NEW ISSUE **RATINGS: 2005 Series C – Moody's Aa2**
BOOK-ENTRY ONLY **2005 Series D – Moody's Aaa (Ambac-Insured)**

In the opinion of Preston Gates & Ellis LLP, Bond Counsel, interest on the 2005 Series C Bonds is included in gross income subject to federal income taxation. Interest on the 2005 Series C Bonds is exempt from Oregon personal income tax and is also exempt from personal income taxation by Multnomah County, Oregon. See "TAX MATTERS" herein.

In the opinion of Preston Gates & Ellis LLP, Bond Counsel, assuming compliance with certain covenants of the City, interest on the 2005 Series D Bonds is excluded from the gross income of the owners of the 2005 Series D Bonds for federal income tax purposes under existing law. Interest on the 2005 Series D Bonds is not an item of tax preference for purposes of either individual or corporate alternative minimum tax. Interest on the 2005 Series D Bonds may be indirectly subject to corporate alternative minimum tax and certain other taxes imposed on certain corporations. Interest on the 2005 Series D Bonds is exempt from Oregon personal income tax and is also exempt from personal income taxation by Multnomah County, Oregon See "TAX MATTERS" and "OTHER FEDERAL TAX MATTERS" herein.

City of Portland, Oregon

$3,170,000
Limited Tax Housing Revenue Bonds
2005 Series C
(Federally Taxable)
(Housing Opportunity Program)

$6,975,000
Limited Tax Housing Revenue Bonds
2005 Series D
(Tax-Exempt)
(Housing Opportunity Program)

BASE CUSIP: 736704

DATED: Date of Delivery **DUE: June 1, as shown on inside cover**

The City of Portland, Oregon, Limited Tax Housing Revenue Bonds, 2005 Series C (Federally Taxable) (Housing Opportunity Program) (the "2005 Series C Bonds") and Limited Tax Housing Revenue Bonds, 2005 Series D (Tax Exempt) (Housing Opportunity Program) (the "2005 Series D Bonds" and, collectively with the 2005 Bonds, the "2005 Bonds") will be issued in registered book-entry form only without coupons in denominations of $5,000 or integral multiples thereof. The 2005 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 2005 Bonds. While Cede & Co. is the registered owner of the 2005 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 Bonds. See "BOOK-ENTRY SYSTEM" herein.

MATURITIES, AMOUNTS and INTEREST RATES AS SHOWN ON THE REVERSE HEREOF

The 2005 Bonds will bear or accrue interest at the rates set forth on the inside cover. The 2005 Bonds will be dated as of the Date of Delivery. Interest on 2005 Bonds will be payable semiannually on June 1 and December 1 of each year, beginning December 1, 2005. While the 2005 Bonds are in book-entry form, interest on the 2005 Bonds will be paid through DTC. See "BOOK-ENTRY SYSTEM" herein.

Payment of the principal of and interest on the 2005 Series D Bonds, when due, will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the 2005 Series D Bonds.

Proceeds of the 2005 Bonds will be used to provide grants for various housing projects for low-income seniors, people with disabilities, and low-income working people. Grant recipients are not required to make any payments to the City and the City expects to receive no revenues from the housing projects. See "The Housing Projects" herein. Proceeds also will be used to pay costs of issuance.

The City has pledged its full faith and credit to the pay the 2005 Bonds. The 2005 Bonds are not general obligations of the City and the City is not authorized to levy any additional taxes. The expected source of repayment of the 2005 Bonds is the Available General Funds of the City. See "Security for the 2005 Bonds" herein.

The 2005 Series C Bonds are not subject to optional redemption prior to maturity. The 2005 Series D Bonds are subject to optional redemption prior to maturity. See "Redemption" herein.

The 2005 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 Preston Gates & Ellis LLP, Bond Counsel, Portland, Oregon, and to certain other conditions. The City expects that the 2005 Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 21, 2005.

Official Statement Dated June 9, 2005

MATURITY SCHEDULES

$3,170,000

LIMITED TAX HOUSING REVENUE BONDS
2005 SERIES C (Federally Taxable)
(Housing Opportunity Program)

Due June 1	Principal Amount	Interest Rate	Price or Yield	CUSIP No. 736704
2006	$365,000	3.90%	3.85%	AM9
2007	350,000	4.00	4.06	AN7
2008	360,000	4.10	4.15	AP2
2009	375,000	4.20	100	AQ0
2010	395,000	4.25	100	AR8
2011	410,000	4.30	100	AS6
2012	295,000	4.30	4.31	AT4
2013	320,000	4.35	4.36	AU1
2014	300,000	4.45	4.49	AV9

$6,975,000*

LIMITED TAX HOUSING REVENUE BONDS
2005 SERIES D (Tax-Exempt)
(Housing Opportunity Program)

Due June 1	Principal Amount	Interest Rate	Price or Yield	CUSIP No. 736704
2012	$130,000	3.250%	3.37%	BJ5
2013	125,000	3.500	3.47	BK2
2014	165,000	5.000	3.57	AW7
2015	485,000	4.250	3.65	AX5
2016	505,000	4.250	3.73†	AY3
2017	525,000	4.000	3.80†	AZ0
2018	545,000	4.000	3.87†	BA4
2019	570,000	4.000	3.94†	BB2
2020	590,000	4.000	4.00	BC0
2021	615,000	4.000	4.06	BD8
2022	640,000	4.000	4.12	BE6
2023	665,000	4.000	4.17	BF3
2024	695,000	4.000	4.21	BG1
2025	720,000	4.125	4.25	BH9

* All maturities of the 2005 Series D Bonds are insured by Ambac Assurance Corporation.
† Priced to call on June 1, 2015.

OFFICIAL STATEMENT
OF THE
CITY OF PORTLAND, OREGON

$3,170,000	**$6,975,000**
Limited Tax Housing Revenue Bonds 2005 Series C (Federally Taxable)	**Limited Tax Housing Revenue Bonds 2005 Series D (Tax-Exempt)**
(Housing Opportunity Program)	**(Housing Opportunity Program)**

Tom Potter,
Mayor and Commissioner of Finance and Administration

Sam Adams, Commissioner of Public Utilities
Randy Leonard, Commissioner of Public Safety
Dan Saltzman, Commissioner of Public Affairs
Erik Sten, Commissioner of Public Works

CITY OFFICIALS

Gary Blackmer, City Auditor
David E. Thurman, City Treasurer
Linda Meng, City Attorney

Timothy Grewe, Chief Administrative Officer
Kenneth L. Rust, Chief Financial Officer

DEBT MANAGEMENT

Eric H. Johansen, Debt Manager
1221 SW Fourth Avenue, Room 120
Portland, Oregon 97204
Phone: (503) 823-6851
Fax: (503) 823-4209
ejohansen@ci.portland.or.us

BOND COUNSEL

Preston Gates & Ellis LLP
Portland, Oregon

CITY OF PORTLAND, OREGON

1851

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.

All estimates and assumptions 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 and assumptions 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 2005 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 2005 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.**

TABLE OF CONTENTS

OFFICIAL STATEMENT

OF THE

CITY OF PORTLAND, OREGON

RELATED TO

$3,170,000	$6,975,000
LIMITED TAX HOUSING REVENUE BONDS 2005 SERIES C (FEDERALLY TAXABLE)	**LIMITED TAX HOUSING REVENUE BONDS 2005 SERIES D (TAX-EXEMPT)**
(Housing Opportunity Program)	**(Housing Opportunity Program)**

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the "City"), its Limited Tax Housing Revenue Bonds, 2005 Series C (Federally Taxable) (Housing Opportunity Program) (the "2005 Series C Bonds") and its Limited Tax Housing Revenue Bonds, 2005 Series D (Tax-Exempt) (Housing Opportunity Program) (the "2005 Series D Bonds" and, collectively with the 2005 Series C Bonds, the "2005 Bonds"). The 2005 Bonds will be issued in accordance with City Ordinance No. 179123 adopted March 16, 2005, (the "Ordinance"), which authorizes the issuance of the 2005 Bonds and delegates authority to the City's Debt Manager to establish the specific terms and conditions of the 2005 Bonds and to execute the Bond Declaration (the "Bond Declaration"). The City's Debt Manager will execute the Bond Declaration at closing. The Bond Declaration will memorialize the maturity schedules, interest rates, default provisions, redemption and defeasance rights, administrative provisions and other terms of the 2005 Bonds; the form of the Bond Declaration is attached as Appendix A to this official statement. The body of this Official Statement briefly summarizes many of the provisions of the Bond Declaration and does not purport to be complete. Reference should be made to the Bond Declaration found in Appendix A for full and complete details of its content. Capitalized terms that are used but not defined in the body of this Official Statement have the meanings defined for those terms in the Bond Declaration.

THE 2005 BONDS

DESCRIPTION

The 2005 Bonds will be issued in registered Book Entry Only ("BEO") form, without coupons, in denominations of $5,000 or integral multiples thereof. The 2005 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"). Interest on the 2005 Bonds is payable semi-annually on June 1 and December 1 of each year beginning December 1, 2005.

AUTHORIZATION AND PURPOSE

The 2005 Bonds are authorized by the Uniform Revenue Bond Act (ORS 288.805 to 288.945), which permits the City to pledge revenues, defined to include all fees, tolls, taxes, and other income available to the City to pay obligations issued under the Uniform Revenue Bond Act; Ordinance No. 179003 adopted on December 22, 2004; and the Ordinance, which was adopted on March 16, 2005. Proceeds of the 2005 Series C Bonds will fund a grant to the Housing Authority of Portland ("HAP") to construct a portion of the Burnside Commons Housing Project and to pay the costs of issuance of the 2005 Series C Bonds. Proceeds of the 2005 Series D Bonds will fund grants to sponsors of various housing projects for low-income seniors, people with disabilities, and low-income working people, to pay the premium of a financial guaranty insurance policy, and to pay the costs of issuance of the 2005 Series D Bonds. See "The Housing Projects" and "Estimated Sources and Uses of Bond Proceeds" herein.

SECURITY FOR THE 2005 BONDS

The City has pledged its full faith and credit to the pay the 2005 Bonds. The 2005 Bonds are not general obligations of the City and the City is not authorized to levy any additional taxes. The expected source of repayment of the 2005 Bonds is the Available General Funds of the City. See Appendix A, Bond Declaration.

BOND INSURANCE

The following information has been furnished by Ambac Assurance Corporation ("Ambac Assurance") for use in this Official Statement. Reference is made to Appendix F for a specimen of the financial guaranty insurance policy provided by Ambac Assurance.

Payment Pursuant to Financial Guaranty Insurance Policy

Ambac Assurance has made a commitment to issue a financial guaranty insurance policy (the "Financial Guaranty Insurance Policy") relating to the 2005 Series D Bonds effective as of the date of issuance of the 2005 Series D Bonds. Under the terms of the Financial Guaranty Insurance Policy, Ambac Assurance will pay to The Bank of New York, New York, New York or any successor thereto (the "Insurance Trustee") that portion of the principal of and interest on the 2005 Series D Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Financial Guaranty Insurance Policy). Ambac Assurance will make such payments to the Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Paying Agent. The insurance will extend for the term of the 2005 Series D Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Financial Guaranty Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the 2005 Series D Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding 2005 Series D Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding 2005 Series D Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the 2005 Series D Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Paying Agent has notice that any payment of principal of or interest on a which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Financial Guaranty Insurance Policy does **not** insure any risk other than Nonpayment, as defined in the Policy. Specifically, the Financial Guaranty Insurance Policy does **not** cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.

2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee, Paying Agent or Bond Registrar, if any.

If it becomes necessary to call upon the Financial Guaranty Insurance Policy, payment of principal requires surrender of 2005 Series D Bonds to the Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such 2005 Series D Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Financial Guaranty Insurance Policy. Payment of interest pursuant to the Financial Guaranty Insurance Policy requires proof of Holder entitlement to interest payments and an appropriate assignment of the Holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the 2005 Series D Bond, appurtenant coupon, if any, or right to payment of principal or interest on such 2005 Series D Bond and will be fully subrogated to the surrendering Holder's rights to payment.

Ambac Assurance Corporation

Ambac Assurance Corporation ("Ambac Assurance") is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately $8,585,000,000 (unaudited) and statutory capital of approximately $5,251,000,000 (unaudited) as of March 31, 2005. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of a 2005 Series D Bond by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such 2005 Series D Bond and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the 2005 Series D Bonds.

Available Information

The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the "Company"), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at http://www.sec.gov that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company . These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the "NYSE"), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference

The following documents filed by the Company with the SEC (File No. 1-10777) are incorporated by reference in this Official Statement:

1. The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004 and filed on March 15, 2005;
2. The Company's Current Report on Form 8-K dated April 5, 2005 and filed on April 11, 2005;
3. The Company's Current Report on Form 8-K dated and filed on April 20, 2005;
4. The Company's Current Report on Form 8-K dated May 3, 2005 and filed on May 5, 2005; and
5. The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2005 and filed on May 10, 2005.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this Official Statement will be available for inspection in the same manner as described above in "Available Information".

FORM

The 2005 Bonds will be issued in fully-registered form without coupons in denominations of $5,000 or integral multiples thereof. The 2005 Bonds will be issued subject to the BEO System of registration, transfer and payment operated by DTC, and will be subject in all respects to the rules, regulations and agreements pertaining to such BEO System. In accordance with the BEO System, the 2005 Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Purchasers of the 2005 Bonds who are the Beneficial Owners thereof will not receive certificates evidencing their ownership interests in the 2005 Bonds. While Cede & Co. is the registered Owner of the 2005 Bonds (in such capacity, the "Owner") as nominee of DTC, it shall be treated in all respects as the sole Owner of the 2005 Bonds and shall have the right to exercise (in lieu of the Beneficial Owners of the 2005 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 2005 Bonds under the Bond Declaration or applicable law. So long as the 2005 Bonds are subject to the BEO System, all registrations and transfers of Beneficial Ownership of the 2005 Bonds will be made only through the BEO System. See Appendix E, herein, for a discussion of the BEO System.

MATURITY AND PAYMENT

The 2005 Bonds mature on June 1 of the years and in the aggregate principal amounts set forth on the inside cover page of this Official Statement and will bear interest from the Date of Delivery. Accrued and unpaid interest on the 2005 Bonds will be due and payable semiannually on June 1 and December 1 of each year, commencing December 1, 2005, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

So long as the 2005 Bonds are subject to the BEO System, all payments of the principal of and interest on the 2005 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 2005 Bonds. The City has no responsibility for the distribution of any payments on the 2005 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

Optional Redemption of the 2005 Bonds

The 2005 Series C Bonds are not subject to optional redemption prior to maturity.

The 2005 Series D Bonds are subject to redemption prior to maturity in whole or in part at the option of the City on any date on or after June 1, 2015, in any order of maturity and by lot within a maturity. Any such redemption shall be at a price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest thereon to the date fixed for redemption. In the case of any redemption of less than all of the outstanding 2005 Series D Bonds, the City shall have the right to specify the particular maturities to be redeemed and the aggregate principal amount of each maturity to be redeemed.

Selection of 2005 Series D Bonds for Redemption

While the 2005 Series D Bonds are subject to the BEO System, if less than all of the outstanding 2005 Series D Bonds of a particular maturity are to be redeemed, DTC will select the particular 2005 Series D Bonds of such maturity to be redeemed.

Notice of Redemption

So long as the 2005 Series D 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.

Effect of Redemption

While the 2005 Series D 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.

THE HOUSING PROJECTS

Proceeds of the 2005 Bonds will be used to provide grants to finance housing for low-income seniors, people with disabilities, and low-income working people (the "Housing Projects"). Grant recipients are not required to make any payments to the City and the City expects to receive no revenues from the housing projects. Most of the Housing Projects are expected to be permanent supportive housing, which is long-term housing that is linked to services that stabilize residents in their housing and help them succeed in their jobs. The Housing Opportunity Program is administered by the PDC in cooperation with the City's Bureau of Housing and Community Development.

Proceeds of the 2005 Series C Bonds will be used to provide a grant to HAP to fund a portion of the construction of the Burnside Commons housing project. The project includes demolition of an existing apartment building to be replaced with a new complex comprised of 140 units of workforce affordable housing including 45 units of permanent supportive housing.

Proceeds of the 2005 Series D Bonds are expected to fund grants to various project sponsors for construction of affordable housing units. Projects expected to be funded with proceeds of the 2005 Series D Bonds are as follows.

Sponsor	Project Name	Total Units	Permanent Supportive Housing Units
Central City Concern	Rose Quarter Housing	176	80
Caritas Housing	Hollingsworth House	16	16
Transition Projects	Clark Center Housing	20	20
ROSE CDC	Leander Court	37	10

ESTIMATED SOURCES AND USES OF 2005 BOND PROCEEDS

The anticipated uses of proceeds from the 2005 Bonds are itemized in the following table:

Table 1
CITY OF PORTLAND, OREGON
Estimated Sources and Uses of 2005 Bond Proceeds

	2005 SERIES C	2005 SERIES D
Sources of Funds		
Par amount of bonds	$3,170,000.00	$6,975,000.00
Original issue premium/(discount)	(2,031.10)	21,305.90
TOTAL SOURCES	$3,167,968.90	$6,996,305.90
Uses of Funds		
Project grants	$3,100,000.00	$6,770,000.00
Underwriter's discount	9,510.00	58,036.32
Costs of issuance (1)	58,458.90	168,269.58
TOTAL USES	$3,167,968.90	$6,996,305.90

Notes:

(1) Issuance costs for 2005 Series D Bonds includes cost of a premium for a financial guaranty insurance policy.

Source: City of Portland.

The following table presents the debt service on the 2005 Bonds.

