

Bill Naito Corp. with Pemcor Investment Corp. and Grancorp Inc. started construction of two condominium towers in October 2005. The two 10-story towers adjoin Albers Mill and are called the Waterfront Pearl. The Waterfront Pearl, which offers 192 condominiums was completed in 2008. Sales of the condos began in early 2007, and approximately 27 units remain to be sold.

Hoyt Street Properties has developed the Metropolitan Condos, a mixed use project with 121 units in a 19-story tower that is paired with a 4-story, 20,000-square-foot boutique live/work building. At 225 feet tall, the Metropolitan will be the tallest building in the Pearl District, offering views in almost every direction. The design of the slender condominium tower allows a majority of the units to be exclusive corner units, maximizing views and daylight for unit owners. Construction of the Metropolitan is complete and all but 14 units have sold.

Developer Robert Ball built the Wyatt, a 15-story condominium complex in the heart of the Pearl District. In September 2007 and with only 53 condos sold, Ball converted the project to rental apartments.

Riverscape Properties opened its new eight-story Pacifica Tower on the Willamette River. Pacifica Tower has 75 units, of which 32 units have been sold.

Portland Center Stage converted the Armory building in anticipation of a move from downtown Portland to the Pearl District. The \$36.1 million theater project opened for performances in late 2006. The performance hall is the first ever historic rehabilitation to receive a LEED Platinum Rating.

North Portland

Freightliner closed the Freightliner-brand truck production line in March 2007, laying off 750 employees. Freightliner will continue to produce Western Star and military trucks at the Portland Swan Island plant. In November 2007, Freightliner announced plans to move an additional 341 “white-collar” jobs to its Fort Mill, South Carolina location by mid-2008.

The \$10 million Killingsworth Station project is to include affordable one- and two-bedroom rental units, affordable loft-style condominiums, ground floor commercial space, townhomes, and ground floor retail/office space along Killingsworth and Interstate Avenue, and structured parking. Construction is scheduled to be completed in summer of 2009.

The 12.5 Condos, located at the corner of NE Knott Street and NE 7th Avenue, are twelve 3-story condominiums and one two-story condominium under construction.

Mississippi Avenue Lofts is a sustainable mixed-use development featuring 32 lofts, secure parking and locally owned retail store. The project is scheduled to open in summer 2009.

Salpare Bay was completed in mid-2006. Salpare Bay is a condominium community with seven 4-story buildings and a marina on the Columbia River.

Westside Development

Construction of the Westerly began in early 2006. The new 14-story condominium tower will offer 104 units. Construction is complete with approximately 16 of the units unsold as of March 2009.

The Cambridge is a five-story mixed use development that has 73 units including the Andover, Essex, Kensington Winchester and Chelsea condo buildings and ten townhouses fronting NW Westover Road. Move-in began in February 2008. Approximately three-quarters of the units have been sold.

The Vaux, a \$42 million, 242,000-square-foot project, located at the northern edge of Northwest Portland's Nob Hill District, contains 145 units configured in two separate four-story buildings. Thirteen units remain for sale as of March 2009.

Irving Street Tower at 2109 N.W. Irving Street in Portland is a 52-unit building renovation. The restored structure, built in 1910, is on the National Historic Registry.

The Gerding-Edlen Development Company and the Housing Authority of Portland built The Civic, a complex with 261 market-rate condos, 140 apartments and retail space at a cost of \$76 million. Construction was completed in 2007.

Construction on the Sitka, a 5-story affordable apartment building with 210 units on NW Northrup was completed in summer 2006.

In mid-2007, Doernbecher Children's Hospital completed expansion of the pediatric cancer treatment unit. The \$14 million project expanded the unit from 3,000 to 7,000 square feet and from 16 beds to 21.

In late 2005, construction of the \$113.4 million, 274,000-square-foot, OHSU Biomedical Research building on the Marquam Hill campus was completed. The \$216 million, 335,000-square-foot, 146 bed, Patient Care Facility was completed in mid-2006. OHSU built a 16-story, 400,000-square-foot Center for Health and Healing in November 2006 and added 80 new beds in the Kohler Pavilion in 2007. In early 2009, OHSU opened two floors in the Kohler Pavilion, adding 60 beds. The new space, which will house several cancer treatment programs, is part of the second phase of the 335,000-square-foot expansion of Kohler Pavilion expansion.

Eastside Development

Gerding-Edlen Development Company is building a \$32 million, five-story mixed-used project in the Hollywood District. The building, known as the Beverly Condominiums, will include 53 condominiums, a Whole Foods Market, a bank, space for a new retail establishment, and two floors of parking. Construction is scheduled to be complete in summer 2009.

Providence Portland Medical Center completed a 490,000-square-foot, 11-story medical facility with consolidated cancer services and a parking garage. The garage, which is adjacent to the clinic, has three levels and 635 spaces. Construction was completed in March 2008. Providence has also begun the \$65 million Providence Office Park II project at Northeast 44th Avenue and Halsey Street. Ground was broken for the six-story office building and adjacent parking structure in September 2008 and is scheduled to be completed in March 2010.

Legacy Health System announced it will add 230,000 square feet to Emanuel Hospital over the next two years. The project, at an estimated cost of \$226 million, will add in-patient beds for children and a pediatric emergency department. Plans also call for upgrading existing space to add adult intensive care and acute care beds. The project is scheduled to be completed in 2011.

The Columbia Corridor

the Columbia Corridor is the largest industrial area in Oregon, containing approximately 22,600 acres or 28 square miles along an 18-mile stretch of land that runs along the southern shore of the Columbia River. The Columbia Corridor includes the Rivergate Industrial District, marine terminals, and Portland International Airport (“PDX”).

The Rivergate Industrial Park is a 3,000-acre area owned by The Port of Portland (the “Port”) in North Portland. In addition to Rivergate’s access to the Columbia River PDX, the area qualifies local businesses for participation in the Enterprise Zone and related tax incentives. The purpose of the City’s Enterprise Zone is to stimulate business investment in North and Northeast Portland. In an attempt to hire and retrain Enterprise Zone residents for quality jobs, the PDC has set up this program to reward businesses that provide local jobs. Businesses who participate can make use of a property tax exemption from new taxes generated during the first three to five years of a non-retail business investment in the Enterprise Zone. The boundaries of the Enterprise Zone include north and northeast Portland residential, commercial and industrial land west of Interstate 205 and north of Broadway Street.

Cascade Station is a 120-acre mixed use development of office, hotel and retail spaces. Trammell Crow opened the Village at Cascade Station with IKEA in July 2007. IKEA employs approximately 350 people in its Portland store. Other tenants in the estimated 800,000 square foot development include Golfsmith and Best Buy. New offices, hotels and a gas station are planned.

Work on improvements for the floating dock of Terminal 6, which Honda uses to bring in 87,000 autos every year, continues. The Port awarded \$2.52 million for construction on the floating dock, which is constructed of porous rain water filtering blacktop. The construction extended crane rails and with \$7.5 million in funding from ConnectOregon, a new crane is expected to arrive for the terminal in April 2008.

AGRICULTURE

Because the City is the primary urban center in the State, agriculture is not a major industry in the greater metropolitan area. The metropolitan area, however, accounted for approximately 20.4 percent of the State’s Gross Farm and Ranch Sales based on 2008 estimates from the Oregon State University Extension Economic Information Office. Clackamas County ranked second and Yamhill and Washington counties ranked third and fourth among all counties in the State in Gross Farm and Ranch Sales.

The 2008 Gross Farm and Ranch Sales in Clackamas County was \$345,968,000; Washington County was \$299,400,000; Yamhill County was \$280,519,000; and Multnomah County was \$70,356,000 as estimated by the Oregon State University Extension Service.

TRANSPORTATION AND DISTRIBUTION

Location and topography have established the City as a leading warehousing and distribution center for the Pacific Northwest. The City’s location at the head of deep-water navigation on the Columbia River system gives it geographic and, therefore, economic advantages for the shipment of freight.

The Port is a port district encompassing Multnomah, Clackamas and Washington counties. The Port owns and maintains four marine terminals, four airports, and seven business parks. In tonnage of total waterborne commerce, the Port is currently ranked as the third largest volume port on the West Coast. Leading exports include wheat, soda ash, potash and hay. The Port is the largest wheat export port in the United States. Leading imports include automobiles, petroleum products, steel and limestone. The Port is the largest volume auto handling port and mineral bulks port on the West Coast. Total maritime tonnage decreased slightly in 2008 to 14.1 million short tons compared to 14.4 million in 2007.

The Columbia River ship channel is maintained at a depth of 40 feet from the Portland Harbor to the Pacific Ocean 110 miles downstream. The City is a port of call for 16 regularly scheduled major steamship lines serving major world trade routes. Primary cargoes include containers, automobiles, grain, and mineral bulks.

Six Oregon and Washington port districts joined to fund a five-year study of the feasibility of deepening the shipping channel of the Columbia River from 40 feet to 43 feet, to accommodate larger, more efficient vessels. The resulting Columbia River Channel Deepening Project will provide local and national transportation and trade improvements. The total

cost of the proposed project is expected to be \$150.5 million. The states of Oregon and Washington have appropriated \$27.7 million each in matching funds for the local cost share, and the remaining funding will come from federal appropriations. On June 25, 2005, a U.S. Army Corp of Engineers contractor began deepening the navigating channel in selected areas near the mouth of the Columbia River. Because significant areas of the Columbia River are naturally deeper than what the new channel requires, only specific areas will require dredging. The project is expected to be completed by 2010.

Upstream from the City, the Columbia River provides the only water route through the Cascade Mountains to the agricultural regions of eastern Oregon, Washington, and northern Idaho. This region has been opened to slack-water barge navigation by means of locks installed in a series of federal hydroelectric projects on the lower Columbia River and its largest tributary, the Snake River. There are two primary barge lines providing service between the upriver ports and the City. In addition, the Columbia River Gorge forms a corridor through the Cascades which, because it is level, provides an economical rail and highway route between the City and the region east of the Cascade mountains.

