

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

RATING: Moody's Aaa

In the opinion of K&L Gates LLP, Portland, Oregon, Bond Counsel, assuming compliance with certain covenants of the City, interest on the 2010 Series A Bonds is excludable from gross income of the owners of the 2010 Series A Bonds for federal income tax purposes under existing law and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on either individuals or corporations; however, interest on the 2010 Series A Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel. In the opinion of Bond Counsel, interest on the 2010 Series A Bonds is exempt from Oregon personal income tax under existing law.

**City of Portland, Oregon
\$19,960,000
General Obligation Parks Refunding Bonds
2010 Series A**

BASE CUSIP: 736679

Dated: Date of Delivery

DUE: June 1, as shown below

The City of Portland, Oregon, General Obligation Parks Refunding Bonds, 2010 Series A (the "2010 Series A Bonds") will be issued in registered book-entry form only, in denominations of \$5,000 or integral multiples thereof. The 2010 Series A Bonds, when executed and delivered, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2010 Series A Bonds. While Cede & Co. is the registered owner of the 2010 Series A Bonds (the "Owner") as nominee of DTC, references herein to the Bondowners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the 2010 Series A Bonds. See "Book-Entry System" herein.

The 2010 Series A Bonds will bear or accrue interest rates as set forth below. The 2010 Series A Bonds will be dated as of the Date of Delivery. Interest on the 2010 Series A Bonds will be payable semiannually on June 1 and December 1 of each year, beginning June 1, 2010.

Proceeds of the 2010 Series A Bonds will be used to refund certain maturities of the City's outstanding General Obligation Parks Refunding Bonds, 2001 Series A, and to pay costs of issuance of the 2010 Series A Bonds.

The 2010 Series A Bonds are general obligations of the City. The City has pledged its full faith and credit to pay the 2010 Series A Bonds, and covenants for the benefit of the Owners that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the 2010 Series A Bonds promptly as they mature. See "SECURITY" herein.

The 2010 Series A Bonds are not subject to optional redemption prior to maturity. See "Redemption of the 2010 Series A Bonds" herein.

MATURITY SCHEDULE

<u>Due June 1</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price or Yield</u>	<u>CUSIP No. 736679</u>
2011	\$3,685,000	4.00%	0.42%	ST9
2012	3,835,000	4.00	0.86%	SU6
2013	3,985,000	4.00	1.15%	SV4
2014	4,145,000	4.00	1.50%	SW2
2015	4,310,000	4.00	1.82%	SX0

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

The 2010 Series A Bonds are offered when, as and if issued by the City and accepted by the successful bidder, subject to prior sale, withdrawal or modification of the offer without notice, to the final approving opinion of K&L Gates LLP, Portland, Oregon, Bond Counsel, and to certain other conditions. The City expects that the 2010 Series A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about April 15, 2010.



OFFICIAL STATEMENT
OF THE
CITY OF PORTLAND, OREGON
\$19,960,000
GENERAL OBLIGATION PARKS REFUNDING BONDS
2010 SERIES A

CITY COUNCIL

Sam Adams,
Mayor and Commissioner of Finance and Administration

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

CITY OFFICIALS

LaVonne Griffin-Valade, City Auditor
Vacant, City Treasurer
Linda Meng, City Attorney
Kenneth L. Rust, Chief Administrative Officer
Vacant, Chief Financial Officer

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BOND COUNSEL

K&L Gates LLP
Portland, Oregon



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

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

This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of, the 2010 Series A Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. In making an investment decision, potential investors must rely on their own examination of the City and the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense. **In connection with this offering, the successful bidder may over allot or effect transactions which stabilize or maintain the market price of the 2010 Series A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued, and if discontinued, then recommenced, at any time.**

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

**\$19,960,000
GENERAL OBLIGATION PARKS REFUNDING BONDS
2010 SERIES A**

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the “City”) and its General Obligation Parks Refunding Bonds, 2010 Series A (the “2010 Series A Bonds”).

THE 2010 SERIES A BONDS

SECURITY

The 2010 Series A Bonds are general obligations of the City. The City has pledged its full faith and credit to pay the 2010 Series A Bonds, and covenants for the benefit of the Owners that the City shall levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article IX of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the 2010 Series A Bonds promptly as they mature.

AUTHORIZATION AND PURPOSE

The City is authorized to issue the 2010 Series A Bonds to currently refund all or any portion of the City’s outstanding General Obligation Parks Refunding Bonds, 2001 Series A (the “Refunded Bonds”) and to pay related costs, pursuant to City Ordinance No. 183530 adopted on February 10, 2010 (the “Ordinance”), Oregon Revised Statutes (“ORS”) Section 287A.360. and a Bond Declaration that is dated as of the date of delivery (the “Bond Declaration”). See Appendix A for the Bond Declaration and “Refunding Plan” and “Estimated Sources and Uses of Bond Proceeds” herein.

DESCRIPTION

The 2010 Series A Bonds will be issued in book-entry form only, in registered form in denominations of \$5,000 or integral multiples thereof. The 2010 Series A Bonds, when executed and delivered, will be registered in the name of Cede & Co., as the registered owner and nominee for The Depository Trust Company, New York, New York (“DTC”). Purchasers of the 2010 Series A Bonds who are the Beneficial Owners thereof will not receive certificates evidencing their ownership interests in the 2010 Series A Bonds. While Cede & Co. is the registered Owner of the 2010 Series A Bonds (in such capacity, the “Owner”) as nominee of DTC, it shall be treated in all respects as the sole Owner of the 2010 Series A Bonds and shall have the right to exercise (in lieu of the Beneficial Owners of the 2010 Series A Bonds) all rights as Owner, including but not limited to the right to give consents, the right to receive notices (including notices of redemption), and other rights conferred on owners of the 2010 Series A Bonds under the Bond Declaration or applicable law. So long as the 2010 Series A Bonds are subject to the Book-Entry System, all registrations and transfers of Beneficial Ownership of the 2010 Series A Bonds will be made only through the Book-Entry System. See “BOOK-ENTRY SYSTEM” in Appendix E herein.

The 2010 Series A Bonds will be dated as of the Date of Delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the cover page of this Official Statement. Interest on the 2010 Series A Bonds is payable on June 1, 2010, and semi-annually thereafter on June 1 and December 1 of each year, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

PAYMENT OF THE 2010 SERIES A BONDS WHILE IN BOOK-ENTRY SYSTEM

So long as the 2010 Series A Bonds are subject to the Book-Entry System, all payments of the principal of and interest on the 2010 Series A Bonds shall be remitted by the Registrar and Paying Agent, currently U.S. Bank National Association (the "Paying Agent") directly to DTC. DTC, in turn, will be required to distribute such payments to DTC Participants, and the DTC Participants will be responsible for ultimate distribution of such payments to the Beneficial Owners of the 2010 Series A Bonds. The City has no responsibility for the distribution of any payments on the 2010 Series A Bonds by DTC to any DTC Participant or by any DTC Participant to any Beneficial Owner, and shall have no liability whatsoever in the event of any failure by DTC or a DTC Participant to make any such distribution. See "BOOK-ENTRY SYSTEM" in Appendix E herein.

REDEMPTION OF 2010 SERIES A BONDS

The 2010 Series A Bonds are not subject to optional redemption.

REFUNDING PLAN

A portion of the proceeds of the 2010 Series A Bonds will be placed in an irrevocable escrow fund to be held by U.S. Bank National Association (the "Escrow Agent") and invested in United States Government obligations maturing in amounts sufficient to pay the principal of, and interest on, and any redemption premium on the Refunded Bonds. The accuracy of the mathematical computations relating to the adequacy of the amounts deposited into the escrow fund will be verified by Grant Thornton LLP.

The following table lists the outstanding bonds to be refunded with the proceeds of the 2010 Series A Bonds.

Table 1
CITY OF PORTLAND, OREGON
Refunding Plan for General Obligation Parks Refunding Bonds, 2001 Series A

CUSIP No.	Refunded	Principal	Redemption	
736679	Maturity	Amount	Redemption Date	Price
MW8	6/1/2011	\$3,900,000	6/1/2010	100.00%
MX6	6/1/2012	4,075,000	6/1/2010	100.00
MY4	6/1/2013	4,280,000	6/1/2010	100.00
MZ1	6/1/2014	4,470,000	6/1/2010	100.00
NA5	6/1/2015	4,675,000	6/1/2010	100.00
		<u>\$21,400,000</u>		

Source: City of Portland.

ESTIMATED SOURCES AND USES OF FUNDS

The anticipated uses of proceeds from the 2010 Series A Bonds are itemized in the following table:

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

SOURCES OF FUNDS	
Par amount of bonds	\$19,960,000.00
Reoffering premium	1,620,550.90
Transfer from prior debt service fund	405,000.00
Total sources of funds	<u>\$21,985,550.90</u>
USES OF FUNDS	
Deposit to refunding escrow	\$21,901,379.74
Underwriter's discount	48,902.00
Issuance costs	35,269.16
Total uses of funds	<u>\$21,985,550.90</u>

Source: City of Portland.

DEBT SERVICE SCHEDULE FOR 2010 SERIES A BONDS

The following table presents the debt service schedule for the 2010 Series A Bonds.

Table 3
CITY OF PORTLAND, OREGON
Scheduled Debt Service on the 2010 Series A Bonds

Fiscal Year			
Ending			
June 30	Principal	Interest	Total
2010	\$0	\$102,018	\$102,018
2011	3,685,000	798,400	4,483,400
2012	3,835,000	651,000	4,486,000
2013	3,985,000	497,600	4,482,600
2014	4,145,000	338,200	4,483,200
2015	4,310,000	172,400	4,482,400
Total	<u>\$19,960,000</u>	<u>\$2,559,618</u>	<u>\$22,519,618</u>

Source: City of Portland.

ANNUAL DISCLOSURE INFORMATION

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

FINANCIAL OPERATIONS

Basis of Accounting

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

Fiscal Year

July 1 to June 30.

Audits

The Oregon Municipal Audit Law (ORS 297.405 - 297.555) requires an audit and examination be made of the accounts and financial affairs of every municipal corporation at least once each year. The audit shall be made by accountants whose names are included on the roster prepared by the State Board of Accountancy.

Moss Adams LLP has performed auditing services for FY 2002-03 through FY 2008-09.

A complete copy of the City’s FY 2008-09 audit is available on the City’s website at <http://www.portlandonline.com/omf/index.cfm?c=51731&a=279250>. The City’s web site is listed for reference only, and is not part of this Annual Disclosure document. Excerpts of the City’s audited financial statements for the City’s General Fund on a Generally Accepted Accounting Principles (GAAP) basis are found in the Appendix.

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

Overview

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

No Material Liens

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

General Fund Revenues

Major categories of revenues that are accounted for in the General Fund are described below. Table 4, excerpted from the City's annual financial statements, presents a Schedule of Revenues and Expenditures on a budgetary basis.

Taxes. Taxes consist of two categories: property taxes and transient lodging taxes. Property taxes constitute the largest revenue source, representing nearly 42 percent of total General Fund revenues in FY 2008-09. Property taxes consist of current year and prior year property taxes collected from the City's \$4.577/\$1,000 permanent rate levy (\$180.2 million). See "PROPERTY TAX AND VALUATION INFORMATION – Section 11 – Permanent Tax Rate" herein.

The transient lodging tax is a tax on transient lodgers, which are daily or weekly renters at hotels, motels and other lodging establishments. Beginning April 1, 2000, the tax rate within Multnomah County is 11.5 percent. Of the 11.5 percent transient lodging tax collected within the City, 6.0 percent is allocated to the City, with 5.0 percent going to the City's General Fund and 1.0 percent going to Travel Portland (formerly the Portland Visitors Association). The remaining 5.5 percent is allocated to Multnomah County. Transient lodging taxes were 4.6 percent of General Fund revenues in FY 2008-09, or \$19.6 million.

Licenses and Permits. Licenses and permits represented \$125.0 million, or 29 percent of the General Fund revenues, in FY 2008-09. Within this category are business license fee revenues collected from firms doing business within the City. The City's business license fee is based upon net apportioned income, and must be paid in advance for each year of business. Utility license fees, which are paid by public utilities such as electric, natural gas, communications, and cable providers, doing business in Portland, are another major revenue source. Additionally, utility license fee revenues are derived from fees charged to their customers by the City's water and sewer utilities.

Intergovernmental Revenues. Intergovernmental revenues (6.8 percent of the FY 2008-09 General Fund revenues, or about \$29.3 million) consist largely of State-shared revenues (including taxes on cigarettes and liquor), and also include revenues from Multnomah County and other local governments for their shares of expenses of specific programs or activities that are administered by the City. The City (along with the State and Multnomah County) also receives a share of revenues from traffic court fines, classified as local shared revenues.

Charges for Services. Charges for services were \$17.7 million, or 4.1 percent of General Fund revenues in FY 2008-09. This category includes rents and reimbursements received for use of City-owned property such as City Hall, PGE Park and other facilities, and parks and recreation facilities fees.

Other Sources. The General Fund receives revenues from a variety of other sources. Approximately 6.9 percent of its revenues are received from City bureaus and agencies related to specific services that are paid from this fund. Additionally, all bureaus whose programs are supported by the General Fund pay a share of centralized service or overhead costs. In total, these overhead billings represented 5.3 percent of General Fund revenues in FY 2008-09. Other sources include investment earnings, payments in lieu of taxes, and General Fund intrafund revenue.