Table 2
CITY OF PORTLAND, OREGON
Scheduled Debt Service on the 2005 Bonds

Fiscal Year Ending June 30th	2005 Series C Bonds Principal	2005 Series C Bonds Interest	2005 Series D Bonds Principal	2005 Series D Bonds Interest	Total
2006	$365,000	$125,722	$ -	$ 266,735	$757,457
2007	350,000	118,883	-	282,425	751,308
2008	360,000	104,883	-	282,425	747,308
2009	375,000	90,123	-	282,425	747,548
2010	395,000	74,373	-	282,425	751,798
2011	410,000	57,585	-	282,425	750,010
2012	295,000	39,955	130,000	282,425	747,380
2013	320,000	27,270	125,000	278,200	750,470
2014	300,000	13,350	165,000	273,825	752,175
2015			485,000	265,575	750,575
2016			505,000	244,963	749,963
2017			525,000	223,500	748,500
2018			545,000	202,500	747,500
2019			570,000	180,700	750,700
2020			590,000	157,900	747,900
2021			615,000	134,300	749,300
2022			640,000	109,700	749,700
2023			665,000	84,100	749,100
2024			695,000	57,500	752,500
2025			720,000	29,700	749,700
Total	$3,170,000	$652,142	$6,975,000	$4,203,747	$15,000,889

Source: City of Portland.

ANNUAL DISCLOSURE INFORMATION

In conformance with SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12), the City will provide annually the information presented in this section entitled "Annual Disclosure Information" to all NRMSIRs and SIDs, if any. (See Appendix D, "Continuing Disclosure Certificate" herein.)

BASIS OF ACCOUNTING

The governmental fund types, expendable trust funds, and agency funds are maintained on the modified accrual basis of accounting. The accrual basis of accounting is used for all enterprise funds. The City's accounting practices conform to generally accepted accounting principles as interpreted by the Governmental Accounting Standards Board (the "GASB"). Beginning with FY 2001-02, the City of Portland adopted the provisions of GASB Statement No. 34 ("GASB 34"), which establishes new requirements and a new reporting model for the annual financial reports of state and local governments.

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. The City entered into a contract with Moss Adams LLP to perform auditing services for FY 2002-03, with an option to extend the contract for an additional two years. Moss Adams LLP completed the City's FY 2003-04 audit and has been engaged to conduct its FY 2004-05 audit.

A complete copy of the City's FY 2003-04 Comprehensive Annual Financial Report ("CAFR") is available on the City's web site at http://www.portlandonline.com/omf/index.cfm?c=36692. The City's web site is listed for reference only, and is not part of this Official Statement. Audited financial results for the City's General Fund and the Spectator Facilities Fund are found in Appendix B.

FINANCIAL REPORTING

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

GENERAL FUND

Financial operations of the City that are not accounted for in any other fund are shown in the general fund (the "General Fund"). Principal sources of revenue are property taxes, licenses and permits, billings for interfund services, and state shared revenues. Primary expenditures in the General Fund are made for police protection, fire protection and maintenance of park facilities. Appendix B contains a Statement of Revenues, Expenditures and Changes in Fund Balance and Balance Sheet for the General Fund for the past five fiscal years.

BUDGETING PROCESS

The City prepares an annual budget that covers all bureaus in accordance with provisions of the 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 City Council, along with City managers, convene to review overall goals and establish priorities. The Council conducts an extensive public information and survey process to obtain direct public input on City service priorities. In addition to this public outreach process, the City created the Portland Utilities Review Board (the "PURB") in 1994. The PURB is an appointed body of nine interested citizens who provide independent and representative customer review of water, sewer, and solid waste financial plans and rates, which operates in an advisory capacity to the Council.

The information derived from the public outreach processes is used to finalize the Council's goals, priorities, and action plan for the next budget cycle. The Council also adopts a five year financial forecast that serves as the basis for determining resources available for budgeting. The Council then holds work sessions with the City's key bureaus to discuss short and long-term issues, and to review the five-year financial plans prepared for each major service area. This up-front planning ensures that each year's budget responds to Council priorities not just for that specific year, but also in the long term.

Bureau budget requests are submitted to the Mayor who develops a Proposed Budget that addresses Council priorities, public input and balancing requirements. Following presentation of the Proposed Budget, community hearings are scheduled wherein summary budget information is presented for each major service area and public testimony is taken. Finally, formal public hearings are held by the City Council in various locations throughout the City. A budget summary and notice of hearing are published prior to the hearings. The City Council considers the testimony from the community and formal hearings and can alter the budget recommendations.

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

INSURANCE

The City is self-insured for workers' compensation, general liability claims, and certain employees' medical coverage in internal service funds. Per Oregon Revised Statute 30.270(1)(b)(c), general and fleet liability claims are limited to $100,000 per person, and 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 final 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. The City's Bureau of Human Resources and the employee benefits consultant determines relevant employees' medical coverage estimates.

The City provides insurance coverage deemed 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 coverage insurance policy covers individual claims in excess of $1,000,000. Settlements have not exceeded coverages in the past three fiscal years.

PENSION PLANS

General

Substantially all City employees (other than most fire and police personnel), after six months of employment, are participants in the State of Oregon Public Employees Retirement System ("PERS") Plan or the newly created Oregon Public Service Retirement Plan ("OPSRP").

The PERS Plan is a defined benefit pension plan that provides 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 PERS Plan 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. Beginning January 1, 2004, PERS Plan employee contributions will be directed to an individual retirement account and will be part of a separate defined contribution program.

The 72nd Oregon Legislature created the OPSRP. Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS. OPSRP is a hybrid (defined contribution/defined benefit) pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Employers participating in the PERS Plan and OPSRP are required to remit contributions based on rates calculated by the PERS board. Rates are the amounts estimated by the board as necessary to pay the retirement and other pension obligations owed to employees when they retire, die, or become disabled. The employer contribution rates are set using the entry age actuarial cost method. Covered employees are required by state statute to contribute six percent of their annual salary to the PERS Plan or OPSRP, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to make the six percent employee contribution.

As of July 1, 2003, the City is paying a total PERS/OPSRP rate of 9.70 percent. This rate comprises the six percent employee contribution rate, and the employer rate of 3.70 percent which is effective through June 30, 2005. The employer contribution rate is subject to future adjustment based upon the results of subsequent actuarial valuations or the outcome of legal challenges to recent PERS legislation. (See “Legal Challenges” below.)

At the March PERS Board meeting, the PERS actuary presented the rate increases for individual employers. The employer rate for the City is an increase of 7.63 percent of payroll. The PERS Board elected to defer half of the increase for all employers. The City’s rate for FY 2005-06 and FY 2006-07 will be 8.07% of payroll, excluding the employee contribution. The rate will increase to 12.29% of payroll in FY 2007-08. One percent of payroll is equal to about $2 million.

The total pension plan contribution of the City charged to expenditures for FY 2003-04 was $19,867,865. Additionally, each City bureau contributes a portion of the debt service on the City’s $300.8 million Limited Tax Pension Obligation Revenue Bonds issued in FY 1999-00. These bonds were issued to fund the unfunded actuarial accrued liability with PERS as of December 31, 1997. In accordance with generally accepted accounting principles, the City has allocated the pension bond liability to all funds that have employees who are PERS members.

As of December 31, 2003, the actuarial value of the City’s assets with the PERS exceeded its actuarial liability by $28,240,751, which is calculated assuming legislative actions withstand legal challenges. (See “Legal Challenges” below.)

Legal Challenges

Several Oregon employees have filed lawsuits challenging legislation enacted by the 2003 Oregon Legislative Assembly that was intended to reduce costs for participating employers, including the City (the “2003 PERS Legislation.”) The 2003 PERS Legislation, among other things, provided that Tier One members would receive the PERS assumed annual interest rate (currently 8%) on their accounts over the length of the members’ service rather than on an annual basis; eliminated a requirement that employers make up any deficits in a gain loss reserve account; modified a member’s ability to invest in a variable account; and changed the actuarial tables upon which life expectancies and benefits were based. The 2003 PERS Legislation also provided a statutory remedy to a prior case, known as the *City of Eugene* case, that was brought in circuit court on behalf of certain local government public employers. In the *City of Eugene* case, the trial court ruled, among other things, that PERB had credited too much in 1999 earnings to member accounts and had not properly funded reserves, leading to certain retirees receiving excessive benefits. In an effort to address the trial court’s ruling, the 2003 PERS Legislation suspended cost of living increases to retirees until excess benefit payments were off-set and provided that any excess amounts paid were to be classified as administrative expenses chargeable against future earnings of non-retired members’ accounts. Some public employees have filed an appeal in the *City of Eugene* case, which is currently pending before the Oregon Supreme Court.

In July 2003, a number of Oregon public employees filed challenges to the 2003 PERS Legislation in federal district court and the Oregon Supreme Court. The lawsuits allege that the 2003 PERS Legislation violates PERS-covered employees’ contractual rights under both the U.S. and State constitutions. In August 2004, a federal district court judge upheld the 2003 PERS Legislation as lawful under the U.S. constitution. The plaintiffs in that case have appealed, and the case is now pending before the Ninth Circuit Court of Appeals. In March 2005, the Oregon Supreme Court ruled on the cases filed in the Oregon Supreme Court (the “Strunk Decision”). The court held that Tier One members must continue to receive the PERS assumed annual interest rate on their existing accounts and that cost-of-living adjustments for current retirees could not be suspended. The court rejected all other challenges to the 2003 PERS Legislation. Several other cases remain pending in the Oregon circuit courts and may be governed by the Strunk Decision.

The City currently anticipates, based on the Strunk Decision, that the amount it must pay into the PERS fund may increase. The PERB actuary estimated at the end of March that as a result of the Strunk Decision, the system-wide unfunded actuarial liability ("UAL") as of December 31, 2003, increased by approximately $2.1 billion and that system-wide employer contribution rates would need to increase by approximately 2.4% of covered payroll to eliminate the estimated increase in the UAL. The PERB actuary did not determine the City's portion of the estimated increase in the UAL or the required increase in the City's employer contribution rate attributable to the Strunk Decision. PERB has the option to set aside sufficient reserves to off-set all or nearly all of the estimated increase in the UAL. PERB is not required to use its reserves to off-set any increase in the UAL and may choose to retain all or a portion of its reserves for other purposes.

The estimated $2.1 billion increase in the UAL may be further increased, or decreased, depending on a variety of factors, including the investment performance of the PERS fund, the use of reserves, and the outcome of the *City of Eugene* and federal cases. The PERB actuary has determined that if the court rules in favor of the employers and upholds the trial court ruling in the *City of Eugene* case, the estimated $2.1 billion increase in the UAL could be substantially reduced. In the federal case, if the Ninth Circuit reverses the trial court, those portions of the 2003 PERS Legislation that were upheld by the Oregon Supreme Court in the Strunk Decision under the Oregon constitution would be overturned under the U.S. constitution. The City believes, however, that there are strong arguments for upholding the trial court's decision in the federal case.

PERB decided at its March 2005 meeting to wait for a final decision in the *City of Eugene* case before deciding whether to allocate any reserves and adjusting any member accounts. The City does not expect any increase in employer contribution rates that may be imposed by PERB to take effect before the 2007-2009 biennium.

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") Fund. The FPDR Fund is financed from a special property tax levy of not less than $1.00 or more than $2.80 per $1,000 of real market value of property in the City. The FY 2004-05 levy of $86,522,327 for pension purposes requires a tax rate of $2.3950 per $1,000 of assessed property value, or approximately $1.47 per $1,000 of real market value. The FPDR Fund actuary has estimated that the unfunded actuarial liability of the FPDR Fund was $1,274,352,926 as of July 1, 2004.

In November 1989, the voters of the City agreed to amend the FPDR Plan to bring its provisions in line with PERS. Under state law, plans must be "equal to or better than" PERS. Basic retirement benefit changes involved reducing vesting from 25 years to 5 years, elimination of employee contributions, and elimination of termination of benefits to a surviving spouse that remarries. Disability benefits were modernized to cover conditions such as AIDS and Hepatitis B, vocational rehabilitation, wage offsets for outside earnings, and reduction of benefits when conditions become medically stationary and a person is capable of other employment. Calculation of disability pay was also changed from 100 percent of salary for the first year, 100 percent of First Class Patrol or Firefighter for the next 3 years and 60 percent of First Class pay thereafter, to 75 percent of salary until medically stable and capable of other employment.

OVERVIEW OF CITY INDEBTEDNESS

Debt Management Policy

In April 1984, the City Council adopted Resolution No. 33661, which places centralized responsibility for Debt Management in the Office of Management and Finance and establishes standards and procedures for the issuance of debt. The policy includes more restrictive limits on City debt issuance than required by State law. In the fall of 1995, this policy was updated and expanded to include current and future debt practices. Among the general provisions included in the debt policy are types of debt that may be issued and limitations on their use, selection of finance professionals, methods of sale, structure and term of City indebtedness, issuance of conduit debt, and refunding outstanding debt. The updated policy was adopted by the City Council in October 1995.

Debt History

The City has met all principal and interest payments on its indebtedness in a timely manner and in the required amounts. In addition, the City has never been required to refinance any general obligation indebtedness to meet regular operating expenses.

Debt Limitation

Oregon statutes limit the amount of general obligation debt which an Oregon city may have outstanding at any time to three percent of the true cash value of the City, although revenue bonds, general obligation improvement bonds, sewer and water bonds are among the types of bonds legally exempt from the debt limitation. The City is in compliance with all statutory debt limitations.

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 for long-term debt are estimated as of May 1, 2005.

Unlimited Tax General Obligation Bonds

<u>Tax Supported General Obligation Bonds</u>

The City has $75.46 million of outstanding tax-supported general obligation bonds. These bonds were originally issued for the purpose of funding park system improvements and emergency facilities. The City is authorized to levy an unlimited ad valorem tax to pay these bonds.

<u>Self-Supporting General Obligation Water Bonds</u>

The City has $7.5 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

These 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.

<u>Non Self-Supporting General Fund Obligations</u>

Limited Tax Revenue Bonds. The City has $76.33 million of outstanding, non-self supporting 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.) As of May 1, 2005, approximately $111.7 million of outstanding principal remains on the portion of the bonds projected to be repaid with General Fund resources.

<u>Self-Supporting General Fund Obligations</u>

Limited Tax Pension Obligation Revenue Bonds. Of the total outstanding Limited Tax Pension Obligation Revenue Bonds described above, approximately $189.2 million is expected to be fully self-supporting and paid from non-General Fund bureaus of the City.

Limited Tax Revenue Bonds (Central City Streetcar Project). The City has $25.76 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 (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 $100 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project, $32.66 million of outstanding bonds for the Civic Stadium Project, and $1.9 million of outstanding bonds for the Portland Center for Performing Arts ("PCPA") Project.

Limited Tax Improvement Bonds. The City has $21.38 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. As of the May 1, 2005, the City had $28.365 million of Arena Limited Tax Revenue Bonds outstanding. Proceeds of these bonds were used to refund bonds originally issued to finance certain public improvements relating to the Oregon Arena Project. 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 entered into loans with the State of Oregon Economic and Community Development Department for improvements through its Water/Wastewater Financing Program. The outstanding balance of this loan, which extends through December 2017, is $524,598. Additionally, 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 $38.165 million, of which approximately $36.14 million remains outstanding.

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, 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 $305.4 million of Urban Renewal and Redevelopment Bonds are outstanding, including bonds issued in calendar year 2000 for four urban renewal areas, refunding bonds issued in the fall of 2002, bonds issued in calendar year 2003 for the River District Urban Renewal Area, and bonds issued in 2004 for the Interstate Corridor Urban Renewal Area. 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 3
CITY OF PORTLAND, OREGON
Long-Term Debt Statement (1)
As of May 1, 2005

Type of Obligation	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS	
A. Tax Supported	
General Obligation Parks Bonds	$2,790,000
General Obligation Parks Refunding Bonds	38,515,000
General Obligation Emergency Facilities Bonds	34,155,000
Total Tax Supported G.O. Bonds	$75,460,000
B. Self Supporting	
General Obligation Water Bonds	$7,542,155
Total Self-Supporting G.O. Bonds	$7,542,155
II. BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
A. Non Self-Supporting	
Limited Tax Revenue Bonds	$76,330,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	111,689,046
Total Bonds Secured and Paid from the General Fund	$188,019,046
B. Self-Supporting	
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	189,159,300
Limited Tax Revenue Bonds (Central City Streetcar)	25,760,000
Limited Tax Revenue Bonds (Visitor Development Initiative)	134,248,888
Limited Tax Improvement Bonds	21,380,000
Arena Limited Tax Revenue Bonds	28,365,000
State Loans	524,598
Total Self-Supporting Bonds Secured by the General Fund	$399,437,786
III. REVENUE BONDS	
Sewer Revenue Bonds	$1,030,585,000
Sewer SRF Loan	1,240,071
Water Revenue Bonds	145,145,000
Parking Revenue Bonds	5,900,000
Golf Revenue Bonds	5,247,000
Hydroelectric Revenue Bonds	23,915,000
Urban Renewal Bonds	305,385,000
Gas Tax Revenue Bonds	7,405,000
Total Revenue Bonds	$1,524,822,071
TOTAL - ALL OUTSTANDING LONG-TERM DEBT	$2,195,281,058

Notes:

(1) Excludes lines of credit and tax anticipation notes.

Source: City of Portland.

CITY GENERAL OBLIGATION DEBT

The following tables set forth the overlapping debt among various taxing districts in the City, the City's general obligation capital debt ratios, and outstanding direct general obligation debt of the City incurred for capital purposes.

Table 4
CITY OF PORTLAND, OREGON
General Obligation Capital Debt Ratios
As of May 1, 2005

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
July 1, 2004 Population	550,560			
2004-05 Real Market Value (1)	$58,850,238,187	$106,892		
2004-05 Assessed Value (2)	$38,487,231,667	$69,906	65.40%	
Gross Bonded Debt (3)	$741,126,326	$1,346	1.26%	1.93%
Net Direct Debt (4)	$75,460,000	$137	0.13%	0.20%
Net Overlapping Debt (as of 6/30/2004)	$402,417,573	$731	0.68%	1.05%
Net Direct and Overlapping Debt	$477,877,573	$868	0.81%	1.24%

FY 2004-05 General Fund Debt Service as a Percent of FY 2004-05 General Fund Budget (5) 3.8%

Notes:

(1) Real Market Value encompasses City of Portland values within Multnomah, Washington, and Clackamas Counties, including estimated urban renewal excess real market values and exempt property.