The City is also in a strategic position to serve the Willamette Valley, which extends approximately 145 miles south from the City and is one of the nation's most diversified and productive agricultural regions and food processing centers.

PDX handles more than 14 million passengers annually on 14 commercial carriers, with about 520 flights daily. This includes nonstop service on international flights to Amsterdam, Netherlands; Vancouver, British Columbia; Frankfurt, Germany; and Tokyo, Japan. PDX also handles nearly a quarter million tons of air cargo annually on 11 carriers. In 2008, 243,193 short tons of cargo were handled by PDX. Portland is also served by three publicly operated general aviation airports located in the suburban areas.

Two major railroads—the Burlington Northern Santa Fe and Union Pacific—plus the Amtrak passenger train system, serve the City.

Transportation is facilitated by a highway system that includes I-5, the primary north-south highway artery of the West Coast, and by-pass routes Interstate 205 and Interstate 405 within and around the City. The primary east-west highway system is Interstate 84, which begins at Portland and heads east along the Columbia River to Idaho and beyond. The Portland metropolitan area is also served by U.S. highways 26 and 30, Oregon highways 43, 213, 217, 224, 99E, 99W, the Tualatin Valley Highway, the historic Columbia River Highway, nine bridges across the Willamette River and two bridges across the Columbia River.

The Tri-County Metropolitan Transportation District of Oregon (“TriMet”), the regional public transit agency, provides rail and bus service through the 575 square miles in the area. During TriMet’s fiscal year, from July 2006 through June 2007, passengers boarded a TriMet bus or train approximately 96.9 million times.

TriMet’s light rail system (“MAX”) connects the cities of Portland, Gresham, Beaverton and Hillsboro, and PDX. The most recent extension of the light rail line, the Interstate MAX line, added 5.8 miles of service from the Rose Quarter and Oregon Convention Center into North Portland neighborhoods, medical facilities, and the Metropolitan Exposition Center. Service on the Interstate MAX began in May 2004.

In 2007, TriMet started of an 8.3 mile, two-phased extension of the light rail line. The estimated cost of the project is \$494 million. Phase one would provide service along Interstate-205 between Clackamas Town Center and the existing Gateway station where it will use the existing MAX Blue Line tracks to downtown Portland, then run on new tracks along the Portland Mall to Portland State University. Service could begin as early as 2009. Phase two would extend light rail from downtown Portland to Milwaukie.

TriMet is adding a north/south section to the Portland Mall to accommodate additional MAX light rail lines. The new addition will allow for extension to PSU, Clackamas and Washington counties. When TriMet finishes with construction in 2009, a new MAX green line will run the length of the mall from Union Station to PSU.

TriMet began construction of the \$103.5 million Washington County Commuter Rail in late 2006. This line runs from Beaverton to Wilsonville and began service in 2008.

The Portland Streetcar, which connects the downtown area with the Pearl District and Northwest Portland, began operations in 2001. The Portland Streetcar is owned and operated by the City, and has entered into contracts with TriMet for train operators and mechanics. Construction of the Gibbs extension of the streetcar line to the South Waterfront District was

completed in the fall of 2005; service began in late 2006 following development of major components in the area. Construction of the Lowell extension started in August 2006 and was completed in August 2007.

The Portland Aerial Tram (“Tram”) opened in January 2007. The Tram, which is owned by the City and operated by OHSU, links OHSU’s North Macadam offices and its Marquam Hill campus.

Federal funding has been approved which completes the funding package for extension of the streetcar line to Portland’s east side. The extension will cross the Willamette River using the Broadway Bridge, travel through the Lloyd District, continue south along Martin Luther King, Jr. Boulevard, and make a loop at either SE Mill or Stephens Street before returning back along Grand Avenue. The estimated cost of the extension is \$147 million. The project is expected to be completed in 2011.

TOURISM, RECREATION AND CULTURAL ATTRACTIONS

Portland is the State’s largest city and the center of business and transportation routes in the State. Therefore, the City accommodates a large share of the State’s tourist and business visitors. The City is a destination for many tourists who are drawn to its diverse cultural and recreational facilities. These include the Oregon Symphony and associated musical organizations, Portland Center for the Performing Arts, Oregon Ballet, Portland Opera, Portland Art Museum, Oregon Historical Society Museum, Children’s Museum, OMSI, Forest Discovery Center (formerly World Forestry Center), Japanese Gardens, International Rose Test Gardens, the Classical Chinese Garden and the Oregon Zoo. The metropolitan area includes more than 40 other local theater and performance art companies and ten additional gardens of special interest. Portland is the home of Forest Park, the largest urban park in the United States with a total of more than 5,000 acres.

The National Basketball Association (“NBA”) Portland Trail Blazers play at the Rose Garden Arena complex (which includes the Memorial Coliseum), as do the major-junior Western Hockey League (“WHL”) Portland Winterhawks. PGE Park, which was renovated and reopened in 2001, is home to the Portland Beavers (Triple-A baseball), the Portland Timbers (A-League soccer), and the Portland State Vikings (Division I college football and women’s soccer). A prime tourist attraction for the City, known as the City of Roses, is the three-week long Portland Rose Festival held each June since 1907. More than two million participants enjoy the Festival annually.

According to the “Portland Metropolitan Region Fact Book - 2007”, published by the Portland Development Commission, the total retail sales in the Portland metropolitan area in 2006 was \$29.2 billion.

According to the Travel Portland and data provided by Smith Travel Research, the lodging occupancy rate for downtown Portland was 48.4 percent in December 2008. Hotel occupancy rates for January through December 2008 were down by 3.7 percent compared to the same time period in 2007.

A 90-minute drive from Portland in almost any direction provides access to numerous recreational, educational, and leisure activities. The Pacific Ocean and the Oregon Coast to the west, the Columbia Gorge and Mt. Hood, Mt. St. Helens and Mt. Adams in the Cascade Range to the east, and the Willamette Valley to the south offer opportunities for hiking, camping, swimming, fishing, sailboarding, skiing, wildlife watching, and numerous other outdoor activities.

HIGHER EDUCATION

The City is the educational center for the State. Within the Portland metropolitan area are several post-secondary educational systems.

PSU, one of the three large universities in the Oregon University System, is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers over 100 undergraduate, masters, and doctoral degrees, as well as graduate certificates and continuing education programs. Fall 2007 enrollment was approximately 24,999 students including 17,299 full-time equivalent students. PSU is noted for the development of programs specifically designed to meet the needs of the urban center.

Oregon State University and the University of Oregon, also within the Oregon University System, have field offices and extension activities in the Portland metropolitan area.

OHSU's Marquam Hill campus sits on more than 100 acres overlooking downtown Portland. OHSU includes the schools of dentistry, medicine, nursing, and science and engineering. OHSU also includes Doernbecher Children's Hospital and OHSU Hospital, as well as primary care and specialty clinics, research institutes and centers, interdisciplinary centers, and community service programs. Each year, OHSU serves approximately 175,700 medical and dental patients and educates more than 3,900 students and trainees in health information technology, sciences, environmental engineering, computation and management. Competitive funding awards have nearly quadrupled during the last decade; OHSU receives more than \$260 million annually. In 2006, OHSU employed 11,300 people. See also "DEVELOPMENT ACTIVITY—South Waterfront /North Macadam District".

Independent colleges in the Portland metropolitan area include Lewis & Clark College, University of Portland, Reed College, Linfield College-Portland Campus, ITT Technical Institute and Marylhurst University; and several smaller church-affiliated schools, including Warner Pacific College, Concordia University, George Fox University, and Cascade College. Portland Art Institute, Western Culinary Institute, Western States Chiropractic College, Oregon College of Oriental Medicine, National College of Naturopathic Medicine, and East-West College of the Healing Arts are also located in the City.

Several community colleges serve the Portland metropolitan area including Portland Community College, Mt. Hood Community College, and Clackamas Community College.

UTILITIES

Electric Power, Natural Gas and Communications

Electricity is provided by Portland General Electric Company ("PGE") and Pacific Power Company. Low-cost hydroelectric power provides a substantial portion of the area's energy requirements. PGE owns and operates eight hydroelectric power plants, and has a total net peaking capacity of 3,900 megawatts from available resources, with nearly 50% from hydroelectric sources. NW Natural distributes natural gas. Telephone services are provided by Qwest Communications and, in some areas, Verizon.

Water, Sewer and Wastewater

The City operates the water supply system that delivers drinking water to approximately 770,000 people in the Portland metropolitan area. The primary water source is the Bull Run Watershed, located in the foothills of the Cascades west of Mt. Hood. The City also uses groundwater as a supplemental water supply.

The City also owns, operates and maintains sanitary and storm water collection, transportation, and treatment systems within its boundaries. The City provides sanitary sewer service to approximately 560,000 people, numerous commercial and industrial facilities, and several wholesale contract customers located adjacent to the City.

HOUSING

The year-to-date median selling price of a home in metropolitan Portland in January 2009 was \$250,000, down 10.7 percent from \$280,000 year-to-date in January 2008, according to the Realtors Metropolitan Area Multiple Listing Service ("RMLS"). As of January 2009, homes in the Portland metropolitan area were on the market an average of 152 days during the year. According to RMLS, for 2008, the Southeast and West Portland regions were the most active residential real estate areas, with 2,602 and 2,258 closed sales, respectively at years end. For the year, Portland metropolitan area closed sales were down 32.1 percent from 2007.

OTHER ECONOMIC FACTORS

The following table shows various economic indices for the City over the past ten years.

