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 2011 Series A Bonds is excludable from gross income of the owners of the 2011 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 2011 Series A Bonds is included in adjusted current earnings for the purpose of determining 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 2011 Series A Bonds is exempt from Oregon personal income tax under existing law.

City of Portland, Oregon

$25,835,000
General Obligation Public Safety Bonds
2011 Series A

Base CUSIP: 736679

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

The City of Portland, Oregon General Obligation Public Safety Bonds, 2011 Series A (the "2011 Series A Bonds") will be issued in registered book-entry form only, in denominations of $5,000 or integral multiples thereof, through The Depository Trust Company, New York, New York ("DTC").

The 2011 Series A Bonds will bear or accrue interest rates as set forth in the table on the inside cover page. The 2011 Series A Bonds will be dated as of the Date of Delivery. Interest on the 2011 Series A Bonds will be payable semiannually on June 1 and December 1 of each year, beginning December 1, 2011.

Proceeds of the 2011 Series A Bonds will be used to finance the acquisition of fire engines and other emergency response vehicles, replacement of the City's public safety emergency radio system, construction of a fire station, and construction of an emergency response center as more fully described herein, and to pay costs of issuance. See "THE 2011 SERIES A BONDS – THE PUBLIC SAFETY BOND PROGRAM" herein.

The 2011 Series A Bonds are general obligations of the City. The City has pledged its full faith and credit to pay the 2011 Series A Bonds, and covenants for the benefit of the owners of the 2011 Series A Bonds 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 2011 Series A Bonds promptly as they mature.

The 2011 Series A Bonds are subject to optional redemption prior to maturity. See "REDEMPTION OF THE 2011 SERIES A BONDS" herein.

The 2011 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 2011 Series A Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about May 19, 2011.

Official Statement Dated May 10, 2011

MATURITY SCHEDULE

$25,835,000

CITY OF PORTLAND, OREGON
GENERAL OBLIGATION PUBLIC SAFETY BONDS
2011 SERIES A

Due June 1	Principal Amount	Interest Rate	Price or Yield	CUSIP No. (1) 736679
2012	$1,370,000	2.000%	0.300%	TG6
2013	1,425,000	4.000	0.570	TH4
2014	1,485,000	4.000	0.890	TJ0
2015	1,545,000	2.000	1.230	TK7
2016	1,575,000	2.000	1.450	TL5
2017	1,605,000	2.000	1.780	TM3
2018	1,635,000	4.000	2.080	TN1
2019	1,705,000	3.000	2.370	TP6
2020	1,755,000	3.000	2.650†	TQ4
2021	1,805,000	3.000	2.900†	TR2
2022	1,860,000	3.000	3.100	TS0
2023	1,915,000	3.250	3.250	TT8
2024	1,980,000	3.375	3.450	TU5
2025	2,045,000	4.000	3.480†	TV3
2026	2,130,000	4.125	3.600†	TW1

(1) Registered Trademark 2011, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a division of McGraw Hill Companies.

† Priced to par call on June 1, 2019.

OFFICIAL STATEMENT

OF THE

CITY OF PORTLAND, OREGON

$25,835,000
General Obligation Public Safety Bonds
2011 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
Eric H. Johansen, City Treasurer
Linda Meng, City Attorney

Kenneth L. Rust, Chief Administrative Officer
Richard F. Goward, Jr., Chief Financial Officer

DEBT MANAGEMENT

B. Jonas Biery, Debt Manager
City of Portland
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Portland, Oregon 97204

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Fax: (503) 823-4209
email: Jonas.Biery@portlandoregon.gov

BOND COUNSEL

K & L Gates LLP
Portland, Oregon

CITY OF PORTLAND, OREGON
1851

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

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 2011 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 2011 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.**

TABLE OF CONTENTS

APPENDICES

OFFICIAL STATEMENT

OF THE

CITY OF PORTLAND, OREGON

RELATED TO

$25,835,000
GENERAL OBLIGATION PUBLIC SAFETY BONDS
2011 SERIES A

INTRODUCTION

This Official Statement sets forth certain information concerning the City of Portland, Oregon (the "City"), and its General Obligation Public Safety Bonds, 2011 Series A (the "2011 Series A Bonds").

THE 2011 SERIES A BONDS

SECURITY

The 2011 Series A Bonds are general obligations of the City. The City has pledged its full faith and credit to pay the 2011 Series A Bonds, and covenants for the benefit of the owners of 2011 Series A Bonds 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 2011 Series A Bonds promptly as they mature.

DESCRIPTION

The 2011 Series A Bonds will be issued in book-entry form only, in registered form in denominations of $5,000 or integral multiples thereof. The 2011 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"). While the 2011 Series A Bonds are in book-entry form, principal of and interest on the Bonds will be paid through DTC. See "BOOK-ENTRY SYSTEM" in Appendix E. The City will treat DTC as the owner of the 2011 Series A Bonds for all purposes.

The 2011 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 inside cover page of this Official Statement. Interest on the 2011 Series A Bonds is payable semi-annually on June 1 and December 1 of each year beginning December 1, 2011, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

AUTHORIZATION AND PURPOSE

The 2011 Series A Bonds will be issued in compliance with Oregon Revised Statutes Chapter 287A and in accordance with City Ordinance No. 184502 adopted on April 6, 2011 (the "Ordinance"). See Appendix A for the Ordinance.

The 2011 Series A Bonds are being issued to finance the acquisition of fire engines and other emergency response vehicles, replacement of the City's public safety emergency radio system, construction of a fire station, and construction of an emergency response center, and to pay costs of issuance of the 2011 Series A Bonds. See "THE 2011 SERIES A BONDS—THE PUBLIC SAFETY BOND PROGRAM" herein.

FORM

In accordance with the Book-Entry System, the 2011 Series A Bonds, when executed and delivered, will be registered in the name of Cede & Co., as registered owner and nominee for DTC. Purchasers of the 2011 Series A Bonds who are the Beneficial Owners thereof will not receive certificates evidencing their ownership interests in the 2011 Series A Bonds. While Cede & Co. is the registered Owner of the 2011 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 2011 Series A Bonds and shall have the right to exercise (in lieu of the Beneficial Owners of the 2011 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 2011 Series A Bonds under the Bond Declaration or applicable law. So long as the 2011 Series A Bonds are subject to the Book-Entry System, all registrations and transfers of Beneficial Ownership of the 2011 Series A Bonds will be made only through the Book-Entry System. See "BOOK-ENTRY SYSTEM" in Appendix E herein.

PAYMENT OF THE 2011 SERIES A BONDS WHILE IN BOOK-ENTRY SYSTEM

So long as the 2011 Series A Bonds are subject to the Book-Entry System, all payments of the principal of and interest on the 2011 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 2011 Series A Bonds. The City has no responsibility for the distribution of any payments on the 2011 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 THE 2011 SERIES A BONDS

Optional Redemption of the 2011 Series A Bonds

The 2011 Series A Bonds are subject to redemption prior to maturity in whole or in part at the option of the City on any date on or after June 1, 2019, in any order of maturity and by lot within a maturity. Any such redemption shall be at a price equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest thereon to the date fixed for redemption. In the case of any redemption of less than all of the outstanding 2011 Series A Bonds, the City shall have the right to specify the particular maturities to be redeemed and the aggregate principal amount of each maturity to be redeemed.

Notice of Redemption

Unless DTC consents to a shorter period, for any 2011 Series A Bonds which are in book-entry-only form, the Paying Agent shall notify DTC not less than 20 days prior to the date fixed for redemption of the maturity to be redeemed in the manner required in the city's Letter of Representations to DTC. No other notice shall be required.

It shall be the sole responsibility of DTC to give all notices of redemption to DTC Participants, and the DTC Participants, in turn, shall be responsible for giving such notices to the Beneficial Owners. Neither the City nor the Paying Agent will be responsible for giving any notice of redemption to any Beneficial Owner or any DTC Participant, nor shall the City or the Paying Agent be liable for any failure of DTC or any DTC Participant to give any such notice as described above. Interest on any 2011 Series A Bond or 2011 Series A Bonds called for redemption shall cease on the redemption date designated in the notice.

Conditional Notice of Redemption

Any notice of optional redemption to the Paying Agent or to the Owners may state that the optional redemption is conditioned upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such 2011 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 the Bond Declaration provides that 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. The Bond Declaration requires notice of such rescission or of the failure of any such condition to be given by the Paying Agent to affected Owners of 2011 Series A Bonds as promptly as practicable upon the failure of such condition or the occurrence of such other event.

Effect of Notice of Redemption

The Bond Declaration provides that official notice of redemption having been given (other than conditional notices of optional redemption as described above), the 2011 Series A Bonds or portions of 2011 Series A Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price therein specified, and from and after such date (unless the City fails to pay the redemption price) such 2011 Series A Bonds or portion of 2011 Series A Bonds shall cease to bear interest.

THE PUBLIC SAFETY BOND PROGRAM

Ballot Measure 26-117, approved by voters in November 2010, granted the City authority to issue $72.4 million of general obligation bonds for fire vehicles, emergency radio system and fire and emergency response facilities. Key objectives of the Public Safety Bond Program are to:

- Address apparatus replacement backlog and maintain replacement schedule of 15 years or 120,000 miles for front-line apparatus,
- Construct central Willamette River waterfront Fire Station 21, which will address increasing water-related rescue needs,
- Replace analog radio system with full digital capability to meet needs of police, fire and other City emergency service providers and to provide interoperability within the region as other jurisdictions upgrade to digital technology; and
- Complete construction of an integrated facility that will house emergency coordination needs for the Portland Water Bureau and the Portland Office of Emergency Management.