(2) Includes urban renewal excess assessed value.

(3) Includes City's outstanding general obligation bonds, full faith and credit obligations, limited tax improvement bonds, limited tax revenue bonds, and general fund-supported urban renewal bonds. Also includes 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) Debt service amount includes all non-self supporting bonds paid and/or secured by the General Fund, but excludes Limited Tax Revenue Refunding Bonds (Interstate MAX Project), 2002 Series B, which were retired with the proceeds of Urban Renewal and Redevelopment Bonds issued in December 2004, and General Fund share of pension obligation bonds.

Sources: Multnomah County Department of Assessment and Taxation; Multnomah County Tax Supervising and Conservation Commission; Municipal Debt Advisory Commission, Oregon State Treasury; City of Portland.

Table 5
CITY OF PORTLAND, OREGON
Overlapping Debt
As of June 30, 2004

	2003-04		Overlapping Debt	
Overlapping District	**Real Market Value ($000)**	**Percent Overlap**	**Gross Bonded Debt (1)**	**Net Direct Debt (2)**
Portland Community College	$110,076,797	42.5%	$127,037,555	$76,486,947
Multnomah County	66,467,766	83.1%	104,539,558	64,386,364
Metro	138,430,434	40.1%	61,619,527	61,619,527
David Douglas School District 40	3,227,236	99.8%	51,366,703	51,366,703
Tri-Met	137,833,212	40.2%	37,537,296	37,537,296
Portland School District 1	47,910,040	97.3%	33,724,524	33,724,524
Parkrose School District 3	3,160,688	98.2%	14,607,979	21,769,619
Port of Portland	151,231,997	36.7%	20,030,591	20,030,591
Centennial School District 28J	2,185,105	54.2%	18,556,317	18,556,317
Reynolds School District 7	4,948,825	22.3%	14,333,432	14,333,432
Beaverton School District 48J	21,640,248	0.3%	1,001,082	1,001,082
North Clackamas School District 12	9,279,104	0.6%	565,545	589,836
Riverdale School District 51J	553,217	3.8%	326,056	326,056
Washington County	50,523,742	0.3%	183,477	181,434
Scappoose School District 1J	1,204,580	7.2%	169,922	169,922
Tigard-Tualatin School District 23J	8,375,514	0.1%	127,156	137,741
Clackamas County Community College	24,864,823	0.2%	113,498	113,498
Mt. Hood Community College	21,415,502	40.3%	46,311	46,311
Lake Oswego School District 7J	6,195,172	0.0%	25,607	25,607
Tualatin Valley Water Dist. (Wolf Creek Bond)	14,178,287	0.4%	8,125	8,125
Tualatin Valley Water (Metzger Bond)	2,763,361	0.4%	3,313	3,313
Tualatin Hills Park & Rec. District	18,356,966	0.0%	2,853	2,853
Clackamas County	34,245,170	0.3%	475	475
Totals			$485,926,902	$402,417,573

Notes:

(1) Gross Bonded Debt includes all bonds backed by a general obligation pledge, including Bancroft general obligation improvement bonds and other self-supporting bonds.

(2) Net Direct Debt includes all tax-supported bonds. Bancroft general obligation improvement bonds and other self-supporting bonds are excluded.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

Table 6
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations

	PAID FROM GENERAL FUND			SELF-SUPPORTING BONDS SECURED BY GENERAL FUND				
Fiscal Year Ending June 30	Limited Tax Revenue Bonds (1)	Limited Tax Pension Obligation Revenue Bonds (2)	Total Bonds Paid from General Fund	Limited Tax Improve. Bonds (3)	Arena Limited Tax Revenue Bonds (4)	Limited Tax Pension Obligation Revenue Bonds (5)	Other Limited Tax Revenue Bonds (6)	Total Self-Supporting Bonds/ Gen. Fund
2006	12,581,706	$6,470,197	19,051,903	$2,039,233	$2,447,905	$10,958,085	$10,537,710	$25,982,933
2007	12,763,368	7,424,302	20,187,670	2,037,133	2,535,705	12,573,980	10,743,280	27,890,098
2008	12,537,618	8,166,114	20,703,732	1,969,133	2,727,415	13,830,330	10,974,270	29,501,148
2009	9,908,001	8,495,385	18,403,386	869,520	2,823,250	14,387,992	11,186,463	29,267,225
2010	9,535,807	8,828,964	18,374,052	869,520	2,921,908	14,968,669	11,434,153	30,194,249
2011	9,567,877	9,196,248	18,754,291	869,520	3,262,953	15,558,336	11,465,290	31,156,099
2012	8,720,891	9,558,733	18,279,624	869,520	3,368,925	16,188,905	11,658,303	32,085,653
2013	8,092,376	9,943,772	18,036,148	3,569,520	3,484,500	16,841,016	11,989,878	35,884,914
2014	7,009,243	10,329,489	17,348,012	1,227,720	3,601,500	17,509,993	12,242,420	34,581,633
2015	7,012,752	10,750,798	17,762,998	1,011,845	3,720,750	18,206,880	12,495,338	35,434,813
2016	7,014,314	11,184,721	18,198,483	2,118,195	3,846,500	18,941,782	12,892,863	37,799,340
2017	4,599,084	11,627,944	16,226,475	661,605	1,947,750	19,692,434	13,586,628	35,888,417
2018	4,583,326	12,095,715	16,678,489	1,811,605		20,484,663	13,647,913	35,944,181
2019	2,019,629	12,583,617	14,593,412	3,675,543		21,295,267	13,972,113	38,942,923
2020	2,014,799	13,081,663	15,096,462	455,880		22,155,425	14,315,488	36,926,793
2021	1,541,425	13,604,648	15,146,073	455,880		23,041,165	14,664,363	38,161,408
2022	1,542,445	14,150,222	15,692,667	455,880		23,965,162	14,616,413	39,037,455
2023	1,536,480	14,716,231	16,252,711	10,935,880		24,923,769	14,361,613	50,221,262
2024	1,538,765	15,304,658	16,843,423			25,920,342	11,979,213	37,899,555
2025	1,533,865	15,917,215	17,451,080			26,957,785	9,891,213	36,848,998
2026	776,065	16,553,904	17,329,969			28,036,096	9,896,063	37,932,159
2027	777,215	17,214,723	17,991,938			29,155,277	9,891,438	39,046,715
2028	777,130	17,905,243	18,682,373			30,324,757	9,896,825	40,221,582
2029	775,795	18,619,893	19,395,688			31,535,107	9,990,688	41,525,795
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	$133,346,602	$293,721,087	$427,067,689	$35,903,132	$36,689,060	$497,453,217	$298,327,327	$868,372,736

Notes:

(1) Includes debt service for the 2005 Bonds.

(2) Reflects 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 reflect projected debt service on the bonds, net of capitalized interest.

(3) Actual debt service may differ substantially from schedule above due to optional and mandatory redemption provisions. Does not include effect of FY2004-05 calls.

(4) Bonds are expected to be paid from Oregon Arena Project revenues.

(5) 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 reflect projected debt service on the bonds, net of capitalized interest.

(6) Includes bonds issued to finance Central City Streetcar, Convention Center Expansion Project, and improvements to the Portland Center for the Performing Arts ("PCPA") and Civic Stadium. Bonds issued for the Streetcar project 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.

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 prior to the end of the fiscal year in which they were issued. On July 13, 2004, the City issued $15,960,000 of tax anticipation notes to fund cash flow deficits in the Fire and Police Disability and Retirement Fund. These notes will be retired on June 29, 2005.

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, transportation, housing, and other capital projects. The notes are paid primarily from bond proceeds sold at completion of the construction projects. The City currently has approximately $50.1 million of these short-term obligations outstanding.

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 Official Statement.

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 being sold in the same time frame as the 2005 Bonds or are presently under consideration, estimated issuance amounts and 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 7
CITY OF PORTLAND, OREGON
Future Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Refund Sewer System Revenue Bonds, 2000 Series A	$150 million	June 7, 2005	First Lien Sewer System Revenue Refunding Bonds
Cash flow borrowing (FPD&R)	$20 million	June 2005	Tax Anticipation Notes

Source: City of Portland.

TRENDS IN PROPERTY VALUATION AND TAXATION

The following tables present trends in property valuation and taxation for the City. See the section entitled "PROPERTY TAX AND VALUATION INFORMATION" for statutory and administrative requirements pertaining to property valuation and taxation in Oregon.

Table 8
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Real Market Values
FY 1997-98 through FY 2004-05
(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%

Real Market Value (2)

Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Assessed 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	39,613,750	174,744	3,157,236	42,945,730	9.31%
2000-01	41,884,242	188,959	4,250,563	46,323,764	7.87%
2001-02	44,730,566	201,208	5,424,131	50,355,905	8.70%
2002-03	46,433,551	207,172	6,021,978	52,662,701	4.58%
2003-04	48,768,158	226,555	6,497,670	55,492,383	5.37%
2004-05	51,547,668	250,013	7,052,557	58,850,238	6.05%

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" herein.

(2) Allocation of Real Market Value to categories "Inside Multnomah County" and "Urban Renewal Incremental Value" is estimated by the City.

Sources: Multnomah County Department of Assessment and Taxation, Multnomah County Tax Supervising and Conservation Commission; City of Portland.

Table 9
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2004-05
Levy Code 001 (1)

Taxing District	Permanent Tax Rate Per $1000 A.V.	Local Option And Other Tax Rates (2) Per $1000 A.V.	General Obligation Debt Tax Rate Per $1000 A.V.	Total Tax Rate Per $1000 A.V.
CITY OF PORTLAND	$4.5770	$3.1876	$0.2145	$7.9791
Portland Urban Renewal	0.0000	0.3897	0.0000	0.3897
Port of Portland	0.0701	0.0000	0.0000	0.0701
Metro	0.0966	0.0000	0.1872	0.2838
Multnomah County	4.3434	0.7550	0.1801	5.2785
Tri-County Metropolitan Trans. Dist.	0.0000	0.0000	0.1104	0.1104
Subtotal - General Government	$9.0871	$4.3323	$0.6922	$14.1116
Portland School District	$5.2781	$0.7500	$1.1511	$7.1792
Portland Community College	0.2828	0.0000	0.2271	0.5099
Multnomah Co. Education Svc. Dist.	0.4576	0.0000	0.0000	0.4576
Subtotal - Schools	$6.0185	$0.7500	$1.3782	$8.1467
Totals	$15.1056	$5.0823	$2.0704	$22.2583

Notes:

(1) Levy Code 001 includes approximately 66 percent of the total assessed value of the City. Rates are before allocation to urban renewal division of taxes.

(2) Includes the City Fire and Police Disability and Retirement pension levy, urban renewal special levies, Multnomah County local option library levy, and Portland School District local option levy for operations and pension bond levy. Does not include urban renewal division of taxes rate.

Source: Multnomah County Department of Assessment and Taxation.

Table 10
CITY OF PORTLAND, OREGON
Tax Collection Record for the Last Ten Years (1)

Fiscal Year	Total Levy (000) (2)	Collected Year of Levy (3)	Collected As of 5/26/2005
1995-96	$182,497	94.76%	99.99%
1996-97	208,823	96.75%	99.99%
1997-98	213,328	95.87%	99.98%
1998-99	228,449	96.87%	99.98%
1999-00	237,785	96.56%	99.97%
2000-01	257,865	96.35%	99.92%
2001-02	267,740	96.46%	99.64%
2002-03	283,978	96.57%	99.31%
2003-04	324,374	96.92%	98.72%
2004-05	332,887	92.53% (4)	92.53% (4)

Notes:

(1) Tax collection information is for Multnomah County, which represents approximately 99% 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 Revenues. Levy amounts shown are after Measure 5 compression.

(3) Collections reflect adjustments for cancellation of taxes, allowed discounts, and taxes added to tax roll due to omissions and corrections.

(4) Partial year collections.

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

Table 11
CITY OF PORTLAND, OREGON
Principal Property Taxpayer Accounts
2004-05 Assessed Value

Taxpayer Account	Type of Business	Assessed Value	% of Total Assessed Value
Total City Assessed Value		$38,487,231,667	100.00%
Qwest Corporation	Communications	$539,613,192	1.40%
Portland General Electric	Energy	247,827,590	0.64%
Pacificorp (PP&L)	Energy	230,953,992	0.60%
Wacker Siltronic Corp.	Silicon wafer manufacturing	169,330,176	0.44%
LC Portland LLC	Real estate	134,660,374	0.35%
United Airlines Inc.	Airline	123,406,804	0.32%
Northwest Natural Gas Co.	Energy	121,439,800	0.32%
Alaska Airlines Inc.	Airline	117,000,000	0.30%
One Eleven Tower LLC	Real estate	106,511,128	0.28%
Oregon Arena Corp.	Entertainment	102,786,716	0.27%
		$1,893,529,772	4.92%

Source: Multnomah County Department of Assessment and Taxation.

(End of Annual Disclosure Information)

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

Section 11 of the Oregon Constitution granted all local governments which levied property taxes for operations in FY 1997-1998 a permanent tax rate which 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.

Section 11 provides that property which 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.

New construction and changed property is not assessed at its estimated market value. (In Oregon, the assessor's estimate of market value is called "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.

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 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 below).

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

- Some urban renewal areas which 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 below).

SECTION 11B

A citizen initiative which is often called "Measure 5," was added to the Oregon Constitution as Article XI, Section 11b. This section ("Section 11b") limits property tax collections by limiting the tax rates (based on Real Market Value) which 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 TAXES

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 ten years for capital purposes, and a maximum of five years for operating purposes. Legislation was passed in the 1999 Session which allows school districts to use local option levies beginning October 23, 1999. In May 2000, voters approved a local option levy for the Portland School District to support the costs of teachers, science programs, and restoration of other reduced or eliminated school programs through FY 2004-05.

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.

Three local government local option levies are currently in place within Multnomah County. Voters approved two local option levies of the City, which total $0.7926 per $1,000 of Assessed Value in FY 2004-05. A Multnomah County local option levy for libraries also was approved at a rate of $0.7550 per $1,000 of Assessed Value. These local option levies took effect in FY 2003-04 and extend for five years.

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 fifty percent (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 fifty 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 Section 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 which were approved by a majority of voters after November 6, 1990 and before December 5, 1996, which are issued to finance capital construction or capital improvements;

4) general obligation bonds which were approved after December 5, 1996, which are 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 6 percent.

CITY ECONOMIC CHARACTERISTICS

The City, with an estimated July 1, 2004, population of 550,560, 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 an immediate metropolitan area with a population of approximately 1.6 million. 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.

POPULATION

The population for the City increased steadily in the 1970s, declined slightly early in the next decade, and has increased each year since 1984. The compounded annual rate of growth in population for the City from 1995-2004 was 1.13 percent compared to 0.97 percent for Multnomah County and 1.54 percent for the Portland metropolitan area for the same period of time.

Table 12
CITY OF PORTLAND, OREGON
Population Estimate For the Last Ten Years

Year	City of Portland	Percent Change	Multnomah County	Percent Change	Portland Metro Area (1)	Percent Change
1995	497,600	0.5%	628,970	1.1%	1,404,980	2.1%
1996	503,000	1.1	638,780	1.6	1,438,800	2.4
1997	508,500	1.1	646,260	1.2	1,467,840	2.0
1998	509,610	0.2	651,520	0.8	1,492,430	1.7
1999	512,395	0.6	656,810	0.8	1,514,620	1.5
2000 (2) (3)	531,600	3.8	662,400	0.8	1,537,150	1.5
2001 (3)	536,240	0.9	666,350	0.6	1,553,700	1.1
2002 (3)	538,180	0.4	670,250	0.6	1,571,650	1.2
2003	545,140	1.3	677,850	1.1	1,592,050	1.3
2004	550,560	1.0	685,950	1.2	1,611,600	1.2

Notes:

(1) Includes Multnomah, Clackamas, Washington and Yamhill counties.
(2) Revised July 1, 2000, estimates based on the April 1 population count from U.S. Bureau of Census 2000 Redistricting Data.
(3) U.S. Census Bureau population figures as of April 9, 2004, for cities and June 24, 2004, for counties are as follows:

	2000	2001	2002	2003
City of Portland	529,637	534,594	537,741	538,544
Multnomah County	661,392	668,969	675,438	677,813
Clackamas County	339,576	345,276	352,427	357,435
Washington County	448,442	462,543	471,962	479,496
Yamhill County	85,284	86,392	87,913	89,384

Source: Portland State University Population Research Center.

Portland-Vancouver-Beaverton Primary Metropolitan Statistical Area

In 1994, the Portland-Vancouver Primary Metropolitan Statistical Area, consisted of Multnomah, Columbia, Clackamas, Washington and Yamhill counties in Oregon; and Clark County in Washington. Since 2003, under the revised Metropolitan Statistical Area Standards, the Portland-Vancouver-Beaverton Primary Statistical Area ("PMSA") has consisted 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 and West Linn. The cities of St. Helens and Scappoose are located in Columbia County. Yamhill County includes McMinnville and Newberg. Clark County contains Vancouver and Camas. 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.

INCOME

In recent years, per capita personal income in the PMSA has been consistently higher than in the State of Oregon (the "State") and the nation. The following table shows personal income and per capita income for the PMSA compared to similar data for the State and nation.