**Table 28
CITY OF PORTLAND, OREGON
VARIOUS ECONOMIC INDICES
FOR FISCAL YEARS ENDING JUNE 30**

Fiscal Year Ending June 30	Commercial Construction		Residential Construction		Total Construction		Bank Deposits (\$000)
	No. of Permits	Value	No. of Permits	Value	No. of Permits	Value	
1998	4,089	\$ 778,910,533	4,153	\$166,479,499	8,242	\$945,390,032	\$12,942,696
1999	3,746	712,690,707	4,128	164,598,675	7,874	877,289,382	14,529,741
2000	3,628	685,894,883	4,390	166,029,804	8,018	851,924,687	15,667,859
2001	3,524	693,494,820	5,304	227,161,633	8,828	920,656,453	12,978,750
2002	3,394	702,312,602	5,676	286,907,402	9,070	989,220,004	16,214,809
2003	3,738	647,952,470	6,008	314,138,287	9,746	962,090,757	18,455,222
2004	3,485	819,507,836	6,105	329,706,927	9,590	1,149,214,763	11,223,521
2005	4,022	872,050,904	6,216	341,898,757	10,238	1,213,949,661	11,283,590
2006	4,080	1,188,470,138	6,951	400,611,108	11,031	1,589,081,246	12,752,436
2007	4,266	1,400,861,990	7,171	390,856,764	11,437	1,791,718,754	13,629,048
2008	3,917	1,661,239,252	6,704	300,380,478	10,621	1,961,619,730	Not Available

Sources:

Building:

City of Portland, Bureau of Development Services. Data is collected on a fiscal year basis and includes new construction and alterations. Permit data shown is for the City of Portland only.

Bank Deposits:

Oregon Department of Consumer and Business Services.

THE INITIATIVE PROCESS

The Oregon Constitution, Article IV, Section 1, reserves to the people of the State the initiative power to amend the State constitution or to enact State legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed initiative measures are submitted that do not qualify for the ballot, the City does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. Consequently, the City does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

PROPOSED INITIATIVES WHICH QUALIFY TO BE PLACED ON THE BALLOT

To place a proposed initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2008 general election, the requirement was eight percent (110,358 signatures) for a constitutional amendment measure and six percent (82,769 signatures) for a statutory initiative. The last day for submitting signed initiative petitions for the 2008 general election was July 3, 2008. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote.

The initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition.

Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Table 29
CITY OF PORTLAND, OREGON
Initiative Petitions that Qualified and Passed
1996-2008

<u>Year of General Election</u>	<u>Number of Initiatives that Qualified</u>	<u>Number of Initiatives that Passed</u>
1996	16	4
1998	16	6
2000	18	8
2002	7	3
2004	6	2
2006	10	3
2008	8	0

Source: Elections Division, Oregon Secretary of State.

MEASURE 37 AND MEASURE 49

In November of 2004 Oregon voters approved a citizen initiative petition (“Measure 37”) that entitled property owners for compensation or relief from certain land use regulations. Measure 37 was difficult to interpret and caused substantial confusion. In 2007 Oregon voters approved a legislative referral (“Measure 49”) that modified Measure 37 and generally provided three alternatives for persons who have submitted claims for compensation under the measure. Under the “unconditional” alternative, a claimant may build up to three home-sites on its property. A “conditional” alternative allows four to ten home-sites on the claimant’s property. The third alternative allows a claimant to continue to pursue its claim under Measure 37 if the claimant has a vested right as of the effective date of Measure 37.

House Bill 3540 also provides for transferability of development rights, revises the claims process for future land use regulations and provides a methodology for determining the amount of compensation to which a claimant may be entitled. A lawsuit has been filed, however, that challenges all of the state legislature’s referrals to the ballot, including Measure 49.

The City currently has no pending claims under Measure 37/49.

FUTURE INITIATIVE MEASURES

The recent experience in Oregon is that many more initiative measures are proposed in some form than receive the number of signatures required to be placed on a ballot. Consequently, the City cannot accurately predict whether specific future initiative measures that may have an adverse effect on the City’s financial operations will be proposed, obtain sufficient signatures, and be placed on a ballot for voter approval, or if placed on a ballot, will be approved by voters.

The Oregon Secretary of State’s office maintains a list of all initiative petitions that have been submitted to that office. The office can be reached by telephone at (503) 986-1518.

TAX MATTERS

In the opinion of K&L Gates LLP, Bond Counsel, interest on the 2009 Series A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2009 Series A Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

Federal income tax law contains a number of requirements that apply to the 2009 Series A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the 2009 Series A Bonds and the facilities financed or refinanced with proceeds of the 2009 Series A Bonds and certain other matters. The City has covenanted to comply with all applicable requirements.

Bond Counsel’s opinion is subject to the condition that the City comply with the above-referenced covenants and, in addition, will rely on representations by the City and its advisors with respect to matters solely within the knowledge of the City and its advisors, respectively, which Bond Counsel has not independently verified. If the City fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the 2009 Series A Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2009 Series A Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated in this Tax Matters section, Bond Counsel expresses no opinion regarding any other federal income tax consequences of acquiring, carrying, owning or disposing of the 2009 Series A Bonds. Owners of the 2009 Series A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2009 Series A Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the 2009 Series A Bonds should be aware that ownership of the 2009 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2009 Series A Bonds. Bond Counsel expresses no opinion regarding any

collateral tax consequences. Prospective purchasers of the 2009 Series A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the 2009 Series A Bonds, are in many cases required to be reported to the Internal Revenue Service (the “IRS”). Additionally, backup withholding may apply to any such payments made to any owner who is not an “exempt recipient” and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel’s opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel’s legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the City’s compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the 2009 Series A Bonds. Owners of the 2009 Series A Bonds are advised that, if the IRS does audit the 2009 Series A Bonds, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the City as the taxpayer, and the owners of the 2009 Series A Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the 2009 Series A Bonds until the audit is concluded, regardless of the ultimate outcome.

Premium

An amount equal to the excess of the purchase price of a 2009 Series A Bond over its stated redemption price at maturity constitutes premium on that 2009 Series A Bond. A purchaser of a 2009 Series A Bond must amortize any premium over that 2009 Series A Bond’s term using constant yield principles, based on the 2009 Series A Bond’s yield to maturity. As premium is amortized, the purchaser’s basis in the 2009 Series A Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2009 Series A Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of 2009 Series A Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such 2009 Series A Bonds.

Original Issue Discount

The initial public offering price of certain 2009 Series A Bonds (the “Original Issue Discount Bonds”) may be less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Bond and (ii) the initial public offering price of that Original Issue Discount Bond constitutes original issue discount with respect to that Original Issue Discount Bond in the hands of the owner who purchased that Original Issue Discount Bond at the initial public offering price in the initial public offering of the 2009 Series A Bonds. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Bond equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Bond prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Bond in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Bonds should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Bonds.

Oregon Personal Income Tax Exemption

In the opinion of Bond Counsel, interest on the 2009 Series A Bonds is exempt from Oregon personal income tax under existing law.

RATING

The 2009 Series A Bonds have been rated “Aa1” by Moody’s Investors Service. Such rating reflects only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody’s Investors Service, Inc., 99 Church Street, New York, New York, 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the 2009 Series A Bonds.

FORWARD LOOKING STATEMENTS

This Official Statement contains statements relating to future results that are “forward looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement and its appendices, the words “estimate,” “forecast,” “intend,” “expect,” “projected,” and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Any forecast is subject to such uncertainties. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the 2009 Series A Bonds by the City are subject to the approving opinion of K&L Gates LLP, Portland, Oregon, Bond Counsel. Bond Counsel has reviewed this Official Statement only to confirm that the portions of it describing the 2009 Series A Bonds, the Ordinance, the Bond Declaration, and the authority to issue the 2009 Series A Bonds conform to the 2009 Series A Bonds and the applicable laws under which they are issued. The statements made in this Official Statement under the captions “THE 2009 SERIES A BONDS” and “TAX MATTERS” have been reviewed and approved by Bond Counsel. All other representations of law and factual statements contained in this Official Statement, including but not limited to all financial and statistical information and representations contained herein, have not been reviewed or approved by Bond Counsel.

LITIGATION

There is no litigation pending or threatened against the City which impairs the City’s ability to make principal and interest payments on the 2009 Series A Bonds when due. There is no litigation pending or threatened against the City which would materially and adversely affect the financial condition of the City.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of the 2009 Series A Bonds, the City will deliver a certificate to the Underwriters to the effect that the City has examined this Official Statement and the financial and other data concerning the City contained herein and that, to the best of the City’s knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the 2009 Series A Bonds, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which the statements were made, and (ii) between the date of this Official Statement and the date of delivery of the 2009 Series A Bonds, there has been no material change in the affairs (financial or otherwise), financial condition or results of operations of the City except as set forth in this Official Statement.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete, and reference should be made to said laws for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the City and the Underwriters or owners of any of the 2009 Series A Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies, since the date hereof.

CONTINUING DISCLOSURE

Pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the “Rule”), the City, as the “obligated person” within the meaning of the Rule, will execute and deliver a Continuing Disclosure Certificate substantially in the form attached hereto as Appendix E for the benefit of the 2009 Series A Bond holders.

The City has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

CONCLUDING STATEMENT

This Official Statement has been deemed final by the City for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The undersigned certifies that to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the 2009 Series A Bonds, does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (ii) between the date of this Official Statement and the date of delivery of the 2009 Series A Bonds there has been no material change in the affairs (financial or other), financial condition or results of operations of the City except as set forth in or contemplated by this Official Statement.

The execution and delivery of this Official Statement has been duly approved by the City.

CITY OF PORTLAND, OREGON

By: /s/ Eric H. Johansen
Debt Manager
Office of Management and Finance

APPENDIX A
BOND DECLARATION



BOND DECLARATION

City of Portland, Oregon

**Limited Tax Revenue Refunding Bonds, 2009 Series A
(Central City Streetcar Project)**

Executed on behalf of the City of Portland, Oregon

as of the 24th day of June, 2009

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BOND DECLARATION

THIS BOND DECLARATION is executed as of May 21, 2009, on behalf of the City of Portland, Oregon (the “City”) by its Debt Manager pursuant to City Ordinance No. 182605 and Oregon Revised Statutes Section 287A.360, to establish the terms under which the City’s Limited Tax Revenue Refunding Bonds (Central City Streetcar Project), 2009 Series A are issued.

Section 1. Findings.