The table below shows projects and estimated costs of the Public Safety Bond Program.

Table 1
CITY OF PORTLAND, OREGON
Public Safety Bond Program Estimated Costs

Item	Amount
Fire and Emergency Apparatus	$20,388,000
Station 21	8,135,000
Public Safety Emergency Radio System	39,282,000
Emergency Coordination Center	4,035,000
Bond Issue Costs	560,000
Total	$72,400,000

Source: City of Portland.

The 2011 Series A Bonds are being issued to cover projected expenditures through June 2013. Remaining expenditures through June 2016 are expected to be paid from proceeds of a second bond issue, which is currently anticipated to occur in June 2013.

ESTIMATED SOURCES AND USES OF FUNDS

The anticipated uses of proceeds from the 2011 Series A Bonds are itemized in the following table.

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

SOURCES:	
Par amount of bonds	$25,835,000.00
Original issue premium/(discount)	827,244.20
TOTAL SOURCES	$26,662,244.20
USES:	
Deposit to project account	$26,429,565.00
Underwriter's discount	200,977.14
Issuance costs	31,702.06
TOTAL USES	$26,662,244.20

Source: City of Portland.

DEBT SERVICE SCHEDULE FOR 2011 SERIES A BONDS

The following table presents the debt service schedule for the 2011 Series A Bonds.

Table 3
CITY OF PORTLAND, OREGON
Scheduled Debt Service on the 2011 Series A Bonds

Fiscal Year Ending June 30th	Principal	Interest	Total
2012	$1,370,000.00	$843,380.83	$2,213,380.83
2013	1,425,000.00	788,775.00	2,213,775.00
2014	1,485,000.00	731,775.00	2,216,775.00
2015	1,545,000.00	672,375.00	2,217,375.00
2016	1,575,000.00	641,475.00	2,216,475.00
2017	1,605,000.00	609,975.00	2,214,975.00
2018	1,635,000.00	577,875.00	2,212,875.00
2019	1,705,000.00	512,475.00	2,217,475.00
2020	1,755,000.00	461,325.00	2,216,325.00
2021	1,805,000.00	408,675.00	2,213,675.00
2022	1,860,000.00	354,525.00	2,214,525.00
2023	1,915,000.00	298,725.00	2,213,725.00
2024	1,980,000.00	236,487.50	2,216,487.50
2025	2,045,000.00	169,662.50	2,214,662.50
2026	2,130,000.00	87,862.50	2,217,862.50
Total	$25,835,000.00	$7,395,368.33	$33,230,368.33

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 Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system, so long as the MSRB approves of its use. See Appendix D, "Continuing Disclosure Certificate" herein.

FISCAL YEAR

July 1 to June 30.

BASIS OF ACCOUNTING

The governmental fund types, expendable trust funds, and agency funds are maintained on the modified accrual basis of accounting. The accrual basis of accounting is used for all enterprise funds. The City's accounting practices conform to generally accepted accounting principles as interpreted by the Governmental Accounting Standards Board (the "GASB").

FINANCIAL REPORTING AND BUDGETING

Financial Reporting

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

Budget Process

The City prepares annual budgets for all its bureaus and funds in accordance with provisions of Oregon Local Budget Law. The law provides standard procedures for the preparation, presentation, administration, and public notice for public sector budgets. At the outset of the process, the Mayor or the full City Council reviews overall goals, establishes priorities, and provides direction to bureaus. The Council conducts an extensive public information process to obtain direct public input on City service priorities, and most bureaus include key stakeholders in developing their budget requests. In addition to this public outreach process, 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, which serves as the basis for determining resources available for budgeting, is also provided to the City Council along with budget requests. Major City bureaus generally prepare and submit five-year financial plans and Capital Improvement Plans.

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

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

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 performed auditing services for FY 2002-03 through FY 2009-10.

A complete copy of the City's FY 2009-10 audit is available on the City's web site at http://www.portlandonline.com/omf/index.cfm?c=54148. The City's web site is listed for reference only, and is not part of this Official Statement. See Appendix B, "EXCERPTS OF AUDITED FINANCIAL STATEMENTS," herein.

INSURANCE

The City is self-insured for workers' compensation, general liability claims and certain employees' medical coverage in internal service funds. The Oregon Tort Claims Act (ORS 30.260 to 30.300) limits certain claims against the City for personal injury, death and property damage or destruction as described below. Claims under federal jurisdiction are not subject to such limitations. The City estimates liability for incurred losses for reported and unreported claims for workers' compensation, general and fleet liability and employee medical coverage (included in accrued self insurance claims in the combined statement of net assets).

Workers' compensation, general and fleet liability estimates are primarily based on individual case estimates for reported claims and through historical data for unreported claims as determined by the City's Risk Management 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, 2010, the expected rate of return is 0.75 percent. For fiscal year ending June 30, 2011, the expected rate of return is 0.40 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 with a $500,000 sublimit on City Attorney defense costs for the 2010-11 policy year. 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. A 2010 proposed settlement of a 2006-07 policy year liability claim has reached the excess liability policy attachment point.

Personal Injury and Death Claim

Under ORS 30.272, the liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any single claimant for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed $533,300 for causes of action arising on or after July 1, 2010, and before July 1, 2011. This cap increases incrementally through June 30, 2015, 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 increases to $1,066,700, for causes of action arising on or after July 1, 2010, and before July 1, 2011, and incrementally to $1,333,300 for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in ORS 30.272. The adjustment may not exceed three percent for any year.

Property Damage or Destruction Claim

Under ORS 30.273, the liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2010, and before July 1, 2011, are as follows: (a) $100,100 for any single claimant and (b) $500,600 to all claimants. Beginning in 2010, these liability limits are adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in ORS 30.273. The adjustment may not exceed three percent for any year.

At the advice of the City's independent actuary and in anticipation of the Oregon legislature raising tort caps, 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. No changes are anticipated for FY 2010-11.

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 2010, Mercer released an actuarial valuation for the City as of December 31, 2009 (the "2009 City Report"), which included the City's share of the System's actuarial accrued liability as of December 31, 2009 and provides the City's 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. These assets and liabilities are not tracked or calculated on an employer basis or allocated to individual employers. The City's portion of the SLGRP's assets and liabilities is based on the City's proportionate share of SLGRP's pooled covered payroll. OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis or allocated to individual employers. The City's 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 2009 City Report.

Table 4
CITY OF PORTLAND, OREGON
Valuation Results for 2007 and 2009
(as of December 31)

	2007	**2009**
Allocated Pooled T1/T2 UAL/ (surplus)	($221,774,371)	$178,802,989
Allocated Pooled OPSRP UAL/ (surplus)	(2,425,248)	3,216,137
Net unfunded pension actuarial accrued liability/(surplus)	($224,199,619)	$182,019,126

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, 12/31/09 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 20 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.

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 2009 City Report provides employer contribution rates for the 2011-2013 biennium.

In January 2010 the PERS Board adopted a revised implementation of the rate collar limiting increases in employer contribution rates from biennium to biennium (the "Rate Collar"). Under normal conditions, the Rate Collar is the greater of three percent of payroll or 20 percent of the current base rate. If the funded status of the SLGRP is below 80 percent, the Rate Collar increases by 0.3 percent for every percentage point under the 80 percent funded level until it reaches six percent at the 70 percent funded level. The 2009 System Valuation found that the SLGRP was 77 percent funded, resulting in a Rate Collar of 3.9 percent. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and RHIPA. Because the 2011-2013 employer contribution rates were reduced by the Rate Collar, further rate increases are anticipated for the 2013-2015 biennium. Presently, PERS anticipates that system-wide, the 2013-2015 rates will be increased by approximately 5 percent of covered payroll as a result of the implementation of the Rate Collar in the 2011-2013 biennium. This increase, however, will be subject to change based on the investment performance of OPERF and other factors. The City's actual 2013-2015 contribution rate increase also may vary from the system-wide number.

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

Table 5
CITY OF PORTLAND, OREGON
Current and Future Employer Contribution Rates
(Percentage of Covered Payroll)

	Current Rates 2009-2011			Future Rates 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%	8.71%	7.19%	9.90%

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, 12/31/09 Valuation Report prepared by Mercer Human Resource Consulting.

Currently, one percent of covered payroll for the three pension benefit programs is approximately: $1,876,136 for T1/T2 Pension Programs; $798,072 for OPSRP general services; and $136,227 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 decisions by the PERS Board and changes in benefits resulting from legislative modifications.

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 5 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 $280.2 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 and death 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 benefits of new members to 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 have been 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 was 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' for job-related injuries and illnesses accepted before retirement. 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.

The FPDR Plan is funded by a special property tax levy which cannot exceed two and eight-tenth mils 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 2010-11 levy of $118,526,184 required a tax rate of $2.6348 per $1,000 of assessed property value, or approximately $1.3722 per $1,000 of gross 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, 2010. 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 or greater probability level starting in 2023 and an almost 10 percent probability in 2029.

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 revised the rate for the July 1, 2010, valuation from 4.50 percent to 4.00 percent. This change increased the unfunded actuarial liability by $190 million. Overall the unfunded actuarial liability increased from $2.21 billion on July 1, 2008 to $2.53 billion on July 1, 2010.