Table 4
CITY OF PORTLAND, OREGON
Statement of General Fund Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
REVENUES					
Taxes:					
Current/prior year property taxes	\$154,030,565	\$159,783,669	\$167,687,976	\$175,172,471	\$180,169,233
Lodging taxes	11,808,450	13,303,241	14,605,568	16,372,997	19,643,852
Total taxes	165,839,015	173,086,910	182,293,544	191,545,468	199,813,085
Licenses and permits:					
Business licenses, net	52,465,479	62,231,703	75,758,543	76,517,913	68,824,823
Public utility licenses	40,926,082	45,481,383	46,999,857	51,258,950	51,768,928
Other	3,113,045	3,221,317	3,946,893	4,192,796	4,383,071
Total licenses and permits	96,504,606	110,934,403	126,705,293	131,969,659	124,976,822
Intergovernmental					
State sources	9,802,738	11,495,893	11,986,454	11,861,607	12,933,508
County sources	2,176,527	4,500,699	3,906,601	2,839,361	1,914,850
Local sources	10,697,450	10,423,267	12,386,117	11,532,177	14,439,774
Total intergovernmental	22,676,715	26,419,859	28,279,172	26,233,145	29,288,132
Charges for services:					
Rents and reimbursements	2,096,536	2,380,112	3,217,317	3,759,621	3,921,430
Parks and recreation facilities fees	7,969,802	7,895,635	8,578,462	9,476,797	9,286,171
Other	3,826,894	4,625,719	5,061,122	6,038,568	4,459,423
Total charges for services	13,893,232	14,901,466	16,856,901	19,274,986	17,667,024
Billings to other funds for services	29,596,653	39,875,236	42,026,758	38,250,600	29,569,803
Billings to other funds for general and overhead charges	12,486,214	13,194,088	16,508,882	19,906,535	22,962,943
Other	14,156,094	8,932,465	11,356,416	11,986,794	7,043,626
TOTAL REVENUES	\$355,152,529	\$387,344,427	\$424,026,966	\$439,167,187	\$431,321,435

Table 4 (continued)
CITY OF PORTLAND, OREGON
Statement of General Fund Revenues and Expenditures
(Actual Results Reported on a Budgetary Basis)

EXPENDITURES	FY 2004-05	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09
Public Safety	\$207,572,314	\$217,668,186	\$231,211,310	\$239,109,736	\$241,028,654
Parks, Recreation and Culture	49,212,401	50,395,432	58,189,332	59,059,863	59,185,906
Community Development	36,217,348	30,623,102	43,396,132	49,146,026	42,885,951
Legislative/Admin. Support Services	55,468,203	65,138,233	68,990,433	69,340,049	63,243,312
Debt service and related costs	468,890	269,219	240,755	2,039,003	2,065
Capital outlay	2,989,727	3,701,346	4,383,485	5,078,171	358,618
TOTAL EXPENDITURES	351,928,883	367,795,518	406,411,447	423,772,848	406,704,506
Revenues Over / (Under) Expenditures	3,223,646	19,548,909	17,615,519	15,394,339	24,616,929
OTHER FINANCING SOURCES/(USES)					
Transfers from other funds	36,639,629	37,532,787	43,422,486	34,635,650	27,178,016
Transfers to other funds	(35,450,795)	(40,331,039)	(49,592,768)	(56,483,049)	(59,082,312)
Loans issued	5,565,000	1,824,000	-	-	-
Sale of capital asset	-	76,351	-	-	1,202,998
TOTAL OTHER FINANCING SOURCES / (USES)	6,753,834	(897,901)	(6,170,282)	(21,847,399)	(30,701,298)
Net Change in Fund Balance	9,977,480	8,651,008	11,445,237	(6,453,060)	(6,084,369)
Beginning Fund Balance, Budgetary Basis	29,405,106	51,561,836	70,212,844	81,658,081	75,205,021
Prior Period adjustment	12,179,250	-	-	-	-
Ending Fund Balance, Budgetary Basis	\$51,561,836	\$70,212,844	\$81,658,081	\$75,205,021	\$69,120,652
Adjustments to GAAP basis:					
General Reserve Fund budgeted as separate fund	\$42,202,105	\$49,249,291	\$49,721,922	\$55,220,383	\$63,622,146
Unrealized gain (loss) on investments – GASB 31	(238,042)	(200,461)	(95,760)	471,837	970,483
Resources not available for spending:					
Petty cash	16,999	18,926	42,570	42,550	42,145
Inventories	399,674	-	-	-	-
Ending Fund Balance, GAAP basis	\$93,942,572	\$119,280,600	\$131,326,813	\$130,939,791	\$133,755,426

Source: City of Portland.

CITY BUDGET PROCESS

The City prepares annual budgets for all its bureaus and funds in accordance with provisions of Oregon Local Budget Law. The law provides standard procedures for the preparation, presentation, administration, and public notice for public sector budgets. At the outset of the process, the Mayor or the full City Council reviews overall goals, establishes priorities, and provides direction to bureaus. The Council conducts an extensive public information process to obtain direct public input on City service priorities, and most bureaus include key stakeholders in developing their budget requests. In addition to this public outreach process, the City created the Portland Utilities Review Board (the "PURB") in 1994. The PURB, an appointed body of nine interested citizens who provide independent and representative customer review of water, sewer, stormwater, and solid waste financial plans and rates, operates in an advisory capacity to Council.

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

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

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

INSURANCE

The City is self-insured for workers' compensation, general liability claims and certain employees' medical coverage in internal service funds. Per ORS 30.270(1)(b)(c), general and fleet liability claims are capped. Claims under federal jurisdiction are not subject to such limitations. The City estimates liability for incurred losses for reported and unreported claims for workers' compensation, general and fleet liability and employee medical coverage (included in accrued self insurance claims in the combined statement of net assets).

Workers' compensation, general and fleet liability estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management Division and independent actuarial studies. Liabilities are based on estimated ultimate cost of settling claims, including effects of inflation and other societal and economic factors. Estimated liability is then discounted by the City's expected rate of return and anticipated timing of cash outlays to determine present value of the liability. For fiscal year ended June 30, 2009, the expected rate of return was 2.5 percent. For fiscal year ending June 30, 2010, the expected rate of return is 1.1 percent. The 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. Furthermore, current levels of accrued claims and retained earnings are viewed as reasonable provisions for expected future losses. An excess liability coverage insurance policy covers individual claims in excess of \$1,000,000, and an excess workers' compensation coverage insurance policy covers claims in excess of \$750,000. The City purchases commercial insurance for claims in excess of coverage provided by the City's Workers' Compensation Self-Insurance Fund and for all other risks of loss. Settlements have not exceeded coverage limitations for each of the past three fiscal years.

Personal Injury and Death Claim

The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$500,000, for causes of action arising on or after July 1, 2009, and before July 1,

2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to all claimants for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to \$1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year pursuant to a formula provided in statute. The adjustment may not exceed three percent for any year.

Property Damage or Destruction Claim

The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009 are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants. Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year pursuant to a formula provided in statute. The adjustment may not exceed 3 percent for any year.

At the advice of the City's independent actuary and in anticipation of the Oregon legislature raising tort caps (which the Legislature did up to the limits described above), the City made adjustments to its insurance program. Beginning in FY 2007-08, the City increased its limits of coverage on the excess liability policy from \$10 million to \$30 million per claim above the \$1 million self-insurance retention. The confidence level for the self-insurance reserves in the Insurance & Claims Fund was increased from 60 percent to 70 percent for FY 2007-08, 75 percent for FY 2008-09 and 80 percent for FY 2009-10. An 80 percent confidence level means that there is an 80 percent chance that the self-insurance reserves will be too high and a 20 percent change that the reserves will be too low. Currently the City's independent actuary is conducting a special study. The study will assess the impact of the proposed new tort caps and the cost of increasing the City's self-insured retention above the current \$1,000,000. A draft report was received in June of 2009. Based on the draft, the City is not planning any changes to its self-insurance retention.

PENSION PLANS

General

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

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

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

Oregon statutes require an actuarial valuation of the System by a competent actuary at least once every two years. Under current practice, actuarial valuations are performed annually, but only valuations as of the end of each odd-numbered year are used to determine contribution rates that employers will be required to pay to fund the obligations of T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account Plan ("RHIA"). See "POST-EMPLOYMENT RETIREMENT BENEFITS" below.

In September 2008, Mercer Human Resource Consulting (“Mercer”), the PERS actuary, released the City’s 2007 actuarial valuation report (the “2007 City Report”), which includes the City’s share of the System’s actuarial accrued liabilities and assets as of December 31, 2007 and provides the City’s employer contribution rates that are currently in effect (effective from July 1, 2009 through June 30, 2011). In October 2009, Mercer released an interim actuarial valuation for the City as of December 31, 2008 (the “2008 Interim City Report”), which included the City’s share of the System’s actuarial accrued liability as of December 31, 2008 and estimated employer contribution rates for the 2011-2013 biennium.

Employer Asset Valuation and Liabilities

An employer’s share of PERS’s UAL is the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

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

The table below is a summary of principal valuation results from the 2007 City Valuation and the 2008 Interim City Report.

Table 5
CITY OF PORTLAND, OREGON
Valuation Results for 2007 and 2008
(as of December 31)

	2007	2008
Allocated Pooled T1/T2 UAL/ (surplus)	(\$221,774,371)	\$256,882,860
Allocated Pooled OPSRP UAL/ (surplus)	(2,425,248)	2,358,563
Net unfunded pension actuarial accrued liability/(surplus)	(\$224,199,619)	\$259,241,423

Source: City of Portland, Oregon Public Employees Retirement System, 12/31/07 Valuation Report prepared by Mercer Human Resource Consulting and City of Portland, Oregon Public Employees Retirement System, 12/31/08 Valuation Report prepared by Mercer Human Resource Consulting.

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

The funded status of the System and the City, as reported by Mercer, changes over time depending on the market performance of the securities that the Oregon Public Employees Retirement Fund (the “OPERF”) is invested, future changes in compensation and benefits of covered employees, any additional lump sum deposits made by employers, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS. No assurance can be given that the unfunded actuarial liability of PERS and of the City will not materially increase. Investment returns during calendar year 2008 have been particularly volatile, and between June 30, 2008 and December 31, 2008, the market value of assets in the OPERF decreased from approximately \$60.7 billion to approximately \$45.8 billion.

Employer Contribution Rates

Employer contribution rates are based upon the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including known and anticipated investment performance of the OPERF. The City’s current employer contribution rates are based on the 2007 City Report. These rates became effective on July 1, 2009, and are effective through June 30, 2011. The 2008 Interim City Report includes estimated employer contribution rates for the 2011-2013 biennium. However, the 2008 Interim City Report will not affect the City’s current or its 2011-2013 employer contribution rates, as only valuations as of the end of each odd-numbered year are used by the PERS Board to determine annual required

employer contribution rates. Additionally, the contribution rates for the 2011-2013 biennium will be impacted by the PERS Board's decision in January 2009 to revise the employer rate collar. Under the new policy, contribution rates will increase from 3% to 6% of covered payroll or by 20% to 40% of the previous rate, whichever is greater, when an employer's funded status is between 80% to 70%. Contribution rates will decline from 6% to 3% of covered payroll or by 40% to 20% of the previous rate, whichever is greater, when an employer's funded status is between 120% to 130%.

The table below shows the City's current employer contribution rates and the advisory 2011-2013 rates.

Table 6
CITY OF PORTLAND, OREGON
Current Employer Contribution Rates and Advisory Rates
(Percentage of Covered Payroll)

	Current Rates			Advisory Rates		
	2009-2011			2011-2013		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Total net pension contribution rate	4.01%	4.85%	7.56%	10.58%	9.61%	12.32%

Source: City of Portland, Oregon Public Employees Retirement System, 12/31/07 Valuation Report prepared by Mercer Human Resource Consulting and City of Portland, Oregon Public Employees Retirement System, 12/31/08 Valuation Report prepared by Mercer Human Resource Consulting.

Currently, one percent of covered payroll for the three pension benefit programs is approximately: \$2,011,218 for T1/T2 Pension Programs; \$713,223 for OPSRP general services; and \$87,660 for OPSRP police and fire. The City's contribution rates may increase or decrease due to a variety of factors, including the investment performance of the OPERF, the use of reserves, further changes to system valuation methodology and assumptions and the outcome of litigation relating to legislative change and PERS Board action.

T1/T2 Pension Program employees and OPSRP employees are required by state statute to contribute six percent of their annual salary to the respective programs. Employers are allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The City has elected to make the employee contribution. An employer also may elect via written employment policy or agreement to make additional employer contributions to its employees' IAP accounts in an amount that can range from not less than one percent of salary to no more than six percent of salary and must be a whole percentage. Employers may make this policy or agreement for specific groups of their employees. The City has elected to make an optional contribution to the IAP accounts of public safety employees hired after January 1, 2007 of an additional three percent of their annual salary. The rates reported in Table 6 above do not include the six percent and nine percent employee contribution rates for contributions to the IAP paid by the City.

In addition to the City's employer rate, each City bureau is required to make a contribution to pay debt service on approximately \$287.5 million of outstanding Limited Tax Pension Obligation Revenue Bonds originally issued in FY 1999-2000 to fund the City's share of the unfunded actuarial liabilities of PERS as of December 31, 1997.

Fire and Police Disability and Retirement Fund

Most of the fire and police personnel are covered under the FPDR Plan. The FPDR Plan consists of three tiers, two of which are now closed to new employees. FPDR One, the original plan, and FPDR Two, in which most active fire and police personnel participate, are single-employer, defined-benefit plans administered by the FPDR Board. FPDR Three participants are part of OPSRP for retirement benefits and are under the FPDR Plan for disability benefits. For information regarding OPSRP and the employee and employer contribution rates for OPSRP see "PENSION PLANS – General," above. The authority for the FPDR Plan's vesting and benefit provisions is contained in the Charter of the City. Fire and police personnel generally become eligible for membership in the FPDR Plan immediately upon employment. The FPDR Plan provides for service connected disability benefits at 75 percent of salary, reduced by 50 percent of any wages earned in other employment with a 25 percent of salary minimum, for the first year of disability and 25 to 75 percent of salary in later years, depending on medical status and ability to obtain other employment. The FPDR Plan also provides for non-service connected disability benefits at reduced rates of base pay.

Effective July 1, 1990, the FPDR Plan was amended to create the FPDR Two tier, which provides for the payment of benefits upon termination of employment on or after attaining age fifty-five, or on or after attaining age fifty if the member has twenty-five or more years of service. Members become 100 percent vested after five years of service. Members enrolled in the FPDR Plan prior to July 1, 1990 were required to make an election as to whether they wished to fall under the provisions of the FPDR Plan as constituted prior to July 1, 1990 (now called FPDR One) or become subject to the new FPDR Two provisions after June 30, 1990.