- (1) The City is authorized by City Ordinance No. 182605 and Oregon Revised Statutes Section 287A.360 to execute this Bond Declaration and issue bonds in an amount sufficient to pay and redeem the City’s outstanding Limited Tax Revenue Bonds (Central City Streetcar Project), 1999 Series A.
- (2) The City executes this Bond Declaration to memorialize the terms of the City’s Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project).

Section 2. Definitions.

Unless the context clearly requires otherwise, the following terms shall have the following meanings:

“2009 Series A Bonds” means the City’s Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) that are described in Section 3 of this Bond Declaration.

“Accounting Period” means a period of four consecutive weeks.

“Additional Bonds” means obligations issued in compliance with Section 5 of this Declaration which are secured by a lien on the Pledged Revenues which is on a parity with the lien of the 2009 Series A Bonds. Additional Bonds are not required to be secured by the City’s full faith and credit or its Available General Funds.

“Adjusted Pledged Revenues” means the Pledged Revenues for the Base Period, adjusted as provided in Section 5(2) of this Declaration.

“Annual Debt Service” means the amount required to be paid in a Fiscal Year of principal and interest on any Outstanding Bonds, calculated as follows:

- (i) interest which is to be paid from Bond Proceeds shall be subtracted;
- (ii) Bonds which are subject to scheduled, noncontingent redemption or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory redemption or tender, and only the amount scheduled to be outstanding on the final maturity date shall be treated as maturing on that date; and,
- (iii) Bonds which are subject to contingent redemption or tender shall be treated as maturing on their stated maturity dates

“Available General Funds” means revenues which are legally available to pay the bonds and not prohibited for such use under the charter and ordinances of the City and Oregon laws, and includes all taxes and other legally available general funds of the City.

“Available Meter Revenues” means the gross revenues received and collected from the operation of the Parking Meters, including citations, parking permit, and other related fees, less any part thereof which must be used to pay the costs of: collecting those revenues, parking enforcement, meter maintenance, and parking program management and administration.

“Base Period” means any 12 consecutive months (or thirteen Accounting Periods) from the 24 full months (or 26 Accounting Periods) preceding the issuance of a series of Additional Bonds.

“BEO” means “book-entry-only” and refers to a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

“Bond Declaration” means this Bond Declaration, including any amendments made in accordance with Section 11 of this Bond Declaration.

“Bonds” means the 2009 Series A Bonds and any Additional Bonds.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the Paying Agent or offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“City” means the City of Portland, Oregon.

“Code” means the Internal Revenue Code of 1986, as amended.

“Debt Manager” means the City’s Debt Manager, the City’s Chief Financial Officer of the Bureau of Financial Services, the City’s Chief Administrative Officer of the Office of Management and Finance, or the person designated by the City’s Chief Administrative Officer of the Office of Management and Finance to act on behalf of the City pursuant to the Ordinance.

“DTC” means the Depository Trust Company of New York, the initial securities depository for the 2009 Series A Bonds.

“Event of Default” refers to an Event of Default listed in Section 12(1) of this Bond Declaration.

“Facilities Operating Expenses” means all costs which are properly treated as expenses of operating and maintaining the Parking Facilities under generally accepted accounting principles. However, Facilities Operating Expenses do not include:

- (a) any rebates or penalties paid from Gross Revenues under Section 148 of the Code;
- (b) payments of judgments against the City and payments for the settlement of litigation;
- (c) depreciation and amortization of property values or losses, and all amounts treated for accounting purposes as payments for capital expenditures;
- (d) debt service payments; or,

(e) franchise fees and similar charges imposed by the City on the Parking Facilities or City parking operations.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by Oregon law.

“Government Obligations” means direct noncallable obligations of the United States, or obligations the principal of and interest on which are fully and unconditionally guaranteed by the United States.

“Gross Facilities Revenues” means all fees and charges and other revenues resulting from the operation of the Parking Facilities, including interest earnings on Gross Facilities Revenues in the Parking Facilities Fund.

“Maximum Annual Debt Service” means the greatest Annual Debt Service, calculated on all Bonds which are Outstanding on the date of calculation.

“Net Facilities Revenues” means the Gross Facilities Revenues less the Facilities Operating Expenses.

“Ordinance” means City Ordinance No. 182605 adopted by the City Council on March 18, 2009.

“Outstanding” refers to all 2009 Series A Bonds authorized and delivered pursuant to this Bond Declaration except 2009 Series A Bonds which have been paid, canceled, or defeased pursuant to Section 13 of this Bond Declaration, and 2009 Series A Bonds which have matured but have not been presented for payment for the payment of which adequate money has been transferred to the Paying Agent.

“Owner” means the person shown on the 2009 Series A Bond register maintained by the Paying Agent as the registered owner of a 2009 Series A Bond.

“Parking Facilities Fund” means the special fund which has been designated as the depository of all fees, rentals and charges received by the City from the operation of the Parking Facilities, and from which expenses of the operation and maintenance of the Parking Facilities are paid.

“Parking Facilities” means:

- (a) the O'Bryant Square Garage (also known as the Park Block 1 Garage);
- (b) the Tenth and Yamhill Garage (also known as the Morrison Park West Garage);
- (c) the Third and Alder Garage (also known as the Morrison Park East Garage);
- (d) the Naito and Davis Garage (also known as the Old Town Parking Garage);
- (e) the First and Jefferson Garage (also known as the Autoport Garage);
- (f) the Fourth and Yamhill Garage (also known as the Pioneer Place Garage); and,
- (g) any off-street parking facilities which the City may subsequently designate as

“Parking Facilities” for purposes of this Declaration.

Unless they are subsequently designated to be “Parking Facilities,” “Parking Facilities” do not include the Portland Building garage, the Arena garages and city surface parking lots.

“Parking Meters” means the on-street parking meters owned by the city and located within the city.

“Paying Agent” means the registrar and paying agent for the 2009 Series A Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank National Association, in Portland, Oregon.

“Payment Date” means any day on which principal, interest or premium on 2009 Series A Bonds is required to be paid.

“Pledged Facilities Revenues” means the Net Facilities Revenues less any amounts which are required to pay debt service or fund reserves for the Prior Facilities Obligations.

“Pledged Meter Revenues” means the Available Meter Revenues less any amounts which are required to pay debt service or fund reserves for the Prior Meter Obligations.

“Pledged Revenues” means the Pledged Facilities Revenues plus the Pledged Meter Revenues

“Prior Facilities Obligations” means obligations having a lien on all or any portion of the Net Facilities Revenues which is superior to the lien of the Bonds. Prior Facilities Obligations consist of the following:

- (a) the City’s outstanding parking revenue bonds and any future obligations issued on a parity with the City’s outstanding parking revenue bonds,
- (b) any future obligations issued to refund the City’s outstanding parking revenue bonds if those obligations state that their lien on the Net Facilities Revenues is superior to the lien of the Bonds; and
- (c) any future obligations issued to finance or refinance off-street parking facilities, if those obligations state that their lien on the Net Facilities Revenues is superior to the lien of the Bonds.

“Prior Meter Obligations” means obligations having a lien on all or any portion of the Available Meter Revenues which is superior to the lien of the Bonds. Prior Meter Obligations consist of the following:

- (a) the City’s outstanding parking revenue bonds and any future obligations issued on a parity with the City’s outstanding parking system revenue bonds,
- (b) any future obligations issued to refund the City’s outstanding parking system revenue bonds if those obligations state that their lien on the Available Meter Revenues is superior to the lien of the Bonds;
- (c) the City’s Arena Limited Tax Bonds, Series 1996, and any future obligations issued on a parity with the City’s Arena Limited Tax Bonds, Series 1996;
- (d) any future obligations issued to refund the City’s Arena Limited Tax Bonds, Series 1996 if those obligations state that their lien on the Available Meter Revenues is superior to the lien of the Bonds; and,
- (e) any future obligations issued to finance or refinance on-street parking facilities (including parking meters) and off-street parking facilities if those obligations state that their lien on the Available Meter Revenues is superior to the lien of the Bonds.

“Qualified Consultant” means an independent engineer, an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the area for which such person or firm is retained by the City for purposes of performing activities specified in this Ordinance.

“Subordinate Obligations” means obligations issued in compliance with Section 6 of this Declaration which are secured by a lien on, and pledge of, the Pledged Revenues which is on subordinate to the lien on, and pledge of, the Pledged Revenues which secures the Bonds.

“Refundable Bonds” means the City’s outstanding Limited Tax Revenue Bonds, 1999 Series A (Central City Streetcar Project).

Section 3. 2009 Series A Bonds Authorized.

- (1) Pursuant to Oregon Revised Statutes Section 287A.360 and the Ordinance, the City hereby authorizes the issuance, sale and delivery of its Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) in accordance with this Bond Declaration and in a principal amount of \$21,450,000. The 2009 Series A Bonds shall be dated May 21, 2009, shall bear interest which is payable on April 1 and October 1 of each year, commencing October 1, 2009, and shall mature on April 1 of the following years in the following principal amounts:

<u>Due April 1</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>CUSIP Number (Base 736740)</u>
2010	1,260,000	1.000	JX0
2011	1,165,000	4.000	JY8
2012	1,210,000	2.500	JZ5
2013	1,240,000	2.500	KA8
2014	1,275,000	2.500	KB6
2015	1,310,000	2.500	KC4
2016	1,340,000	2.500	KD2
2017	1,370,000	4.000	KE0
2018	1,425,000	4.000	KF7
2019	1,485,000	4.000	KG5
2020	1,550,000	4.000	KH3
2021	1,600,000	4.000	KJ9
2022	1,675,000	4.000	KK6
2023	1,740,000	4.000	KL4
2024	1,805,000	4.000	KM2

- (2) The 2009 Series A Bonds are subject to redemption at the option of the City on April 1, 2019, and any date thereafter at 100 percent of the principal amount thereof, plus interest accrued to the date fixed for redemption. While the 2009 Series A Bonds are in book-entry-only form, if less than all the outstanding 2009 Series A Bonds of a particular maturity are to be redeemed, DTC will select the particular 2009 Series A Bonds in accordance with its customary practices.