OTHER POST-EMPLOYMENT RETIREMENT BENEFITS ("OPEB")

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

PERS Program

Retirees who receive pension benefits through the T1/T2 Pension Programs and are enrolled in certain PERS-administered health insurance programs may also receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premiums under the RHIA program. RHIA's assets and liabilities are pooled on a system-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The City's allocated share of the RHIA program's assets and liabilities is based on the City's proportionate share of the program's pooled covered payroll. According to the 2009 City Report, the City's allocated share of the RHIA program's UAL is $10,603,769 as of December 31, 2009.

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 2009 City Report, the City's contribution rates for fiscal years 2011-2013 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, completed an actuarial valuation for purposes of complying with the GASB 45 standards. The valuation was prepared using the Entry Age Normal actuarial cost method by spreading future normal costs evenly over future service ("EAN-Service"). The valuation was prepared using an amortization period of 30 years and an assumed discount rate of five percent. The City's actuarial accrued liability for OPEB is solely attributable to the Health Insurance Continuation Option and at the valuation date of July 1, 2009 (the date of the most recent actuarial valuation), is estimated to be $104,203,230 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, 2011.

For fiscal year 2010, the annual required contribution (the "ARC") of the employer to be recognized as the annual employer OPEB cost is estimated to be $10,595,075 on an EAN-Service basis. For fiscal year ended June 30, 2010, the City benefits paid on behalf of retirees exceeded the premiums they paid by $6,457,534. The City has elected to not pre-fund the fiscal year 2010 employer's annual required contribution to the plan (ARC) of $10,595,075. The amount unfunded in fiscal year 2010 is $20,920,813, which is the OPEB obligation from the beginning of the fiscal year, plus the ARC for FY 2009-10, less payments made in relation to the FY 2009-10 ARC. The City expects to use a pay-as-you-go approach to fund its actuarial accrued liability and ARC, but will monitor its OPEB liability and assess whether a different approach is needed in future years.

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 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 of 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" below. Outstanding debt amounts are as of April 1, 2011.

Unlimited Tax General Obligation Bonds

General Obligation bonds (also referred to as Unlimited Tax General Obligation Bonds) are payable from a dedicated property tax levy that is in addition to the City's permanent tax rate levy and local option levies. Revenues from taxes levied to pay general obligation bonds are not accounted for in the General Fund. For a description of unlimited tax general obligation bonds, see "PROPERTY TAX AND VALUATION INFORMATION – General Obligation Bonds" below.

The City has $58.89 million of outstanding tax-supported general obligation bonds, excluding the 2011 Series A Bonds. Outstanding bonds were originally issued for the purpose of funding park and emergency facility system improvements. The City imposes an unlimited ad valorem tax to pay these bonds.

Obligations Paid and/or Secured by the General Fund

The following obligations are secured by the City's General Fund. Most of these obligations have the phrase "limited tax" in their title. "Limited tax" refers to the City's permanent tax rate levy, which is the largest source of revenue that is credited to the City's General Fund. However, these obligations are payable from all resources in the General Fund Discretionary Budget. In FY 2010-11, total General Fund discretionary resources were budgeted at approximately $369.6 million. These obligations are also payable from legally available revenues that are not credited to the General Fund. The City is not authorized to levy additional taxes to pay these obligations.

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

Limited Tax Revenue Bonds. On April 1, 2011, the City had $78.77 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 legally available taxes and other general fund revenues 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 $104.0 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 $19.23 million of Limited Tax Housing Revenue Bonds. This amount includes $10.93 million issued for the Headwaters Apartment Project and $8.30 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. As of April 1, 2011, the reserve fund balances are fully funded. The original par amount of these issues is $30.86 million, of which $26.99 million remains outstanding.

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

Limited Tax Pension Obligation Revenue Bonds. Of the total outstanding Limited Tax Pension Obligation Revenue Bonds described above, approximately $176.16 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 $91.64 million of outstanding limited tax revenue bonds for the Oregon Convention Center Completion Project, $26.10 million of outstanding bonds for the Civic Stadium Project, and $1.39 million of outstanding bonds for the Portland Center for Performing Arts ("PCPA") Project.

Limited Tax Revenue Bonds (Central City Streetcar Project). The City has $19.025 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 $12.425 million of these bonds outstanding.

Limited Tax Improvement Bonds. The City has $61.65 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 $19.40 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 $2.53 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 as of March 1, 2011, are shown in the table below.

Urban Renewal Bonds

As of April 1, 2011, a total of $448.02 million of Urban Renewal and Redevelopment Bonds are outstanding including bonds issued for eight of the City's 11 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 and these bonds are not secured by the City's General Fund.

Table 6
CITY OF PORTLAND, OREGON
Long-Term Debt Statement (1)
As of April 1, 2011

Type of Obligation	Amount Outstanding
I. UNLIMITED TAX GENERAL OBLIGATION BONDS	
General Obligation Parks Refunding Bonds	$19,960,000
General Obligation Emergency Facilities Bonds	38,930,000
Total Unlimited Tax General Obligation Bonds	$58,890,000
II. BONDS PAID AND/OR SECURED BY THE GENERAL FUND	
A. Non-Self-Supporting	
Limited Tax Revenue Bonds	$78,770,000
Limited Tax Pension Obligation Revenue Bonds (General Fund share)	104,015,370
Limited Tax Housing Revenue Bonds	19,230,000
Total Bonds Secured and Paid from the General Fund (1)	$205,565,370
B. Self-Supporting	
Limited Tax Pension Obligation Revenue Bonds (Non-General Fund share)	$176,162,975
Limited Tax Revenue Bonds (Streetcar)	19,025,000
Limited Tax Revenue Bonds (Visitor Dev. Initiative)	119,084,108
Limited Tax Revenue Bonds (S. Waterfront)	2,201,832
Limited Tax Revenue Bonds (Arena)	19,400,000
Limited Tax Revenue Bonds (Transit Mall)	12,425,000
Limited Tax Improvement Bonds	61,650,000
State Loans (Brookside)	325,085
Total Self-Supporting Bonds Secured by the General Fund	$411,439,000
III. REVENUE BONDS	
Sewer Revenue Bonds	$1,682,580,000
Sewer SRF Loans	20,904,543
Water Revenue Bonds	395,865,000
Golf Revenue Bonds	1,496,000
Hydroelectric Revenue Bonds	13,095,000
Urban Renewal Bonds	448,020,000
Gas Tax Revenue Bonds	4,295,000
Total Revenue Bonds	$2,452,492,630
TOTAL - ALL OUTSTANDING LONG-TERM DEBT	$3,237,434,913

Notes:

(1) Excludes lines of credit, tax anticipation notes and contingent loan agreements.

Source: City of Portland.

CITY GENERAL OBLIGATION DEBT

Tables 7-9 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 7
CITY OF PORTLAND, OREGON
Debt Ratios
As of April 1, 2011

	Amount	Per Capita	Percent of Real Market Valuation	Percent of Assessed Valuation
July 1, 2010 Population	583,835			
2010-11 Market Value (Measure 5) (1)	$86,374,680,444	$147,944		
2010-11 Assessed Value (2)	$49,838,139,715	$85,363	57.70%	
Gross Bonded Debt (3)	$805,360,112	$1,379	0.93%	1.62%
Net Direct Debt (4)	$260,905,370	$447	0.30%	0.52%
Net Overlapping Debt (as of 6/30/2010) (5)	$885,046,064	$1,516	1.02%	1.78%
Net Direct and Overlapping Debt	$1,145,951,434	$1,963	1.33%	2.30%
FY 2010-11 General Fund Debt Service as a Percent of FY 2010-11 General Fund Budget (6)	5.2%			

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 11 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 2010-11, the Measure 5 Market Value represented about 82.6 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) Net direct debt reported in this disclosure document has changed from prior disclosure documents of the City, as it now includes bonds paid and/or secured by the City's General Fund as well as general obligation bonds paid from a separate, unlimited ad valorem tax. Does not include self-supporting general obligation bonds.
(5) See Table 8 below for information on overlapping debt.
(6) Ratio calculation has changed from prior disclosure documents. Debt service amount now includes all non-self supporting bonds paid and/or secured by the General Fund plus the 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 8
CITY OF PORTLAND, OREGON
Overlapping Debt
As of June 30, 2010

TAXING DISTRICT	Real Market Value	Percent Overlapping	Overlapping Debt: Gross Property Tax Backed (1)	Overlapping Debt: Net Property Tax Backed (2)
Portland Community College	$165,643,687,831	46.07%	$190,211,359	$103,198,236
Metro	208,138,998,272	42.77%	96,611,575	67,810,106
Multnomah County SD 40 (David Douglas)	4,955,596,585	100.00%	68,660,000	68,660,000
Multnomah County	105,028,015,063	84.45%	265,097,497	88,408,576
Multnomah County SD 28J (Centennial)	3,211,820,176	53.69%	18,059,061	18,059,061
Tri-Met	207,106,827,948	42.99%	12,019,025	12,019,025
Multnomah County SD 1J (Portland)	77,914,193,191	97.62%	469,510,713	469,510,713
Multnomah County SD 7 (Reynolds)	7,386,543,752	23.01%	36,665,067	36,665,067
Multnomah County SD 3 (Parkrose)	4,321,516,418	98.13%	5,666,748	5,666,748
Mt. Hood Community College	31,912,101,328	39.62%	26,692,196	6,627,740
Columbia County SD 1J (Scappoose)	1,933,403,482	6.06%	2,017,081	2,017,081
Clackamas County SD 12 (North Clackamas)	14,731,341,977	0.55%	2,117,216	2,117,216
Multnomah County SD 51J (Riverdale)	768,036,291	4.45%	1,327,407	1,327,407
Washington County SD 48J (Beaverton)	32,940,744,340	0.30%	1,705,262	1,705,262
East Multnomah Soil & Water Conservation	73,327,429,367	81.25%	735,336	735,336
Washington County SD 23J (Tigard-Tualatin)	12,764,398,295	0.10%	133,475	133,475
Clackamas County	54,443,373,841	0.25%	267,484	199,298
Washington County	68,906,340,513	0.28%	370,858	73,146
Clackamas Community College	39,181,851,197	0.21%	183,000	72,641
Clackamas County SD 7J (Lake Oswego)	10,057,831,994	0.02%	26,744	26,744
Tualatin Hills Park & Rec. District	27,869,394,947	0.02%	13,214	13,186
Northwest Regional ESD	90,354,786,396	0.25%	16,438	0
Port of Portland	228,377,750,177	38.98%	27,842,230	0
Multnomah County Drainage Dist. No. 1	101,049,230	100.00%	4,605,000	0
Multnomah ESD	106,531,713,752	83.28%	30,175,348	0
Clackamas County ESD	52,190,109,946	0.16%	42,762	0
			$1,260,772,096	$885,046,064