On November 7, 2006, voters in the City of Portland passed a measure that created the FPDR Three tier and changed the retirement plan for most new police officers and firefighters. In general, police and firefighters hired on or after January 1, 2007, receive retirement benefits through OPSRP. The FPDR levy pays the employee and employer portions of the OPSRP contribution. This move is expected to increase property taxes for 35 years. Performance audits will be implemented to assess the implementation of the FPDR Plan reforms. The initial and follow-up disability program audits have been performed, and a pension program audit is expected to be completed in January 2010.

Another ballot measure passed by the voters November 6, 2007 also changed the medical coverage for retirees of the FPDR Fund. The change is effective for retirees after January 1, 2007. Under the ballot measure, the FPDR Fund will pay medical and hospital expenses associated with retired police and firefighters' approved job-related injuries and illnesses. New state legislation governing workers' compensation law requires that the FPDR Fund treat 12 cancers as presumptive occupational illnesses for firefighters effective January 1, 2010. Claims for these 12 cancers may be made up to seven years after employment ends. (See OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB") below.)

The FPDR Plan is funded by a special property tax levy which cannot exceed two and eight-tenth mills on each dollar of valuation of property (\$2.80 per \$1,000 of real market value) not exempt from such levy. In the event that funding for the FPDR Plan is less than the required payment of benefits to be made in any particular year, the FPDR Fund could receive advances from the FPDR Reserve Fund first and other City funds second, to make up the difference. Repayment of advances, if any, would be made from the special property tax levy in the succeeding year. In the event that the special property tax levy is insufficient to pay benefits because benefits paid exceed the two and eight-tenth mills limit, other City funds would be required to make up the difference. The FY 2009-10 levy of \$114,980,456 requires a tax rate of \$2.6259 per \$1,000 of assessed property value, or approximately \$1.29 per \$1,000 of real market value.

In accordance with the Charter's provisions, there are no requirements to fund the Plan using actuarial techniques, and the Charter indicates that the City cannot pre-fund the FPDR Plan benefits. As required by the Charter, the FPDR Fund's Board of Trustees estimates the amount of money required to pay and discharge all requirements of the FPDR Fund for the succeeding fiscal year and submits this estimate to the City Council. The Council is required by Charter to annually levy a tax sufficient to provide amounts necessary to fund the estimated requirements for the upcoming year provided by the FPDR Fund's Board of Trustees. While the FPDR Fund has not experienced any funding shortfalls to date, future funding is dependent on the availability of property tax revenues and, in the absence of sufficient property tax revenues, City funds.

The FPDR Fund's Board periodically assesses the future availability of property tax revenues by having projections and simulations performed in connection with the Actuarial Valuation of the Fund. The most recent assessment was as of July 1, 2008. The Fund's Board believes that, under a wide range of simulated economic scenarios in the foreseeable future, the future FPDR Fund levy would remain under \$2.80 per \$1,000 of real market value, but reaching the \$2.80 threshold has a five percent probability level starting in 2024.

As of June 30, 2009, the City's actuary rolled forward the July 1, 2008 valuation to estimate that the unfunded actuarial liability of the FPDR Fund was \$2.3 billion. Recognizing that the economic conditions have changed significantly over the past few years, the City reviewed the discount rate and assumptions utilized in the calculations of the actuarial valuation, actuarial accrued pension liabilities, and net pension obligation, and determined they should be revised to more closely match the funding and investment returns that actually are achieved under existing investment. The City continued to monitor the discount rate used to value the FPDR Fund liabilities throughout the fiscal year, and as a result, revised the rate for the July 1, 2008 valuation from 6.04 percent to 4.50 percent. The impact of this change in estimate increased the unfunded actuarial liability by \$466 million. The June 30, 2009 roll-forward added an additional \$63 million.

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB")

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

PERS Program

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may also receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premiums under the RHIA program. RHIA's assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City's allocated share of the RHIA program's assets and liabilities is based on the City's proportionate share of the program's pooled covered payroll. According to the 2008 City Interim Report, the City's allocated share of the RHIA program's UAL is \$11,040,792 as of December 31 2008.

The City's current total contribution rate to fund RHIA benefits for T1/T2 employees is 0.29 percent and for OPSRP general services employees and police and fire employees is 0.19 percent. According to the 2008 City Interim Report, the City's contribution rates for fiscal years 2009-2011 for RHIA benefits for T1/T2 employees is 0.59 percent and for OPSRP general services employees and police and fire employees is 0.50 percent.

Health Insurance Continuation Option

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

The City's actuary for its OPEB liability associated with the Health Insurance Continuation Option, AON Employee Benefits Consulting, has completed a final actuarial valuation for purposes of complying with the GASB 45 standards. The final valuation was prepared using the Entry Age Normal actuarial cost method by spreading future normal costs evenly over future service ("EAN-Service"). The final valuation was prepared using an amortization period of 30 years and an assumed discount rate of five percent. The City's actuarial accrued liability attributable to the Health Insurance Continuation Option at the valuation date of July 1, 2008 (the date of the most recent actuarial valuation), is estimated to be \$98,027,683 on an EAN-Service basis. Actuarial valuations for the Health Insurance Continuation Option are undertaken every two years. A new valuation study will be undertaken for reporting the OPEB liability as of July 1, 2009.

The City's annual OPEB cost is calculated based on the annual required contribution (the "ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a certain period of years.

For fiscal year 2008, the ARC to be recognized as the annual employer OPEB cost for the Health Insurance Continuation Option is estimated to be \$10,934,810 on an EAN-Service basis. For fiscal year ended June 30, 2009, the City benefits paid on behalf of retirees exceeded the premiums they paid by \$2,813,269. The City has elected to not pre-fund the fiscal year 2008 employer's annual required contribution to the plan (ARC) of \$10,934,810. The amount unfunded in fiscal year 2009 is \$17,050,959, which is the Health Insurance Continuation Option OPEB obligation from the beginning of the fiscal year, plus the ARC for FY 2008-09, less payments made in relation to the FY 2008-09 ARC. The City expects to use a pay-as-you-go approach to fund its actuarial accrued liability and ARC, but will monitor its Health Insurance Continuation Option OPEB liability and assess whether a different approach is needed in future years.

FPDR Post-Employment Benefits

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

In the July 1, 2008 actuarial valuation (the date of the most recent actuarial valuation), the attained age normal actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return and an annual healthcare cost trend rate of 4.5 to 10.05 percent for medical and prescription costs. The UAAL is being amortized over 30 years using the level dollar method. The UAAL of the FPDR OPEB as of July 1, 2008 was \$20,308,278. Actuarial valuations for FPDR OPEB are undertaken every two years. The next report is scheduled to be issued in the fall of 2010.

The disability payments for retired police officers and firefighters are paid through the City's FPDR Fund, which operates on the pay-as-you-go basis. Benefits paid during the fiscal year ended June 30, 2009, totaled \$328,656.

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. This policy has subsequently been updated and expanded. The most recent updates to the debt policy were included in Ordinance 181829, which was adopted by the City Council on May 14, 2008. Among the general provisions 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.

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 real market value the taxable property within 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 are as of March 1, 2010.

Unlimited Tax General Obligation Bonds

Tax Supported General Obligation Bonds

The City has \$66.46 million of outstanding tax-supported general obligation bonds. These bonds were originally issued for the purpose of funding park and emergency facility system improvements. The City is authorized to levy an unlimited ad valorem tax to pay these bonds.

Self-Supporting General Obligation Water Bonds

The City has \$1.59 million of outstanding self-supporting general obligation water bonds. While the City has the authority to levy an unlimited ad valorem tax to pay these bonds, the City has chosen to pay these bonds entirely from revenues of the water system.

Bonds Paid and/or Secured by the General Fund

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

Non Self-Supporting General Fund Obligations

Limited Tax Revenue Bonds. On March 1, 2010, the City had \$91.21 million of outstanding limited tax revenue bonds. These bonds are paid primarily from General Fund resources. The City has issued limited tax revenue bonds to satisfy a variety of capital financing requirements.

Limited Tax Pension Obligation Revenue Bonds. The City issued \$300.8 million of Limited Tax Pension Obligation Revenue Bonds in November 1999 to finance the City's December 31, 1997, unfunded actuarial accrued pension liability with the State of Oregon Public Employees Retirement System. The bonds are secured by Available General Funds, defined as revenues which are legally available to pay the bonds and not prohibited for such use under the charter and ordinances of the City and Oregon laws, and includes all taxes and other legally available general funds of the City. Approximately forty percent of the debt service on these bonds is expected to be paid from resources of the General Fund. The remaining sixty percent is expected to be paid by non-General Fund bureaus of the City. (See "Self-Supporting General Fund Obligations" below.) Approximately \$106.7 million of outstanding principal remains on the portion of the bonds projected to be repaid with General Fund resources.

Limited Tax Housing Revenue Bonds. The City has outstanding a total of \$20.07 million of Limited Tax Housing Revenue Bonds. This amount includes \$11.375 million issued for the Headwaters Apartment Project and \$8.695 million issued for the Housing Opportunity Program.

Contingent Loan Agreements. The City has made a limited, subject-to-appropriation, pledge of its General Fund to restore reserve fund balances on six conduit housing revenue bond issues. The original par amount of these issues is \$36.215 million, of which \$31.6 million remains outstanding.

Self-Supporting General Fund Obligations

Limited Tax Pension Obligation Revenue Bonds. Of the total outstanding Limited Tax Pension Obligation Revenue Bonds described above, approximately \$180.8 million is expected to be fully self-supporting and paid from non-General Fund bureaus of the City.

Limited Tax Revenue Bonds (Visitor Development Initiative). The City has issued bonds pursuant to an intergovernmental agreement known as the Visitor Development Initiative for various projects. While ultimately secured by the General Fund, these bonds are expected to be repaid in whole or in part with revenues generated from surcharges on the transient lodging tax and the motor vehicle rental tax. The City has \$93.18 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project, \$27.33 million of outstanding bonds for the Civic Stadium Project, and \$1.48 million of outstanding bonds for the Portland Center for Performing Arts ("PCPA") Project.

Limited Tax Revenue Bonds (Central City Streetcar Project). The City has \$21.45 million of outstanding limited tax revenue bonds for the Central City Streetcar Project. These bonds are ultimately secured by the City's General Fund, but the City expects to pay the debt service on these bonds with revenues from the City's parking facilities and meters.

Limited Tax Revenue Bonds (Transit Mall Project). In August 2007, the City issued limited tax revenue bonds to provide a share of the local funding necessary for a light rail extension along the downtown transit mall between Union Station and Portland State University. These bonds are ultimately secured by the City's General Fund, but the City expects to pay the debt service with revenues from the its parking meter revenues. The City has \$13.92 million of these bonds outstanding.

Limited Tax Improvement Bonds. The City has \$43.59 million of outstanding limited tax improvement bonds. These bonds are issued for the purpose of financing local improvement projects. These bonds are expected to be fully self-supporting from assessment payments received from property owners benefiting from the improvement projects. In addition, the City has pledged its full faith and credit to pay the bonds, and the bonds are payable from all legally available revenues, taxes and other funds of the City.

Arena Limited Tax Revenue Bonds. On February 17, 2005, the City sold the Arena Limited Tax Revenue Refunding Bonds, 2005 Series A and B to refund the Arena Limited Tax Revenue Bonds, 1996 Series A and B, the Arena Limited Tax Bonds, Series 1996 and the Arena Gas Tax Revenue Bonds, 1996 Series A. The City currently has \$21.33 million of these bonds outstanding. These limited tax revenue bonds are ultimately secured by the City's General Fund. However, the City expects to pay the debt service on these bonds from revenues received from the Oregon Arena Project.

Other Obligations. The City has about \$2.65 million in other obligations outstanding. This includes a loan being repaid by the North Macadam Investors, LLC and a State loan being repaid by the Bureau of Environmental Services.

Revenue Bonds

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

Urban Renewal Bonds

A total of \$334.4 million of Urban Renewal and Redevelopment Bonds are outstanding for six urban renewal areas. All of these obligations are paid from tax increment revenues generated from the respective urban renewal areas. No additional City revenues are pledged to the repayment of these bonds.

Table 7
CITY OF PORTLAND, OREGON
Long-Term Debt Statement (1)
As of March 1, 2010

Type of Obligation	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS	
A. Tax Supported	
General Obligation Parks Refunding Bonds (2)	\$25,145,000
General Obligation Emergency Facilities Bonds	41,315,000
Total Tax Supported G.O. Bonds	66,460,000
B. Self-Supporting	
General Obligation Water Bonds	1,590,000
Total Self-Supporting G.O. Bonds	1,590,000
II. BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
A. Non-Self-Supporting	
Limited Tax Revenue Bonds	91,205,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	106,745,892
Limited Tax Housing Revenue Bonds	20,070,000
Total Bonds Secured and Paid from the General Fund	218,020,892
B. Self-Supporting	
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	180,787,454
Limited Tax Revenue Bonds (Streetcar)	21,450,000
Limited Tax Revenue Bonds (Visitor Dev. Initiative)	121,988,888
Limited Tax Revenue Bonds (S. Waterfront)	2,283,987
Limited Tax Revenue Bonds (Arena)	21,330,000
Limited Tax Revenue Bonds (Transit Mall)	13,920,000
Limited Tax Improvement Bonds	43,585,000
State Loans (Brookside)	361,527
Total Self-Supporting Bonds Secured by the General Fund	405,706,856
III. REVENUE BONDS	
Sewer Revenue Bonds	1,344,630,000
Sewer SRF Loans	19,356,880
Water Revenue Bonds	256,855,000
Parking Revenue Bonds	2,725,000
Golf Revenue Bonds	2,191,000
Hydroelectric Revenue Bonds	15,035,000
Urban Renewal Bonds	334,445,000
Gas Tax Revenue Bonds	4,865,000
Total Revenue Bonds	1,980,102,880
TOTAL - ALL OUTSTANDING LONG-TERM DEBT	\$2,671,880,628

Notes:

- (1) Excludes lines of credit, tax anticipation notes and contingent loan agreements.
- (2) Excludes the 2010 Series A Bonds.