- (3) The 2009 Series A Bond proceeds will be used to currently refund the Refundable Bonds and to pay costs of issuing the 2009 Series A Bonds.
- (4) The City reserves the right to purchase 2009 Series A Bonds in the open market.

Section 4. Security for 2009 Series A Bonds.

- (1) The City pledges the Pledged Facilities Revenues and the Pledged Meter Revenues to pay the Bonds.
- (2) On or before each Bond payment date the City shall transfer an amount sufficient to pay the Bonds directly to the Paying Agent for the Bonds, in sufficient time to allow the Paying Agent to make timely payment to the Owners. Transfers to the Paying Agent shall be made from the following sources, in the following order of priority:
 - (A) First, from the Pledged Facilities Revenues; and,
 - (B) Second, from the Pledged Meter Revenues.
- (3) The City reserves the right to sell or transfer all or any portion of its interests in the Parking Facilities and the Parking Meters, and to decrease or eliminate the rates and charges it imposes in connection with the Parking Facilities and Parking Meters.
- (4) The City hereby pledges its full faith and credit to pay the 2009 Series A Bonds. If the sources described in Section 4(2) are not sufficient to pay the 2009 Series A Bonds, the City shall pay the 2009 Series A Bonds from its Available General Funds.
- (5) This Bond Declaration shall constitute a contract with the Owners.

Section 5. Additional Bonds.

- (1) The City may issue Additional Bonds for any lawful purpose, but only if:
 - (A) No Event of Default under this Ordinance has occurred and is continuing.
 - (B) There shall have been filed with the City either:
 - (i) a certificate of the Debt Manager stating that the Pledged Revenues for the Base Period were not less than one hundred twenty-five percent (125.00%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the proposed Additional Bonds treated as Outstanding; or,
 - (ii) a certificate or opinion of a Qualified Consultant stating that the amount of the Adjusted Pledged Revenues computed as provided in Section 5(2) below is at least equal to one hundred thirty-five percent (135.00%) of the Maximum Annual Debt Service on all Outstanding Bonds, with the Proposed Additional Bonds treated as Outstanding.
- (2) The Qualified Consultant shall calculate Adjusted Pledged Revenues for purposes of Section 5(1)(B)(ii) by adjusting the Pledged Revenues for the Base Period:

- (A) To add any Pledged Revenues which the Qualified Consultant estimates would have resulted from facilities which were designated as “Parking Facilities” after the beginning of the Base Period, and from Parking Facilities and parking meters which are operating at the time the Additional Bonds are issued, but which began operation after the beginning of the Base Period.
 - (B) to reflect any changes in the rates and charges which produce the Pledged Facilities Revenues and the Pledged Meter Revenues which were not in effect during the Base Period, but have been adopted by the City Council and either are in effect on the date of sale and delivery of the Additional Bonds, or are scheduled to go into effect not later than twelve months after such date.
- (3) The City may issue Additional Bonds to refund Outstanding Bonds without complying with Section 5(1) if the refunded Bonds are defeased on the date of delivery of the refunding Additional Bonds and if the Annual Debt Service on the refunding Additional Bonds does not exceed the Annual Debt Service on the refunded Bonds in any Fiscal Year by more than \$5,000.
 - (4) All Additional Bonds issued in accordance with this Section 5 shall have a lien on the Pledged Revenues which is equal to the lien of all other Outstanding Bonds.

Section 6. Subordinate Obligations.

The City may issue Subordinate Obligations only if the Subordinate Obligations state clearly that they are secured by a lien on or pledge of the Pledged Revenues which is subordinate to the lien on, and pledge of, the Pledged Revenues for the Bonds.

Section 7. General Covenants.

The City hereby covenants and agrees with the Owners of all Outstanding Bonds as follows:

- (1) The City shall promptly cause the principal, premium, if any, and interest on the Bonds to be paid as they become due in accordance with the provisions of this Declaration and any Supplemental Ordinance.
- (2) The City shall maintain complete books and records relating to the operation of the Parking Facilities and the Parking Meters and all related City funds and accounts in accordance with generally accepted accounting principles, and will cause such books and records to be audited annually at the end of each Fiscal Year, and an audit report prepared by the Auditor.
- (3) The City shall not issue any obligations except Prior Facilities Obligations which have a lien or claim on the Net Facilities Revenues which is superior to the lien or claim of the Owners.
- (4) The City shall not issue any obligations except Prior Meter Obligations which have a lien or claim on the Available Meter Revenues which is superior to the lien or claim of the Owners.

Section 8. Book Entry System.

The 2009 Series A Bonds shall be initially issued in BEO form and shall be governed by this Section 5. While the 2009 Series A Bonds are in BEO form no physical 2009 Series A Bonds shall be provided to the Owners. An official of the City has executed and delivered a blanket letter of representations to DTC. While the 2009 Series A Bonds are in BEO form, registration and transfer of beneficial interests in the 2009 Series A Bonds shall be governed by that letter and the operational arrangements of DTC, as they may be amended from time to time, as provided in the blanket issuer letter of representations. So long as the 2009 Series A Bonds are in BEO form:

- (1) DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to the Owners of the 2009 Series A Bonds. 2009 Series A Bond payments shall be made, and notices shall be given, to DTC in accordance with the letter of representations. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2009 Series A Bonds called for redemption or of any other action premised on such notice.
- (2) Any notice of optional redemption given for the 2009 Series A Bonds pursuant to Section 8(1) may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2009 Series A Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected owners of the 2009 Series A Bonds as promptly as practicable.
- (3) The City may discontinue maintaining the 2009 Series A Bonds in the BEO form at any time. The City shall discontinue maintaining the 2009 Series A Bonds in BEO form if DTC determines not to continue to act as securities depository for the 2009 Series A Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.
- (4) If the City discontinues maintaining the 2009 Series A Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement 2009 Series A Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 9 below, regarding registration, transfer and exchange of 2009 Series A Bonds shall apply.
- (5) The City and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of DTC or to any beneficial owner on behalf of which such participants or correspondents act as agent for the beneficial owner with respect to:
 - (A) the accuracy of the records of DTC, the nominee or any participant or correspondent with respect to any beneficial owner's interest in the 2009 Series A Bonds;

- (B) the delivery to any participant or correspondent or any other person of any notice with respect to the 2009 Series A Bonds, including any notice of prepayment;
- (C) the selection by DTC of the beneficial interest in 2009 Series A Bonds to be redeemed prior to maturity; or
- (D) the payment to any participant, correspondent, or any other person other than the registered owner of the 2009 Series A Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal, any premium or interest on the 2009 Series A Bonds.
- (E) The provisions of this Section 8 may be modified without the consent of the beneficial owners in order to conform this Section to the standard practices of DTC or any successor depository for 2009 Series A Bonds issued in book-entry only form.

Section 9. Conditional Redemption.

Any notice of optional redemption given for the 2009 Series A Bonds pursuant to Section 8 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2009 Series A Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected owners of the 2009 Series A Bonds as promptly as practicable.

Section 10. Authentication, Registration and Transfer.

- (1) No 2009 Series A Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2009 Series A Bonds to be delivered at the closing of the 2009 Series A Bonds, and shall additionally authenticate all 2009 Series A Bonds properly surrendered for exchange or transfer pursuant to this 2009 Series A Bond Declaration.
- (2) The ownership of all 2009 Series A Bonds shall be entered in the 2009 Series A Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the 2009 Series A Bond register as the owner of the 2009 Series A Bond for all purposes.
- (3) While the 2009 Series A Bonds are in book-entry only form, the Paying Agent shall transfer 2009 Series A Bond principal and interest payments in the manner required by DTC.
- (4) If the 2009 Series A Bonds cease to be in book-entry only form, the Paying Agent shall mail each interest payment on the interest payment date (or the next Business Day if the payment date is not a Business Day) to the name and address of the Owners as they appear on the 2009 Series A Bond register as of the record date for the 2009 Series A

Bonds. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

- (5) 2009 Series A Bonds may be exchanged for an equal principal amount of 2009 Series A Bonds of the same maturity which are in different denominations, and 2009 Series A Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent:
 - (A) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent, and
 - (B) the 2009 Series A Bonds to be exchanged or transferred.
- (6) The Paying Agent shall not be required to exchange or transfer any 2009 Series A Bonds submitted to it during any period beginning with a record date and ending on the next following payment date; however, such 2009 Series A Bonds shall be exchanged or transferred promptly following that payment date.
- (7) The Paying Agent shall note the date of authentication on each 2009 Series A Bond. The date of authentication shall be the date on which the Owner's name is listed on the 2009 Series A Bond register.
- (8) For purposes of this Section 9, 2009 Series A Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 10(5), above.
- (9) The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 11. Amendment of Bond Declaration.

- (1) The City may amend this Bond Declaration without the consent of any Owner for any one or more of the following purposes:
 - (A) To cure any ambiguity or formal defect or omission in this Bond Declaration;
 - (B) To add to the covenants and agreements of the City in this Bond Declaration other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Bond Declaration as theretofore in effect;
 - (C) To confirm, as further assurance, any security interest or pledge created under this Bond Declaration or any Supplemental Bond Declaration;
 - (D) To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the Owners.

- (2) This Bond Declaration may be amended for any other purpose only upon consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected 2009 Series A Bonds then Outstanding. However, no amendment shall be valid which:
 - (A) Extends the maturity of any 2009 Series A Bonds, reduces the rate of interest upon any 2009 Series A Bonds, extends the time of payment of interest on any 2009 Series A Bonds, reduces the amount of principal payable on any 2009 Series A Bonds, or reduces any premium payable on any 2009 Series A Bonds, without the consent of the affected Owner; or
 - (B) Reduces the percent of Owners required to approve amendments to this Bond Declaration.

Section 12. Default and Remedies.