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 9
CITY OF PORTLAND, OREGON
Projected Debt Service on Outstanding General Fund Obligations (1)

	PAID FROM GENERAL FUND			SELF-SUPPORTING BONDS SECURED BY GENERAL FUND				
Fiscal Year Ending June 30	Limited Tax Revenue Bonds (2)	Limited Tax Pension Obligation Revenue Bonds (3)	Total Non-Self Supporting Bonds/ Gen. Fund	Limited Tax Improve. Bonds (4)	Arena Limited Tax Revenue Bonds (5)	Limited Tax Pension Obligation Revenue Bonds (6)	Other Limited Tax Revenue Bonds (7	Total Self Supporting Bonds/ Gen. Fund
2011	$15,281,189	$9,186,414	$24,467,604	$6,261,391	$3,262,953	$15,558,336	$13,552,723	$38,635,402
2012	15,108,761	9,558,733	24,667,494	6,081,730	3,368,925	16,188,905	13,744,623	39,384,182
2013	14,630,548	9,943,772	24,574,320	3,808,030	3,484,500	16,841,016	14,076,248	38,209,793
2014	13,585,947	10,338,770	23,924,717	3,741,030	3,601,500	17,509,993	14,325,578	39,178,101
2015	13,594,247	10,750,246	24,344,493	3,536,730	3,720,750	18,206,880	14,579,208	40,043,567
2016	13,611,712	11,184,169	24,795,880	2,357,380	3,846,500	18,941,782	14,978,183	40,123,844
2017	9,831,661	11,627,391	21,459,052	11,077,380	1,947,750	19,692,434	17,163,063	49,880,627
2018	5,320,395	12,095,163	17,415,558	1,921,380	-	20,484,663	13,433,213	35,839,256
2019	2,910,200	12,573,783	15,483,983	1,921,380	-	21,295,267	13,761,663	36,978,310
2020	2,907,720	13,081,663	15,989,383	7,806,380	-	22,155,425	14,105,213	44,067,017
2021	2,436,671	13,604,648	16,041,320	1,744,830	-	23,041,165	14,450,463	39,236,458
2022	2,437,091	14,150,222	16,587,313	1,744,830	-	23,965,162	14,405,213	40,115,204
2023	2,428,695	14,716,231	17,144,926	9,799,830	-	24,923,769	14,148,913	48,872,511
2024	2,431,655	15,304,658	17,736,313	1,394,438	-	25,920,342	11,766,913	39,081,692
2025	2,430,795	15,917,215	18,348,010	1,394,438	-	26,957,785	9,891,213	38,243,435
2026	1,669,964	16,553,904	18,223,868	1,394,438	-	28,036,096	9,896,063	39,326,596
2027	1,671,770	17,214,723	18,886,493	21,074,438	-	29,155,277	9,891,438	60,121,152
2028	1,670,605	17,905,243	19,575,848	410,438	-	30,324,757	9,896,825	40,632,020
2029	775,795	18,619,893	19,395,688	410,438	-	31,535,107	9,990,688	41,936,232
2030	778,225	-	778,225	10,360,438	-	-	9,997,388	20,357,825
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	$129,322,050	$254,326,843	$383,648,893	$98,241,364	$23,232,878	$430,734,162	$258,054,823	$810,263,226

Notes:

(1) Excludes debt service on the City's Unlimited Tax General Obligation Bonds, including the 2011 Series A Bonds, which are secured by ad valorem taxes on property within the City.

(2) Includes Limited Tax Revenue Bonds, Limited Tax Housing Revenue Bonds and Portland International Raceway loan.

(3) 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.

(4) Actual debt service may differ substantially from schedule above due to optional and mandatory redemption provisions.

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

(6) 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.

(7) Includes 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 and excludes a $325,000 Oregon Economic Community Development loan for the Brookside project paid from sewer revenues.

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 22, 2010, the City issued $21,825,000 of TANs to fund cash flow deficits in the FPDR Fund. These notes mature on June 28, 2011.

Short-Term Borrowings

The City has issued short-term notes and lines of credit for a variety of purposes including interim construction financing of local improvement districts and interim financing for urban renewal district projects, housing, transportation, and other capital projects. The notes are paid primarily from proceeds of bond sold at completion of the construction projects. The City had approximately $122.65 million of these short-term obligations outstanding on April 1, 2011.

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 is currently underway or planning for the issuance of additional long-term 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 10
CITY OF PORTLAND, OREGON
Future Debt Issues

Purpose	Estimated Amount	Planned Issue Date	Type of Issue
Refund Downtown Waterfront Urban Renewal and Redevelopment Bonds, 2000 Series A	$33 million	Summer 2011	Downtown Waterfront Urban Renewal and Redevelopment Bonds
Refund Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series A	$32 million	Summer 2011	Oregon Convention Center Urban Renewal and Redevelopment Bonds
Urban renewal capital improvements	$40 million	Summer 2011	Interstate Corridor Urban Renewal and Redevelopment Bonds
Cash flow borrowing	To be determined	July 2011	Tax Anticipation Notes (FPD&R)

Source: City of Portland.

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

Tables 11-15 below present trends in property valuation, consolidated tax rates, tax collections, and major taxpayers.

Table 11
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
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%
2010-11	42,160,414	214,998	7,462,728	49,838,140	3.02%

Market Value (Measure 5) (2)

Fiscal Year	Inside Multnomah County	Outside Multnomah County	Urban Renewal Incremental Value	Total Market Value	Percent Change
2001-02	$44,724,863	$201,208	$5,429,834	$50,355,905	8.70%
2002-03	46,437,375	207,172	6,018,154	52,662,701	4.58%
2003-04	48,760,066	226,555	6,505,762	55,492,383	5.37%
2004-05	51,532,080	250,013	7,068,145	58,850,238	6.05%
2005-06	56,747,457	275,930	8,285,793	65,309,180	10.98%
2006-07	62,779,922	336,963	9,786,803	72,903,688	11.63%
2007-08	71,222,561	355,558	12,712,860	84,290,979	15.62%
2008-09	75,833,428	355,981	14,169,035	90,358,444	7.20%
2009-10	73,898,727	330,284	14,793,099	89,022,110	-1.48%
2010-11	71,254,528	312,362	14,807,790	86,374,680	-2.97%

Notes:

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

(2) Allocation of Market Value to categories “Inside Multnomah County” and “Urban Renewal Incremental Value” is estimated by the City. Market Value reported in this table is “Measure 5 Value,” which represents the real market value of properties that are not specially assessed; and the value of specially assessed properties, including farm and forestland and exempt property which are less than full real market value. In 2010-11, the Measure 5 Market Value of City of Portland properties within Multnomah County represented about 83 percent of full real market value.

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

Table 12
CITY OF PORTLAND, OREGON
Consolidated Tax Rate: Fiscal Year 2010-11
Levy Code 201 (1)

Taxing District	Permanent Tax Rate Per $1000 A.V.	Local Option And Other Tax Rates (2) Per $1000 A.V.	General Obligation Debt Tax Rate Per $1000 A.V.	Total Tax Rate Per $1000 A.V.
CITY OF PORTLAND	$4.5770	$3.0374	$0.1933	$7.8077
Portland Urban Renewal	0.0000	0.3009	0.0000	0.3009
Port of Portland	0.0701	0.0000	0.0000	0.0701
Metro	0.0966	0.0000	0.3122	0.4088
Multnomah County	4.3434	0.8900	0.1512	5.3846
Tri-County Metropolitan Trans. Dist.	0.0000	0.0000	0.0878	0.0878
E. Multnomah Soil & Conservation	0.1000	0.0000	0.0000	0.1000
Subtotal - General Government	$9.1871	$4.2283	$0.7445	$14.1599
Portland School District	$5.2781	$1.2500	$0.0000	$6.5281
Portland Community College	0.2828	0.0000	0.3531	0.6359
Multnomah Co. Education Svc. Dist.	0.4576	0.0000	0.0000	0.4576
Subtotal - Schools	$6.0185	$1.2500	$0.3531	$7.6216
Totals	$15.2056	$5.4783	$1.0976	$21.7815

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, urban renewal special levies, the Multnomah County local option library levy and the Portland Public Schools local option levy.