Source: City of Portland.

CITY GENERAL OBLIGATION DEBT

Tables 8-10 below set forth the City's general obligation capital debt ratios, the overlapping debt among various taxing districts in the City, and outstanding direct general obligation debt of the City incurred for capital purposes.

Table 8
CITY OF PORTLAND, OREGON
Debt Ratios
As of March 1, 2010

	Amount	Per Capita	Percent of Market Value	Percent of Assessed Value
July 1, 2008 Population	582,130			
2009-10 Market Value (Measure 5) (1)	\$89,022,110,363	\$152,925		
2009-10 Assessed Value (2)	\$48,377,014,971	\$83,103	54.34%	
Gross Bonded Debt (3)	\$931,908,106	\$1,601	1.05%	1.93%
Net Direct Debt (4)	\$66,460,000	\$114	0.07%	0.14%
Net Overlapping Debt (as of 6/30/2009) (5)	\$376,148,902	\$646	0.42%	0.78%
<u>Net Direct and Overlapping Debt</u>	<u>\$442,608,902</u>	<u>\$760</u>	<u>0.50%</u>	<u>0.91%</u>
FY 2009-10 General Fund Debt Service as a % of FY 2009-10 General Fund Revised Budget (6)	3.1%			

Notes:

- (1) Market Value reported in this table encompasses City of Portland values within Multnomah, Washington, and Clackamas Counties, including estimated urban renewal incremental real market values. Market Value reported in this table and in Table 12 are "Measure 5 Values," which represent the real market value of properties that are not specially assessed; and the value of specially assessed properties, including farm and forestland and exempt property which are less than full real market value. In 2009-10, the Measure 5 Market Value in Multnomah County represented about 84 percent of full real market value. For information regarding historical Market Value, see table titled "Historical Trends in Assessed and Market Values" herein.
- (2) Includes urban renewal incremental assessed value. For information regarding historical assessed values, see table titled "Historical Trends in Assessed and Market Values" herein.
- (3) Includes City's outstanding general obligation bonds, limited tax improvement bonds, and limited tax revenue bonds. Also includes general fund-supported lines of credit and tax anticipation notes.
- (4) Includes only general obligation bonds paid from a separate, unlimited ad valorem tax. Does not include self-supporting general obligation bonds or bonds paid and/or secured by the City's General Fund.
- (5) See Table 9 below for information on overlapping debt.
- (6) Debt service amount includes all non-self supporting bonds paid and/or secured by the General Fund, but excludes General Fund share of pension obligation bonds.

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

Table 9
CITY OF PORTLAND, OREGON
Overlapping Debt
As of June 30, 2009

TAXING DISTRICT	Real Market Value	Percent Overlapping	Overlapping Debt	
			Gross Property Tax Backed	Net Property Tax Backed
Portland Community College	\$171,761,783,250	44.11%	\$187,658,449	\$103,370,283
Metro	218,139,953,651	40.76%	105,429,233	76,489,086
Multnomah County SD 40 (David Douglas)	5,144,677,803	99.89%	72,319,781	72,319,781
Multnomah County	107,393,677,450	82.46%	229,131,985	46,647,169
Multnomah County SD 28J (Centennial)	3,549,435,107	52.68%	18,638,220	18,354,624
Tri-Met	216,705,775,181	41.03%	14,926,205	14,926,205
Multnomah County SD 1J (Portland)	77,933,413,051	96.92%	465,893,611	14,624,851
Multnomah County SD 7 (Reynolds)	7,631,203,575	22.90%	32,629,285	11,524,224
Multnomah County SD 3 (Parkrose)	4,291,336,700	97.72%	8,277,045	8,277,045
Mt. Hood Community College	34,485,277,436	37.64%	21,905,228	2,124,682
Columbia County SD 1J (Scappoose)	2,104,646,592	5.25%	1,921,049	1,921,049
Clackamas County SD 12 (North Clackamas)	16,450,007,931	0.56%	2,226,678	1,638,187
Multnomah County SD 51J (Riverdale)	917,964,547	4.10%	1,254,043	1,254,043
Washington County SD 48J (Beaverton)	35,165,779,779	0.28%	1,693,863	1,182,084
East Multnomah Soil & Water Conservation	75,018,499,548	79.50%	1,049,350	1,049,350
Washington County SD 23J (Tigard-Tualatin)	13,574,507,721	0.10%	131,664	126,258
Clackamas County	59,993,039,013	0.26%	193,461	121,560
Washington County	73,237,599,380	0.27%	305,817	86,501
Clackamas Community College	43,249,681,807	0.21%	191,048	79,817
Clackamas County SD 7J (Lake Oswego)	11,082,176,130	0.02%	28,579	18,324
Tualatin Hills Park & Rec. District	29,708,155,033	0.02%	13,798	13,764
Sunrise Water Authority	6,577,923,151	0.00%	15	15
Northwest Regional ESD	96,034,264,004	0.23%	17,624	0
Port of Portland	240,624,315,843	36.95%	26,720,993	0
Multnomah County Drainage Dist. No. 1	109,092,750	100.00%	5,105,000	0
Multnomah ESD	108,898,090,765	81.29%	29,900,982	0
Clackamas County ESD	57,539,784,778	0.17%	44,606	0
			\$1,227,607,612	\$376,148,902

Notes:

- (1) Gross Property-tax Backed Debt includes all unlimited-tax General Obligation bonds and Bonds Paid and/or secured by the General Fund.
- (2) Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited-tax General Obligation debt and less Self-supporting General Fund Obligations.

Source: Municipal Debt Advisory Commission, Oregon State Treasury.

Table 10
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations

Fiscal Year Ending June 30	PAID FROM GENERAL FUND			SELF-SUPPORTING BONDS SECURED BY GENERAL FUND				
	Limited Tax Revenue Bonds	Limited Tax Pension Obligation Revenue Bonds (1)	Total Non-Self Supporting Bonds/ Gen. Fund	Limited Tax Improve. Bonds (2)	Arena Limited Tax Revenue Bonds (3)	Limited Tax Pension Obligation Revenue Bonds (4)	Other Limited Tax Revenue Bonds (5)	Total Self Supporting Bonds/ Gen. Fund
2010	\$15,004,679	\$8,838,245	\$23,842,924	\$4,284,225	\$2,921,908	\$14,968,669	13,578,424	35,753,225
2011	15,597,008	9,186,414	24,783,422	4,191,625	3,262,953	15,558,336	13,612,010	36,624,924
2012	15,036,334	9,558,733	24,595,068	4,079,225	3,368,925	16,188,905	13,806,010	37,443,065
2013	14,396,565	9,943,772	24,340,337	1,827,425	3,484,500	16,841,016	14,137,885	36,290,826
2014	13,312,526	10,338,770	23,651,296	1,827,425	3,601,500	17,509,993	14,389,528	37,328,446
2015	13,320,099	10,750,246	24,070,345	1,827,425	3,720,750	18,206,880	14,642,283	38,397,337
2016	13,336,410	11,184,169	24,520,579	1,827,425	3,846,500	18,941,782	15,042,020	39,657,727
2017	9,554,830	11,627,391	21,182,221	10,822,425	1,947,750	19,692,434	17,224,000	49,686,610
2018	5,322,073	12,095,163	17,417,235	1,377,675		20,484,663	13,496,500	35,358,838
2019	2,913,075	12,573,783	15,486,858	1,377,675		21,295,267	13,819,500	36,492,442
2020	2,909,645	13,081,663	15,991,308	1,377,675		22,155,425	14,164,775	37,697,875
2021	2,436,671	13,604,648	16,041,320	1,377,675		23,041,165	14,513,338	38,932,178
2022	2,437,091	14,150,222	16,587,313	1,377,675		23,965,162	14,462,488	39,805,324
2023	2,428,695	14,716,231	17,144,926	10,427,675		24,923,769	14,207,363	49,558,806
2024	2,431,655	15,304,658	17,736,313	984,000		25,920,342	11,826,963	38,731,305
2025	2,430,795	15,917,215	18,348,010	984,000		26,957,785	9,891,213	37,832,997
2026	1,669,964	16,553,904	18,223,868	984,000		28,036,096	9,896,063	38,916,159
2027	1,671,770	17,214,723	18,886,493	20,664,000		29,155,277	9,891,438	59,710,714
2028	1,670,605	17,905,243	19,575,848			30,324,757	9,896,825	40,221,582
2029	775,795	18,619,893	19,395,688			31,535,107	9,990,688	41,525,794
2030	778,225		778,225				9,997,388	9,997,388
2031	774,170		774,170					
2032	773,865		773,865					
2033	767,075		767,075					
2034	769,035		769,035					
2035	724,260		724,260					
Total	\$143,242,914	\$263,165,089	\$406,408,003	\$71,619,250	\$26,154,785	\$445,702,830	\$272,486,696	\$815,963,562

Notes:

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

Source: City of Portland.

SHORT-TERM AND OTHER INDEBTEDNESS

Cash Flow Borrowings

The City may borrow for General Fund operating purposes through the issuance of short-term tax anticipation notes (“TANs”). State law limits the amount of TANs that a political subdivision may sell annually to no more than 80 percent of the amount of the annual tax levy, and all TANs must be retired within thirteen months after they were issued. In order to fund cash flow deficits in the FPDR Fund caused by the timing mismatch between when benefit payments are required to be made and when property tax collections are received, the City will issue TANs. On July 24, 2009, the City issued \$27,830,000 of TANs to fund cash flow deficits in the FPDR Fund. These notes mature on June 24, 2010.

Short-Term Borrowings

The City has issued short-term notes and lines of credit for a variety of purposes including interim construction financing of local improvement districts and interim financing for urban renewal district projects, housing, transportation, and other capital projects. The notes are paid primarily from proceeds of bond sold at completion of the construction projects. As of March 1, 2010, the City has approximately \$210.5 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 document.

Concurrent Debt Issues

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

Table 11
CITY OF PORTLAND, OREGON
Future Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Refunding of Limited Tax Revenue Bonds	\$8 million	April 13, 2010	Limited Tax Revenue Refunding Bonds
Finance assessment contracts for local improvements	\$22 million	April 20, 2010	Limited Tax Improvement Bonds
Urban renewal improvements	\$40 million	Summer 2010	Lents Town Center Urban Renewal and Redevelopment Bonds
Sewer System capital improvements	\$450 million	Summer 2010	Sewer System Revenue Bonds
Urban renewal improvements	\$70 million	Summer 2010	North Macadam Urban Renewal and Redevelopment Bonds

Source: City of Portland.

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

Tables 12-16 below present trends in property valuation, consolidated tax rates, tax collections, and major taxpayers.

Table 12
CITY OF PORTLAND, OREGON
Historical Trends in Assessed and Market Values (1)
(000s)

Assessed Value					
Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Assessed Value	Percent Change
2000-01	\$30,536,310	\$142,710	\$2,744,898	\$33,423,918	6.11%
2001-02	31,724,086	152,421	3,258,040	35,134,547	5.12%
2002-03	32,412,271	158,690	3,557,116	36,128,077	2.83%
2003-04	33,166,845	160,207	3,981,438	37,136,519	2.79%
2004-05	34,214,710	179,226	4,093,296	38,487,232	3.64%
2005-06	35,285,419	186,755	4,484,614	39,956,788	3.82%
2006-07	38,638,637	197,885	4,965,439	41,801,961	4.62%
2007-08	38,253,186	201,380	5,740,426	44,194,992	5.72%
2008-09	39,784,128	203,038	6,377,050	46,364,216	4.91%
2009-10	41,109,227	211,157	7,056,631	48,377,015	4.34%

Market Value (Measure 5) (2)					
Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Market Value	Percent Change
2000-01	\$41,884,242	\$188,959	\$4,250,563	\$46,323,764	7.87%
2001-02	44,732,501	201,208	5,422,196	50,355,905	8.70%
2002-03	46,445,323	207,172	6,010,206	52,662,701	4.58%
2003-04	48,768,015	226,555	6,497,813	55,492,383	5.37%
2004-05	51,540,278	250,013	7,059,947	58,850,238	6.05%
2005-06	56,879,601	275,930	8,153,649	65,309,180	10.98%
2006-07	62,788,119	336,963	9,778,605	72,903,688	11.63%
2007-08	71,230,759	355,558	12,704,662	84,290,979	15.62%
2008-09	76,427,023	355,981	14,160,838	90,358,444	7.20%
2009-10	73,935,884	330,284	14,755,943	89,022,110	-1.48%

Notes:

- (1) Under the provisions of Ballot Measure 50, beginning with FY 1997-98, Real Market Value and Assessed Value are no longer the same. Measure 50 rolled back the Assessed Value of each property for tax year 1997-98 to its 1995-96 Real Market Value, less ten percent. The Measure further limits any increase in Assessed Value to three percent for tax years after 1997-98, except for property that is substantially improved, rezoned, or subdivided, or property which ceases to qualify for a property tax exemption. This property will be assigned a new Assessed Value equal to the Assessed Value of comparable property in the area. See "PROPERTY TAX AND VALUATION INFORMATION – Section 11B."
- (2) Allocation of Market Value to categories "Inside Multnomah County" and "Urban Renewal Incremental Value" is estimated by the City. For explanation of Measure 5 Market Value, see footnote 1 of table entitled "Debt Ratios."