- (1) The occurrence of one or more of the following shall constitute an Event of Default under this Bond Declaration:
 - (A) Failure by the City to pay 2009 Series A Bond principal, interest or premium when due (whether at maturity, or upon redemption after a 2009 Series A Bond has been properly called for redemption);
 - (B) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of 2009 Series A Bonds, for a period of 60 days after written notice to the City by the Owners of ten percent or more of the principal amount of 2009 Series A Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 12(1)(B); or,
 - (C) The City is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.
- (2) The Owners of ten percent or more of the principal amount of 2009 Series A Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 12(1)(A).
- (3) Upon the occurrence and continuance of any Event of Default hereunder the Owners of ten percent or more of the principal amount of 2009 Series A Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of 2009 Series A Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration or for the enforcement of any other legal or equitable

right vested in the Owners of 2009 Series A Bonds by this Bond Declaration or by law. However, the 2009 Series A Bonds shall not be subject to acceleration.

- (4) No remedy in this Bond Declaration conferred upon or reserved to Owners of 2009 Series A Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of 2009 Series A Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Bond Declaration or by law.

Section 13. Defeasance.

The City shall be obligated to pay 2009 Series A Bonds which are defeased pursuant to this Section solely from the money and Government Obligations deposited with an escrow agent or independent trustee, and the City shall have no further obligation to pay the defeased 2009 Series A Bonds from any source except the amounts deposited in the escrow. 2009 Series A Bonds shall be deemed defeased if the City:

- (1) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of the 2009 Series A Bonds which are to be defeased without reinvestment; and
- (2) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation, described above, is correct; and
- (3) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest component of the 2009 Series A Bonds to be includable in gross income under the Code.

Section 14. Form.

The 2009 Series A Bonds shall be issued in substantially the form attached to hereto as Appendix A, with any changes that are approved by the Debt Manager. The 2009 Series A Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Section 15. Rules of Construction.

In determining the meaning of provisions of this Bond Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

- (1) References to section numbers shall be construed as references to sections of this Bond Declaration.
- (2) References to one gender shall include all genders.

- (3) References to the singular shall include the plural, and references to the plural shall include the singular.

Dated as of the 21st day of May, 2009.

City of Portland, Oregon

By: _____
Eric H. Johansen, Debt Manager

Appendix A

No. R-«BondNumber»

\$«PrincipalAmtNumber»

UNITED STATES OF AMERICA
STATE OF OREGON
COUNTIES OF MULTNOMAH, WASHINGTON AND CLACKAMAS
CITY OF PORTLAND
LIMITED TAX REVENUE REFUNDING BOND, 2009 SERIES A
(CENTRAL CITY STREETCAR PROJECT)

Dated Date: May 21, 2009

Interest Rate Per Annum: «CouponRate»%

Maturity Date: April 1, «MaturityYear»

CUSIP Number: 736740«CUSIPNumbr»

Registered Owner: -----Cede & Co.-----

Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

The City of Portland, Oregon (the "City"), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, the Principal Amount indicated above on the Maturity Date indicated above together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above, computed on the basis of a 360-day year of twelve 30-day months. Interest is payable semiannually on the first day of April and the first day of October in each year until maturity or prior redemption, commencing October 1, 2009. Payment of each installment of principal or interest shall be made to the Registered Owner hereof whose name appears on the registration books of the City maintained by the City's paying agent and registrar, which is currently U.S. Bank National Association, in Portland, Oregon (the "Paying Agent"), as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date. For so long as this Bond is subject to a book-entry-only system, principal and interest payments shall be paid on each payment date to the nominee of the securities depository for the Bonds. On the date of issuance of this Bond, the securities depository for the Bonds is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payments shall be made payable to the order of "Cede & Co."

This Bond is one of a duly authorized series of bonds of the City aggregating \$21,450,000 in principal amount designated as Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) (the "Bonds"). The Bonds are issued for the purpose of currently refunding the City's outstanding Limited Tax Revenue Bonds, 1999 Series A (Central City Streetcar Project). The Bonds are authorized by City Ordinance No. 182605 (the "Ordinance") and Oregon Revised Statutes Section 287A.360, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City and issued pursuant to a Bond Declaration dated as of May 21, 2009 (the "Bond Declaration").

The Bonds constitute valid and legally binding obligations of the City. The City has pledged the Pledged Facilities Revenues and the Pledged Meter Revenues to pay the Bonds as provided in the Declaration. The City has also pledged its full faith and credit for the punctual payment of the principal of and interest on the Bonds and the City has covenanted to pay the Bonds from its Available General Funds, as defined in the Bond Declaration, if the Pledged Facilities Revenues and the Pledged Meter Revenues are not sufficient. The City is not authorized to levy any additional taxes to pay the Bonds. The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than the City.

The Bonds are initially issued in book-entry-only form with no certificates provided to the beneficial owners of the Bonds. The Depository Trust Company and its participants will maintain records of ownership of beneficial interests in the Bonds. Should the book-entry only security system be discontinued, the City shall cause the Paying Agent to authenticate and deliver replacement Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees, as provided in the Ordinance.

The Bonds are subject to redemption as described in the Bond Declaration and in the Official Statement for the Bonds which is dated May 12, 2009.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Bond Declaration. The Bonds are subject to conditional notice of redemption as provided in the Declaration. The Paying Agent will notify The Depository Trust Company of any Bonds called for redemption not less than 30 days prior to the date fixed for redemption. If the book-entry-only system is discontinued, the Paying Agent and the District shall provide for an alternative system of providing notice of redemption and such other matters as need to be updated for the Bonds that is of general acceptance in the municipal bond markets. However, any failure to give notice shall not invalidate the redemption of the Bonds.

Any exchange or transfer of this Bond must be registered, as provided in the Ordinance, upon the Bond register kept for that purpose by the Paying Agent. The exchange or transfer of this Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Paying Agent and which is executed by the registered owner or duly authorized attorney. Upon registration, a new registered Bond or Bonds, of the same maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Ordinance. The City and the Paying Agent may treat the person in whose name this Bond is registered on the Bond register as its absolute owner for all purposes, as provided in the Ordinance.

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to Issuer or its agent for registration of transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entry as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

This Bond shall remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Registrar and The Depository Trust Company.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; and that the issue of which this Bond is a part, and all other obligations of the City, are within every debt limitation and other limit prescribed by such Constitution and Statutes and City Charter.

IN WITNESS WHEREOF, the Council of the City of Portland, Oregon, by ordinances duly enacted, has caused this Bond to be signed by facsimile signature of its Mayor and countersigned by facsimile signature of its Auditor, and has caused a facsimile of the corporate seal of the City to be imprinted hereon, all as of the date first above written.



City of Portland, Oregon

Sam Adams, Mayor

Gary Blackmer, Auditor

THIS BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE INDICATED BELOW.

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of \$21,450,000 aggregate principal amount of City of Portland, Oregon Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) issued pursuant to the Ordinance described herein.

Date of authentication: May 21, 2009.

U.S. Bank National Association, as Paying Agent

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____

(Please insert social security or other identifying number of assignee)

this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM -- tenants in common
- TEN ENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survivorship and not as tenants in common
- OREGON CUSTODIANS use the following
 _____ CUST UL OREG _____ MIN
 as custodian for (name of minor)
- OR UNIF TRANS MIN ACT
 under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.

APPENDIX B
EXCERPTS OF 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 2004, 2005, 2006, 2007 and 2008. Copies of these financial statements containing the reports of the independent certified public accountants are available on the City's website at:

<http://www.portlandonline.com/omf/index.cfm?c=26053>

The following pages in this Appendix B are excerpted from the City's Comprehensive Annual Financial Reports of the City for Fiscal Years ending June 30, 2004 through June 30, 2008. 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 THE OFFERING OF THE 2009 SERIES A BONDS AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE 2009 SERIES A BONDS.



CITY OF PORTLAND, OREGON
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Generally Accepted Accounting Principles Basis
for Fiscal Year Ended June 30

	2004	2005	2006	2007	2008
Revenues					
Taxes	\$246,195,810	\$246,416,379	\$254,440,767	\$264,410,825	\$281,269,341
Payments in lieu of taxes	--	821,501	1,533,219	1,259,198	1,434,002
Rents and reimbursements	125,984	2,096,536	2,380,112	3,217,317	3,759,621
Licenses and fees	103,502,813	113,435,989	127,432,687	143,698,767	149,013,133
Intergovernmental revenues	24,433,714	22,676,714	26,419,859	28,203,768	26,001,207
Charges for services	51,256,482	53,879,562	65,579,384	72,175,566	73,795,390
Miscellaneous service charges	3,198,227	3,946,028	2,444,824	2,306,192	3,631,990
Investment earnings	579,660	2,448,647	4,860,587	7,588,918	7,470,499
Other miscellaneous revenues	1,800,381	1,830,898	1,823,283	774,796	623,088
Total revenues	431,093,071	447,552,254	486,914,722	523,635,347	546,998,271
Expenditures					
Public safety	273,780,789	283,442,858	298,035,413	311,162,725	326,388,826
Parks/recreation/cultural	47,475,936	48,491,194	50,398,732	58,224,659	59,218,279
Community development	32,953,347	35,804,537	30,623,452	44,596,138	48,921,442
Support services/legis./administrative	45,753,826	53,010,988	65,736,351	69,953,137	70,242,455
Capital outlay	2,245,106	2,989,727	3,701,346	4,383,485	5,078,171
Debt service and related costs	30,550	468,890	269,219	240,755	2,039,003
Total expenditures	402,239,554	424,208,194	448,764,513	488,560,899	511,888,176
Revenues over (under) expenditures	28,853,517	23,344,060	38,150,209	35,074,448	35,110,095
Other Financing Sources (Uses)					
Transfers in	14,085,934	19,704,666	20,849,891	25,172,899	17,390,723
Transfers out	(35,665,461)	(34,916,060)	(35,162,749)	(48,201,134)	(52,887,840)
Proceeds from sale of capital assets	--	--	76,351	--	--
Loan proceeds	3,067,000	5,565,000	1,824,000	--	--
Total other sources (uses)	(18,512,527)	(9,646,394)	(12,412,507)	(23,028,235)	(35,497,117)
Net change in fund balances	10,340,990	13,697,666	25,737,702	12,046,213	(387,022)
Fund balance, beginning	57,643,938	68,036,150	93,942,572	119,280,600	131,326,813
Prior period adjustment (1)	--	12,179,250	--	--	--
Fund balance, beginning, as restated	57,643,938	80,215,400	93,942,572	119,280,600	131,326,813
Change in inventory	51,222	29,506	(399,674)	--	--
Fund balances, ending (2)	\$68,036,150	\$93,942,572	\$119,280,600	\$131,326,813	\$130,939,791

Notes:

- (1) In FY 2004-05, the City's beginning net assets have been restated to establish the accounts receivable for cable franchise fees, which were previously accounted for on a cash basis of accounting and not in conformance with GAAP.
- (2) In FY 2004-05, increase to fund balance reflects restatement of cable franchise fees (see footnote 2 above), higher-than-anticipated business license tax receipts, and budget reductions to provide one-time funding for program expenditures over the next one or two fiscal years. The FY 2005-06 increase reflects higher-than-anticipated property tax collections, business license tax receipts and interest earnings.