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

Table 13
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 4/1/2011 (3) (4)
2001-02	$267,740	96.46%	99.99%
2002-03	283,978	96.57%	99.98%
2003-04	324,709	96.92%	99.98%
2004-05	332,887	97.11%	99.98%
2005-06	346,053	97.20%	99.98%
2006-07	363,073	97.29%	99.95%
2007-08	394,491	97.07%	99.62%
2008-09	397,822	96.43%	99.12%
2009-10	436,332	96.85%	98.49%
2010-11	445,321	92.87% (4)	92.87%

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.

(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 Division of Assessment, Recording and Taxation and City of Portland.

Table 14
CITY OF PORTLAND, OREGON
Assessed and Market Value of City Property in Multnomah County
by Property Type (FY 2010-11)

Property Type	Assessed Value	Percent of Total	Market Value (Measure 5)	AV/RMV Ratio
Real Property				
Residential	$30,229,776,660	60.9%	$52,757,883,712	57.3%
Commercial	7,805,443,770	15.7%	17,021,603,300	45.9%
Industrial	4,297,181,070	8.7%	6,666,237,380	64.5%
Multiple Family Housing	2,603,856,140	5.2%	4,758,334,190	54.7%
Other	63,621,420	0.1%	103,704,330	61.3%
Subtotal	44,999,879,060	90.7%	81,307,762,912	
Personal Property	2,084,470,530	4.2%	2,084,947,826	100.0%
Manufactured Property	80,628,050	0.2%	106,406,580	75.8%
Utilities	2,458,164,344	5.0%	2,563,200,888	95.9%
Total	$49,623,141,984	100.0%	$86,062,318,206	

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

Table 15
CITY OF PORTLAND, OREGON
Principal Property Taxpayer Accounts

Taxpayer Account	Type of Business	FY 2010-11 Assessed Value	Percent of Total Assessed Value
Total City Assessed Value		$49,838,139,715	100.00%
Pacificorp (PP&L)	Energy	309,932,000	0.62
Comcast Corporation	Communications	286,865,700	0.58
Portland General Electric	Energy	279,612,700	0.56
Weston Investment Co. LLC	Real estate (office)	222,305,160	0.45
Qwest Corporation	Communications	215,020,500	0.43
Evraz Inc. NA	Steel plate manufacturing	175,714,460	0.35
LC Portland LLC	Real estate (retail)	168,334,490	0.34
Fred Meyer Stores Inc	Grocery/retail	149,859,506	0.30
Northwest Natural Gas Co.	Energy	135,793,720	0.27
AT&T	Communications	128,636,600	0.26
Total		$2,000,902,180	4.16%

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

(End of Annual Disclosure Information)

SUPPLEMENTAL INFORMATION ON THE GENERAL FUND DISCRETIONARY BUDGET AND FINANCIAL PLAN

INTRODUCTION

General Fund resources are categorized as either discretionary or nondiscretionary. Discretionary resources are those that the City Council can allocate to programs and services in any area. These resources have few restrictions on how they can be allocated. General Fund discretionary resources are typically used to support such basic City services as police, fire, and parks. Discretionary resources include property taxes, utility license fees, business license fees, transient lodging taxes, state shared revenues (from cigarette taxes and liquor sales), interest income, miscellaneous revenues, and cash transfers into the General Fund. Nondiscretionary resources include grants, contract revenues, service reimbursements, and other revenues specifically dedicated to a particular purpose. Discretionary resources represent the largest share of the General Fund budget. In FY 2010-11, they were approximately 81.8% of the total FY 2010-11 General Fund budget.

RECENT BUDGET ACTIONS

Like many other cities in the nation, the City has experienced low consumer spending, high unemployment, and ongoing weakness in the housing market. These conditions have affected many of the City's General Fund revenue streams in recent years. Over the course of FY 2008-09 and FY 2009-10, business license taxes and transient lodging taxes dropped by over 16 percent, while cuts in state shared liquor and cigarette revenues reached six percent. Interest income dropped by $2.4 million, or 67 percent, due to significantly lower yields and reductions in fund balance. In order to balance the budget, the City cut $19 million during FY 2008-09, and an additional $8.9 million in the FY 2009-10 adopted budget. Partly as a result of these actions, the City was able to realize nearly $10 million in surplus discretionary General Fund balance in FY 2009-10, which was carried forward to the FY 2010-11 budget.

FY 2010-11 BUDGET OVERVIEW

Given budgetary constraints anticipated by the City for FY 2010-11, mandatory budget reductions totaling $11.8 million were enacted, including $5.9 million ongoing cuts and $5.9 million one-time cuts. In addition, no cost-of-living allowances were approved in FY 2010-11 budget. As noted earlier, the City's carried forward approximately $9.7 million of surplus General Fund balance from the end of FY 2009-10. As part of the fall budget monitoring process, the City allocated one-quarter ($2.4 million) of this surplus revenue to capital needs and dedicated $3.9 million to the FY 2011-12 budget. Additionally, the City is recognizing an accrual adjustment of $16.8 million, which, when combined with the expected ending balance of $13.3 million from the City's December 2010 General Fund forecast, will result in a total ending discretionary General Fund balance to be carried forward to FY 2011-12 of approximately $30.1 million. The accrual recognition will be reflected in future reductions to the General Fund balance on a GAAP basis as these monies are spent over the five-year forecast period. While revenue continues to slightly outperform budget expectations, it should be noted that the City has yet to collect the majority of business license taxes, which are its most volatile revenue source.

FY 2011-12 BUDGET DEVELOPMENT

Overall General Fund discretionary revenues for FY 2011-12 are projected to be 2.7 percent above the budgeted amounts for FY 2010-11. Business license revenue is projected to show a steady growth of approximately five percent above the revised FY 2010-11 figure, reaching $66.5 million in FY 2011-12. This amount remains about 15 percent below peak collections in FY 2007-08. Additionally, property taxes are expected to increase by about three percent in FY 2011-12. A major risk for the forecast beyond FY 2011-12 is the high probability that Multnomah County will submit a measure to voters to establish a new permanent library district beginning in FY 2012-13. Though very preliminary at this point, current estimates suggest that the negative impact on City General Fund property tax revenues could exceed $5 million due to higher levels of Measure 5 compression. See "PROPERTY TAX AND VALUATION INFORMATION—SECTION 11B," herein. The table below shows budgeted General Fund discretionary revenues for FY 2010-11 and forecasted revenues for FY 2011-12 and FY 2012-13. These projections are from the December 2010 forecast and are expected to be updated prior to release of the Mayor's proposed budget in April. The Mayor is scheduled to release his proposed FY 2011-12 budget on April 29, 2011. The City Council is expected to adopt a final FY 2011-12 budget no later than June 30, 2011.

Table 16
CITY OF PORTLAND, OREGON
General Fund Discretionary Revenues – Budgeted and Forecast
As of December 2010

Resources (millions of $)	FY 2010-11 Budget	FY 2011-12 Forecast	FY 2012-13 Forecast
Beginning Balance	$11.6	$30.1	$18.4
Revenues			
Property Taxes	$192.0	$199.1	$205.3
Transient Lodging	$14.5	$14.7	$15.4
Business Licenses	$57.8	$66.5	$75.0
Utility License/Franchise	$70.2	$70.5	$74.4
State Revenues	$12.9	$12.3	$12.5
Interest Income	$1.1	$1.1	$1.4
Transfers	$6.8	$0.6	$0.6
Miscellaneous	$2.6	$2.7	$2.8
Discretionary Resources	$369.6	$397.6	$405.9

Source: City of Portland.

PROPERTY TAX AND VALUATION INFORMATION

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

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

SECTION 11

Permanent Tax Rate

Section 11 of the Oregon Constitution grants all local governments that levied property taxes for operations in FY 1997-1998 a permanent tax rate that was based on the taxing authority of those governments before Ballot Measure 50 was adopted. Permanent tax rates cannot be increased. The City's permanent tax rate is $4.5770/$1,000 of Assessed Value. 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 existed 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 voter-approved 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.

ELIGIBLE ELECTIONS

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 is held in May or November, or at another election in which not less than 50 percent of the registered voters eligible to vote on the question cast a ballot.

GENERAL OBLIGATION BONDS

Levies to pay certain general obligation bonds are exempt from the limits of Sections 11 and 11B. The provisions of the Oregon Constitution that govern general obligation bonds have changed several times since 1990. Currently local government general obligation bonds can only be approved at an eligible election (described above), and can only be issued to finance certain kinds of capital assets. Beginning January 1, 2011, general obligation bonds can be issued to finance costs of any assets having a useful life of more than one year, but only if the weighted average life of the bonds does not exceed the weighted average life of the assets that are financed with the bonds.