Table 13
CITY OF PORTLAND, OREGON
Total Personal Income and Per Capita Income
PMSA, Oregon, and the United States
1994 to 2003

	Personal Income (Millions $)			Per Capita Income ($)		
Year	**PMSA**	**State of Oregon**	**U.S. Total**	**PMSA**	**State of Oregon**	**U.S. Total**
1994	40,123	65,735	5,833,906	23,488	21,060	22,172
1995	43,598	71,990	6,144,741	24,924	22,293	23,076
1996	47,266	75,975	6,512,485	26,301	23,398	24,175
1997	50,912	80,854	6,907,332	27,672	24,469	25,334
1998	54,106	85,629	7,415,709	28,851	25,542	26,883
1999	56,918	89,873	7,796,137	29,858	26,480	27,939
2000	62,190	96,402	8,422,074	32,127	28,100	29,847
2001	63,892	98,780	8,718,165	32,326	28,451	30,580
2002	64,755	100,434	8,868,261	32,167	28,530	30,795
2003	65,629	102,419	9,148,680	32,152	28,734	31,459

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

LABOR FORCE AND UNEMPLOYMENT

The following table shows the annual average civilian labor force, employment level and unemployment level data that is available for the PMSA for the period 1995 through 2004. As reflected in the table below, the PMSA, like the State and the nation, experienced an increase in its jobless rate in 2001, 2002 and 2003. The State of Oregon Employment Department reported a PMSA unemployment rate of 6.3 percent for the month of April 2005. Through May 2004, unemployment rates in the PMSA declined steadily from a January 2004 high of 8.1%.

Table 14
CITY OF PORTLAND, OREGON
PMSA LABOR FORCE AND UNEMPLOYMENT RATES
(000)

PMSA	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Civilian Labor Force (1)	968.0	1,006.7	1,043.8	1,064.3	1,077.5	1,087.0	1,097.6	1,105.9	1,103.8	1,100.7
Employment (2)	931.6	963.7	1,000.7	1,019.8	1,030.9	1,042.3	1,032.4	1,017.9	1,010.4	1,021.1
Unemployment	36.4	43.0	43.0	44.5	46.7	44.7	65.1	88.0	93.4	79.6
Unemployment Rates										
PMSA	3.8%	4.3%	4.1%	4.2%	4.3%	4.1%	5.9%	8.0%	8.5%	7.2%
State of Oregon	4.9	5.6	5.6	5.7	5.5	5.2	6.4	7.6	8.1	7.4
United States	5.6	5.4	4.9	4.5	4.2	4.0	4.7	5.8	6.0	5.5

Notes:

(1) Civilian labor force includes employed and unemployed persons sixteen years and older, by place of residence. Data has been adjusted for multiple job holding and commuting.
(2) Includes non-agricultural wage and salary, self-employed, unpaid family workers, domestics, agricultural workers and labor disputants.

Source: State of Oregon Employment Department, and US Department of Labor, Bureau of Labor Statistics.

EMPLOYMENT BY INDUSTRY

The Portland metropolitan area has demonstrated considerable economic diversity. The City is the service center for a large and diverse manufacturing area that has shown substantial growth since the 1980s. Because of the area's reliance on the City for related economic service activities, the manufacturing base of the surrounding area has a meaningful impact on the City's economy.

The Portland metropolitan area's focus on manufacturing employment is largely based in the metals, instruments, machinery and electrical equipment sectors. The lumber and wood products industry accounts for only 5.3 percent of the Portland metropolitan area's manufacturing employment and 0.6 percent of total non-agricultural employment.

Service industries account for 37.6 percent of the total non-agricultural employment in the metropolitan area, followed by wholesale and retail trade industries, which account for 16.6 percent.

Table 15
CITY OF PORTLAND, OREGON
PMSA Non-Agricultural Wage and Salary Employment
(000)

Industry	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2003 % of Total
Non-Ag. Employment*	**802.1**	**839.6**	**879.0**	**916.7**	**932.9**	**944.6**	**967.1**	**959.3**	**937.3**	**924.8**	**100.00%**
Manufacturing	**128.9**	**134.6**	**138.7**	**143.8**	**145.5**	**141.6**	**142.8**	**135.8**	**123.7**	**117.8**	**12.74**
Durable goods	90.6	96.6	101.9	106.9	108.2	105.6	107.7	102.2	92.7	87.8	**9.49**
Lumber & wood prod.	6.2	6.3	6.0	6.1	5.9	5.9	5.7	5.6	5.4	5.3	**0.57**
Metal manufacturing	18.5	20.0	20.6	21.5	22.2	21.5	21.4	19.4	18.3	17.2	**1.86**
Elect. & other manufg.	51.2	59.2	67.1	73.3	75.1	71.9	77.2	76.6	67.8	63.0	**6.81**
Mach. manufacturing	9.6	10.5	10.7	10.9	10.8	10.4	10.4	9.9	8.7	8.5	**0.92**
Other durable goods	16.7	15.6	15.9	16.8	17.3	17.5	16.9	14.6	13.3	12.6	**1.36**
Nondurable goods	38.2	38.0	36.7	36.9	37.3	35.9	35.1	33.6	31.0	30.0	**3.24**
Food products	9.7	9.7	9.6	9.4	9.4	9.0	8.8	8.8	8.7	8.6	**0.93**
Other non-dur. goods	6.9	6.9	6.6	6.4	6.5	6.4	6.5	6.3	5.6	5.4	**0.58**
Nonmanufacturing	**673.2**	**705.0**	**740.3**	**772.9**	**787.4**	**803.0**	**824.3**	**823.5**	**813.6**	**807.0**	**87.26**
Construction & mining	42.2	47.3	53.8	56.8	55.3	54.5	55.0	55.7	53.1	50.4	**5.45**
Transportation & utilities	32.8	35.0	36.1	36.7	37.3	38.0	38.0	38.4	37.2	36.4	**3.94**
Trade	137.6	142.4	149.0	154.2	158.0	159.1	162.4	159.7	155.0	154.0	**16.65**
Information	18.7	19.2	20.4	22.1	23.3	25.3	27.8	27.4	24.9	23.4	**2.53**
Financial activities	49.1	49.3	52.4	55.8	58.2	59.8	60.2	65.1	65.5	67.5	**7.30**
Services	284.4	301.3	314.5	332.0	336.8	343.5	355.1	351.1	349.9	347.4	**37.56**
Government	108.0	110.0	113.6	114.8	117.7	122.1	125.3	126.2	128.1	128.0	**13.84**

*Totals may not sum due to rounding.

Source: State of Oregon, Employment Department.

Table 16
CITY OF PORTLAND, OREGON
Major Employers in the Portland/Vancouver Metropolitan Area

Employer	Product or Service	2003-04 Estimated Employment
Manufacturing Employers		
Intel Corporation	Semiconductor integrated circuits	14,890
NIKE Inc.	Sports shoes and apparel	5,742
Freightliner LLC	Heavy duty trucks	2,878
Precision Castparts Corporation	Steel castings	2,110
Tektronix Inc.	Electronic instruments	2,000
Hewlett-Packard Co.	Computer printers	1,900
The Boeing Co.	Aircraft frame structures	1,485
Oregonian Publishing Co.	Newspaper & commercial printing	1,320
Wacker Siltronic Corporation	Silicon semiconductor materials	1,300
Xerox Office Printing Business	Laser printers	1,200
Georgia Pacific Corporation	Pulp & paper, packaging	1,100
IBM	Supermini computer systems	900
SEH America Inc. (1)	Silicon wafers	850
Non-Manufacturing Employers		
Providence Health System	Health care & health insurance	13,496
Fred Meyer Stores	Grocery & retail variety chain	10,500
Kaiser Foundation Health Plan of the NW	Healthcare	8,000
Legacy Health System	Nonprofit health care	7,972
Safeway Inc.	Grocery chain	6,000
Albertsons Food Centers	Retail grocery chain	5,600
U.S. Bank	Bank & holding company	4,138
Wells Fargo	Bank	3,813
Southwest Washington Medical Center.	Health care	3,009
McDonald's Corporation	Fast food franchise	3,000
United Parcel Service	Small package transport	2,800
Portland General Electric	Electric utility	2,781
Volt Services Group	Temporary Service	2,500
Regence BlueCross & BlueShield of Oregon	Medical insurance	2,176
Portland Trail Blazers/Oregon Arena Corporation	National basketball association team, operator of Rose Quarter	2,000
Home Depot	Home improvement	2,000
Standard Insurance Company	Insurance	1,857
Horizon Air	Airline	1,800
PacifiCorp	Electricity, mining & telecommunications	1,759
Nordstrom Inc.	Retail specialty stores	1,700
Target Stores	Retail chain	1,700
The Holland Inc.	Burgerville USA, Holland restaurants	1,700
Rite Aid Corp.	Retail drug stores	1,600
Goodwill Industries	Rehabilitation services	1,525
Qwest Communications International Inc.	Communications utility	1,507
McMenamins Pubs & Breweries	Microbrewery, pubs, restaurants, hotels, theaters	1,500
Spirit Mountain Casino	Casino	1,500
Pacific Coast Restaurants Inc.	Restaurants	1,500

Table 16 (continued)
CITY OF PORTLAND, OREGON
MAJOR EMPLOYERS IN THE PORTLAND/VANCOUVER METROPOLITAN AREA

Employer	Product or Service	2003-04 Estimated Employment
Non-Manufacturing Employers (continued)		
Costco Wholesale	Wholesale membership warehouse	1,400
Tuality Healthcare	Health care	1,350
Westwind Group dba Burger King	Restaurants	1,300
Bank of America, Oregon & SW Washington	Full commercial banking services	1,301
Delta Air Lines, Inc.	Airline	1,250
Meier & Frank Co.	Department stores	1,200
Shari's Management Corp.	Restaurant chain	1,200
Farmers Insurance Company of Oregon	Insurance	1,200
Nature's Northwest/Wild Oats Markets	Retailer of natural foods, vitamins	1,200
Sears, Roebuck & Co.	Retail department store	1,153
Household Credit Services	Credit card products	1,100
Les Schwab Tire Centers	Vehicle services	1,100
InFocus Corp	Data/video production	1,000
Thomason Auto Group	Auto and truck dealer	1,000
NW Natural	Natural gas transportation and distribution	999
Mentor Graphics	Electronic design automation	900
E C Company	Electrical & mechanical construction	600
Public Employers		
U.S. Government	Government	18,400 (2)
State of Oregon	Government	14,600 (2) (3)
Oregon Health & Science University	Health care & education	11,500
City of Portland	Government	8,032 (3)
Portland School District	Education	5,600 (4)
Multnomah County	Government	4,659
Portland Community College	Education	4,123 (4)
Portland State University	Education	3,800 (4)
Beaverton School District	Education	3,512
State of Washington (Clark County)	Government & higher education	3,344 (3)
Vancouver School District	Education	3,050 (3)
Hillsboro School District	Education	2,700
Tri Met	Transportation	2,636
Bonneville Power Administration	Power generation & transmission utility	2,500
Evergreen School District	Education	2,106
North Clackamas School District	Education	1,900
Washington County	Government	1,700

Notes:

(1) In July 2003, SEH America cut 64 positions, reducing its Vancouver area workforce to 850 employees.
(2) 2003 employment.
(3) Totals may include part-time, seasonal and temporary employees.
(4) Totals may include full-time and part-time, casual and student employees.

Source: Portland Business Alliance, Regional Financial Advisors and Oregon Employment Department.

DEVELOPMENT ACTIVITY

The Portland metropolitan area is home to more than 51,000 businesses, according to the *2003/04 Largest Employers of the Portland-Vancouver Metropolitan Area* published by the Portland Business Alliance. Of those, about 2,400 are classified as headquarter firms. Three companies included on *Fortune* magazine's 2004 list of the 1,000 largest corporations in the United States have world headquarters in the Portland metropolitan area: Hollywood Entertainment, Nike, Inc. and Precision Castparts.

A diverse selection 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.

Second quarter 2004 market data, provided by Cushman & Wakefield, showed an overall vacancy rate of 10.6 percent for the Portland area. Suburban vacancy rates improved the most, falling from 24.2 percent to 23.5 percent. Vacancy in the Central Business District ("CBD") fell from 14.8 percent to 14.4 percent.

In 2002 the City appointed a Mayor's Business Roundtable and "Blue Ribbon Committee" to work with the Portland Development Commission ("PDC") to create a new economic development strategy for the City, which will focus on developing strategies for attracting and retaining quality jobs for the region. The PDC submitted its report to the City in October 2002. The recommended strategies and actions have become the basis of a five-year economic development plan to be managed by the PDC.

Current activities showing retail, commercial and industrial changes in the Portland metropolitan area are reflected in the following building and economic development projects.

Development within Downtown Portland

In June 2003, Regal Entertainment Group completed development of the 32,000 square-foot cinema space in the Pioneer Place retail center, which had remained vacant for over two years. The six-screen cinema features independent and art films. Romano's Macaroni Grill signed a lease in November 2003 to occupy the space adjacent to Tiffany & Co. Romano's invested more than $2 million in the site, and employs about 130 people. The restaurant opened in June 2004. The 6,100 square-foot eatery seats 265 people.

In February 2005, Nordstrom Inc. opened its expanded 33,698 square feet store, Portland Nordstrom Rack, in the ODS Tower on Southwest Second Avenue.

The Esquire Hotel, which houses the Brasserie Montmartre restaurant, began a $3 million renovation in February 2005. The PDC will finance $800,000 of the project's cost. Once completed, the building's upper floors will feature 13 lofts ranging form 850 square feet to 1,500 square feet. Builders will make room for a banquet hall, and will double the current restaurant's size.

In June 2002, the Hilton Hotel completed a $40 million expansion to add 327 rooms, meeting space, a fitness center and 684 parking spaces at a location adjacent to the current hotel. The site includes nine floors of above ground parking and two floors of retail space and a full-service restaurant. With the expansion complete, the Hilton now offers 782 rooms.

Portland State University ("PSU") completed construction of a $4.5 million, 11,000 square-foot project called the Native American Student and Community Center in October 2003. The project was cosponsored with the American Indian Science and Engineering Society. The university worked with GBD Architects Inc. to add 14,000 square feet of program space and classrooms, as well as upgrade the playground area of the Child Development Center which was built in 1928. PSU re-opened the Helen Gordon Child Development Center in November 2003.

The PDC began a redevelopment project in August 2003 for three downtown blocks which could add $97 million in new development to the University District neighborhood, including more space for PSU. At a March 2004 meeting of the PDC, commissioners approved a plan to purchase the Jasmine Tree restaurant site, located at 401 S.W. Harrison St. PDC will spend $935,411 on the property, which is a part of the four-block area targeted for redevelopment by the PDC.

The U.S. General Services Administration ("GSA") awarded a contract in January 2004 to J.E. Dunn Construction for $16.72 million to begin a project involving the Pioneer Courthouse. The GSA plans to build a five-space parking lot for 9th U.S. Circuit Court of Appeals judges in the building's basement. The construction project also involves building a driveway to reach the parking area as well as renovation, seismic strengthening and restoration. Construction began in March 2004, with completion scheduled for September 2005.

Qwest Communications International, Inc. will expand a downtown Portland customer service center, adding 145 new positions and sparing 240 jobs that were at risk of leaving the State. In return, Qwest will receive City, State and federal money for worker training and building and equipment improvements that could total up to $600,000.

In December 2004, the City announced plans for a $106 million project that would redevelop the Meier & Frank store building in downtown Portland. The project could start construction in summer 2005. Plans for a face-lift include restoring the outside of the building and adding an upscale hotel with approximately 335 rooms. Meier & Frank plans to consolidate its store on the first five floors and to sell the upper nine stories to Sage Hospitality Resources for the hotel.

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 the western edge of Hood Street, Front Avenue, First Avenue and Fourth Avenue on the west; Montgomery Street on the North; and the Willamette River on the east.

The RiverPlace Project, located within the South Waterfront portion of the North Macadam urban renewal area, is a mixed-use development on 73 acres along the west bank of the Willamette River, with apartments, restaurants, shops and office space. The most recent addition to RiverPlace Project is the Residence Inn by Marriott-Portland Downtown/RiverPlace, a 258-suite Residence Inn by Marriott, which opened in the summer 2001. In July 2003, the City approved a plan to extend the Portland Streetcar line 0.6 miles from PSU to RiverPlace. The $18.2 million project opened in March 2005.

In August 2003, the City Council approved the South Waterfront Central District Development Agreement, which anticipates public and private investment of $1.9 billion to convert vacant former industrial land on Portland's waterfront into a new neighborhood with a mix of jobs, housing, retail and recreational facilities. The Agreement represents a partnership between the City, Oregon Health & Science University ("OHSU"), North Macadam Investors, LLC, and other private developers. The 31-acre project will be undertaken in three phases; Phase I, which broke ground in October 2003, is to be completed by 2008. Phase I development includes approximately 1000 units of student, affordable and market rate condominiums and apartments; a 150-200 room hotel and conference facility; a 407,678 square-foot OHSU research/clinical building with parking which broke ground in August 2004; and various public infrastructure improvements including a new aerial tram connecting OHSU's Marquam Hill campus to the South Waterfront, an extension of the Portland Streetcar, and new streets, parks, and greenway improvements.

Gerding/Edlen Development Co. and Williams and Dame Development are constructing the Meriwether condominiums, an $81 million, twin-towered residential project set to open in mid-2006. The 246-unit project will be the first residential project in the waterfront neighborhood and will be neighbors with OHSU's Wellness Center.

In July 2004, Kiewit Pacific Structures Inc. was chosen as the construction manager/general contractor for the Portland Aerial Tram. Construction is scheduled to begin in the summer of 2005, with the tram ready for public service by September 2006. Federal funding in the amount of $5.8 million was received in October 2003, and will be appropriated as follows: $1.2 million for OHSU biomedical and biodefense research programs; $3 million for the OHSU research building and $1.6 million for affordable housing, local infrastructure and streetcar expansion.

The Portland Streetcar Inc. began construction in January 2005 on the Gibbs Extension, with completion to SW Gibbs expected in fall 2005. Service will begin in July 2006. This 0.6 mile extension connects at SW River Parkway and SW Moody, follows SW Moody south to SW Sheridan and from SW Sheridan to SW Gibbs, utilizing the former Willamette Shore trolley rail right-of-way. The cost of this extension is $15.8 million which includes the purchase of three additional streetcars. When the Gibbs extension is completed, the Portland Streetcar system will provide service from Northwest

Portland and Legacy Good Samaritan Hospital through the Pearl District and West End of downtown to PSU continuing to River Place and SW Gibbs and the Portland Tram.