Source: Derived from City of Portland audited annual financial statements.

CITY OF PORTLAND, OREGON
General Fund
Consecutive Balance Sheets
as of June 30

	2004	2005	2006	2007	2008
ASSETS:					
Cash and investments	\$79,744,655	\$91,967,908	\$117,244,053	\$135,369,404	\$145,311,441
Receivables:					
Property taxes	14,699,490	13,991,052	13,220,703	13,114,426	14,370,341
Accounts, interest and advances (1)	3,723,006	16,434,764	20,130,703	18,095,929	19,882,956
Assessments (2)	4,280,370	4,011,158	3,746,001	2,157	21,894
Due from other funds	4,579,636	8,223,415	8,196,748	8,739,691	3,962,233
Due from component units	--	--	--	653,444	531,074
Inventories	370,167	399,674	--	--	--
Prepaid Items	--	--	6,692	1,996	--
Total Assets	\$107,397,324	\$135,027,971	\$162,545,900	\$175,977,047	\$184,079,939
LIABILITIES:					
Accounts payable	\$8,113,050	\$6,602,265	\$6,048,037	\$9,667,094	\$15,629,222
Deferred revenue (3)	24,560,999	27,831,067	10,062,193	6,021,812	6,997,217
Unearned revenue (3)	--	--	18,179,533	20,272,932	17,922,453
Due to other funds (4)	5,567,124	19,360	19,360	--	356,665
Due to component unit	--	143,378	523,780	128,526	1,638,147
Due to fiduciary fund (4)	--	4,785,770	4,488,226	4,362,811	4,836,049
Other liabilities	1,120,001	1,703,559	3,944,171	4,197,059	5,760,395
Total Liabilities	39,361,174	41,085,399	43,265,300	44,650,234	53,140,148
FUND BALANCE:					
Reserved for petty cash	44,845	46,342	--	--	--
Reserved for inventories	370,167	399,674	--	--	--
Unreserved	67,621,138	93,496,556	119,280,600	131,326,813	130,939,791
Total Fund Balance	68,036,150	93,942,572	119,280,600	131,326,813	130,939,791
Total Liabilities and Fund Balance	\$107,397,324	\$135,027,971	\$162,545,900	\$175,977,047	\$184,079,939

Notes:

- (1) In FY 2004-05, the City's beginning net assets have been restated to establish the accounts receivable for cable franchise fees in the amount of \$12,681,328, which were previously accounted for on a cash basis of accounting and not in conformance with GAAP.
- (2) Increase in Assessments in FY 2003-04 is due to transfer of liens receivable balance from Bureau of Development Services to Office of Neighborhood Involvement.
- (3) Prior to FY 2005-06 unearned revenue and deferred revenue were combined and presented as deferred revenue. To conform with GAAP, beginning in FY 2005-06, the two categories are shown separately.
- (4) Prior to FY 2004-05 "Due to other funds" and "Due to fiduciary fund" were combined and presented as "Due to other funds". To conform with GAAP, beginning in FY 2004-05, the two categories are shown separately.

Source: City of Portland audited annual financial statements.

CITY OF PORTLAND, OREGON
Parking Facilities Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Fiscal Year Ending June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Operating revenues:					
Service charges and fees	\$ 687,239	\$ 700,600	\$ 699,289	\$ 706,236	\$ 709,821
Rents and reimbursements	763,337	832,525	787,251	780,550	785,213
Parking Fees	7,818,630	8,283,000	9,344,105	10,301,163	10,532,911
Miscellaneous	5,803	3,334	9,884	4,634	5,624
Total operating revenues	<u>9,275,009</u>	<u>9,819,459</u>	<u>10,840,529</u>	<u>11,792,583</u>	<u>12,033,569</u>
Operating expenses:					
Salaries and wages	-	-	60,507	-	-
Operating supplies	548	5,693	112	112	35
Professional services	4,044,288	4,495,029	3,691,665	3,618,694	3,945,269
Utilities	1,273	17,226	44,088	47,972	50,879
Depreciation expense	1,022,974	1,047,572	1,022,119	1,033,609	1,034,936
Miscellaneous	967,969	444,483	1,077,889	1,431,824	1,711,471
Total operating expenses	<u>6,037,052</u>	<u>6,010,003</u>	<u>5,896,380</u>	<u>6,132,211</u>	<u>6,742,590</u>
Operating income (loss)	<u>3,237,957</u>	<u>3,809,456</u>	<u>4,944,149</u>	<u>5,660,372</u>	<u>5,290,979</u>
Nonoperating revenues (expenses):					
Gain (loss) on sale of capital assets	497,155	(443,823)	334,328	-	-
Interest on investments	94,076	75,692	208,418	384,640	482,353
Debt Issuance Costs	-	(4,575)	-	-	-
Interest expense	(1,586,089)	(1,513,552)	(1,440,825)	(1,376,573)	(1,308,891)
Total nonoperating revenues (expenses)	<u>(994,858)</u>	<u>(1,886,258)</u>	<u>(898,079)</u>	<u>(991,933)</u>	<u>(826,538)</u>
Income (loss) before contributions and transfers	2,243,099	1,923,198	4,046,070	4,668,439	4,464,441
Capital Contributions	-	556,438	-	2,869	-
Transfers out	1,351,850	(320,265)	(1,027,293)	(1,030,781)	(1,038,002)
Net income (loss)	<u>891,249</u>	<u>2,159,371</u>	<u>3,018,777</u>	<u>3,640,527</u>	<u>3,426,439</u>
Total net assets -- beginning	<u>1,290,855</u>	<u>2,182,104</u>	<u>4,341,475</u>	<u>7,360,252</u>	<u>11,000,779</u>
Total net assets -- ending	<u>\$ 2,182,104</u>	<u>\$ 4,341,475</u>	<u>\$ 7,360,252</u>	<u>\$ 11,000,779</u>	<u>\$ 14,427,218</u>

Source: Derived from City of Portland audited annual financial statements.

CITY OF PORTLAND, OREGON
Parking Facilities Fund
Statement of Net Assets
As of June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
ASSETS					
Current assets (unrestricted):					
Cash and investments	\$ 2,964,664	\$ 4,006,201	\$ 3,507,072	\$ 8,688,401	\$ 11,281,841
Receivables					
Accounts, net	263,463	294,041	367,617	513,326	391,844
Accrued interest	6,507	15,334	35,135	84,586	64,163
Internal loans	-	-	2,306,000	-	-
Total current assets (unrestricted)	<u>3,234,634</u>	<u>4,315,576</u>	<u>6,215,824</u>	<u>9,286,313</u>	<u>11,737,848</u>
Noncurrent assets:					
Capital assets:					
Land	10,575,202	10,575,202	10,575,202	10,578,071	10,578,071
Plant, buildings and improvements	40,429,346	40,569,223	41,057,265	41,057,265	41,057,265
Machinery and equipment	35,900	35,900	182,248	182,248	449,035
Accumulated depreciation and amortization	(18,233,995)	(19,308,829)	(20,491,642)	(21,525,250)	(22,560,187)
Capital assets net of accumulated depreciation and amortization	<u>32,806,453</u>	<u>31,871,496</u>	<u>31,323,073</u>	<u>30,292,334</u>	<u>29,524,184</u>
Total non-current assets	<u>32,806,453</u>	<u>31,871,496</u>	<u>31,323,073</u>	<u>30,292,334</u>	<u>29,524,184</u>
Total assets	<u>36,041,087</u>	<u>36,187,072</u>	<u>37,538,897</u>	<u>39,578,647</u>	<u>41,262,032</u>

CITY OF PORTLAND, OREGON
Parking Facilities Fund
Statement of Net Assets (continued)
As of June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
LIABILITIES					
Current liabilities (payable from unrestricted assets):					
Accounts payable	168,551	121,206	95,842	181,030	211,873
Revenue bonds payable - current	1,980,000	1,640,000	1,705,000	1,780,000	1,840,000
Accrued interest payable - current	377,544	358,443	342,512	325,947	307,844
Other liabilities - current	26,816	37,398	28,760	41,272	42,272
Total current liabilities (unrestricted)	<u>2,552,911</u>	<u>2,157,047</u>	<u>2,172,114</u>	<u>2,328,249</u>	<u>2,401,989</u>
Noncurrent liabilities:					
Revenue bonds payable	31,306,072	29,688,550	28,006,531	26,249,619	24,432,825
Total noncurrent liabilities	<u>31,306,072</u>	<u>29,688,550</u>	<u>28,006,531</u>	<u>26,249,619</u>	<u>24,432,825</u>
Total liabilities	<u>33,858,983</u>	<u>31,845,597</u>	<u>30,178,645</u>	<u>28,577,868</u>	<u>26,834,814</u>
NET ASSETS					
Invested in capital assets, net of related debt	(479,619)	542,946	1,303,073	2,262,715	3,251,359
Unrestricted	2,661,723	3,798,529	6,057,179	8,738,064	11,175,859
Total net assets	<u>\$ 2,182,104</u>	<u>\$ 4,341,475</u>	<u>\$ 7,360,252</u>	<u>\$ 11,000,779</u>	<u>\$ 14,427,218</u>

Source: Derived from City of Portland audited annual financial statements.