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 583,835 as of July 1, 2010, 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 2.2 million people as of July 1, 2010. 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
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
2010	3,844,195	583,835	2,235,580	730,140	532,620	381,775
2001-2010 Compounded Annual Rate of Change	1.14%	0.95%	1.47%	1.02%	1.75%	1.13%
2006-2010 Compounded Annual Rate of Change	1.03%	0.93%	1.31%	1.00%	1.56%	0.99%

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

	1980	1990	2000	2010
State of Oregon	2,633,156	2,842,321	3,421,399	3,831,074
Multnomah County	562,647	583,887	660,486	735,334
City of Portland	368,139	438,802	529,121	583,776
Washington County	245,860	311,554	445,342	529,710
Clackamas County	241,911	278,850	338,391	375,992

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 2007, 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 2000 to 2009 was 3.7 percent. The compounded annual rate of change in per capita income for the MSA was 2.0 percent from 2000 to 2009, compared with 2.6 percent for the State, and 3.0 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	Per Capita Income Oregon	Per Capita Income USA
2000	$63,462,971	$32,779	$28,718	$30,318
2001	65,340,227	33,074	29,230	31,145
2002	66,298,034	32,973	29,766	31,461
2003	68,222,118	33,541	30,558	32,271
2004	70,926,559	34,552	31,614	33,881
2005	74,750,223	35,868	32,515	35,424
2006	80,794,459	38,040	34,644	37,698
2007	85,305,093	39,428	35,849	39,461
2008	88,977,895	40,376	36,824	40,674
2009	87,893,727	39,206	36,191	39,635
2000-2009 Compounded Annual Rate of Change	3.7%	2.0%	2.6%	3.0%

Source: U.S. Department of Commerce, Bureau of Economic Analysis as reported by Oregon Employment Department in April 21, 2011

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 2001 through 2010. For March 2011, the seasonally-adjusted unemployment rate for the MSA was 9.1 percent (9.6 percent not seasonally-adjusted) with a resident civilian labor force of 1,1,194,466. Table 20 below shows the seasonally-unadjusted, average annual unemployment rates for the MSA, the State and the United States for the period 2001 through 2010.

Table 19
CITY OF PORTLAND, OREGON
MSA Labor Force and Unemployment Rates(1)

Year	Resident Civilian Labor Force	Unemployment Number	Unemployment Percent of Labor Force	Total Employment
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	1,097,592	64,282	5.9	1,033,310
2006	1,121,350	56,388	5.0	1,064,962
2007	1,142,519	55,274	4.8	1,087,245
2008	1,169,791	69,708	6.0	1,100,083
2009	1,185,625	127,688	10.8	1,057,937
2010	1,189,827	126,187	10.6	1,063,640

Notes:

(1) Includes non-agricultural wage and salary, self-employed, unpaid family workers, domestics, agricultural workers and labor disputants. Not seasonally adjusted.

Source: Oregon Employment Department as of April 25, 2011.

Table 20
CITY OF PORTLAND, OREGON
Average Annual Unemployment
MSA, Oregon, and the United States
(Not Seasonally Adjusted)

Year	MSA	State of Oregon	USA
2001	6.0%	6.4%	4.7%
2002	7.8	7.6	5.8
2003	8.3	8.1	6.0
2004	7.0	7.3	5.5
2005	5.9	6.2	5.1
2006	5.0	5.3	4.6
2007	4.8	5.2	4.6
2008	6.0	6.5	5.8
2009	10.8	11.1	9.3
2010	10.6	10.8	9.6

Source: Oregon Employment Department as of April 25, 2011.

EMPLOYMENT BY INDUSTRY

Non-manufacturing employment (including government) accounts for about 89 percent of non-farm employment in the Portland area. The Portland metropolitan area's manufacturing employment, accounting for the remaining 11 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	2006	2007	2008	2009	2010
Total nonfarm employment	**1,015,300**	**1,034,900**	**1,034,300**	**972,400**	**953,800**
Total private	**876,400**	**892,700**	**887,300**	**824,100**	**806,200**
Manufacturing	**126,600**	**126,100**	**123,200**	**108,600**	**105,400**
Durable goods	96,400	95,700	93,500	81,500	78,700
Wood product manufacturing	6,000	5,600	4,800	3,700	3,600
Primary metal manufacturing	6,300	6,600	7,100	5,800	5,700
Fabricated metal manufacturing	12,900	13,300	13,400	11,000	10,600
Machinery manufacturing	8,400	8,600	8,300	7,100	6,600
Computer/electronic manufacturing	37,700	36,900	35,900	33,600	33,000
Transportation equipment manufacturing	9,300	9,000	8,600	7,000	6,300
Nondurable goods	30,200	30,400	29,600	27,100	26,700
Food manufacturing	8,800	9,100	9,200	9,000	9,100
Paper manufacturing	4,900	4,700	4,500	3,900	3,600
Non-Manufacturing	**722,500**	**749,800**	**766,600**	**764,200**	**700,800**
Construction and mining	60,300	64,900	66,900	62,400	50,400
Trade, transportation, and utilities	198,000	202,600	205,700	203,900	189,600
Wholesale Trade	56,300	57,500	58,100	57,800	54,400
Retail trade	104,900	107,600	109,800	108,500	100,900
Transportation, warehousing, and utilities	36,900	37,500	37,800	37,600	34,300
Information	23,100	24,000	24,800	24,600	22,900
Financial activities	68,200	70,600	70,400	67,800	64,200
Professional and business services	128,500	134,700	136,400	136,500	124,400
Educational and health services	119,800	123,200	127,800	132,600	134,900
Leisure and hospitality	90,100	94,100	98,000	99,300	94,000
Other services	34,500	35,700	36,600	37,100	35,200
Government	**137,600**	**138,900**	**142,300**	**147,000**	**148,300**

Notes:

(1) Totals may not sum due to rounding.

Source: State of Oregon, Employment Department as of January 25, 2011.

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

Employer	Product or Service	2010 Estimated Employment
Private Employers		
Intel Corporation	Computer and electronic products	15,228
Providence Health System	Health care & health insurance	13,831
Fred Meyer Stores	Grocery & retail variety chain	9,630
Kaiser Foundation of the Northwest	Healthcare	9,204
Legacy Health System	Health care	8,250
NIKE Inc.	Sports shoes and apparel	6,000
Wells Fargo	Bank	4,861
U.S. Bank	Bank & holding company	3,856
Southwest Washington Medical Center	Health care	3,711
Xerox Corp.	Document systems	2,952
Portland General Electric	Utilities	2,783
Regence BlueCross BlueShield of Oregon	Insurance	2,675
Daimler Trucks North America	Heavy duty trucks	2,438
Greenbrier Cos. Inc.	Transportation equipment	1,150
Public Employers		
Oregon Health and Science University	Health care & education	13,283
Multnomah County	Government	6,310
Portland School District	Education	5,101
City of Portland	Government	5,000
Beaverton School District	Education	5,000
Portland Community College	Education	4,000
Portland State University	Education	3,868
Vancouver School District	Education	3,697
Bonneville Power Administration	Public Power	3,000
Evergreen School District	Education	2,651
TriMet	Mass Transit	2,459

Source: Portland Business Journal, December 24, 2010.

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.

While the Portland economy is showing signs of improvement, the industrial sector continues to lag the economic recovery. The overall vacancy rate in the first quarter of 2011 was 8.9 percent compared to 8.5 percent in the fourth quarter of 2011, as reported by Grubb & Ellis in their publication *Industrial Trends Report – First Quarter 2011, Portland, OR*. This vacancy rate was slightly better than the first quarter 2010 rate of 9.1 percent. Grubb & Ellis note that although the net absorption rate for the quarter was negative, at -119,056 square feet, the pace of activity in the industrial marketplace is improving, pointing to stronger net absorption in future quarters as owners begin to occupy space to which they have committed. No new product was delivered in this quarter. About 715,000 square feet of new space is underway, all owner-build or build-to-suit. Construction of a 413,700 square foot building housing auto parts distribution, service training center and regional offices for Subaru of America, Inc. began in February 2011, representing the largest transaction in Portland in the past decade. Additionally, construction of a 165,000 square foot facility with specialized refrigeration capacity for McLane Foods is also underway.

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.

The office market saw a modest improvement in all geographic areas in the first quarter of 2011, according to the *Office Trends Report – First Quarter 2011, Portland, OR* prepared by Grubb & Ellis. The first quarter vacancy rate for the Portland region was 14.4 percent, down from the 14.6 percent vacancy rate in the fourth quarter 2010 and also from the first quarter 2010 vacancy rate of 15.3 percent. Improvement was also seen in the suburban market, with a 17.2 percent vacancy rate, compared to a fourth quarter 2010 rate of 17.8 percent and a first quarter 2010 rate of 18.1 percent. Grubb & Ellis report total office market net absorption of over 244,000 square feet of space for the first quarter. Class A office space in the downtown continues to fare better than the rest of the market, with asking rents averaging $26.04 per square foot compared to $22.33 per square foot for the Class A space in the Portland region's suburban market.

Housing

The year-to-date median selling price of a home in the Portland metropolitan area through March 2011 was $215,000, down 10.0 percent from the March 2010 year-to-date price of $238,900, according to the Realtors Metropolitan Area Multiple Listing Service ("RMLS"). Through March 2011, homes in the Portland metropolitan area were on the market an average of 165 days during the year. According to RMLS, through March of 2011, the Southeast and West Portland regions were the most active residential real estate areas, with 462 and 441 closed sales, respectively. Portland metropolitan area closed sales year-to-date were down 1.5 percent from the same period in 2010.

The table below compares the median home sale price for the fourth quarter of 2009 and 2010 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 2009	4th Quarter 2010	Percent Change
U.S.	$170,300	$170,600	0.2%
West	220,800	214,400	-2.9%
Portland Metro. Area	239,400	230,200	-3.8%

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. Portland's decrease in value is largely due to the increased inventory that has come on the market over the past few years.

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

Region	4th Quarter 2009	4th Quarter 2010	Percent Change
U.S.	$175,400	$164,200	-6.4%
West	162,600	148,100	-8.9%
Portland Metro. Area	172,900	165,600	-4.2%

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

	New Single Family		New Multi-Family	
Year	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	648	126,171,068	73	410,957,333
2009	427	86,645,801	15	44,978,728

Source: U.S. Census Bureau as of April 25, 2011.