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. The River District formerly was used for railroad and industrial operations. In 1994, the City Council adopted the River District Housing Implementation Strategy, which calls for more than 5,000 new housing units in the target area with average densities of more than 100 units per acre. The River District was designated as an urban renewal area in 1998. Public funding for the City's River District development program comes from a variety of sources including federal, State and local transportation funds, various housing assistance sources, and tax increment proceeds from the River District urban renewal area. Significant private investment is also underway in the River District.

In the Pearl District (located within the River District urban renewal area), Gerding/Edlen Development purchased the former Blitz Weinhard Brewery, a five-block complex, known as the "Brewery Blocks," adjoining Burnside Street for $20 million. The firm is redeveloping the property into a mixed-use retail, commercial and housing complex. The brewery property is near a building that was redeveloped for Wieden & Kennedy (a national advertising firm) in the Pearl District as its international headquarters. Gerding/Edlen Development headed up the $20 million renovation of the Historic Cold Storage Building for Wieden & Kennedy. Whole Foods opened its first natural and organic supermarket in Oregon in the Brewery Blocks in March 2002. The new store has 175 employees. In fall 2002, the Art Institute of Portland moved into 70,000 square feet of Block 4. Tenants that moved into the Brewery Blocks in 2003 include Tyco Telecom, Sur la Table kitchenware retailer, Baja Fresh Mexican Grill, and Peet's Coffee. The south half of Block 3, The Henry, is a 123 unit condominium project which was completed in June 2004. Block 5 was completed in May 2005.

Walsh Construction Co. began construction in July 2004 on a $32 million project in the Pearl District. The 210-unit project at 1230 N.W. 12th Avenue includes basement parking and ground-floor retail space. Completion is expected by October 2005.

Portland Center Stage is planning to convert the Armory building in a move from downtown Portland to the Pearl District. The $28 million theater project is scheduled for completion in fall 2005.

Gerding/Edlen Development began construction in July 2003 of a project located between Northwest 12th and 13th Avenues, just north of Couch Street and Whole Foods Market. The $60 million building includes approximately 250 apartment units and is expected to be complete in spring of 2005.

Prendergast & Associates began construction in July 2003 on the Burlington Tower, a $35 million, 10-story concrete building with 163 apartment units and an equal number of parking spaces below it. The Burlington Tower, located south of Lovejoy between Northwest Ninth and 10th Avenues, is expected to be completed in summer 2005.

In late 2002, Trammell Crow Residential began construction of 178 apartments between Northwest Ninth and 10th Avenues, called 10th@Hoyt, just south of Irving Street and the Ecotrust building. The $30 million, six-story steel building was completed in March 2004.

Hoyt Street Properties is continuing work on over $125 million in development of several blocks in the Pearl District. When completed, the Hoyt Street parcels will have more than 2,500 residences and 150,000 square feet of retail and commercial space on 34 acres in the District. The Gregory, a 12-story retail and residential loft project, was completed in the first half of 2001 with over 125 residential units, 3 floors of parking and 20,000 square feet of retail space. Construction began on the Bridgeport condominiums in January 2002. The west tower was completed in spring 2003, and the east tower was completed in summer 2003. Combined, the towers add 123 residential units and will house 250,000 square feet of retail space. The 124-unit, 13-story Park Place Condominiums began construction in September 2002, and was completed in May 2004. Construction began in January 2003 on The Lexis, located between Northwest Ninth and 10th Avenues, north of Marshall Street and Lovejoy Station, which has 139 apartment units. The $22 million wooden building has four levels on one side and five levels facing west toward North Park Square. The project was completed in April 2004.

In February 2004, outdoor equipment retailer REI opened a 35,000 square-foot store on the ground floor of the Edge, a $35 million, 11-story building located between Northwest Johnson and Kearney Streets and 14th and 15th Avenues in the Pearl District.

Storables opened its $800,000, 13,000 square-foot store in the Pearl District, at the corner of Northwest 13th Avenue and Couch Street in November 2003. It replaces the store in the Uptown Shopping Center, a site that is about a third the size of the new location.

Henry's 12th Street Tavern opened in April 2004 in the former Blitz-Weinhard Brewery after more than $4 million in renovations. The 14,500 square-foot bar and grill is located at 10 N.W. 12th Ave. between Burnside and Couch streets.

Projects are also underway in the Old Town neighborhood located in the Downtown Waterfront urban renewal area adjacent to the River District. The Old Town Lofts, a PDC- financed housing project at Northwest 4th Avenue and Flanders Street, opened on June 29, 2001. The project features 139 lofts and townhouses ranging in size from 500 to 1,400 square feet. Central City Concern ("CCC") partnered with developer Downtown Community Housing, Inc. and the PDC to build a replacement for the Danmoore. Construction began in July 2003 with the demolition of the site's existing one story building, and was completed in October 2004. The project is a 180-unit structure, called the 8 NW 8th Building, on the northeast corner of West Burnside and 8th Avenue. Portland Alternative Health Center, a CCC Health and Recovery Program, will have the commercial space on the first and second floors with its entrance on Burnside. The housing lobby on the first floor opens off of 8th Avenue at the North Park Blocks and a large community space, library, and offices on the second floor serves all of the building's residents. Floors three through eight have 120 transitional single room occupancy units and community spaces.

In October 2002, the 301-unit McCormick Pier apartments were sold for $30.4 million to Emerging Markets of North America, a Phoenix, Arizona-based firm. Renovations costing approximately $20 million have been underway since then, including the addition of a marina, hot tubs, fitness center with indoor basketball court, outdoor fire-pits and barbecue entertainment areas. Construction is expected to be complete by mid 2005.

The Yards at Union Station is a four-phase project eventually bringing more than 700 new units of housing. The first three phases, which added approximately 658 units of market rate and affordable housing, are complete. The final phases of the project, Phases B4 and B5, will create 50 additional units, and are scheduled for completion in 2004/2005.

In November 2003, the PDC completed a $1 million renovation to the city block in front to Union Station. Northwest Sixth Avenue has been extended diagonally across the property under the Broadway Bridge ramp, and will eventually connect with Northwest Ninth Avenue. The extension includes sidewalk improvements, street trees, street lights and on-street parking. There were also landscaping improvements, as well as the installation of a forecourt plaza.

North Portland

In August 2000, the Interstate Corridor urban renewal area was created to provide local funding for the proposed light rail line along Interstate Avenue, and to serve broader revitalization efforts in the area. The Interstate light rail is a $350 million project to expand light rail service 5.8 miles into North Portland neighborhoods. Also known as the "Yellow Line", Interstate MAX service began in May 2004. (See "TRANSPORTATION AND DISTRIBUTION" below.)

In July 2004, Freightliner announced it would add 700 more workers to its Portland facility over the next seven months, doubling heavy truck production in the Portland area.

Several commercial and housing development projects have been completed or are planned in the Interstate Corridor urban renewal area.

In early 2002, Adidas America Inc. celebrated the opening of Adidas Village in North Portland in the historic Overlook neighborhood. The site, formerly Bess Kaiser Medical Center, is home to the company's North American headquarters, which employs approximately 950. The athletic footwear company occupies the 215,000 square-foot building, which has undergone a $25 million renovation.

In November 2000, voters approved a $144 million bond measure for Portland Community College ("PCC"), of which approximately $57 million will be directed towards Cascade Campus facilities for construction of new facilities, building maintenance and technology improvements. The Cascade Campus is located at 705 N. Killingsworth Street. The PCC Cascade Campus Master Plan proposes the addition of 175,000 square feet of space, including the Moriarty Arts and Humanities Building, the Technology Education Building, the Public Service Education Building, and a new physical education complex. In October 2003, PCC opened its new addition to the Jackson Hall science building. The $6.2 million project added approximately 17,500 square feet of space and contains six new science laboratories, for a total of eight. It also contains four new classrooms, for a total of six. In addition to Jackson Hall, two other existing buildings will be remodeled or receive additions, including Terrell Hall and the Student Services Building. Plans for a future bond measure are under development.

Fred Meyer Stores replaced two stores having combined square footage of 121,000 with a larger store of 150,000 square feet. The new store faces Lombard Street and opened in December 2004. The cost of construction was approximately $20 million.

Kaiser Permanente has begun construction on a $27 million radiation treatment center at its north Portland campus. The center will be a 17,000 square-foot, one-story building, along with a two and a half-story parking structure. It is expected to be completed by the end of 2005.

The Killingsworth Station project will be the first major PDC-sponsored development at an Interstate MAX light rail station. The project includes 56 affordable one- and two-bedroom rental units, 35 affordable loft-style condominiums, 6,400 sq. ft. of ground floor commercial space, seven three-bedroom townhomes, approximately 12,800 sq. ft. of ground floor retail/office space along Killingsworth and Interstate Avenue, and structured parking. Construction is scheduled to begin in spring 2005 and be complete by mid-2006.

In late 2001, the Housing Authority of Portland was awarded a $35 million HOPE IV grant that anchors a $145 million investment to redevelop the aging Columbia Villa public housing in Northeast Portland into "New Columbia". The New Columbia project is the largest single redevelopment project in Portland, converting 82 acres of formerly low-density public housing into an 850-unit mixed income community. The project includes the replacement of 370 public housing units as well as the development of 60 elderly affordable housing units, 190 new affordable rental housing units and 230 new homeownership units. The City and the PDC will also provide funding for the New Columbia project. A groundbreaking ceremony was held for the New Columbia project in December 2003. Demolition of the old buildings continued until May 2004, at which point construction began on the first 175 public housing and affordable housing units of the project. Completion is anticipated in 2006.

Projects outside of the Interstate Corridor urban renewal area include the opening of the Burlington Coat Factory store in Jantzen Beach in March 2004. The 85,000 square-foot space was vacated by Kmart in 2003.

A groundbreaking ceremony was held in July 2004 for the Columbia Knoll project, which will replace the old Shriners Hospital for Children at Northeast 82nd Avenue and Sandy Boulevard. Columbia Knoll will be a complex of senior and family housing. The $45 million project's 326 units will include family rental units, independent senior apartments and "congregate" senior housing with services. The first of the buildings with family housing is scheduled to open in March 2005. The senior-citizen building, which will sit atop a hill in about the same location as the hospital, is scheduled for occupancy in November 2005.

Wapato Correctional Facility, located at **14355 N. Bybee Lake Court,** opened in July 2004. The 525-bed, medium-security jail was constructed at a cost of $58.4 million.

The PDC undertook a study for a proposed urban renewal area that would include parts of the Northwest Industrial Area and the Swan Island/Mocks Bottom area. The proposed urban renewal area was approved in November 2004. Siltronic Corporation, which is located within the boundaries of the approved urban renewal area, is considering Portland and four other sites for a new $466 million silicon wafer manufacturing plant, and plans to make its decision in 2005. The expansion could add 500 manufacturing jobs to the site.

Electro Scientific Industries relocated its electronic component systems product line from Escondido, California to its new 62,000 square-foot northwest Portland headquarters in January 2003.

Southwest Portland

In February 2001, the PDC authorized a master predevelopment agreement to construct maximum high-density, market-rate condominiums and retail space across from Jefferson on the Safeway/YWCA block. The three-block Museum Place South includes an expanded Safeway, an expanded YWCA, 128 loft-style units in a 6-story tower above the Safeway, and 12 2-story townhouses. The $113 million project covers approximately 278,000 square feet. YWCA renovation was completed in January 2003. The Museum Place South project was completed in October 2003.

The Harrison restaurant, a $2.5 million project, was completed in November 2004. The 8,800 square foot restaurant is on the mezzanine level in the Fox Tower at 838 S.W. Park Ave.

The $10.8 million St. Francis apartments were completed adjacent to the YWCA building in January 2003. The 90,000 square-foot, 7-story building creates 132 affordable housing units.

In fall 2002, OHSU broke ground on a $321 million plan to construct two buildings on Marquam Hill. One building will be a 250,000-square-foot biomedical research building and the other will be a 300,000-square-foot patient care center with a 400-space parking facility. Construction is expected to continue until 2005.

Replacement of the Hillsdale branch of the Multnomah County library began in early 2002. Work was delayed in spring 2003 when Hoffman Construction replaced James W. Fowler Co. as the general contractor. Construction resumed, and the new library was completed in March 2004.

Eastside Development

Construction is expected to begin in spring 2005 on a medical clinic and parking structure costing approximately $40 million at the Gateway Transit Center. The PDC gave final approval to the plan in December 2004. The Oregon Clinic will build a 106,000 square-foot building at an estimated cost of $31 million that will house 207 employees. Tri-Met will build a three-level parking garage adjacent to the clinic that is to hold 635 cars. Of those, 480 will be available to park-and-ride transit customers, replacing the current surface spaces, and 155 will be reserved for clinic employees and patients. The new structures will be located along Northeast 99th Avenue north of Pacific Street. Completion of both projects is expected in 2006. The building and garage will be designed for possible expansion.

The Merrick is a $28 million, six-story, mid-rise luxury apartment complex, bounded by Northeast Third Avenue and Martin Luther King Jr. Boulevard. The 185-unit apartment complex was completed in April 2004 by Trammell Crow Residential Services and C.E. John.

Oregon Mountain Community store moved to Northeast Sandy Boulevard in May 2004 from Old Town. The retailer purchased a 15,000 square-foot retail and office building with 20,000 square feet of land for $1.1 million from Lang Properties. The store employs 14 people.

Integra Telecom completed relocating its national headquarters to Northeast Portland in June 2004. The PDC gave Integra a $600,000 aid package as incentive to move from its Washington County home. The relocation brings about 300 jobs to the area, with Integra leasing 51,000 square feet of new office space in the 1201 Lloyd Building and another 12,000 square feet for a technical operations center near the new main office at Northeast 12th Avenue and Lloyd Boulevard.

Construction began in October 2003 on a $36 million, mixed-use development called 1620 Broadway. The project features 225,000 square feet of living and shopping space, including 88 condominiums and three levels of underground parking. Completion is expected in mid-2005.

Vocational Village, an alternative high school program, moved from Northeast Tillamook Street to the old Meek Elementary School building at Northeast 40th Avenue and Alberta Court for the 2004-05 school year. The Portland School Board agreed to spend $1.7 million to modify Meek to accommodate Vocational Village's job training programs.

Banfield, the Pet Hospital, began construction in October 2004 on its $25 million headquarters project. The 225,000 square-foot facility being built at 82nd Avenue and Tillamook Street will include two stories stacked over a sub-grade parking garage. Completion is expected by December 2005. The new facility will replace the existing headquarters, located at 11819 N.E. Glenn Widing Drive, off Airport Way.

Providence Portland Medical Center is planning a parking garage and a nine-story medical facility that will consolidate cancer services. The parking garage will be phase one of the development. Located at the hospital's campus at 4805 N.E. Glisan Street, it will cost $18 million, accommodate parking for 750 additional cars and will be completed in 2005. The second phase of the project, a 400,000 square-foot, nine-story building will cost $150 million and likely be completed in 2007. The facility will provide 124 additional beds and a comprehensive cancer center.

Construction was completed in April 2003 on the $98 million, 407,500-square-foot expansion of the Oregon Convention Center. Funding of the new Convention Center space came from the PDC, the Metropolitan Exposition-Recreation Commission, and a bond package backed by the City. Revenues to retire the bonds will be generated through 2.5 percent increases in lodging and car-rental taxes in Multnomah County.

The Rosewood Family Medical Clinic completed construction in July 2004 on a $2.9 million project, located at 8935 S.E. Powell Boulevard. The new, 10,000 square-foot clinic has 18 exam rooms, plus a minor procedure room and a medical laboratory. The new clinic is owned and operated by Yakima Valley Farm Workers Clinic, and brings about 25 jobs to the Lents neighborhood.

Work began in June 2004 on a significant stream restoration in Southeast Portland. The Oregon Department of Environmental Quality awarded a $400,000 line of credit to help Portland pay for the project. The loan from the State's clean water revolving fund will help the City restore more than six acres of streamside wildlife habitat where Kelly Creek joins Johnson Creek, near Southeast 162nd Avenue and Foster Road. The $1.3 million project will restore meanders to a channeled stretch of Kelly Creek, remove armored banks and excavate fill from former wetlands so that they can receive surging overflows and minimize downstream flooding. Completion of the restoration is expected by June 2006.

New Seasons Market opened its 'Seven Corners' store at 1954 SE Division Street in September 2004. The store employs approximately 170 people.

Cascadia Behavorial Healthcare completed construction in November 2004 on Midland Commons. The $5.3 million, 39,000 square-foot project consists of two adjacent apartment buildings, located at 2830 SE 127th Avenue. Clinton Ridge Apartments, a $3.6 million housing project, opened in June 2004 at SE 92nd and Clinton Street. The 29-unit, four-story apartment complex has 12 studio apartments, 16 one-bedroom apartments, and a two-bedroom manager's apartment. Construction began in November 2004 on the West Gresham Apartments, a 27-unit, four-story building, with a total of 26,347 square feet. Completion is expected in late summer 2005. There will be 24 one-bedroom apartments, and three 2-bedroom apartments, with retail space available on the first floor. Units will range from 635 to 841 square feet.

PCC opened its new Southeast Center at Southeast 82nd Avenue and Division Street on December 29, 2003. The new facility replaces the existing center, which is several blocks south. The cost, which included purchase of land, construction, permits, furniture, and equipment, was $26.3 million.

In 1998, the City Council established the Lents Town Center as an urban renewal area. Community leaders and the PDC are developing a plan to complete community revitalization projects and create affordable housing options. Construction of the Crossroads Plaza at SE 92nd Avenue and Foster Road was completed in August 2001. Rose Community Development Corp. completed construction in December 2003 on Reedway Place Apartments, a 24-unit, $3.3 million low-income apartment complex at SE 91st Avenue and Reedway Street.

As part of Multnomah County's multi-year $24.1 million library renovation project, the Sellwood-Moreland Library opened in February 2002 and the Hollywood Library opened in May 2002.