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

Table 13
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2009-10
Levy Code 201 (1)

<u>Taxing District</u>	Permanent Tax Rate <u>Per \$1000 A.V.</u>	Local Option And Other Tax Rates (2) <u>Per \$1000 A.V.</u>	General Obligation Debt Tax Rate <u>Per \$1000 A.V.</u>	Total Tax Rate <u>Per \$1000 A.V.</u>
CITY OF PORTLAND	\$4.5770	\$3.0285	\$0.2180	\$7.8235
Portland Urban Renewal	0.0000	0.3100	0.0000	0.3100
Port of Portland	0.0701	0.0000	0.0000	0.0701
Metro	0.0966	0.0000	0.3402	0.4438
Multnomah County	4.3434	0.8900	0.1692	5.3936
Tri-County Metropolitan Trans. Dist.	0.0000	0.0000	0.0863	0.0803
E. Multnomah Soil & Conservation	0.1000	0.0000	0.0000	0.0877
Subtotal - General Government	<u>\$9.1871</u>	<u>\$4.2285</u>	<u>\$0.8137</u>	<u>\$14.2293</u>
Portland School District	\$5.2781	\$1.2500	\$0.0000	\$6.5281
Portland Community College	0.2828	0.0000	0.3497	0.6325
Multnomah Co. Education Svc. Dist.	0.4576	0.0000	0.0000	0.4576
Subtotal - Schools	<u>\$6.0185</u>	<u>\$1.2500</u>	<u>\$0.3497</u>	<u>\$7.6182</u>
Totals	<u>\$15.2056</u>	<u>\$5.4785</u>	<u>\$1.1634</u>	<u>\$21.8475</u>

Notes:

- (1) Levy Code 201 is the largest levy code area that includes the City, containing approximately 38 percent of the total assessed value of the City. Rates are before allocation to urban renewal division of taxes. Information regarding Levy Code 201 is provided in this table as a representative example of consolidated tax rates within the City.
- (2) Includes the City Fire and Police Disability and Retirement pension levy, the City's Children's Investment levy, urban renewal special levies, the Multnomah County local option library levy and the Portland Public Schools local option levy.

Source: Multnomah County Department of Assessment and Taxation.

Table 14
CITY OF PORTLAND, OREGON
Tax Collection Record for the Last Ten Years (1)

Fiscal Year	Total Levy (000) (2)	Collected Yr. of Levy (3)	Collected as of 12/31/09 (3) (4)
2000-01	\$257,865	96.35%	99.99%
2001-02	267,740	96.46%	99.98%
2002-03	283,978	96.57%	99.98%
2003-04	324,709	96.92%	99.98%
2004-05	332,887	97.11%	99.97%
2005-06	346,053	97.20%	99.95%
2006-07	363,073	97.29%	99.60%
2007-08	394,491	97.07%	99.15%
2008-09	397,822	96.43%	98.10%
2009-10	436,332	87.52%	87.52%

Notes:

- (1) Tax collection information is for Multnomah County, which represents approximately 99.5% of the City's Assessed Value. Small portions of Washington and Clackamas Counties are also included in the City's Assessed Value.
- (2) Includes urban renewal special levy and levy amounts allocated to urban renewal divide the taxes. Levy amounts shown are after Measure 5 compression. For a discussion on Measure 5 compression, see "PROPERTY TAX AND VALUATION INFORMATION – Section 11B" herein.
- (3) Collections reflect adjustments for cancellation of taxes, allowed discounts, and taxes added to tax roll due to omissions and corrections. Discounts currently represent the largest adjustment to the tax levy; discounts associated with the 2009-10 tax levy represented about 2.4% of that year's levy.
- (4) Partial year collections.

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

Table 15
CITY OF PORTLAND, OREGON
Assessed and Market Value of City Values in Multnomah County
by Property Type (FY 2009-10)

Property Type	Assessed Value (1)	Percent of Total	Market Value (Measure 5)	AV/RMV Ratio
Real Property				
Residential	\$29,223,913,360	60.7%	\$55,596,574,802	52.6%
Commercial	7,536,636,640	15.7%	17,081,139,250	44.1%
Industrial	4,250,647,160	8.8%	6,669,460,560	63.7%
Multiple Family Housing	2,352,713,800	4.9%	4,342,958,520	54.2%
Other	65,290,550	0.1%	110,901,390	58.9%
Subtotal	43,429,201,510	90.2%	83,801,034,522	
Personal Property	2,199,168,325	4.5%	2,183,510,964	99.9%
Manufactured Property	80,460,140	0.2%	108,965,130	81.2%
Utilities	2,300,324,700	5.1%	2,529,715,292	96.3%
Total	\$48,135,237,455	100.0%	\$88,623,225,908	

Notes:

(1) Assessed value excludes approximately \$30.6 million of non-profit housing value.

Source: Table 7a – TAXABLE ASSESSED VALUE AND REAL MARKET VALUE BY PROPERTY CLASS, Tax Year 2009-10, Multnomah County Department of Assessment and Taxation.

Table 16
CITY OF PORTLAND, OREGON
Principal Property Taxpayer Accounts

Taxpayer Account	Type of Business	FY 2009-10 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		\$48,377,228,174	100.00%
Pacificorp (PP&L)	Energy	298,242,000	0.62%
Comcast	Communications	265,402,600	0.55%
Portland General Electric	Energy	256,806,550	0.53%
Qwest Corporation	Communications	236,022,870	0.49%
Weston Investment Co. LLC	Real estate (office)	217,297,560	0.45%
Evraz Inc. NA	Steel manufacturing	179,207,130	0.37%
LC Portland LLC	Real estate (retail)	160,982,610	0.33%
Northwest Natural Gas Co.	Energy	142,340,700	0.29%
555 SW Oak LLC	Real estate (commercial)	122,716,560	0.25%
Verizon Communications	Communications	121,883,600	0.25%
Total		\$2,000,902,180	4.14%

Source: Multnomah County Department of Assessment and Taxation.

(End of Annual Disclosure Information)

PROPERTY TAX AND VALATION INFORMATION

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

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

SECTION 11

Permanent Tax Rate

Section 11 of the Oregon Constitution grants all local governments that levied property taxes for operations in FY 1997-1998 a permanent tax rate that was based on the taxing authority of those governments before Ballot Measure 50 was adopted. Permanent tax rates cannot be increased. The City’s permanent tax rate is \$4.5770/\$1,000 of Assessed Value. In FY 2008-2009 revenues from the City’s permanent tax rate (including prior year and current year collections) were approximately \$180 million. Revenues from permanent tax rate levies may be spent for any lawful purpose.

Assessed Value

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

In Oregon, the assessor’s estimate of market value is called “Real Market Value.” In conformance with Measure 5 (see “SECTION 11B” below), properties also are assigned a “Market Value”, which adjusts the Real Market Value to reflect the value of specially assessed properties, including farm and forestland and exempt property. New construction and changed property is not assessed at its Real Market Value or its Market Value. Instead, it receives an Assessed Value that is calculated by multiplying the Market Value of the property by the ratio of Assessed Values of comparable property in the area to the Market Values of those properties. This produces an Assessed Value for new construction and changed property that approximates to the Assessed Value of comparable property in the area.

Other Property Taxes

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

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

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

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

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

In 2009, the Oregon Legislature approved legislation which allows Portland Public School District to permanently raise its operating tax rate to \$5.27 per \$1,000 of Assessed Value.

SECTION 11B

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

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

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

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

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

LOCAL OPTION LEVIES

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

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

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

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

VOTER PARTICIPATION

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

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

GENERAL OBLIGATION BONDS

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

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

COLLECTION

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

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

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

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

CITY ECONOMIC CHARACTERISTICS

The City, with an estimated population of 582,130 as of July 1, 2009, comprises an area of approximately 135 square miles in northwestern Oregon. Located astride the Willamette River at its confluence with the Columbia River, the City is the center of commerce, industry, transportation, finance and services for a metropolitan area with an estimated population of approximately 2.19 million people as of July 1, 2008. The City is the county seat of Multnomah County and is the largest city in Oregon and the second largest city in the Pacific Northwest.

PORTLAND-VANCOUVER-BEAVERTON METROPOLITAN STATISTICAL AREA

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

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

POPULATION

The population for the City has increased steadily over the past decade, as shown in the table below.

**Table 17
CITY OF PORTLAND, OREGON
Population Estimate for the Last Ten Years**

As of July 1	State of Oregon	City of Portland	MSA ⁽¹⁾	Multnomah County	Washington County	Clackamas County
2000	3,365,900	531,600	1,935,960	662,400	449,250	340,000
2001	3,471,700	536,240	1,960,500	666,350	455,800	345,150
2002	3,504,700	538,180	1,989,550	670,250	463,050	350,850
2003	3,541,500	545,140	2,019,250	677,850	472,600	353,450
2004	3,582,600	550,560	2,050,650	685,950	480,200	356,250
2005	3,631,440	556,370	2,082,240	692,825	489,785	361,300
2006	3,690,505	562,690	2,121,910	701,545	500,585	367,040
2007	3,745,455	568,380	2,159,720	710,025	511,075	372,270
2008	3,791,075	575,930	2,191,784	717,880	519,925	376,660
2009	3,823,465	582,130	2,216,785	724,680	527,140	379,845
2000-2009 Compounded						
Annual Rate of Change	1.43%	1.01%	1.52%	1.00%	1.79%	1.24%
2005-2009 Compounded						
Annual Rate of Change	1.30%	1.14%	1.58%	1.13%	1.85%	1.26%

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

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

Notes:

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

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

INCOME

Per capita personal income in the MSA has been consistently higher than in the State of Oregon, and until 2008, was higher than in the nation.

Table 18 below shows personal income and per capita income for the MSA compared to similar data for the State and nation. The compounded annual rate of change in total personal income for the MSA from 1999 to 2008 was 4.8 percent. The compounded annual rate of change in per capita income for the MSA was 3.1 percent from 1999 to 2008, compared with 3.6 percent for the State, and 3.9 percent for the nation.

Table 18
CITY OF PORTLAND, OREGON
Total Personal Income and Per Capita Income
MSA, Oregon, and the United States

Year	Total Personal Income MSA (000s)	Per Capita Income		
		MSA	Oregon	USA
1999	\$56,918,006	\$29,858	\$26,480	\$27,939
2000	62,189,975	32,118	28,096	29,845
2001	63,933,229	32,338	28,518	30,574
2002	64,908,688	32,228	28,931	30,821
2003	66,576,262	32,650	29,565	31,504
2004	69,328,033	33,657	30,621	33,123
2005	73,287,419	35,115	31,580	34,690
2006	79,013,985	37,157	33,648	36,794
2007	84,151,048	38,842	35,143	38,615
2008	87,052,644	39,436	36,297	39,582
1999-2008 Compound Annual Rate of	4.8%	3.1%	3.6%	3.9%

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

LABOR FORCE AND UNEMPLOYMENT

Table 19 below shows the annual average civilian labor force, employment level and unemployment level data that is available for the MSA for the period 1999 through 2009. For December 2009, the seasonally-adjusted unemployment rate for the MSA was 10.7 percent (10.6 percent not seasonally-adjusted) with a resident civilian labor force of 1,165,204. Table 20 below shows the seasonally-unadjusted, average annual unemployment rates for the MSA, the State and the United States for the period 2000 through 2009.

Table 19
CITY OF PORTLAND, OREGON
MSA LABOR FORCE AND UNEMPLOYMENT RATES⁽¹⁾

Year	Resident Civilian Labor Force	Unemployment		Total Employment
		Number	Percent of Labor Force	
2000	1,075,853	47,710	4.4%	1,028,143
2001	1,087,254	65,569	6.0	1,021,685
2002	1,093,526	85,191	7.8	1,008,335
2003	1,090,119	90,082	8.3	1,000,037
2004	1,089,204	76,576	7.0	1,012,628
2005	1,100,959	64,384	5.8	1,036,575
2006	1,124,030	56,422	5.0	1,067,608
2007	1,144,814	55,284	4.8	1,089,530
2008	1,171,267	68,322	5.8	1,102,945
2009	1,181,495	129,571	11.0	1,051,924

Notes:

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

Source: Oregon Employment Department.

Table 20
CITY OF PORTLAND, OREGON
AVERAGE ANNUAL UNEMPLOYMENT
MSA, OREGON, AND THE UNITED STATES
(Seasonally Adjusted)

Year	MSA	State of Oregon	USA
2000	4.4%	5.1%	4.0%
2001	6.0	6.4	4.7
2002	7.8	7.6	5.8
2003	8.3	8.1	6.0
2004	7.0	7.3	5.5
2005	5.8	6.2	5.1
2006	5.0	5.3	4.6
2007	4.8	5.1	4.6
2008	5.8	6.4	5.8
2009	11.0	11.4	9.3

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

EMPLOYMENT BY INDUSTRY

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

Table 21
CITY OF PORTLAND, OREGON
PORTLAND-VANCOUVER-BEAVERTON, OREGON MSA
NON-FARM WAGE AND SALARY EMPLOYMENT ⁽¹⁾(000)

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

Notes:

(1) Totals may not sum due to rounding.

Source: State of Oregon, Employment Department.

Table 22
CITY OF PORTLAND, OREGON
MAJOR EMPLOYERS IN THE MSA

Employer	Product or Service	2008 Estimated Employment (1)
Private Employers		
Intel Corporation	Computer and electronic products	15,500
Fred Meyer Stores	Grocery & retail variety chain	14,684
Providence Health System	Health care & health insurance	12,000
Kaiser Foundation of the Northwest	Healthcare	9,000
Legacy Health System	Health care	8,251
NIKE Inc.	Sports shoes and apparel	7,000
Wells Fargo	Bank	5,969
United Parcel Service (UPS)	Postal and mailing service	4,100
U.S. Bank	Bank & holding company	3,808
Southwest Washington Medical Center	Health care	3,800
Daimler Trucks North America	Heavy duty trucks	3,500
Regence BlueCross BlueShield of Oregon	Insurance	2,784
Farmers Insurance Company of Oregon	Insurance	2,500
Portland General Electric	Utilities	2,500
Public Employers		
Oregon Health and Science University	Health care & education	12,600
Multnomah County	Government	5,640
City of Portland	Government	5,587
Beaverton School District	Education	5,000
Portland School District	Education	4,900
Vancouver School District	Education	3,697
Portland Community College	Education	3,650
Portland State University	Education	3,443
Evergreen School District	Education	3,000
Bonneville Power Administration	Public Power	2,659
TriMet	Mass Transit	2,650

Source: Portland Business Journal, December 19, 2008.