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 2010, 575 ocean-going vessels made calls at Port facilities. Total maritime tonnage in 2010 increased by 27.6 percent to 13.1 million short tons in 2010 compared to 10.3 million in 2009. Through January 2011, total maritime tonnage was up five percent over the same period in 2010.

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. This project was completed in October 2010.

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 approximately 13 million passengers annually, with more than 500 flights daily. This includes nonstop service on international flights to Amsterdam, Netherlands; Vancouver, British Columbia; Toronto, Ontario; and Tokyo, Japan. In 2010, 200,706 short tons of cargo and 8,423 short tons of mail 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 2009 through June 2010, passengers boarded a TriMet bus or train approximately 99.3 million times.

TriMet's light rail system ("MAX") connects the cities of Portland, Gresham, Beaverton and Hillsboro, and PDX. 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 uses 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 connects South Waterfront area along the Willamette River with the Pearl District and Northwest Portland. The Portland Streetcar is owned and operated by the City, and has entered into contracts with TriMet for train operators and mechanics. An extension of the streetcar line to Portland's east side is currently underway. 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 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 Center Stage, Portland Art Museum, Oregon Historical Society Museum, Children's Museum, Oregon Museum of Science and Industry, Forest Discovery Center (formerly World Forestry Center), Japanese Gardens, International Rose Test Gardens, the Lan Su 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 was recently renovated for major league soccer, and beginning in 2011 is the home of the Major League Soccer ("MLS") Portland Timbers.

HIGHER EDUCATION

Within the Portland metropolitan area are several post-secondary educational systems. Portland State University ("PSU"), the largest university 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 27,972 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 2009-10 was approximately 2,040 medical, dental, nursing, science, and allied health students.

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, University of Western States, 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. 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 19.0 percent of the State's Gross Farm and Ranch Sales based on 2010 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 2010 Gross Farm and Ranch Sales in Clackamas County was $294,163,000; Washington County was $227,401,000; Yamhill County was $216,147,000; Multnomah County was $57,068,000; and Columbia County was $19,674,000 as estimated by the Oregon State University Extension Service.

THE INITIATIVE PROCESS

STATE-WIDE INITIATIVES

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.

PROCESS FOR QUALIFYING STATE-WIDE INITIATIVES TO BE PLACED ON THE BALLOT

To place a proposed state-wide 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 2010 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 2010 general election was July 2, 2010. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. State-wide initiatives may only be filed for general elections in even-numbered years. The next general election for which state-wide initiative petitions may be filed will be in November, 2012.

A state-wide 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
Statewide Initiative Petitions that Qualified and Passed
2002-2010

Year of General Election	Number of Initiatives that Qualified	Number of Initiatives that Passed
2002	7	3
2004	6	2
2006	10	3
2008	8	0
2010	4	2

Source: Elections Division, Oregon Secretary of State.

FUTURE STATE-WIDE 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.

LOCAL INITIATIVES

Article IV, Section 1 and Article XI, Section 2 of the Oregon Constitution and state statutes grant the voters in the City the initiative power to amend the City Charter or City ordinances, and to refer City Ordinances. A petition to refer a City measure must be signed by six percent of the registered voters in the City. A petition to initiate a City measure must be signed by nine percent of the registered voters in the City. No initiative or referendum petitions are currently being circulated that relate to the financial powers of the City. The City Council may also refer measures directly to voters. Under current law, local initiative and referendum elections may be held only in March, May, September and November, unless the City Council calls for a special election due to public interest in prompt resolution.

TAX MATTERS

In the opinion of K&L Gates LLP, Bond Counsel, interest on the 2011 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 2011 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 2011 Series A Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the 2011 Series A Bonds and the facilities financed or refinanced with proceeds of the 2011 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 2011 Series A Bonds could be included in gross income for federal income tax purposes retroactively to the date of issuance of the 2011 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 2011 Series A Bonds. Owners of the 2011 Series A Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the 2011 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 2011 Series A Bonds should be aware that ownership of the 2011 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 2011 Series A Bonds. Bond Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the 2011 Series A Bonds should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations, such as the 2011 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 2011 Series A Bonds. Owners of the 2011 Series A Bonds are advised that, if the IRS does audit the 2011 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 2011 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 2011 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 2011 Series A Bond over its stated redemption price at maturity constitutes premium on that 2011 Series A Bond. A purchaser of a 2011 Series A Bond must amortize any premium over that 2011 Series A Bond's term using constant yield principles, based on the 2011 Series A Bond's yield to maturity. As premium is amortized, the purchaser's basis in the 2011 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 2011 Series A Bond prior to its maturity. Even though the purchaser's basis is reduced, no federal income tax deduction is allowed. Purchasers of 2011 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 2011 Series A Bonds.

Original Issue Discount

The initial public offering price of certain 2011 Series A Bonds (the "Original Issue Discount Bonds") may be less than the stated redemption price at maturity. In such case, the difference between (i) the stated amount payable at the maturity of an Original Issue Discount Bond and (ii) the initial public offering price of that Original Issue Discount Bond constitutes original issue discount with respect to that Original Issue Discount Bond in the hands of the owner who purchased that Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds. The initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to an Original Issue Discount Bond equal to that portion of the amount of the original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by the initial owner.

In the event of the redemption, sale or other taxable disposition of an Original Issue Discount Bond prior to its stated maturity, however, the amount realized by the initial owner in excess of the basis of the Original Issue Discount Bond in the hands of its initial owner (adjusted upward by the portion of the original issue discount allocable to the period for which such 2011 Series A Bond was held by the initial owner) is includable in gross income. Purchasers of Original Issue Discount Bonds should consult their tax advisors regarding the determination and treatment of original issue discount for federal income tax purposes and the state and local tax consequences of owning Original Issue Discount Bonds.

Oregon Personal Income Tax Exemption

In the opinion of Bond Counsel, interest on the 2011 Series A Bonds is exempt from Oregon personal income tax under existing law.

RATING

The 2011 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 2011 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 2011 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 2011 Series A Bonds, the Ordinance, the Bond Declaration, and the authority to issue the 2011 Series A Bonds conform to the 2011 Series A Bonds and the applicable laws under which they are issued. The statements made in this Official Statement under the captions "THE 2011 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 2011 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 2011 Series A Bonds, the City will deliver a certificate to the initial purchaser of the 2011 Series A Bonds 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 2011 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 2011 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 initial purchaser or owners of any of the 2011 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 2011 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 2011 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 2011 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/ B. Jonas Biery
Debt Manager
Office of Management and Finance

APPENDIX A
BOND ORDINANCE

CITY OF PORTLAND, OREGON

1851

ORDINANCE No. 184502

* Authorize general obligation bonds for fire vehicles and emergency response infrastructure (Ordinance)

The City of Portland ordains:

Section 1. The Council finds:

1. On November 2, 2010 the voters of the City of Portland authorized the City to issue $72,400,000 in principal amount of general obligation bonds to finance the acquisition of fire engines and other emergency response vehicles that are needed to maintain existing service levels and replace aging vehicles, provide funds for replacement of the City's obsolete public safety emergency radio system, finance the construction of a fire station and related facilities and finance the construction of an emergency response center described in the ballot authorizing the bonds.

2. The City now desires to issue up to $40,000,000 of the bonds that the voters approved at the November 2, 2010 election for fire and emergency response infrastructure.

NOW, THEREFORE, the Council directs:

A. <u>Bonds Authorized</u>. The City is hereby authorized to issue up to $40,000,000 of the bonds authorized by the voters on November 2, 2010 for fire vehicles and emergency response infrastructure. These bonds shall be issued pursuant to this Ordinance, ORS 287A.050 and the other applicable sections of ORS Chapter 287A and the authority granted to the City by its voters on November 2, 2010.

B. <u>Security for Bonds</u>. The bonds authorized by Section 1.a of this ordinance (the "Bonds") shall be general obligations of the City. The City hereby pledges its full faith and credit to pay the Bonds, and the City 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 Bonds promptly as they mature.

C. <u>Delegation</u>. When this ordinance takes effect the City's Debt Manager, City Treasurer, Chief Financial Officer of the Bureau of Financial Services, Chief Administrative Officer of the Office of Management and Finance, or the person designated by the Chief Administrative Officer of the Office of Management and Finance to act as Debt Manager under this ordinance (any of whom is referred to in this ordinance as a "Debt Manager") may, on behalf of the City:

    1. Issue the Bonds in one or more series.

    2. Participate in the preparation of, authorize the distribution of, and deem final the preliminary and final official statements and any other disclosure documents for each series of the Bonds.

3. Establish the final principal amounts, maturity schedules, interest rates, sale prices, redemption terms, payment terms and dates, record dates and other terms for each series of the Bonds.

4. Either publish a notice of sale, receive bids and award the sale of that series to the bidder complying with the notice and offering the most favorable terms to the City, or select one or more underwriters or commercial banks and negotiate the sale of that series with those underwriters or commercial banks.

5. Undertake to provide continuing disclosure for each series of the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission.

6. Apply for and purchase municipal bond insurance or other forms of credit enhancements for each series of the Bonds, and enter into related agreements.

7. Prepare, execute and deliver one or more Bond Declarations for each series of the Bonds. The Bond Declarations shall specify the terms under which each series of the Bonds are issued, the administrative provisions that apply to each series of the Bonds and the form of each series of the Bonds. The Bond Declarations may also contain covenants for the benefit of the owners of each series of the Bonds and any insurers of the Bonds.