The Columbia Corridor

The Columbia Corridor is a major growth opportunity for industrial development in Portland. The Corridor contains nearly 4,700 acres of vacant industrial land along a 16-mile stretch of land that runs along the southern shore of the Columbia River and includes marine terminals and the international airport.

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 and Portland International Airport ("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.

In August 2003, the Port Commission approved the sale of 13.5 acres in the Rivergate Industrial District to Oregon Transfer Co. for approximately $2.8 million. Oregon Transfer plans to build and operate a 295,000 square-foot facility on the new property along North Leadbetter Street that will employ up to 30 people.

In March 2002, Trammell Crow Company and Kennedy Associates broke ground on the 23-acre Rivergate Corporate Center, positioned adjacent to the Port's Terminal 6 Marine facility within the Rivergate Industrial Park. Construction was completed in October 2002, which consisted of two modern tilt-up buildings totaling 488,125 square feet. Construction on Phase I of the Rivergate Corporate Center II ("RCC II") building began in February 2003, and was completed in September 2003. On February 7, 2003, Trammell Crow announced that Fort James Corp., a wholly owned subsidiary of Georgia-Pacific, signed a 402,450-square-foot pre-lease agreement for Phase I. The company moved into the building in September 2003. Construction of 204,550 square feet for Phase II was completed in December 2004, bringing the single building to its final size of 607,000 square feet. Georgia-Pacific announced in May 2004 that it will also occupy the space constructed in Phase II.

Chandler, Arizona-based Microchip Technology purchased the vacant Fujitsu Microelectronics complex in Gresham in August 2002 for $183.5 million. Microchip began volume production in October 2003, with 122 employees. The company plans to reach full capacity with over 350 employees in five to six years.

Oregon Steel closed its Rivergate melt shop on May 23, 2003, bringing total layoffs to 280 employees. In October 2003, Oregon Steel leased the equipment of the former LTV Structural Tube Facility located in Rivergate Industrial Park. The facility, known as Columbia Structural Tubing ("CST") will produce rectangular hollow steel sections in sizes ranging from 2 1/2 inches to 10 inches. CST expects to hire approximately 30 employees to start up operations and could employ up to 50 employees, depending on production levels. In July 2004, Oregon Steel announced plans to build a $35 million pipe-making plant in Portland. The new plant will employ 100 to 200 people, depending on production levels. Construction is expected to be completed during the fourth quarter of 2005.

Staples, Inc. purchased 23 acres at Southshore Corporate Park for a 200,000 square-foot build-to-suit regional warehouse and distribution center. Catellus Development is constructing the $15 million building. The first phase of Staples' new warehouse and distribution center was completed in September 2003 and employs more than 100 people. Construction of phase two consists of a 263,200 square-foot building to expand Staples' current operations. Desert Viking Distributing, Future Logistics, Image Graphics and Sewing Center Supply opened between May and June 2004.

AGRICULTURE

Because the City is the primary urban center in the State, agriculture is not a major industry in the greater metropolitan area. Even so, the metropolitan area accounted for approximately 24.5 percent of the State's Gross Farm and Ranch Sales based on 2003 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 2003 Gross Farm and Ranch Sales in Clackamas County was $339,102,000; Washington County was $220,456,000; Yamhill County was $220,513,000 and Multnomah County was $69,767,000; as estimated by the Oregon State University Extension Service.

TRANSPORTATION AND DISTRIBUTION

Location and topography have established Portland 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 substantial geographic and, therefore, economic advantages for the shipment of freight. 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 regular port of call for 16 regularly scheduled major steamship lines serving major world trade routes. 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, in order to accommodate larger, more efficient vessels. The project cost is estimated at approximately $134 million. Primary cargoes include containers, automobiles, grain, and mineral bulks.

In June 2003, the states of Oregon and Washington issued their approvals for the U.S. Army Corps of Engineers to proceed with the Columbia River Channel Deepening project. Both states issued conditional water quality certifications and conditional Coastal Zone Management Consistency concurrences. The approvals were the final regulatory hurdles the Corps faced before issuing a Record of Decision. The Corps issued its Record of Decision in January 2004.

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 three 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 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.

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 increased in 2003 to 11.9 million short tons compared to 10.7 million in 2002.

In June 2002, international shipping freight carrier Hanjin announced that it will return to the Port, making Portland its last port of call for transpacific shipping and boosting the Port's total containership by one third. In September 2004, New World Alliance suspended container vessel calls to Portland. "K" Line ended service to the Port in December 2004. In November 2004, Toyota Logistics Services Inc. moved into a new $40 million auto import and processing facility at the Port. In September 2004, the Port laid-off 50 workers, as well as eliminating 34 unfilled positions. This was part of a plan to achieve $9.3 million a year in savings.

PDX handles approximately 12 million passengers annually. Portland is served by 17 passenger carriers providing more than 500 flights daily to over 100 cities in the US and Canada. In June 2004, Northwest Airlines began nonstop air service from PDX to Tokyo, Japan. Lufthansa began offering daily service from PDX to Frankfurt, Germany in March 2003. 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 Portland. 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 region. In 2003, approximately 88.9 million passengers traveled by bus and rail.

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.

The TriMet Transit Investment Plan was approved by its Board of Directors in June 2002. The plan calls for major investment in order to extend the MAX line 6.5 miles south from the Gateway Transit Center to Clackamas Town Center, and from Beaverton south to Wilsonville, among other proposed expansions. In August 2004, TriMet filed an application with the Federal Transit Administration seeking a federal grant to fund a two-phased extension of the light rail line with an estimated cost of $494 million. Local funding would be provided by TriMet, the PDC, the City, funding generated by a local improvement district, and other public sources. Phase One would provide service along I-205 between Clackamas Town Center and the existing Gateway station. The second phase would extend the light rail line from Portland State University to Union Station in downtown Portland. Future plans would connect downtown Portland to Milwaukie.

Tri-Met expects to begin construction on the $103.5 million Washington County Commuter Rail in 2006. This line will run from Beaverton to Wilsonville and is expected to begin 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.

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. The City completed the $38.5 million renovation of the Civic Stadium, which opened as PGE Park on April 30, 2001. The stadium is home to the Portland Beavers (Triple-A), 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, and the Festival generates more than $80 million for the region's economy and local businesses.

According to the Portland Oregon Visitor's Association ("POVA"), 206,292 visitors attended 302 conventions in the City during fiscal year 2003-04 (the most recent data available). Lodging occupancy rates for downtown Portland averaged 70 percent through November 2004, a 5.5 percent increase over the same period last year.

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 of Oregon. Within the Portland metropolitan area are several post-secondary educational systems.

PSU is the largest of seven campuses in the Oregon State System of Higher Education. PSU 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 2004 enrollment was 23,486 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, with the other two major universities in the Oregon State System of Higher Education, 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 and occupies 31 major buildings on the hill. 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

188,000 medical and dental patients and educates more than 3,500 students and trainees in health information technology, sciences, environmental engineering, computation and management. Competitive funding awards have nearly quadrupled during the last decade – from $43 million in 1990 to $221 million in 2003. OHSU is the City's largest non-government public employer with 2003-04 employment of 11,500.

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 PCC, Mt. Hood Community College, and Clackamas Community College.

UTILITIES

Electricity is provided by Portland General Electric ("PGE") Company 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, General Telephone of the Northwest.

PUBLIC FACILITIES

Water

The City's Bureau of Water Works operates the water supply system that delivers high-quality drinking water to more than 790,000 people in the Portland metro area. The primary water sources are the Bull Run Watershed, located in the foothills of the Cascades west of Mt. Hood. Portland also uses groundwater as a supplemental water supply.

The City, along with Metro and 26 other metropolitan area cities and water districts, participates in the Regional Water Providers Consortium. The Consortium works together through a voluntary intergovernmental agreement to coordinate and implement the Regional Water Supply Plan and to address water supply and resource management issues affecting the region. The City provides technical planning and administrative staff to the Consortium through the City's Water Bureau through an intergovernmental agreement.

Sewer and Wastewater

Approximately one-third of the 96,200 acres within the City Urban Services Boundary and approximately 60 percent of the City's population is served by combined sanitary and stormwater sewers. During rainstorms, the collection system exceeds the capacity of the interceptor system that conveys sewage to the Columbia Boulevard treatment plant, resulting in overflows of untreated sewage directly into the Willamette River and the Columbia Slough. Under a 1991 agreement between the City and the Oregon Department of Environmental Quality, the City is undertaking the Combined Sewer Overflow ("CSO") program to remedy this situation. Costs are estimated at more than $1.4 billion to be invested over 20 years. Through FY 2003-04, the project has reduced Columbia Slough overflows by 350 million gallons a year, and has controlled or eliminated seven Willamette River CSO outfalls. In November 2002, the City began construction on a $400 million sewer improvement project. The project calls for 120-foot-long, four-mile-deep, 14-foot-diameter tunnel that will collect combined sewage and carry it to a new pump station on Swan Island when construction is completed in 2006. Another tunnel will be built in a later stage of the project. Construction of major CSO projects will continue until 2011.

HOUSING

The median selling price of a home in metropolitan Portland for calendar year 2004 was $204,500, up from $187,000 for calendar year 2003, according to the Realtors Metropolitan Area Multiple Listing Service ("RMLS"). Homes in the metropolitan area were on the market an average of 56 days in 2004. According to RMLS, the southeast Portland region was the most active, with 4,131 closed sales in 2004. According to the US Census Bureau, in 2000 there were 237,269 housing units in the City, 47.3% of which were owner-occupied. As of July 1, 2003, the number of housing units reported for Multnomah County was 295,031.

OTHER ECONOMIC FACTORS

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

Table 17
CITY OF PORTLAND, OREGON
VARIOUS ECONOMIC INDICES
FOR FISCAL YEARS ENDING JUNE 30

	Commercial Construction		Residential Construction		Total Construction		
Fiscal Year	No. of Permits	Value	No. of Permits	Value	No. of Permits	Value	Bank Deposits ($000)
1995	3,286	$387,755,191	3,822	$113,779,784	7,108	$501,534,975	$11,611,855
1996	3,069	497,058,470	4,011	132,248,762	7,080	629,307,232	11,133,967
1997	3,378	690,910,816	4,343	157,497,045	7,721	848,407,861	14,281,503
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

Sources:

Building:
City of Portland, Bureau of Buildings. Data is collected on a fiscal year basis and includes new construction and alterations. In July 1986 the City's Permit Center consolidated with the East County Permit Center operated by Multnomah County. Permit data shown is for the City of Portland *only.*

Bank Deposits:
Oregon Department of Consumer and Business Services. Data is as of June 30 of the stated year.

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 which 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 be placed on a general election ballot, the proponents of a proposed initiative must submit to the Secretary of State initiative petitions signed by a 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 2004 general election, the requirements were eight percent (100,840 signatures) for a constitutional amendment measure and six percent (75,630 signatures) for a statutory initiative. 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 Oregon 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. If the person obtaining signatures is being paid, the signature sheet must contain a notice of such payment.

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 only.

Historically, a larger number of initiative measures have qualified to be placed on the ballot than have been approved by the electors. According to the Elections Division of the Oregon Secretary of State, the total number of initiative petitions that have qualified for the ballot and the numbers that have passed in recent general elections are shown in the following table.

Table 18
CITY OF PORTLAND, OREGON
Initiative Petitions that Qualified and Passed
1990-2004

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
1990	8	3
1992	7	0
1994	16	9
1996	16	4
1998	10	6
2000	18	4 (1)
2002	7	3
2004	6	2

Notes:

(1) On October 4, 2002, the Oregon Supreme Court ruled that Measure 7 is unconstitutional, and it has not been included in the number of initiatives that passed.

Source: Elections Division, Oregon Secretary of State.

MEASURE 37 WHICH APPEARED ON THE NOVEMBER 2004 BALLOT

Oregon voters approved citizen initiative petition Measure 37 on November 2, 2004. Measure 37 became effective on December 2, 2004.

Measure 37 adds several new statutory provisions to Oregon law. Measure 37 entitles certain landowners either (a) to compensation for the reduction in the market value of their property that results from certain land use regulations (the "Restrictions") that are enacted or enforced against the property; or, (b) to have their land released from the Restrictions. The government body that enacted or enforced the Restrictions decides whether to pay the claim or waive the Restrictions.

"Restrictions" do not include regulation of nuisances, regulations that protect public health, regulations that are required by federal law; and regulations that were enacted before the current property owner (or a member of that owner's family) acquired the property.

If claims are not paid within two years after they accrue, Measure 37 releases the land from the Restrictions and it is not clear whether the governments imposing the Restrictions have any residual liability.

The City has enacted Restrictions, and to date has received 14 claims. The amount of compensation being demanded is approximately $5 million. The City may elect to release those properties from their Restrictions. That election should release the City from any liabilities for those restrictions. The City has not determined yet whether it will release these properties or pay any claims. In addition, bills are pending before the Oregon Legislature than could alter the effect of Measure 37 on the City.

The City cannot, therefore, predict how Measure 37 will affect the City.

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

TAXABLE STATUS OF 2005 SERIES C BONDS

Interest on the 2005 Series C Bonds is included in gross income subject to federal income taxation under Section 103(a) of the Code.

In the opinion of Bond Counsel, under existing law, interest on the 2005 Series C Bonds is exempt from State of Oregon personal income taxation, and also is exempt from personal income taxation by Multnomah County, Oregon.

TAX EXEMPT STATUS OF 2005 SERIES D BONDS

In the opinion of Preston Gates & Ellis LLP, Bond Counsel, assuming compliance with certain covenants of the City, interest on the 2005 Series D Bonds is excluded from the gross income for federal income tax purposes under existing law. Interest on the 2005 Series D Bonds is not an item of tax preference under the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of determining the alternative minimum tax imposed on individuals and corporations. Interest on a 2005 Series D Bond held by a corporation (other than an S corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder.

The Code sets forth certain requirements which must be met subsequent to the issuance and delivery of the 2005 Series D Bonds for interest thereon to remain excluded from the gross income of the owners of the 2005 Series D Bonds for federal income tax purposes. The City has covenanted to comply with such requirements. Noncompliance with such requirements may cause the interest on the 2005 Series D Bonds to be included in the gross income of the owners of the 2005 Series D Bonds for federal income tax purposes, retroactive to the date of issue of the 2005 Series D Bonds. The opinion of Bond Counsel assumes compliance with these covenants and Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the 2005 Series D Bonds may affect the tax status of interest on the 2005 Series D Bonds.

In the opinion of Bond Counsel, under existing law, interest on the 2005 Series D Bonds is exempt from State of Oregon personal income taxation, and also is exempt from personal income taxation by Multnomah County, Oregon.

OTHER FEDERAL TAX MATTERS

The following discussion was written to support the marketing of the 2005 Series D Bonds and is not intended or written to be used, and may not be used, for the purpose of avoiding any penalty in respect of federal income taxes that may be imposed by the Internal Revenue Service or any other applicable authority. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Interest on a 2005 Series D Bond owned by a foreign corporation may be subject to the branch profits tax imposed by the Code. Ownership of the 2005 Series D Bonds may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2005 Series D Bonds. Bond Counsel expresses no opinion as to any such collateral federal income tax consequences.

RATINGS

The 2005 Series C Bonds have been rated "Aa2" by Moody's Investors Service ("Moody's"). The 2005 Series D Bonds have been rated Aaa by Moody's with the understanding that upon delivery of the 2005 Series D Bonds, a financial guaranty insurance policy will be issued by Ambac Assurance. Such ratings reflects only the views of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's at the following address: 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 rating may have an adverse effect on the market price of the 2005 Bonds.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the 2005 Bonds by the City are subject to the approving opinion of Preston Gates & Ellis LLP, Portland, Oregon, Bond Counsel. Bond Counsel has reviewed this Official Statement only to confirm that the portions of it describing the 2005 Bonds, the Ordinance, and the authority to issue the 2005 Bonds, conform to the 2005 Bonds and the applicable laws under which they are issued. The statements made in this Official Statement under the captions “THE 2005 BONDS” (except information under the subheading “SOURCES AND USES OF PROCEEDS”), “SECURITY FOR THE 2005 BONDS,” “TAX MATTERS,” “OTHER FEDERAL TAX MATTERS,” and Appendix A, entitled “BOND DECLARATION” 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 2005 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 2005 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 2005 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 2005 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 successful bidder or owners of any of the 2005 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 Securities and Exchange Commission 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 D for the benefit of the 2005 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 2005 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 2005 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

CITY OF PORTLAND, OREGON

1851

APPENDIX A
BOND DECLARATION

CITY OF PORTLAND, OREGON

1851

BOND DECLARATION

City of Portland, Oregon

$3,170,000
Limited Tax Housing
Revenue Bonds
2005 Series C
(Federally Taxable)
(Housing Opportunity Program)

$6,975,000
Limited Tax Housing
Revenue Bonds
2005 Series D
(Tax-Exempt)
(Housing Opportunity Program)

Executed by the Debt Manager of the City of Portland, Oregon
As of this 21st day of June, 2005

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Bond Declaration

THIS BOND DECLARATION is executed as of June 21, 2005, by the Debt Manager of the City of Portland, Oregon pursuant to the authority granted to the Debt Manager by City Ordinance No. 179123 to establish the terms under which the City's Limited Tax Housing Revenue Bonds, 2005 Series C (Federally Taxable) and 2005 Series D (Tax-Exempt) are issued.

Section 1. Findings.

1.1. The City is authorized by the Uniform Revenue Bond Act (ORS 288.805 to 288.945) and City Ordinance No. 179003 adopted on December 22, 2004, to issue up to $11,000,000 of revenue bonds to make grants or provide other funding for projects that develop housing for low-income seniors, people with disabilities, and low-income working people.

1.2. The City Council has authorized execution of this Declaration by City Ordinance No. 179123 adopted on March 16, 2005, and executes this Declaration to memorialize the terms of its Limited Tax Housing Revenue Bonds, 2005 Series C (Federally Taxable) (Housing Opportunity Program) and 2005 Series D (Tax-Exempt) (Housing Opportunity Program).

Section 2. Definitions.