CITY OF PORTLAND, OREGON
Parking Facilities Fund
Statement of Cash Flows
Fiscal Year Ending June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITY					
Receipts from customers and users	\$ 8,628,872	\$ 9,088,280	\$ 7,761,665	\$13,246,638	\$11,445,231
Receipts from interfund services provided	687,239	700,600	699,289	706,236	711,681
Payments to suppliers	(2,691,857)	(3,864,986)	(4,492,264)	(4,627,903)	(5,289,056)
Payments to employees	-	-	(60,507)	-	-
Payments for interfund services used	(2,487,953)	(1,134,207)	(355,494)	(372,999)	(388,615)
Other receipts (payments)	-	-	-	-	-
	<hr/>				
Net cash provided by operating activities	4,136,301	4,789,687	3,552,689	8,951,972	6,479,241
	<hr/>				
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	(1,351,850)	(320,265)	(1,027,293)	(1,030,781)	(1,038,002)
Net cash provided (used) by noncapital financing activities	(1,351,850)	(320,265)	(1,027,293)	(1,030,781)	(1,038,002)
	<hr/>				
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of bonds and notes	-	-	-	-	-
Premium on bonds and notes issued	-	-	-	-	-
Acquisition of capital assets	(23,900)	-	(139,367)	-	(266,787)
Principal paid on bonds, notes and capital leases	(2,155,000)	(1,980,000)	(1,640,000)	(1,705,000)	(1,780,000)
Interest paid on bonds, notes and capital leases	(1,582,225)	(1,510,176)	(1,433,774)	(1,370,050)	(1,303,788)
Debt issuance costs	-	(4,575)	-	-	-
Net cash provided (used) by capital related financing activities	(3,761,125)	(3,494,751)	(3,213,141)	(3,075,050)	(3,350,575)
	<hr/>				
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	97,476	66,866	188,616	335,188	502,776
Net increase (decrease) in cash and cash equivalents	(879,198)	1,041,537	(499,129)	5,181,329	2,593,440
	<hr/>				
CASH AND CASH EQUIVALENTS July 1, Prior Year	3,843,862	2,964,664	4,006,201	3,507,072	8,688,401
	<hr/>				
CASH AND CASH EQUIVALENTS June 30, Current Year	\$ 2,964,664	\$ 4,006,201	\$ 3,507,072	\$ 8,688,401	\$11,281,841
	<hr/>				

CITY OF PORTLAND, OREGON
Parking Facilities Fund
Statement of Cash Flows (Continued)
Fiscal Year Ending June 30

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Reconciliation of operating income (loss) to net cash provided by operating activities					
Operating income (loss)	3,237,957	\$ 3,809,456	\$ 4,944,149	\$ 5,660,372	\$ 5,290,979
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization of capital assets	1,022,974	1,047,572	1,022,119	1,033,609	1,034,936
Change in assets and liabilities:					
Accounts and contracts receivable	41,103	(30,578)	(2,379,577)	2,160,291	121,483
Checks and accounts payable	(143,289)	(47,346)	(25,364)	85,188	30,843
Other accrued liabilities	(22,444)	10,583	(8,638)	12,512	1,000
	<hr/>				
Net cash provided by operating activities	<u>\$ 4,136,301</u>	<u>\$ 4,789,687</u>	<u>\$ 3,552,689</u>	<u>\$ 8,951,972</u>	<u>\$ 6,479,241</u>
<u>Noncash information</u>					
Capital contribution	\$ -	\$ 556,438	\$ -	\$ 2,869	\$ -
Increase in fair value of investments (classified as cash equivalents)	-	-	-	-	42,311

Source: Derived from City of Portland audited annual financial statements.



APPENDIX C
LEGAL OPINION



May 21, 2009

City of Portland
1221 S.W. Fourth Avenue, Room 120
Portland, Oregon 97204

Hutchinson, Shockey, Erley & Co.
222 W. Adams, Suite 1700
Chicago, Illinois 60606

Subject: \$21,450,000 City of Portland, Oregon, Limited Tax Revenue Refunding Bonds, 2009 Series A
(Central City Streetcar Project)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Portland, Oregon (the “City”) of its Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) (the “Bonds”), which are dated May 21, 2009 and are in the aggregate principal amount of \$21,450,000. The Bonds are authorized by Oregon Revised Statutes Section 287A.360, City Ordinance No. 182605 adopted March 18, 2009, and a Bond Declaration dated the date of delivery of the Bonds (collectively, the “Ordinance”).

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering materials relating to the Bonds, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

Regarding questions of fact material to our opinion, we have relied on representations of the City in the Ordinance and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the Charter of the City, and the Ordinance. The Bonds constitute valid and legally binding obligations of the City enforceable in accordance with their terms.
2. The City has pledged its full faith and credit to the payment of the Bonds. The Bonds are also secured by a pledge of the Pledged Facilities Revenues and the Pledged Meter Revenues, as defined and described in the Bond Declaration.
3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with these covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.
4. Interest on the Bonds is exempt from Oregon personal income tax.

We note that the City has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Legal Opinion

May 21, 2009

Page 2

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

The portion of this opinion that is set forth in paragraph 1, above, is qualified only to the extent that enforceability of the Bonds may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the City.

This opinion is given as of the date hereof, and we assume no obligation to update, revise, or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms "law" and "laws" do not include unpublished judicial decisions, and we disclaim the effect of any such decision on this opinion. This opinion speaks as of its date only, and we disclaim any undertaking or obligation to advise you of any changes that hereafter may be brought to our attention or any change in law that may hereafter occur.

This opinion is given solely for your benefit in connection with the above referenced bond financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Bonds, nor may copies be furnished to any other person or entity, without the prior written consent of K&L Gates LLP.

We have served only as bond counsel to the City in connection with the Bonds and have not represented any other party in connection with the Bonds. Therefore, no attorney-client relationship shall arise by virtue of our addressing this opinion to persons other than the City.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

Respectfully submitted,

K&L GATES LLP

Lawyers

APPENDIX D
CONTINUING DISCLOSURE CERTIFICATE



CONTINUING DISCLOSURE CERTIFICATE

\$21,450,000

**City of Portland, Oregon
Limited Tax Revenue Refunding Bonds
2009 Series A
(Central City Streetcar Project)**

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by the City of Portland, Oregon (the “City”) in connection with the issuance of the City’s Limited Tax Revenue Refunding Bonds, 2009 Series A (Central City Streetcar Project) (the “Bonds”).

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the City for the benefit of the Bondowners and to assist the underwriter(s) of the Bonds in complying with paragraph (b)(5) of the Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended, (the “Rule”). This Certificate constitutes the City’s written undertaking for the benefit of the Bondowners as required by Section (b)(5) of the Rule.

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds, including persons holding Bonds through nominees or depositories.

“Bondowners” means the registered owners of the Bonds, as shown on the bond register maintained by the Paying Agent for the Bonds, and any Beneficial Owners.

“Commission” means the Securities and Exchange Commission.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosure established by the MSRB and accessible at <http://emma.msrb.org/>.

“MSRB” means the Municipal Securities Rulemaking Board or any successor to its functions.

“Official Statement” means the final official statement for the Bonds dated May 12, 2009.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Financial Information. The City agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing no later than March 31, 2010, for the fiscal year ended June 30, 2009):

A. The City’s previous fiscal year annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with

generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors); and,

B. To the extent not included in those annual financial statements, information generally of the type included in the official statement for the Bonds under the heading "Annual Disclosure Information."

Section 4. Timing. The information described in Sections 3.A and 3.B above shall be provided on or before nine months after the end of the City's fiscal year. The City's current fiscal year ends June 30. The City may adjust such fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the MSRB.

The City agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of its failure to provide the annual financial information described in Sections 3.A and 3.B above on or prior to the date set forth in the preceding paragraph.

Section 5. Material Events. The City agrees to provide or cause to be provided to the MSRB notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to the rights of Bondowners;
8. Bond calls;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Bonds; and
11. Rating changes.

Section 6. Termination/Modification. The City's obligations to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. This Certificate, or any provision hereof, shall be null and void if the City (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision hereof, are invalid, have been repealed retroactively or otherwise do not apply to the Bonds; and (b) notifies the MSRB of such opinion and the cancellation of this Certificate.

Section 7. Amendment. Notwithstanding any other provision of this Certificate, the City may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

A. If the amendment or waiver relates to the provisions of Sections 3.A or 3.B or Section 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the City with respect to the Bonds, or the type of business conducted;

B. The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment or waiver either (i) is approved by the Bondowners or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondowners.

In the event of any amendment or waiver of a provision of this Certificate, the City shall describe such amendment in the next annual report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a material event under Section 5 hereof, and (ii) the annual report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Bondowner's Remedies Under This Certificate. The right of any Bondowner to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the City's obligations hereunder, and any failure by the City to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds hereunder. Bondowners may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed a default or an event of default under the documents authorizing issuance of the Bonds, and no monetary damages shall arise or be payable hereunder, and the sole remedy under this Certificate in the event of any failure of the City to comply with this Certificate shall be an action to compel performance.

Section 9. Form of Information. All information required to be provided under this certificate after July 1, 2009 will be provided in an electronic format as prescribed by the MSRB.

Section 10. Filing with EMMA. Any filings required to be made with the MSRB after July 1, 2009 may be made through EMMA so long as it is approved by the MSRB.

Section 11. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 21st day of May, 2009.

City of Portland, Oregon

Debt Manager

APPENDIX E
BOOK ENTRY SYSTEM



BOOK ENTRY SYSTEM

DTC LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE
(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]
2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.
3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.
4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.
11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.
12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.