8. Appoint service providers for each series of the Bonds and enter into agreements with those service providers.

9. Determine whether each series of Bonds will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended, or is includable in gross income under that code. If a series bears interest that is excludable from gross income under that code, the Debt Manager may enter into covenants to maintain the excludability of interest on that series of the Bonds from gross income.

10. Execute any documents and take any other action in connection with the Bonds which the Debt Manager finds will be advantageous to the City.

Section 2. The Council declares that an emergency exists in order that Bonds may be issued while interest rates are favorable; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

APPENDIX B
EXCERPTS OF AUDITED FINANCIAL STATEMENTS

CITY OF PORTLAND, OREGON

1851

INTRODUCTION TO EXCERPTS OF FINANCIAL STATEMENTS

The financial statements of the City have been audited by independent certified public accountants for the fiscal years 2006, 2007, 2008, 2009 and 2010. Copies of these financial statements containing the reports of the independent certified public accountants are available on the City's website at:

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

The following pages in this Appendix B are excerpted from the City's Comprehensive Annual Financial Reports of the City for Fiscal Years ending June 30, 2006 through June 30, 2010. 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 2011 SERIES A BONDS AND IS THEREFORE NOT ASSOCIATED WITH THE OFFERING OF THE 2011 SERIES A BONDS.

CITY OF PORTLAND, OREGON

1851

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

	2006	2007	2008	2009	2010
Revenues					
Taxes	$254,440,767	$264,410,825	$281,269,341	$302,898,344	$310,913,493
Payments in lieu of taxes	1,533,219	1,259,198	1,434,002	758,737	700,819
Rents and reimbursements	2,380,112	3,217,317	3,759,621	3,921,431	3,809,186
Licenses and fees (1)	127,432,687	143,698,767	149,013,133	141,974,295	135,753,548
Intergovernmental revenues	26,419,859	28,203,768	26,001,207	29,288,133	29,098,438
Charges for services(2)	65,579,384	72,175,566	73,795,390	60,736,199	53,859,288
Miscellaneous service charges	2,444,824	2,306,192	3,631,990	2,947,396	2,833,318
Investment earnings	4,860,587	7,588,918	7,470,499	5,219,844	846,571
Other miscellaneous revenues	1,823,283	774,796	623,088	3,509,891	2,958,004
Total revenues	486,914,722	523,635,347	546,998,271	551,254,270	540,772,665
Expenditures					
Public safety	298,035,413	311,162,725	326,388,826	340,683,111	353,868,421
Parks/recreation/cultural	50,398,732	58,224,659	59,218,279	55,051,936	61,469,945
Community development	30,623,452	44,596,138	48,921,442	35,991,649	41,784,300
Support svcs./legis./admin.	65,736,351	69,953,137	70,242,455	74,903,683	62,110,207
Capital outlay	3,701,346	4,383,485	5,078,171	358,618	3,590,728
Debt service and related costs (3)	269,219	240,755	2,039,003	2,065	4,916,113
Total expenditures	448,764,513	488,560,899	511,888,176	506,991,062	527,739,714
Revenues over (under) expenditures	38,150,209	35,074,448	35,110,095	44,263,208	13,032,951
Other Financing Sources (Uses)					
Transfers in	20,849,891	25,172,899	17,390,723	9,718,996	3,760,257
Transfers out	(35,162,749)	(48,201,134)	(52,887,840)	(52,369,567)	(58,683,013)
Proceeds from sale of capital assets	76,351	--	--	1,202,998	6,787
Loan proceeds	1,824,000	--	--	--	--
Total other sources (uses)	(12,412,507)	(23,028,235)	(35,497,117)	(41,447,573)	(54,915,969)
Net change in fund balances	25,737,702	12,046,213	(387,022)	2,815,635	(41,883,018)
Fund balance, beginning	93,942,572	119,280,600	131,326,813	130,939,791	133,755,426
Change in inventory	(399,674)	--	--	--	--
Fund balances, ending	$119,280,600	$131,326,813	$130,939,791	$133,755,426	$91,872,408

Notes:

(1) Reflects internal and external utility license fees, business licenses, construction permits and other permits and penalties. Reductions in FY 2008-09 and FY 2009-10 are primarily as a result of the economic recession resulting in reductions to business license and construction permit charges.

(2) Reflects park and recreation fees, billing and overhead charges to other funds and inspection fees. The reductions in FY 2008-09 and FY 2009-10 are as a result of process improvements created by the City's new financial reporting system implemented in November 2008. Under the new system interagency revenue is no longer recognized because the charges are direct billed to the bureau receiving the service.

(3) Beginning in FY 2009-10 the general fund portion of the debt service on the 1999 Pension Bonds was paid directly from the general fund. Previously it was paid via a transfer out to the Pension Debt fund. This reclassification was to accommodate the City's new financial system.

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

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

	2006	2007	2008	2009	2010
ASSETS:					
Cash and investments (1)	$117,244,053	$135,369,404	$145,311,441	$117,073,956	$71,254,278
Receivables:					
Property taxes	13,220,703	13,114,426	14,370,341	18,519,259	18,871,533
Accounts, interest and advances (2)	20,130,703	18,095,929	19,882,956	29,740,044	24,183,060
Assessments	3,746,001	2,157	21,894	44,041	53,804
Due from other funds	8,196,748	8,739,691	3,962,233	9,203,475	49,758
Due from component units	--	653,444	531,074	261,186	794,924
Internal loans	--	--	--	--	8,506,660
Prepaid Items	6,692	1,996	--	2,791,250	2,369,171
Total Assets	$162,545,900	$175,977,047	$184,079,939	$177,633,211	$126,083,188
LIABILITIES:					
Accounts payable	$6,048,037	$9,667,094	$15,629,222	$11,018,683	$9,362,421
Deferred revenue	10,062,193	6,021,812	6,997,217	12,672,604	9,407,576
Unearned revenue (3)	18,179,533	20,272,932	17,922,453	4,900	
					30,918
Due to other funds	19,360	--	356,665	--	--
Due to component unit	523,780	128,526	1,638,147	3,500,120	2,641,780
Due to fiduciary fund	4,488,226	4,362,811	4,836,049	6,569,936	6,782,859
Other liabilities	3,944,171	4,197,059	5,760,395	10,111,542	5,985,226
Total Liabilities	43,265,300	44,650,234	53,140,148	43,877,785	34,210,780
FUND BALANCE:					
Reserved for petty cash	--	--	--	--	--
Reserved for inventories	--	--	--	--	--
Unreserved	119,280,600	131,326,813	130,939,791	133,755,426	91,872,408
Total Fund Balance	119,280,600	131,326,813	130,939,791	133,755,426	91,872,408
Total Liabilities and Fund Balance	$162,545,900	$175,977,047	$184,079,939	$177,633,211	$126,083,188

Notes:

(1) In FY 2009-10 there were smaller amounts of unspent budget and unearned revenues as a result of bureaus spending a greater portion of their budget. In addition to that, there was an $8.5 million loan to the Grants Fund.

(2) 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) The reductions in FY 2008-09 and FY 2009-10 are as a result of a restructuring of how business licenses fees are billed. Beginning in FY 2008-09 business license fees are billed in arrears. They were previously billed in advance.

Source: City of Portland audited annual financial statements.

APPENDIX C
LEGAL OPINION

CITY OF PORTLAND, OREGON
1851

K&L GATES

K&L Gates LLP
222 SW Columbia Street
Suite 1400
Portland, OR 97201-6632

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May 19, 2011

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

J.P. Morgan Securities LLC
383 Madison Avenue
New York, New York 10017

Subject: $25,835,000 City of Portland, Oregon, General Obligation Public Safety Bonds, 2011 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 Public Safety Bonds, 2011 Series A (the "Bonds"), which are dated May 19, 2011 and are in the aggregate principal amount of $25,835,000. The Bonds are authorized by Oregon Revised Statutes Section 287A.360, City Ordinance No. 184502 adopted April 6, 2011, 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 (including any original issue discount properly allocable to an owner thereof) 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, such interest is taken into account in determining 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 such requirements. Failure to comply with certain of such requirements 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

APPENDIX D
CONTINUING DISCLOSURE CERTIFICATE

CITY OF PORTLAND, OREGON
1851

CONTINUING DISCLOSURE CERTIFICATE

$25,835,000*
City of Portland, Oregon
General Obligation Public Safety Bonds
2011 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 Public Safety Bonds, 2011 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 May 10, 2011.

"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, 2012, for the fiscal year ended June 30, 2011):

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 to provide or cause to be provided to the MSRB in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults, if material;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers or their failure to perform;

(f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(g) Modifications to the rights of security holders, if material;

(h) Bond calls, if material, and tender offers;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the securities, if material;

(k) Rating changes;

(l) Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph (l), the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

(m) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the City, such other event is material with respect to the Bonds, but the City does not undertake any commitment to provide such notice of any event except those events listed above.

Section 6. Failure to File Annual Financial Information. The City agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the City to provide the annual financial information described in Section 3 above on or prior to the time set forth in Section 3.

Section 7. 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 8. 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 9. 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 10. 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 11. 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 12. 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 19th day of May, 2011.

City of Portland, Oregon

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B. Jonas Biery, Debt Manager

APPENDIX E
BOOK ENTRY SYSTEM

CITY OF PORTLAND, OREGON
1851

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.

CITY OF PORTLAND, OREGON
1851

CITY OF PORTLAND, OREGON
1851