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

"2005 Bonds" means the 2005 Series C Bonds and the 2005 Series D Bonds.

"2005 Series C Bonds" means the City's Limited Tax Housing Revenue Bonds, 2005 Series C (Federally Taxable) (Housing Opportunity Program), which are described in Section 12 of this Declaration.

"2005 Series D Bonds" means the City's Limited Tax Housing Revenue Bonds, 2005 Series D (Tax-Exempt) (Housing Opportunity Program), which are described in Section 13 of this Declaration.

"Available General Funds" means "revenues" as defined in the Uniform Revenue Bond Act, and includes all taxes and other legally available general funds of the City.

"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.

"Business Day" means any day except a Saturday, a Sunday, a legal holiday, a day on which the 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 United States Internal Revenue Code of 1986, as amended.

"Debt Manager" means the Debt Manager of the City, the Director of the Bureau of Financial Services of the City, the Chief Administrative Officer of the Office of Management and Finance of the City, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this Declaration.

"Declaration" means this Declaration authorizing the 2005 Bonds, as it may be amended from time to time pursuant to Section 4.

"Defeasance Obligations" means (i) direct, noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury and principal-only and interest-only strips that are issued by the U.S. Treasury); or (ii) noncallable obligations the principal of and interest on which are unconditionally guaranteed by the United States of America; or (iii) any noncallable debt securities listed in Appendix B.

“DTC” means the Depository Trust Company of New York, and any successors to its rights and obligations, the initial securities depository for the 2005 Bonds.

“Event of Default” refers to an Event of Default listed in Section 5.1 of this Declaration.

“Outstanding” refers to all 2005 Bonds except those which have been paid, canceled, or defeased, and (for 2005 Bonds which must be presented to be paid) those which have matured but have not been presented for payment, but for the payment of which adequate money has been transferred to their paying agent.

“Owner” means the person shown on the register maintained by the Paying Agent as the registered owner of a 2005 Bond.

“Paying Agent” means the Paying Agent for the 2005 Bonds, which, at the time of enactment of this Declaration, is U.S. Bank National Association or its successor.

“Payment Date” means a date on which 2005 Bond principal or interest are due, whether at maturity or prior redemption.

“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 Declaration.

“Record Date” means the date used to determine ownership of 2005 Bonds for purposes of making 2005 Bond payments, if the 2005 Bonds cease to be in BEO form. The Record Date for the 2005 Bonds is ten days before each 2005 Bond Payment Date.

“Taxable Bonds” means 2005 Bonds which pay interest which is intended to be includable in gross income under the Code.

“Tax-Exempt Bonds” means 2005 Bonds which pay interest which is intended to be excludable from gross income under the Code.

Section 3. Security for 2005 Bonds.

3.1. The City hereby pledges its full faith and credit to pay the 2005 Bonds. The 2005 Bonds shall be Limited Tax Housing Revenue Bonds of the City, and the City shall pay the 2005 Bonds from its Available General Funds. The City is not authorized to levy additional taxes to pay the 2005 Bonds.

3.2. The City shall promptly cause the principal, premium, if any, and interest on the 2005 Bonds to be paid as they become due.

3.3. The provisions of this Declaration shall constitute a contract with the Owners, and shall be enforceable by them.

Section 4. Amendment of Declaration.

The City may amend this Declaration without the consent of any Owner for any one or more of the following purposes:

4.1. To cure any ambiguity or formal defect or omission in this Declaration;

4.2. To add to the covenants and agreements of the City in this Declaration other covenants and agreements to be observed by the City which are not contrary to or inconsistent with this Declaration as theretofore in effect;

4.3. To confirm, as further assurance, any security interest or pledge created under this Declaration;

4.4. To make any change which, in the reasonable judgment of the City, does not materially and adversely affect the rights of the Owners of 2005 Bonds.

4.5. This 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 2005 Bonds then Outstanding. However, no amendment shall be valid which:

(A) Extends the maturity of any 2005 Bonds, reduces the rate of interest on any 2005 Bonds, extends the time of payment of interest on any 2005 Bonds, reduces the amount of principal payable on any 2005 Bonds, or reduces any premium payable on any 2005 Bonds, without the consent of all affected Owners; or

(B) Reduces the percent of Owners required to approve amendments to this Declaration.

Section 5. Default and Remedies.

5.1. The occurrence of one or more of the following shall constitute an Event of Default under this Declaration:

(A) Failure by the City to pay 2005 Bond principal, interest or premium when due (whether at maturity, or upon redemption after a 2005 Bond has been properly called for redemption);

(B) Failure by the City to observe and perform any covenant, condition or agreement which this Declaration requires the City to observe or perform for the benefit of Owners of 2005 Bonds, which failure continues 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 2005 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 paragraph 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.

5.2. The Owners of ten percent or more of the principal amount of 2005 Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 5.1A.

5.3 If an Event of Default occurs and is continuing the Owners of ten percent or more of the principal amount of affected 2005 Bonds then Outstanding may exercise any remedy available at law or in equity; however, the 2005 Bonds shall not be subject to acceleration.

5.4 No remedy in this Declaration conferred upon or reserved to Owners of 2005 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 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 2005 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 Declaration or by law.

Section 6. Ownership of 2005 Bonds.

6.1 For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Declaration:

(A) the initial purchaser of a Series of 2005 Bonds may be treated as the Owner of that Series at the time that Series is delivered in exchange for payment; and,

(B) the issuer of a Credit Facility which insures payment of all principal and interest due on one or more 2005 Bonds may be treated as the Owner of all 2005 Bonds secured by that Credit Facility.

6.2 For purposes of determining the percentage of Owners taking action under this Declaration, the Owners of 2005 Bonds which pay interest only at maturity, and mature more than one year after they are issued shall be treated as Owners of 2005 Bonds in an aggregate principal amount equal to the accreted value of such 2005 Bonds as of the date the Paying Agent sends out notice of requesting consent, waiver or other action as provided herein.

Section 7. Redemption of 2005 Bonds.

7.1 The City reserves the right to purchase 2005 Bonds in the open market.

7.2 If any 2005 Bonds are subject to mandatory redemption, the City may credit against the mandatory redemption requirement any 2005 Bonds of the same maturity which the City has previously purchased or which the City has previously redeemed pursuant to any optional redemption provision.

7.3 So long as 2005 Bonds are in BEO form, the Paying Agent shall notify DTC of any early redemption not less than 30 days prior to the date fixed for redemption, and shall provide such information in connection therewith as required by the Letter of Representation for the 2005 Bonds.

7.4 During any period in which the 2005 Bonds are not in BEO form, unless waived by any Owner of the 2005 Bonds to be redeemed, official notice of any redemption of 2005 Bonds shall be given by the Paying Agent on behalf of the City by mailing a copy of an official redemption notice by first class mail postage prepaid at least 30 days and not more than 60 days prior to the date fixed for redemption to the Owner of the 2005 Bond or 2005 Bonds to be redeemed at the address shown on the 2005 Bond register or at such other address as is furnished in writing by such Owner to the Paying Agent. The City shall notify the Paying Agent of any intended redemption not less than 45 days prior to the redemption date. All such official notices of redemption shall be dated and shall state:

(A) the redemption date,

(B) the redemption price,

(C) if less than all Outstanding 2005 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2005 Bonds to be redeemed,

(D) that on the redemption date the redemption price will become due and payable upon each such 2005 Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, and

(E) the place where such 2005 Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

Section 8. Book Entry System for 2005 Bonds.

The 2005 Bonds shall be initially issued in BEO form and shall be governed by this Section 8. While 2005 Bonds are in BEO form no physical 2005 Bonds shall be provided to Owners of 2005 Bonds. The Debt Manager has executed and delivered a blanket Letter of Representations to DTC. While the 2005 Bonds are in BEO form, registration and transfer of beneficial interests in the 2005 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 Letter of Representations. So long as 2005 Bonds are in BEO form:

8.1 DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to Owners of 2005 Bonds. 2005 Bond payments shall be made, and notices shall be given, to DTC in accordance with the blanket 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 2005 Bonds called for redemption or of any other action premised on such notice.

8.2 The City may discontinue maintaining the 2005 Bonds in the BEO form at any time. The City shall discontinue maintaining the 2005 Bonds in BEO form if DTC determines not to continue to act as securities depository for the 2005 Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.

8.3 If the City discontinues maintaining the 2005 Bonds in BEO form, the City shall cause the Paying Agent to authenticate and deliver replacement 2005 Bonds in fully registered form in denominations of $5,000 or integral multiples, registered 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 2005 Bonds shall apply.

8.4 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 2005 Bonds;

(B) the delivery to any participant or correspondent or any other person of any notice with respect to the 2005 Bonds, including any notice of prepayment;

(C) the selection by DTC of the beneficial interest in 2005 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 2005 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 2005 Bonds.

8.5 The City shall pay or cause to be paid all principal, premium and interest on the 2005 Bonds only to or upon the order of the owner, as shown in the registration books maintained by the Paying Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligation with respect to payment thereof to the extent of the sum or sums so paid.

8.6 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 2005 Bonds issued in BEO form.

Section 9. Authentication, Registration and Transfer.

9.1 No 2005 Bond shall be entitled to any right or benefit under this Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2005 Bonds to be delivered at Closing of the 2005 Bonds, and shall additionally authenticate all 2005 Bonds properly surrendered for exchange or transfer pursuant to this Declaration.

9.2 The ownership of all 2005 Bonds shall be entered in the 2005 Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the 2005 Bond register as the owner of the 2005 Bond for all purposes.

9.3 While the 2005 Bonds are in BEO form, the Paying Agent shall transfer 2005 Bond principal and interest payments in the manner required by DTC.

9.4 If the 2005 Bonds cease to be in BEO 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 2005 Bond register as of the Record Date for the 2005 Bonds. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.

9.5 2005 Bonds may be exchanged for an equal principal amount of 2005 Bonds of the same maturity which are in different denominations, and 2005 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 2005 Bonds to be exchanged or transferred.

9.6 The Paying Agent shall not be required to exchange or transfer any 2005 Bonds submitted to it during any period beginning with a Record Date and ending on the next following Payment Date; however, such 2005 Bonds shall be exchanged or transferred promptly following that Payment Date.

9.7 The Paying Agent shall note the date of authentication on each 2005 Bond. The date of authentication shall be the date on which the Owner's name is listed on the 2005 Bond register.

9.8 For purposes of this Section 9, 2005 Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 9.5, above.

9.9 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 10. Defeasance.

The City shall be obligated to pay any 2005 Bonds which are defeased in accordance with this Section 10 solely from the money and Defeasance Obligations which are deposited in escrow pursuant to this Section 10. 2005 Bonds shall be deemed defeased if the City:

10.1. irrevocably deposits money or noncallable Defeasance Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient without reinvestment for the payment of 2005 Bonds which are to be defeased; and,

10.2. files with the escrow agent or trustee an opinion from a Qualified Consultant to the effect that the money and the principal and interest to be received from the Defeasance Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased 2005 Bonds when due.

Section 11. Rules of Construction.

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

11.1. References to section numbers shall be construed as references to sections of this Declaration.

11.2. References to one gender shall include all genders.

11.3. References to the singular include the plural, and references to the plural include the singular.

Section 12. The 2005 Series C Bonds.

12.1. The 2005 Series C Bonds shall be dated June 21, 2005, shall be issued in the aggregate principal amount of $3,170,000, shall bear interest which is payable on June 1 and December 1 of each year, commencing December 1, 2005, and shall mature on the following dates in the following principal amounts:

Date June 1	Principal Amount ($)	Interest Rate Per Annum (%)
2006	365,000	3.90
2007	350,000	4.00
2008	360,000	4.10
2009	375,000	4.20
2010	395,000	4.25
2011	410,000	4.30
2012	295,000	4.30
2013	320,000	4.35
2014	300,000	4.45

12.2. The 2005 Series C Bonds are not subject to redemption prior to maturity.

12.3. The 2005 Series C Bonds shall be Taxable Bonds.

12.4. The 2005 Series C Bonds shall be in substantially the form attached hereto as Appendix A, with such changes as may be approved by the Debt Manager. The 2005 Series C Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Section 13. The 2005 Series D Bonds.

13.1. The 2005 Series D Bonds shall be dated June 21, 2005, shall be issued in the aggregate principal amount of $6,975,000, shall bear interest which is payable on June 1 and December 1 of each year, commencing December 1, 2005, and shall mature on the following dates in the following principal amounts:

Date June 1	Principal Amount ($)	Interest Rate Per Annum (%)
2012	130,000	3.25
2013	125,000	3.50
2014	165,000	5.00
2015	485,000	4.25
2016	505,000	4.25
2017	525,000	4.00
2018	545,000	4.00
2019	570,000	4.00
2020	590,000	4.00
2021	615,000	4.00
2022	640,000	4.00
2023	665,000	4.00
2024	695,000	4.00
2025	720,000	4.125

13.2. The 2005 Series D Bonds are subject to redemption prior to maturity at the option of the City on June 1, 2015 and on any date thereafter, in any order of maturity and by lot within a maturity, at a price of par, plus interest accrued to the date fixed for redemption.

13.3. The 2005 Series D Bonds shall be Tax-Exempt Bonds, and the City covenants not to take any action, or omit to take any action, if the taking or omitting would cause interest on the 2005 Series D Bonds to become includable in gross income under the Code.

13.4. Form. The 2005 Series D Bonds shall be in substantially the form attached hereto as Appendix A, with such changes as may be approved by the Debt Manager. The 2005 Series D Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Section 14. [Ambac Provisions.]

Dated as of this 21st day of June, 2005.

City of Portland, Oregon

By: ______________________________

Eric H. Johansen, Debt Manager

Appendix A
Form of 2005 Series C and D Bond

No. R-«BondNumber» $«PrincipalAmtNumber»

UNITED STATES OF AMERICA
STATE OF OREGON
COUNTIES OF MULTNOMAH, WASHINGTON AND CLACKAMAS
CITY OF PORTLAND
LIMITED TAX HOUSING REVENUE BOND
2005 SERIES __
(FEDERALLY TAXABLE/TAX-EXEMPT)
(HOUSING OPPORTUNITY PROGRAM)

Dated Date: June 21, 2005
Interest Rate Per Annum: «CouponRate»%
Maturity Date: June 1, «MaturityYear»
CUSIP Number: 736679«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 June and the first day of December in each year until maturity or prior redemption, commencing December 1, 2005. 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 $_________ in principal amount designated as Limited Tax Housing Revenue Bonds, 2005 Series __ (the "Bonds"). The Bonds are issued to provide funding for projects that develop housing for low-income seniors, people with disabilities, and low-income working people, and paying related costs. The Bonds are authorized by Oregon Revised Statutes Sections 288.605 to 288.695, City Ordinance No. 179003, and City Ordinance No. 179123 (collectively, the “Ordinances”) and pursuant to a Bond Declaration dated June 21, 2005 (the “Declaration”) 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.

The Bonds constitute valid and legally binding obligations of the City. The full faith and credit of the City are pledged 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 Ordinances. 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 Bonds shall be issued in the form of registered Bonds without coupons in denominations of $5,000 or any integral multiple thereof. Such Bonds may be exchanged for Bonds of the same aggregate principal amount and maturity date, but different authorized denominations, as provided in the Declaration.

The Bonds mature and are subject to redemption as described in the final Official Statement for the Bonds that is dated June 9, 2005.

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 Declaration. Interest on any Bond or Bonds so called for redemption shall cease on the redemption date designated in the notice. The Paying Agent will notify The Depository Trust Company promptly of any Bonds called for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid, not less than thirty days nor more than sixty days prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the Bond register; 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 Declaration, 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 Declaration. 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 Declaration.

Unless this certificate 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 certificate 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 Paying Agent and DTC.

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 ordinance duly passed, 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

Mayor

Gary Blackmer, Auditor

Financial Guaranty Insurance Policy No.______ (the "Policy") with respect to payments due for principal of and interest on this Bond has been issued by Ambac Assurance Corporation ("Ambac Assurance"). The Policy has been delivered to The Bank of New York, New York, New York, as the Insurance Trustee under said Policy and will be held by such Insurance Trustee or any successor insurance trustee. The Policy is on file and available for inspection at the principal office of the Insurance Trustee and a copy thereof may be secured from Ambac Assurance or the Insurance Trustee. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Bond acknowledges and consents to the subrogation rights of Ambac Assurance as more fully set forth in the Policy.

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 $_________aggregate principal amount of City of Portland, Oregon Limited Tax Housing Revenue Bonds, 2005 Series ___, issued pursuant to the Ordinances described herein.

Date of authentication: June 21, 2005.

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.

<u>Appendix B</u>

Additional Defeasance Obligations

The following noncallable debt obligations qualify as Defeasance Obligations:

- Senior, unsubordinated Federal Home Loan Mortgage Corp. (FHLMC) Debt Obligations.
- Senior, unsubordinated Federal Home Loan Banks (FHL Banks) Consolidated debt obligations.
- Senior, unsubordinated Federal National Mortgage Association (FNMA) Debt obligations.
- Senior, unsubordinated Farm Credit System consolidated system wide bonds and notes.
- Senior, unsubordinated Resolution Funding Corp. (REFCORP) debt obligations, including strips by the Federal Reserve Bank of New York.
- Financing Corp. (FICO) debt obligations.
- Senior, unsubordinated U.S. Agency for International Development (U.S. A.I.D.) guaranteed notes which mature at least four business days before the appropriate payment date.
- The obligations of any other agency of the United States, or any corporation sponsored by the United States, if those obligations are approved in advance and in writing by the by the issuers of all municipal bond insurance policies that guarantee payment of the defeased Bonds and were issued at the request of the City.

CITY OF PORTLAND, OREGON
1851

APPENDIX B
AUDITED FINANCIAL STATEMENTS

CITY OF PORTLAND, OREGON

1851

INTRODUCTION TO FINANCIAL STATEMENTS

The financial statements of the City have been audited by independent certified public accountants for the fiscal years 2000, 2001, 2002, and 2003, and 2004. The following pages in this Appendix B are excerpted from the Comprehensive Annual Financial Reports of the City for the Fiscal Years ending June 30, 2000 through June 30, 2004.