REAL ESTATE

Industrial

A diverse mix of industrial properties are located throughout the Portland metropolitan area for all types of industrial use, including more than 280 industrial and business parks. On the eastside, the Columbia Corridor is the largest industrial area in Oregon, containing approximately 22,600 acres or 28 square miles along an 18-mile stretch of land that runs along the southern shore of the Columbia River. The Columbia Corridor includes the Rivergate Industrial District, marine terminals, and Portland International Airport (“PDX”). The Rivergate Industrial Park is a 2,800-acre area owned by The Port of Portland (the “Port”) in North Portland. In addition to Rivergate’s access to the Columbia River and PDX, the area qualifies local businesses for participation in the Enterprise Zone and related tax incentives.

Just west of the City, the Sunset Corridor has emerged as the center for Oregon’s high technology industry, including Intel’s 15,500-employee campuses. This area parallels a major east/west highway (U.S. Highway 26) in the western metropolitan area. Another large submarket for industrial and flex space is the Interstate 5 (“I-5”) Corridor, which extends from S.W. Portland to the City of Wilsonville along I-5.

The industrial sector has been negatively impacted by the downturn in the Portland economy. Overall vacancy rates increased to 8.8 percent compared to 6.9 percent in the fourth quarter of 2008, as reported by Grubb & Ellis in their publication *Industrial Trends Report -- Fourth Quarter 2009, Portland, OR*. Vacancy rates remained stable relative to third quarter 2009. Grubb & Ellis note that the Portland metropolitan area has construction projects underway totaling 415,000 square feet, which will be occupied by FedEx in 2010. The limited amount of new construction projected to come online is expected to moderate vacancy increases in future years.

Office

The Portland metropolitan area office market is home to diverse architectural styles ranging from Class-A office space to unique historical buildings in downtown Portland.

Vacancy rates have increased slightly over all markets in the fourth quarter of 2009, according to the *Office Trends Report -- Fourth Quarter 2009, Portland, OR* prepared by Grubb & Ellis (the “Office Quarterly Report”). The fourth quarter vacancy rate for the Portland region was 14.9 percent, compared to 11.7 percent for the fourth quarter of 2008. Vacancy rates in the suburban market continued to grow to 17.6 percent from 15.2 percent in the fourth quarter of 2008. The fourth quarter 2009 vacancy rate in the downtown area of 10.4 percent was also higher than the fourth quarter 2008 vacancy rate of 5.1 percent. The Office Quarterly Report indicates that the office market ended the fourth quarter of 2009 with a year-to-date net absorption loss for the overall market of 778,007 square feet. Class A office space in the downtown averaged \$25.54 per square foot, and \$24.03 per square foot for the Portland metropolitan area.

Housing

The year-to-date median selling price of a home in the Portland metropolitan area in December 2009 was \$293,300, down 2.5 percent from December 2008 year-to-date price of \$300,800, according to the Realtors Metropolitan Area Multiple Listing Service (“RMLS”). As of December 2009, homes in the Portland metropolitan area were on the market an average of 144 days during the year. According to RMLS, through December of 2009, the Southeast and Northeast Portland regions were the most active residential real estate areas, with 2,699 and 1,974 closed sales, respectively. Portland metropolitan area closed sales year-to-date were down 0.9 percent from the same period in 2008. The table below compares the median home sale price for the fourth quarter of 2008 and 2009 in the Portland region with the nation and western U.S.

Table 23
CITY OF PORTLAND, OREGON
MEDIAN HOME SALE PRICE
(U.S., West, and Portland Metropolitan Area)

Region	4th Quarter 2008	4th Quarter 2009	Percent Change
U.S.	\$180,200	\$172,900	-4.1%
West	249,300	227,200	-8.9%
Portland Metro. Area	264,500	239,400	-9.5%

Source: National Association of Realtors and RMLS.

The market for condominiums also has deteriorated as a result of the downturn in the housing market as shown in the following table.

Table 24
CITY OF PORTLAND, OREGON
MEDIAN CONDO/COOP SALE PRICE
(U.S., West, and Portland Metropolitan Area)

Region	4th Quarter 2008	4th Quarter 2009	Percent Change
U.S.	\$186,200	\$177,300	-4.8%
West	178,500	169,200	-5.2%
Portland Metro. Area	194,400	172,900	-11.1%

Source: National Association of Realtors and RMLS.

Residential building permits are an indicator of growth in a region. The number and value of new single family and multi family residential building permits for the City are shown below.

Table 25
CITY OF PORTLAND, OREGON
NEW SINGLE FAMILY AND MULTI-FAMILY
RESIDENTIAL CONSTRUCTION PERMITS

Year	New Single Family		New Multi-Family	
	No. of Permits	Value	No. of Permits	Value
1999	929	\$102,663,214	190	\$102,755,559
2000	866	125,275,273	93	62,578,694
2001	1,040	159,218,264	102	46,446,402
2002	1,088	169,816,560	110	92,457,354
2003	1,093	176,408,264	198	195,489,464
2004	956	162,215,542	161	153,283,224
2005	981	172,372,705	196	247,646,057
2006	1,256	232,917,661	164	241,125,419
2007	1,205	236,732,683	179	346,708,925
2008	665	137,971,790	76	390,731,993
2009	430	95,701,263	14	36,851,117

Source: U.S. Census Bureau.

Urban Renewal

The City seeks to promote neighborhood revitalization through the creation of urban renewal areas. Urban renewal is a state-authorized, redevelopment and finance program designed to help communities improve and redevelop areas that are physically deteriorated, suffering economic stagnation, unsafe or poorly planned. Urban renewal is used as a tool to focus resources in blighted or underused areas to stimulate private investment and improve neighborhood livability.

The City has eleven urban renewal areas, with combined acreage of about 14 percent of the City's area. Five of the 11 urban renewal areas are concentrated in the city's core, including two that are completing their work. Three are largely residential areas in Portland's eastside. The City also has three industrial areas: Central Eastside on the east bank of the Willamette River; Willamette Industrial, located north of the downtown core on the Willamette River; and Airport Way, located in the Columbia corridor, which also has largely completed its urban renewal work. The Portland Development Commission administers the urban renewal areas.

TRANSPORTATION AND DISTRIBUTION

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

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

In 2009, 501 ocean-going vessels made calls at Port facilities. Total maritime tonnage in 2009 decreased by 27.1 percent, from 10.3 million short tons in 2009 compared to 14.1 million in 2008. Through January 2010, total maritime tonnage was up 10.5 percent over January 2009.

The Columbia River ship channel is currently maintained at a depth of 40 feet from the Portland Harbor to the Pacific Ocean 110 miles downstream. In 2005, the Columbia River Channel Deepening Project was initiated to deepen the shipping channel of the Columbia River from 40 feet to 43 feet to accommodate larger, more efficient vessels. The project will be paid for with federal,

Washington and Oregon state, and local port funds. Because significant areas of the Columbia River are naturally deeper than what the new channel requires, only specific areas will require dredging. The Columbia River channel deepening effort is expected to be completed by the end of calendar year 2010.

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

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

PDX handles nearly 13 million passengers annually on 13 commercial carriers, with more than 500 flights daily. This includes nonstop service on international flights to Amsterdam, Netherlands; Vancouver, British Columbia; Calgary, Alberta; and Tokyo, Japan. PDX handles nearly 200,000 tons of air cargo annually on 11 carriers. In 2008, 243,193 short tons of cargo were handled by PDX. Portland is also served by three publicly operated general aviation airports located in the suburban areas.

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

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

The Tri-County Metropolitan Transportation District of Oregon (“TriMet”), the regional public transit agency, provides rail and bus service throughout the Portland metropolitan area. During TriMet’s fiscal year, from July 2008 through June 2009, passengers boarded a TriMet bus or train approximately 101.5 million times.

TriMet’s light rail system (“MAX”) connects the cities of Portland, Gresham, Beaverton and Hillsboro, and PDX. The Interstate MAX line, which began service in 2004, 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.

In 2007, TriMet started construction of an 8.3 mile, two-phased extension of the light rail line. The estimated cost of the project is \$494 million. Phase 1 provides service along Interstate-205 between Clackamas Town Center and the existing Gateway station where it will use the existing MAX Blue Line tracks to downtown Portland, then run on new tracks along the Portland Mall to Portland State University. Phase 2 would extend light rail from downtown Portland to Milwaukie. TriMet completed construction of Phase 1 with the opening of the MAX green line in September 2009.

In 2008, TriMet began service on the Washington County Commuter Rail, which runs from Beaverton to Wilsonville.

The Portland Streetcar, which connects the downtown area with the Pearl District and Northwest Portland, began operations in 2001. The Portland Streetcar is owned and operated by the City, and has entered into contracts with TriMet for train operators and mechanics. Construction of the Gibbs extension of the streetcar line to the South Waterfront District was completed in the fall of 2005; service began in late 2006 following development of major components in the area. Construction of the Lowell extension started in August 2006 and was completed in August 2007. Federal funding has been approved which completes the funding package for extension of the streetcar line to Portland’s east side. The extension will cross the Willamette River using the Broadway Bridge, travel through the Lloyd District, continue south along Martin Luther King, Jr. Boulevard, and make a loop at either SE Mill or Stephens Street before returning back along Grand Avenue. The estimated cost of the extension is \$147 million. The project is expected to be completed in 2011.

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

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. 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.

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.

The National Basketball Association ("NBA") Portland Trail Blazers play at the Rose Garden Arena complex (which includes the Memorial Coliseum), as do the major-junior Western Hockey League ("WHL") Portland Winterhawks. PGE Park, which was renovated and reopened in 2001, is currently home to the Portland Beavers (Triple-A baseball), the Portland Timbers (A-League soccer), and the Portland State Vikings (Division I college football and women's soccer). In 2009, Major League Soccer announced the conditional approval of a major league soccer franchise for Portland, and in 2010, the City Council approved an agreement with Peregrine Sports LLC to renovate PGE Park for use by Major League Soccer.

HIGHER EDUCATION

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

Portland State University ("PSU"), one of the three large universities in the Oregon University System, is located on a campus encompassing an area of over 28 blocks adjacent to the downtown business and commercial district of Portland. PSU offers 213 undergraduate, masters, and doctoral programs. Enrollment for 2009-10 was approximately 29,972 students. PSU is noted for the development of programs specifically designed to meet the needs of the urban center.

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

OHSU's Marquam Hill campus sits on more than 100 acres overlooking downtown Portland. OHSU includes the schools of dentistry, medicine, nursing, and science and engineering. OHSU also includes Doernbecher Children's Hospital and OHSU Hospital, as well as primary care and specialty clinics, research institutes and centers, interdisciplinary centers, and community service programs. Enrollment for 2008-09 was approximately 2,424 medical, dental, nursing, science, and allied health students were enrolled at OHSU.

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

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

UTILITIES

Electric Power and Natural Gas

Electricity is provided by Portland General Electric Company (“PGE”) and Pacific Power Company. Low-cost hydroelectric power provides a substantial portion of the area’s energy requirements. NW Natural distributes natural gas.

Communications

Telephone services are provided by Qwest Communications and, in some areas, Verizon. The Portland metropolitan area is also served by three cable service providers, primarily Comcast within the Portland city limits, and Verizon and Cascade Access in other parts of the region.

Water, Sewer and Wastewater

The City operates the water supply system that delivers drinking water to residents of Portland. About 900,000 people, almost one-quarter of the state’s population, are served by the City’s water system on a wholesale and retail basis within its 225 square mile service area. The primary water source is the Bull Run Watershed, located in the foothills of the Cascades west of Mt. Hood. The City also uses groundwater as a supplemental water supply.

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

AGRICULTURE

Because the City is the primary urban center in the State, agriculture is not a major industry in the greater metropolitan area. The metropolitan area, however, accounted for approximately 20.6 percent of the State’s Gross Farm and Ranch Sales based on 2009 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 2009 Gross Farm and Ranch Sales in Clackamas County was \$302,449,000; Washington County was \$238,945,000; Yamhill County was \$222,564,000; Multnomah County was \$62,828,000; and Columbia County was \$19,632 as estimated by the Oregon State University Extension Service.

THE INITIATIVE PROCESS

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

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

PROPOSED INITIATIVES WHICH QUALIFY TO BE PLACED ON THE BALLOT

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

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

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

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

Table 26
CITY OF PORTLAND, OREGON
Initiative Petitions that Qualified and Passed
1996-2008

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

Source: Elections Division, Oregon Secretary of State.

FUTURE INITIATIVE MEASURES

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

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

TAX MATTERS

In the opinion of K&L Gates LLP, Bond Counsel, interest on the 2010 Series A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2010 Series A Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

Federal income tax law contains a number of requirements that apply to the 2010 Series A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the 2010 Series A Bonds and the facilities financed or refinanced with proceeds of the 2010 Series A Bonds and certain other matters. The City has covenanted to comply with all applicable requirements.

Bond Counsel's opinion is subject to the condition that the City comply with the above-referenced covenants and, in addition, will rely on representations by the City and its advisors with respect to matters solely within the knowledge of the City and its advisors, respectively, which Bond Counsel has not independently verified. If the City fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, interest on the 2010 Series A Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2010 Series A Bonds, regardless of the date on which the event causing taxability occurs.

Except as expressly stated in this Tax Matters section, Bond Counsel expresses no opinion regarding any other federal income tax consequences of acquiring, carrying, owning or disposing of the 2010 Series A Bonds. Owners of the 2010 Series A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2010 Series A Bonds, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the 2010 Series A Bonds should be aware that ownership of the 2010 Series A Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the 2010 Series A Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the 2010 Series A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the 2010 Series A Bonds, are in many cases required to be reported to the Internal Revenue Service (the "IRS"). Additionally, backup withholding may apply to any such payments made to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Bond Counsel's opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Bond Counsel's legal judgment based on its review of existing law and in reliance on the representations made to Bond Counsel and the City's compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the 2010 Series A Bonds. Owners of the 2010 Series A Bonds are advised that, if the IRS does audit the 2010 Series A Bonds, under current IRS procedures, at least during the early

stages of an audit, the IRS will treat the City as the taxpayer, and the owners of the 2010 Series A Bonds may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the 2010 Series A Bonds until the audit is concluded, regardless of the ultimate outcome.