Beginning with FY 2001-02, the City adopted the provisions of GASB Statement No. 34, which establishes new requirements and a new reporting model for the annual financial reports of state and local governments.

Copies of the Fiscal Years 2000 through 2004 Comprehensive Annual Financial Reports ("CAFR") 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 City's website is listed for reference only, and is not part of this Official Statement.

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 2005 BONDS AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE 2005 BONDS.

CITY OF PORTLAND, OREGON

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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

	2000 (1)	2001 (2)	2002 (3)	2003	2004
Revenues					
Taxes	$199,498,081	$211,974,174	$216,576,056	$227,495,311	$246,195,810
Intergovernmental revenues	16,448,048	18,541,333	19,926,294	19,143,029	24,433,714
Licenses and permits	87,788,397	92,808,407	87,625,667	98,317,689	103,502,813
Charges for services	54,877,077	45,937,835	50,461,451	47,080,319	54,454,709
Interest and miscellaneous revenues	10,113,736	10,395,432	8,691,828	2,130,636	2,506,025
Total revenues	368,725,339	379,657,181	383,281,296	394,166,984	431,093,071
Expenditures					
Planning/community development	5,183,989	10,150,582	25,891,173	26,258,778	32,953,347
Citizen/community services	12,168,685	13,830,318	--	--	--
Public safety	168,737,273	238,857,116	242,380,376	248,944,521	273,780,789
Support services/legis./administrative	121,708,477	45,273,667	43,460,216	42,707,237	45,753,826
Parks/recreation/cultural	38,655,862	44,572,270	45,027,462	44,761,687	47,475,936
Capital outlay	1,390,020	3,224,695	1,444,136	1,115,473	2,245,106
Debt Service	--	--	--	--	30,550
Total expenditures	347,844,306	355,908,648	358,203,363	363,787,696	402,239,554
Revenues over (under) expenditures	20,881,033	23,748,533	25,077,933	30,379,288	28,853,517
Other Financing Sources (Uses)					
Operating transfers in	14,570,032	14,301,735	10,610,557	11,678,698	14,085,934
Operating transfers out	(38,750,184)	(39,775,883)	(33,894,184)	(30,246,465)	(35,665,461)
Loan proceeds	--	--	--	--	3,067,000
Total other sources (uses)	(24,180,152)	(25,474,148)	(23,283,627)	(18,567,767)	(18,512,527)
Net change in fund balances	(3,299,119)	(1,725,615)	1,794,306	11,811,521	10,340,990
Fund balance, beginning	55,043,649	51,730,511	50,016,695	51,803,140	57,643,938
Prior period adjustment (4)	--	--	--	(5,939,843)	--
Fund balance, beginning, as restated	55,043,649	51,730,511	50,016,695	45,863,297	57,643,938
Change in inventory	(14,019)	11,799	(7,861)	(30,880)	51,222
Fund balances, ending	$51,730,511	$50,016,695	$51,803,140	$57,643,938	$68,036,150

Notes:

(1) The significant increase in Tax Revenues and Support Services/Legislative/Administrative Expenditures beginning in FY 1999-2000 was due to a change in the accounting treatment of property tax revenues collected for FPDR pension benefits. FPDR property tax revenues are now recorded in the General Fund, and then transferred to the FPDR Pension Trust Fund. The transfer is reflected in the Support Services/Legislative/Administrative expenditure category.

(2) The significant decrease in Support Services/Legislative/Administrative expenditures and increase in Public Safety expenditures beginning in FY 2000-01 was due to a change in the accounting treatment of property tax revenues collected for Fire and Police Disability and Retirement ("FPDR") pension benefits. FPDR property tax revenues are recorded in the General Fund, and then transferred to the FPDR Pension Trust Fund. The transfer was reflected in the Support Services/Legislative/Administrative expenditure category in FY 1999-2000, but now is reflected in the Public Safety expenditure category.

(3) Reflects changes due to GASB 34 reporting requirements. Certain categories of revenues and expenditures have been combined for comparative purposes. In FY 2001-02, Planning and Community Development includes expenditures recorded in the category Citizen/Community Services in prior years.

(4) Since FY 1991-92 when quarterly estimated license payments were first implemented, all payments received in a given year have been recognized as revenues. Refunds were charged as an expense in special appropriations. No year-end liability was recorded for overpayments outstanding at year-end. The impact of this treatment was to overstate revenues and expenses for the year and to accumulate an unrecorded liability that has increased annually. To properly report the error, the City recorded a prior period adjustment to the FY 2001-02 governmental ending net assets of $5,939,843.

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

CITY OF PORTLAND, OREGON
General Fund
Consecutive Balance Sheets (1)
as of June 30

	2000	2001	2002	2003	2004
ASSETS:					
Cash and investments	$62,436,481	$57,902,121	$60,812,814	$69,530,390	$79,744,655
Receivables:					
Property taxes	12,504,788	14,204,952	14,479,097	14,701,927	14,699,490
Accounts, interest and advances	4,223,100	4,790,697	3,184,386	3,896,451	3,723,006
Assessments (2)	1,000	1,000	1,000	1,000	4,280,370
Due from other funds	5,041,879	3,976,400	2,557,009	3,458,126	4,579,636
Inventories	345,888	357,686	349,826	318,946	370,167
Total Assets	$84,553,136	$81,232,856	$81,384,132	$91,906,840	$107,397,324
LIABILITIES:					
Checks, accounts payable and other accrued liabilities	$5,229,269	$4,728,386	$5,263,171	$5,611,240	$8,113,050
Deferred revenue	22,910,903	20,680,957	19,478,128	18,200,593	24,560,999
Due to other funds	4,682,453	5,806,818	4,834,193	5,135,831	5,567,124
Notes and mortgages payable	--	--	5,500	--	--
Other liabilities (3)	--	--	--	5,315,238	1,120,001
Total Liabilities	32,822,625	31,216,161	29,580,992	34,262,902	39,361,174
FUND BALANCE:					
Reserved for petty cash	20,880	20,880	44,595	44,845	44,845
Reserved for inventories	345,888	357,686	349,826	318,946	370,167
Unreserved	51,363,743	49,638,129	51,408,719	57,280,147	67,621,138
Total Fund Balance	51,730,511	50,016,695	51,803,140	57,643,938	68,036,150
Total Liabilities and Fund Balance	$84,553,136	$81,232,856	$81,384,132	$91,906,840	$107,397,324

Notes:

(1) Reflects changes due to GASB 34 reporting requirements beginning with FY 2001-02 financial statements.

(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) "Other liabilities" category reflects revised accounting treatment of business license refunds beginning in FY 2002-03 to conform with Generally Accepted Accounting Principles.

Source: City of Portland audited annual financial statements.

APPENDIX C
LEGAL OPINION

CITY OF PORTLAND, OREGON
1851

June 21, 2005

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

BB&T Capital Markets
2 South Ninth Street
Richmond, VA 23219

Subject: $3,170,000 City of Portland, Oregon, Limited Tax Housing Revenue Bonds 2005 Series C (Federally Taxable) (Housing Opportunity Program)

We have acted as bond counsel in connection with the issuance by the City of Portland, in Multnomah, Washington and Clackamas Counties, Oregon (the "City") of its Limited Tax Housing Revenue Bonds, 2005 Series C (Federally Taxable) (Housing Opportunity Program) (the “2005 Series C Bonds”).

The 2005 Series C Bonds are issued pursuant to the authority of Oregon’s Uniform Revenue Bond Act (Oregon Revised Statutes (“ORS”) 288.805 to 288.945), City Ordinance No. 179003 adopted December 22, 2004, City Ordinance No. 179123 adopted March 16, 2005 (collectively, the “Ordinance”), and a Bond Declaration of even date herewith (the “Declaration”).

We have examined the law, a duly certified transcript of proceedings of the City, prepared in part by us, relating to the issuance and sale of the 2005 Series C Bonds, and other documents which we deem necessary to render this opinion.

We have relied on the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation.

We have reviewed the official statement only to confirm that the portions of it describing the 2005 Series C Bonds, the Ordinance, the authority to issue the 2005 Series C Bonds and the treatment of the 2005 Series C Bond interest under federal and state tax laws is accurate. We have not reviewed or approved the other representations of law and factual statements contained in the official statement including but not limited to all financial and statistical information and representations.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The 2005 Series C Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon and the Charter and Ordinance of the City, and constitute valid and legally binding obligations of the City which are enforceable against the City in accordance with their terms.

2. The 2005 Series C Bonds are secured by a pledge of the City’s full faith and credit and are payable from “Available General Funds” as defined and provided in the Declaration.

3. The 2005 Series C Bonds are not obligations described in Section 103(a) of the Internal Revenue Code of 1986, as amended (the “Code”) and accordingly, interest on the 2005 Series C Bonds is included in gross income subject to federal income taxation under Section 103(a) of the Code.

4. Interest on the 2005 Series C Bonds is exempt from Oregon personal income tax under existing law.

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5. Interest on the 2005 Series C Bonds is exempt from present personal income taxation by Multnomah County, Oregon.

These opinions are based on existing law and we assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.

The opinions set forth above are qualified only to the extent that enforceability of the 2005 Series C 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 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 the opinions expressed. 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.

The opinions expressed herein are 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 2005 Series C Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to Preston Gates & Ellis LLP.

We have acted solely as bond counsel to the City regarding the sale and issuance of the 2005 Series C Bonds and have not represented any other party in connection with the 2005 Series C Bonds. Therefore, no attorney-client relationship shall arise by our addressing this opinion to persons other than the City.

Our 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,

PRESTON GATES & ELLIS LLP

Lawyers

Preston|Gates|Ellis LLP

June 21, 2005

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

Merrill Lynch & Co. Inc.
4 World Financial Center, 9th Floor,
New York, New York 10080

Subject: $6,975,000 City of Portland, Oregon, Limited Tax Housing Revenue Bonds
2005 Series D (Tax-Exempt) (Housing Opportunity Program)

We have acted as bond counsel in connection with the issuance by the City of Portland, in Multnomah, Washington and Clackamas Counties, Oregon (the "City") of its Limited Tax Housing Revenue Bonds, 2005 Series D (Tax-Exempt) (Housing Opportunity Program) (the “2005 Series D Bonds”).

The 2005 Series D Bonds are issued pursuant to the authority of Oregon’s Uniform Revenue Bond Act (Oregon Revised Statutes (“ORS”) 288.805 to 288.945), City Ordinance No. 179003 adopted December 22, 2004, City Ordinance No. 179123 adopted March 16, 2005 (collectively, the “Ordinance”), and a Bond Declaration of even date herewith (the “Declaration”).

We have examined the law, a duly certified transcript of proceedings of the City, prepared in part by us, relating to the issuance and sale of the 2005 Series D Bonds, and other documents which we deem necessary to render this opinion.

We have relied on the certified proceedings and other certifications of public officials regarding questions of fact material to our opinion and have not undertaken to verify the same by independent investigation.

We have reviewed the official statement only to confirm that the portions of it describing the 2005 Series D Bonds, the Ordinance, the authority to issue the 2005 Series D Bonds and the treatment of the 2005 Series D Bond interest under federal and state tax laws is accurate. We have not reviewed or approved the other representations of law and factual statements contained in the official statement including but not limited to all financial and statistical information and representations.

As to questions of fact material to our opinion, we have relied on representations of the City contained in the Ordinance and other certified proceedings and certifications of officials of the City and others furnished to us without undertaking to verify such representations and certifications by independent investigation. We have also relied on the covenants of the City to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”) with respect to the investment and use of proceeds of the 2005 Series D Bonds.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The 2005 Series D Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon and the Charter and Ordinance of the City, and constitute valid and legally binding obligations of the City which are enforceable against the City in accordance with their terms.

2. The 2005 Series D Bonds are secured by a pledge of the City’s full faith and credit and are payable from “Available General Funds” as defined and provided in the Declaration.

3. The interest on the 2005 Series D Bonds is excluded from gross income for federal income tax purposes under existing law.

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4. Interest on the 2005 Series D Bonds is not an item of tax preference under the Code for purposes of determining the alternative minimum tax imposed on individuals or corporations. Interest on a 2005 Series D Bond held by a corporation (other than an S Corporation, regulated investment company, real estate investment trust or real estate mortgage investment conduit) may be indirectly subject to alternative minimum tax because of its inclusion in the earnings and profits of the corporate holder. Interest on a 2005 Series D Bond held by a foreign corporation may be subject to the branch profits tax imposed by the Code.

5. Interest on the 2005 Series D Bonds is exempt from Oregon personal income tax under existing law.

6. Interest on the 2005 Series D Bonds is exempt from present personal income taxation by Multnomah County, Oregon.

We note that the City has not designated the 2005 Series D Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code.

Ownership of the 2005 Series D Bonds may result in collateral federal income tax consequences to certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the 2005 Series D Bonds. We express no opinion as to such collateral federal income tax consequences.

Under the Code, the City is required to comply with certain requirements relating to the investment and use of the proceeds of the 2005 Series D Bonds, and the City has covenanted to comply with these requirements. Failure to comply with these requirements may cause the interest on the 2005 Series D Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2005 Series D Bonds. Our opinion assumes compliance with such covenants, and we do not undertake to determine, or to inform any person, whether any actions taken or not taken, or events occurring or not occurring, after the date of issuance of the 2005 Series D Bonds may affect the tax status of interest on the 2005 Series D Bonds.

We express no opinion regarding any other federal, state or local tax consequences arising with respect to ownership of the 2005 Series D Bonds.

These opinions are based on existing law and we assume no obligation to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur or become effective.

The opinions set forth above are qualified only to the extent that enforceability of the 2005 Series D 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 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 the opinions expressed. 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.

The opinions expressed herein are 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 2005 Series D Bonds, nor may copies be furnished to any other person or entity, without the prior written consent to Preston Gates & Ellis LLP.

We have acted solely as bond counsel to the City regarding the sale and issuance of the 2005 Series D Bonds and have not represented any other party in connection with the 2005 Series D Bonds. Therefore, no attorney-client relationship shall arise by our addressing this opinion to persons other than the City.

Our 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,

PRESTON GATES & ELLIS LLP

Lawyers

CITY OF PORTLAND, OREGON

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APPENDIX D
CONTINUING DISCLOSURE CERTIFICATE

CITY OF PORTLAND, OREGON

1851

CONTINUING DISCLOSURE CERTIFICATE

City of Portland, Oregon

$3,170,000 **Limited Tax Housing Revenue Bonds,** **2005 Series C (Federally Taxable)** **(Housing Opportunity Program)**	**$6,975,000** **Limited Tax Housing Revenue Bonds,** **2005 Series D (Tax-Exempt)** **(Housing Opportunity Program)**

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 Housing Revenue Bonds, 2005 Series C (Federally Taxable) (the "2005 Series C Bonds") and its Limited Tax Housing Revenue Bonds, 2005 Series D (Tax-Exempt) (the "2005 Series D Bonds," and collectively with the 2005 Series C Bonds, the "2005 Bonds").

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the City for the benefit of the 2005 Bondowners and to assist the underwriter(s) of the 2005 Bonds in complying with paragraph (b)(5) of the Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12), (the "Rule"). This Certificate constitutes the City's written undertaking for the benefit of the 2005 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 2005 Bonds, including persons holding 2005 Bonds through nominees or depositories.

"2005 Bondowners" means the registered owners of the 2005 Bonds, as shown on the bond register maintained by the paying agent for the 2005 Bonds, and any Beneficial Owners.

"Commission" means the Securities and Exchange Commission.

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

"NRMSIR" means a nationally recognized municipal securities information repository.

"Official Statement" means the final official statement for the 2005 Bonds dated June 9, 2005.

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

"SID" means a state information depository for the State of Oregon (if one is created).

Section 3. Financial Information. The City agrees to provide or cause to be provided to each NRMSIR and to the SID, if any, in each case as designated by the Commission in accordance with the Rule, the following annual financial information and operating data for the prior fiscal year (commencing no later than March 31, 2006, for the fiscal year ended June 30, 2005):

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 2005 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 each then existing NRMSIR and the SID, if any. In lieu of providing such annual financial information and operating data, the City may cross-reference to other documents provided to the NRMSIR, the SID or to the Commission and, if such document is a final official statement within the meaning of the Rule, available from the MSRB.

The City agrees to provide or cause to be provided, in a timely manner, to each NRMSIR or to the MSRB, and to the SID, if any, 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, in a timely manner, to the SID, if any, and to each NRMSIR or to the MSRB notice of the occurrence of any of the following events with respect to the 2005 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 2005 Bonds;

7. Modifications to the rights of 2005 Bondowners;

8. 2005 Bond calls;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the 2005 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 2005 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 such provision, are invalid, have been repealed retroactively or otherwise do not apply to the 2005 Bonds; and (b) notifies each then existing NRMSIR and the SID, if any, 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 2005 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 2005 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 2005 Bondowners or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the 2005 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. 2005 Bondowner's Remedies Under This Certificate. The right of any 2005 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 2005 Bonds hereunder. 2005 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 Ordinance authorizing issuance of the 2005 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. DisclosureUSA. Any filing required to be made with any NRMSIR or SID under this Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

Section 10. 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 June, 2005.

City of Portland, Oregon

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Eric H. Johansen, Debt Manager

CITY OF PORTLAND, OREGON

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APPENDIX E
BOOK-ENTRY SYSTEM

CITY OF PORTLAND, OREGON

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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 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 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 85 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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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.

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 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 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 the 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 such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's 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 the 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 [nor its nominee], 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 securities 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 securities 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.

APPENDIX F
FINANCIAL GUARANTY INSURANCE POLICY SPECIMEN

CITY OF PORTLAND, OREGON

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Ambac

Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor: Policy Number:

Obligations: Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Robert J. Genader
President

AMBAC ASSURANCE CORPORATION CORPORATE SEAL WISCONSIN

Anne G. Gill
Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Noraida Lauro
Authorized Officer of Insurance TrusteeF

Form No.: 2B-0012 (1/01)

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