Premium

An amount equal to the excess of the purchase price of a 2010 Series A Bond over its stated redemption price at maturity constitutes premium on that 2010 Series A Bond. A purchaser of a 2010 Series A Bond must amortize any premium over that 2010 Series A Bond's term using constant yield principles, based on the 2010 Series A Bond's yield to maturity. As premium is amortized, the purchaser's basis in the 2010 Series A Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the purchaser. This will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the 2010 Series A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of 2010 Series A Bonds at a premium, whether at the time of initial issuance or subsequent thereto, should consult their tax advisors with respect to the determination and treatment of premium for federal income tax purposes and the state and local tax consequences of owning such 2010 Series A Bonds.

Oregon Personal Income Tax Exemption

In the opinion of Bond Counsel, interest on the 2010 Series A Bonds is exempt from Oregon personal income tax under existing law.

RATING

The 2010 Series A Bonds have been rated "Aaa" by Moody's Investors Service. Such rating reflects only the views of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investors Service, Inc., 250 Greenwich, New York, New York, 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency concerned, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any such ratings may have an adverse effect on the market price of the 2010 Series A Bonds.

FORWARD LOOKING STATEMENTS

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the 2010 Series A Bonds by the City are subject to the approving opinion of K&L Gates LLP, Portland, Oregon, Bond Counsel. Bond Counsel has reviewed this Official Statement only to confirm that the portions of it describing the 2010 Series A Bonds, the Ordinance, the Bond Declaration, and the authority to issue the 2010 Series A Bonds conform to the 2010 Series A Bonds and the applicable laws under which they are issued. The statements made in this Official Statement under the captions "THE 2010 SERIES A BONDS" and "TAX MATTERS" have been reviewed and approved by Bond Counsel. All other representations of law and factual statements contained in this Official Statement, including but not limited to all financial and statistical information and representations contained herein, have not been reviewed or approved by Bond Counsel.

LITIGATION

There is no litigation pending or threatened against the City which impairs the City's ability to make principal and interest payments on the 2010 Series A Bonds when due. There is no litigation pending or threatened against the City which would materially and adversely affect the financial condition of the City.

CERTIFICATE WITH RESPECT TO OFFICIAL STATEMENT

At the time of the original delivery of the 2010 Series A Bonds, the City will deliver a certificate to the Underwriters to the effect that the City has examined this Official Statement and the financial and other data concerning the City contained herein and that, to the best of the City's knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the 2010 Series A Bonds, does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, in light of the circumstances under which the statements were made, and (ii) between the date of this Official Statement and the date of delivery of the 2010 Series A Bonds, there has been no material change in the affairs (financial or otherwise), financial condition or results of operations of the City except as set forth in this Official Statement.

MISCELLANEOUS

All quotations from and summaries and explanations of provisions of law herein do not purport to be complete, and reference should be made to said laws for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the City and the Underwriters or owners of any of the 2010 Series A Bonds. Any statements made in this Official Statement involving matters of opinion are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or its agencies, since the date hereof.

CONTINUING DISCLOSURE

Pursuant to SEC Rule 15c2-12, as amended (17 CFR Part 240, § 240.15c2-12) (the "Rule"), the City, as the "obligated person" within the meaning of the Rule, will execute and deliver a Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D for the benefit of the 2010 Series A Bond holders.

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

CONCLUDING STATEMENT

This Official Statement has been deemed final by the City for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The undersigned certifies that to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the 2010 Series A Bonds, does not contain any untrue statement of a material fact or omit any statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (ii) between the date of this Official Statement and the date of delivery of the 2010 Series A Bonds there has been no material change in the affairs (financial or other), financial condition or results of operations of the City except as set forth in or contemplated by this Official Statement.

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

CITY OF PORTLAND, OREGON

By: /s/ ERIC H. JOHANSEN
Debt Manager
Office of Management and Finance

APPENDIX A
BOND DECLARATION



BOND DECLARATION

City of Portland, Oregon

General Obligation Parks Refunding Bonds, 2010 Series A

**Executed on behalf of the City of Portland, Oregon
as of the 15th day of April, 2010**

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APPENDIX A – FORM OF BOND

BOND DECLARATION

THIS BOND DECLARATION is executed as of April 15, 2010, on behalf of the City of Portland, Oregon (the "City") by its Debt Manager pursuant to City Ordinance No. 183530, to establish the terms under which the City's General Obligation Parks Refunding Bonds, 2010 Series A are issued.

Section 1. Findings.

- (1) The City is authorized by City Ordinance No. 183530 adopted February 10, 2010, and Oregon Revised Statutes Sections 287A.360, to issue bonds in an amount sufficient to pay and redeem the City's outstanding General Obligation Parks Refunding Bonds, 2001 Series A.
- (2) The City executes this Bond Declaration to memorialize the terms of the City's General Obligation Parks Refunding Bonds, 2010 Series A.

Section 2. Definitions.

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

"2010 Series A Bonds" means the City's General Obligation Parks Refunding Bonds, 2010 Series A that are described in Section 3 of this Bond Declaration.

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

"Bond Declaration" means this Bond Declaration, including any amendments made in accordance with Section 8 of this Bond Declaration.

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

"City" means the City of Portland, Oregon.

"Code" means the Internal Revenue Code of 1986, as amended.

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

"DTC" means The Depository Trust Company, New York, New York, the initial securities depository for the 2010 Series A Bonds.

"Event of Default" refers to an Event of Default listed in Section 9(1) of this Bond Declaration.

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

"Ordinance" means City Ordinance No. 183530 adopted by the City Council on February 10, 2010.

"Outstanding" refers to all 2010 Series A Bonds authorized and delivered pursuant to this Bond Declaration except 2010 Series A Bonds which have been paid, canceled, or defeased pursuant to Section 10 of this Bond Declaration, and 2010 Series A Bonds which have matured but have not been presented for payment (for the payment of which adequate money has been transferred to the Paying Agent).

“Owner” means the person shown on the 2010 Series A Bond register maintained by the Paying Agent as the registered owner of a 2010 Series A Bond.

“Paying Agent” means the registrar and paying agent for the 2010 Series A Bonds, which, at the time of execution of this Bond Declaration, is U.S. Bank National Association, in Portland, Oregon.

“Payment Date” means any day on which principal, interest or premium on 2010 Series A Bonds is required to be paid.

Section 3. 2010 Series A Bond Authorized.

- (1) Pursuant to Oregon Revised Statutes Section 287A.360 and the Ordinance, the City hereby authorizes the issuance, sale and delivery of its General Obligation Parks Refunding Bonds, 2010 Series A in accordance with this Bond Declaration and in a principal amount of \$19,960,000. The 2010 Series A Bonds shall be dated April 15, 2010, shall bear interest which is payable on June 1 and December 1 of each year, commencing June 1, 2010, and shall mature on June 1 of the following years in the following principal amounts:

<u>Due June 1</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>	<u>CUSIP Number (Base 736679)</u>
2011	3,685,000	4.00	ST9
2012	3,835,000	4.00	SU6
2013	3,985,000	4.00	SV4
2014	4,145,000	4.00	SW2
2015	4,310,000	4.00	SX0

- (2) The 2010 Series A Bonds are not subject to optional redemption prior to their stated maturity dates.
- (3) The 2010 Series A Bond proceeds will be used to currently refund the City’s outstanding General Obligation Parks Refunding Bonds, 2001 Series A, and to pay costs of issuing the 2010 Series A Bonds.
- (4) The City reserves the right to purchase 2010 Series A Bonds in the open market.

Section 4. Security for 2010 Series A Bonds.

- (1) The Bonds are general obligations of the City. The City hereby pledges its full faith and credit to pay the Bonds, and the City covenants to levy annually, as provided by law, in addition to its other ad valorem property taxes and outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution, a direct ad valorem tax upon all of the taxable property within the City in sufficient amount, after considering discounts taken and delinquencies that may occur in the payment of such taxes, to pay the Bonds promptly as they mature.
- (2) This Bond Declaration shall constitute a contract with the Owners.

Section 5. Book Entry System.

The 2010 Series A Bonds shall be initially issued in BEO form and shall be governed by this Section 5. While the 2010 Series A Bonds are in BEO form no physical 2010 Series A Bonds shall be provided to the Owners. An official of the City has executed and delivered a Blanket Issuer Letter of Representations to DTC. While the 2010 Series A Bonds are in BEO form, registration and transfer of beneficial interests in the 2010 Series A Bonds shall be governed by that letter and the operational arrangements of DTC, as they may be amended from time to time, as provided in the Blanket Issuer Letter of Representations. So long as the 2010 Series A Bonds are in BEO form:

- (1) DTC shall be treated as the Owner for all purposes, including payment and the giving of notices to the Owners of the 2010 Series A Bonds. 2010 Series A Bond payments shall be made, and notices shall be given, to DTC

in accordance with the Blanket Issuer Letter of Representations. Any failure of DTC to advise any of its participants, or of any participant to notify the beneficial owner, of any such notice and its content or effect will not affect the validity of the redemption of the 2010 Series A Bonds called for redemption or of any other action premised on such notice.

- (2) The City may discontinue maintaining the 2010 Series A Bonds in the BEO form at any time. The City shall discontinue maintaining the 2010 Series A Bonds in BEO form if DTC determines not to continue to act as securities depository for the 2010 Series A Bonds, or fails to perform satisfactorily as depository, and a satisfactory substitute depository cannot reasonably be found.
- (3) If the City discontinues maintaining the 2010 Series A Bonds in book-entry only form, the City shall cause the Paying Agent to authenticate and deliver replacement 2010 Series A Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees; thereafter the provisions set forth in Section 6 below, regarding registration, transfer and exchange of 2010 Series A Bonds shall apply.
- (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 2010 Series A Bonds;
 - (B) the delivery to any participant or correspondent or any other person of any notice with respect to the 2010 Series A Bonds, including any notice of prepayment;
 - (C) the selection by DTC of the beneficial interest in 2010 Series A Bonds to be redeemed prior to maturity; or
 - (D) the payment to any participant, correspondent, or any other person other than the registered owner of the 2010 Series A Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal, any premium or interest on the 2010 Series A Bonds.
- (5) The provisions of this Section 5 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 2010 Series A Bonds issued in book-entry only form.

Section 6. Conditional Redemption.

Any notice of optional redemption given for the 2010 Series A Bonds pursuant to Section 5 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2010 Series A Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected owners of the 2010 Series A Bonds as promptly as practicable.

Section 7. Authentication, Registration and Transfer.

- (1) No 2010 Series A Bond shall be entitled to any right or benefit under this Bond Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all 2010 Series A Bonds to be delivered at the closing of the 2010 Series A Bonds, and shall additionally authenticate all 2010 Series A Bonds properly surrendered for exchange or transfer pursuant to this 2010 Series A Bond Declaration.

- (2) The ownership of all 2010 Series A Bonds shall be entered in the 2010 Series A Bond register maintained by the Paying Agent, and the City and the Paying Agent may treat the person listed as owner in the 2010 Series A Bond register as the owner of the 2010 Series A Bond for all purposes.
- (3) While the 2010 Series A Bonds are in book-entry only form, the Paying Agent shall transfer 2010 Series A Bond principal and interest payments in the manner required by DTC.
- (4) If the 2010 Series A Bonds cease to be in book-entry only form, the Paying Agent shall mail each interest payment on the interest payment date (or the next Business Day if the payment date is not a Business Day) to the name and address of the Owners as they appear on the 2010 Series A Bond register as of the record date for the 2010 Series A Bonds. If payment is so mailed, neither the City nor the Paying Agent shall have any further liability to any party for such payment.
- (5) 2010 Series A Bonds may be exchanged for an equal principal amount of 2010 Series A Bonds of the same maturity which are in different denominations, and 2010 Series A Bonds may be transferred to other Owners if the Owner submits the following to the Paying Agent:
 - (A) written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent, and
 - (B) the 2010 Series A Bonds to be exchanged or transferred.
- (6) The Paying Agent shall not be required to exchange or transfer any 2010 Series A Bonds submitted to it during any period beginning with a record date and ending on the next following payment date; however, such 2010 Series A Bonds shall be exchanged or transferred promptly following that payment date.
- (7) The Paying Agent shall note the date of authentication on each 2010 Series A Bond. The date of authentication shall be the date on which the Owner's name is listed on the 2010 Series A Bond register.
- (8) For purposes of this Section 6, 2010 Series A Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 7(5), above.
- (9) The City may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 8. Amendment of Bond Declaration.

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

- (2) This Bond Declaration may be amended for any other purpose only upon consent of Owners representing not less than fifty-one percent (51%) in aggregate principal amount of the adversely affected 2010 Series A Bonds then Outstanding. However, no amendment shall be valid which:
 - (A) Extends the maturity of any 2010 Series A Bonds, reduces the rate of interest upon any 2010 Series A Bonds, extends the time of payment of interest on any 2010 Series A Bonds, reduces the amount of principal payable on any 2010 Series A Bonds, or reduces any premium payable on any 2010 Series A Bonds, without the consent of the affected Owner; or
 - (B) Reduces the percent of Owners required to approve amendments to this Bond Declaration.

Section 9. Default and Remedies.

- (1) The occurrence of one or more of the following shall constitute an Event of Default under this Bond Declaration:
 - (A) Failure by the City to pay 2010 Series A Bond principal, interest or premium when due (whether at maturity, or upon redemption after a 2010 Series A Bond has been properly called for redemption);
 - (B) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed for the benefit of Owners of 2010 Series A Bonds, for a period of 60 days after written notice to the City by the Owners of ten percent or more of the principal amount of 2010 Series A Bonds then Outstanding specifying such failure and requesting that it be remedied; provided however, that if the failure stated in the notice cannot be corrected within such 60 day period, it shall not constitute an Event of Default so long as corrective action is instituted by the City within the 60 day period and diligently pursued, and the default is corrected as promptly as practicable after the written notice referred to in this Section 9(1)(B); or,
 - (C) The City is adjudged insolvent by a court of competent jurisdiction, admits in writing its inability to pay its debts generally as they become due, files a petition in bankruptcy, or consents to the appointment of a receiver for the installment payments.
- (2) The Owners of ten percent or more of the principal amount of 2010 Series A Bonds then Outstanding may waive any Event of Default and its consequences, except an Event of Default described in Section 9(1)(A).
- (3) Upon the occurrence and continuance of any Event of Default hereunder the Owners of ten percent or more of the principal amount of 2010 Series A Bonds then Outstanding may take whatever action may appear necessary or desirable to enforce or to protect any of the rights of the Owners of 2010 Series A Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Bond Declaration or in aid of the exercise of any power granted in this Bond Declaration or for the enforcement of any other legal or equitable right vested in the Owners of 2010 Series A Bonds by this Bond Declaration or by law. However, the 2010 Series A Bonds shall not be subject to acceleration.
- (4) No remedy in this Bond Declaration conferred upon or reserved to Owners of 2010 Series A Bonds is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Bond Declaration or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Owners of 2010 Series A Bonds to exercise any remedy reserved to them, it shall not be necessary to give any notice other than such notice as may be required by this Bond Declaration or by law.

Section 10. Defeasance.

The City shall be obligated to pay 2010 Series A Bonds which are defeased pursuant to this Section solely from the money and Government Obligations deposited with an escrow agent or independent trustee, and the City shall have no further obligation to pay the defeased 2010 Series A Bonds from any source except the amounts deposited in the escrow. 2010 Series A Bonds shall be deemed defeased if the City:

- (1) irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of the 2010 Series A Bonds which are to be defeased without reinvestment; and
- (2) files with the escrow agent or trustee a verification from an independent, certified public accountant to the effect that calculation, described above, is correct; and
- (3) files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest component of the 2010 Series A Bonds to be includable in gross income under the Code.

Section 11. Form.

The 2010 Series A Bonds shall be issued in substantially the form attached to hereto as Appendix A, with any changes that are approved by the Debt Manager. The 2010 Series A Bonds shall be executed on behalf of the City with the facsimile signatures of the Mayor and City Auditor.

Section 12. Rules of Construction.

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

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

Dated as of the 15th day of April, 2010.

City of Portland, Oregon

By: _____
Eric H. Johansen, Debt Manager

Appendix A

No. R-«BondNumber»

\$«PrincipalAmtNumber»

UNITED STATES OF AMERICA
STATE OF OREGON
COUNTIES OF MULTNOMAH, WASHINGTON AND CLACKAMAS
CITY OF PORTLAND
GENERAL OBLIGATION PARKS REFUNDING BOND, 2010 SERIES A

Dated Date: April 15, 2010

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 June 1, 2010. 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 \$19,960,000 in principal amount designated as General Obligation Parks Refunding Bonds, 2010 Series A (the "Bonds"). The Bonds are issued for the purpose of financing capital improvements related to the City's fire, rescue and Parks, and to pay costs of issuance of the Bonds. The Bonds are authorized by City Ordinance No. 183530 adopted February 10, 2010 (the "Ordinance") and Oregon Revised Statutes Section 287A.360, in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon and the Charter of the City and issued pursuant to a Bond Declaration dated as of April 15, 2010 (the "Bond Declaration").

The Bonds constitute valid and legally binding general 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. The City has pledged and is obligated by law to provide for the levy and collection annually of ad valorem taxes outside the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution on all taxable property within the boundaries of the City in an amount sufficient to pay the principal of and interest on the Bonds. The Bonds do not constitute a debt or indebtedness of Multnomah, Washington, or Clackamas Counties, the State of Oregon, or any political subdivision thereof other than the City.

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

The Bonds are not subject to redemption prior to their stated maturity dates.

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

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

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

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

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



City of Portland, Oregon

Sam Adams, Mayor

LaVonne Griffin-Valade, Auditor

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

CERTIFICATE OF AUTHENTICATION

This Bond is one of a series of \$19,960,000 aggregate principal amount of City of Portland, Oregon General Obligation Parks Refunding Bonds, 2010 Series A issued pursuant to the Ordinance described herein.

Date of authentication: April 15, 2010.

U.S. Bank National Association, as Paying Agent

Authorized Officer

ASSIGNMENT

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

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

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

Dated: _____

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

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

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

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

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

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



APPENDIX B
EXCERPTS OF AUDITED FINANCIAL STATEMENTS



INTRODUCTION TO EXCERPTS OF FINANCIAL STATEMENTS

The financial statements of the City have been audited by independent certified public accountants for the fiscal years 2005, 2006, 2007, 2008, and 2009. Copies of the financial statements for fiscal years 2005 through 2009, inclusive, containing the reports of the independent certified public accountants are available on the City's website at:

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

The following pages in this Appendix B are excerpted from the City's Comprehensive Annual Financial Reports of the City for Fiscal Years ending June 30, 2005 through June 30, 2009. The Notes that follow the tabular data have been prepared by the City and have not been reviewed by the independent auditor.

A CONSENT OF THE INDEPENDENT AUDITOR WAS NOT REQUESTED. THE AUDITOR WAS NOT REQUESTED TO PERFORM AND HAS NOT PERFORMED ANY SERVICE IN CONNECTION WITH THE OFFERING OF THE 2010 SERIES A BONDS AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE 2010 SERIES A BONDS.



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

	2005	2006	2007	2008	2009
Revenues					
Taxes	\$246,416,379	\$254,440,767	\$264,410,825	\$281,269,341	\$302,898,344
Payments in lieu of taxes	821,501	1,533,219	1,259,198	1,434,002	758,737
Rents and reimbursements	2,096,536	2,380,112	3,217,317	3,759,621	3,921,431
Licenses and fees	113,435,989	127,432,687	143,698,767	149,013,133	141,974,295
Intergovernmental revenues	22,676,714	26,419,859	28,203,768	26,001,207	29,288,133
Charges for services	53,879,562	65,579,384	72,175,566	73,795,390	60,736,199
Miscellaneous service charges	3,946,028	2,444,824	2,306,192	3,631,990	2,947,396
Investment earnings	2,448,647	4,860,587	7,588,918	7,470,499	5,219,844
Other miscellaneous revenues	1,830,898	1,823,283	774,796	623,088	3,509,891
Total revenues	447,552,254	486,914,722	523,635,347	546,998,271	551,254,270
Expenditures					
Public safety	283,442,858	298,035,413	311,162,725	326,388,826	340,683,111
Parks/recreation/cultural	48,491,194	50,398,732	58,224,659	59,218,279	55,051,936
Community development	35,804,537	30,623,452	44,596,138	48,921,442	35,991,649
Support svcs./legis./admin.	53,010,988	65,736,351	69,953,137	70,242,455	74,903,683
Capital outlay	2,989,727	3,701,346	4,383,485	5,078,171	358,618
Debt service and related costs	468,890	269,219	240,755	2,039,003	2,065
Total expenditures	424,208,194	448,764,513	488,560,899	511,888,176	506,991,062
Revenues over (under) expenditures	23,344,060	38,150,209	35,074,448	35,110,095	44,263,208
Other Financing Sources (Uses)					
Transfers in	19,704,666	20,849,891	25,172,899	17,390,723	9,718,996
Transfers out	(34,916,060)	(35,162,749)	(48,201,134)	(52,887,840)	(52,369,567)
Proceeds from sale of capital assets	0	76,351	0	0	1,202,998
Loan proceeds	5,565,000	1,824,000	0	0	--
Total other sources (uses)	(9,646,394)	(12,412,507)	(23,028,235)	(35,497,117)	(41,447,573)
Net change in fund balances	13,697,666	25,737,702	12,046,213	(387,022)	2,815,635
Fund balance, beginning	68,036,150	93,942,572	119,280,600	131,326,813	130,939,791
Prior period adjustment (1)	12,179,250	0	0	0	0
Fund balance, beginning, as restated	80,215,400	93,942,572	119,280,600	131,326,813	130,939,791
Change in inventory	29,506	(399,674)	0	0	0
Fund balances, ending (2)	\$93,942,572	\$119,280,600	\$131,326,813	\$130,939,791	\$133,755,426

Notes:

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

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

	2005	2006	2007	2008	2009
ASSETS:					
Cash and investments	\$91,967,908	\$117,244,053	\$135,369,404	\$145,311,441	\$117,073,956
Receivables:					
Property taxes	13,991,052	13,220,703	13,114,426	14,370,341	18,519,259
Accounts, interest and advances (1)	16,434,764	20,130,703	18,095,929	19,882,956	29,740,044
Assessments	4,011,158	3,746,001	2,157	21,894	44,041
Due from other funds	8,223,415	8,196,748	8,739,691	3,962,233	9,203,475
Due from component units	--	--	653,444	531,074	261,186
Inventories	399,674	--	--	--	--
Prepaid Items	--	6,692	1,996	--	2,791,250
Total Assets	\$135,027,971	\$162,545,900	\$175,977,047	\$184,079,939	\$177,633,211
LIABILITIES:					
Accounts payable	\$6,602,265	\$6,048,037	\$9,667,094	\$15,629,222	\$11,018,683
Deferred revenue (2)	27,831,067	10,062,193	6,021,812	6,997,217	12,672,604
Unearned revenue (2)	--	18,179,533	20,272,932	17,922,453	4,900
Due to other funds (3)	19,360	19,360	--	356,665	--
Due to component unit	143,378	523,780	128,526	1,638,147	3,500,120
Due to fiduciary fund (3)	4,785,770	4,488,226	4,362,811	4,836,049	6,569,936
Other liabilities	1,703,559	3,944,171	4,197,059	5,760,395	10,111,542
Total Liabilities	41,085,399	43,265,300	44,650,234	53,140,148	43,877,785
FUND BALANCE:					
Reserved for petty cash	46,342	--	--	--	--
Reserved for inventories	399,674	--	--	--	--
Unreserved	93,496,556	119,280,600	131,326,813	130,939,791	133,755,426
Total Fund Balance	93,942,572	119,280,600	131,326,813	130,939,791	133,755,426
Total Liabilities and Fund Balance	\$135,027,971	\$162,545,900	\$175,977,047	\$184,079,939	\$177,633,211

Notes:

- (1) The drop in FY 2008-09 is caused by an \$8.5 million loan to the Grants Fund, slowing of receivable collections as a result of the recession and billings that were delayed and collected in FY 2009-10.
- (2) In FY 2004-05, the City's beginning net assets have been restated to establish the accounts receivable for cable franchise fees in the amount of \$12,681,328, which were previously accounted for on a cash basis of accounting and not in conformance with GAAP. The increase in FY 2008-09 is caused by slower collections as a result of the recession, delays in year-end billings and large accruals being setup as a result of process changes with the implementation of the City's new financial system.
- (3) Prior to FY 2005-06 unearned revenue and deferred revenue were combined and presented as deferred revenue. To conform with GAAP, beginning in FY 2005-06, the two categories are shown separately.
- (4) Prior to FY 2004-05 "Due to other funds" and "Due to fiduciary fund" were combined and presented as "Due to other funds". To conform with GAAP, beginning in FY 2004-05, the two categories are shown separately.

Source: City of Portland audited annual financial statements.

APPENDIX C
LEGAL OPINION



April 15, 2010

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

Barclays Capital, Inc.
745 Seventh Avenue, 2nd Floor
New York, New York 10019

Subject: \$19,960,000 City of Portland, Oregon, General Obligation Parks Refunding Bonds,
2010 Series A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Portland, Oregon (the “City”) of its General Obligation Parks Refunding Bonds, 2010 Series A (the “Bonds”), which are dated April 15, 2010 and are in the aggregate principal amount of \$19,960,000. The Bonds are authorized by Oregon Revised Statutes Section 287A.360, City Ordinance No. 183530 adopted February 10, 2010, and a Bond Declaration dated the date of delivery of the Bonds (collectively, the “Ordinance”).

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

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

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

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

1. The Bonds have been legally authorized, sold and issued under and pursuant to the Constitution and Statutes of the State of Oregon, the Charter of the City, and the Ordinance. The Bonds constitute valid and legally binding obligations of the City enforceable in accordance with their terms.
2. The City has pledged its full faith and credit to the payment of the Bonds. The Bonds are payable from ad valorem taxes which may be levied without limitation as to rate or amount on all taxable property within the boundaries of the City.
3. Interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the Bonds is included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations. The portion of this opinion set forth in this paragraph is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Bonds in order that the interest on the Bonds be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all applicable requirements. Failure to comply with these covenants may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

4. Interest on the Bonds is exempt from Oregon personal income tax.

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

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

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

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

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

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

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

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

Respectfully submitted,

K&L GATES LLP

Lawyers

APPENDIX D
CONTINUING DISCLOSURE CERTIFICATE



CONTINUING DISCLOSURE CERTIFICATE

\$19,960,000

**City of Portland, Oregon
General Obligation Parks Refunding Bonds
2010 Series A**

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 General Obligation Parks Refunding Bonds, 2010 Series A (the "Bonds").

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

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

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

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

"Commission" means the Securities and Exchange Commission.

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

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

"Official Statement" means the final official statement for the Bonds dated April 6, 2010.

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

Section 3. Financial Information. The City agrees to provide or cause to be provided to the MSRB, the following annual financial information and operating data for the prior fiscal year (commencing no later than March 31, 2011, for the fiscal year ended June 30, 2010):

A. The City's previous fiscal year annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors); and,

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

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

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

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

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

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

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

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

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

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

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

those prepared on the basis of the former accounting principles.

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

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

Section 10. Filing with EMMA. Any filings required by this certificate to be made with the MSRB may be made through EMMA so long as it is approved by the MSRB.

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

Dated as of the 15th day of April, 2010.

City of Portland, Oregon

Debt Manager



APPENDIX E
BOOK ENTRY SYSTEM



BOOK ENTRY SYSTEM

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

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

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



