

# Annual Debt Report

## Fiscal Year 2011-12



City of Portland, Oregon

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*Prepared by:*  
Office of Management and Finance  
Bureau of Financial Services  
Division of Public Finance and Treasury

This Annual Debt Report is intended to inform the reader regarding the City of Portland's debt position as of the end of the most recent fiscal year. The objective of this report is to present a simplified, yet accurate snapshot of the City's debt position, as well as to describe significant changes in the City's debt profile from the prior fiscal year.

***The City's Annual Debt Report has been independently prepared by the City's Debt Management Program. The Annual Debt Report has not been reviewed by the City's auditors and is not intended as a comprehensive credit analysis for use in making an investment decision. Expressions of opinion in the Annual Debt Report are not intended to guide prospective investors in securities offered by the City and no decision to invest in such securities should be made without performing appropriate due diligence, including referencing the City's audited Comprehensive Annual Financial Reports (CAFRs) and official disclosure documents relating to a specific security.***

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# INTRODUCTION

The City of Portland issues this Annual Debt Report for fiscal year 2011-12 to provide information regarding the City's debt profile and to describe selected indicators of the City's debt position that are used by its Office of Management and Finance. The City uses these indicators to inform debt-related decisions and to identify areas that require enhanced and careful monitoring.

Large capital projects can be funded either through massive one-time fee increases, or the costs can be spread over time through the use of long-term debt financing. One of the premises of debt financing is that it encourages payment equity by spreading costs over time among all users of a financed asset during its useful life. The offsetting impact of financing an asset is an increase in outstanding debt balances. The debt balance associated with that asset will decrease over time as payments are made.

During the five year period covered by this report, on-going global economic challenges have continued to impact the City. Also during this time, certain City programs have required significant infrastructure needs in the years leading up to 2009 and 2010. Therefore, comparisons of debt indicators from earlier years with data from recent years can present challenges.

This report presents both a broad view of changes and accomplishments related to overall City debt, and includes detailed information regarding specific categories of debt. There is no single indicator that effectively describes the City's debt profile, and broad-stroke comparisons may provide an incomplete picture of the City's financial health and sustainability. Indicators that look at specific categories of debt provide more useful information regarding revenues supporting the debt, year-over-year changes, and the health and specific risks of a given category of debt. It is also important to recognize that changes in policy decisions, major capital requirements and economic conditions may affect categories of debt differently.

When possible, historical data in this report conforms to audited information that can be found in the City's Comprehensive Annual Financial Reports. However, due to timing issues and differences in reporting standards, some data in this report is expected to differ slightly from information presented in the financial audit. While we believe information in this report is accurate, it should not be relied upon in making investment decisions. Prospective investors should refer to the City's official bond disclosure and audited financial reports.

The City's fiscal year is July 1 through June 30. Unless otherwise noted, all figures in this report are as of June 30, 2012.



# FISCAL YEAR 2011-12 YEAR IN REVIEW

## Summary of Fiscal Year 2011-12 Debt Activity

Total Citywide debt outstanding (including urban renewal debt related to the Portland Development Commission) saw a net decrease of approximately 1.3%, or \$43.79 million, in fiscal year 2011-12. Over 75% of debt issued in fiscal year 2011-12 refunded outstanding debt; conversely, only 25% of debt issued in fiscal year 2011-12 (\$89.5 million) was for new projects. In fiscal year 2011-12, the City paid \$174.2 million in principal due on outstanding debt (including \$2.2 million in early payments and excluding refinancings).

## Bond Sales and Other Financings

The City targets distribution of bonds to a broad pool of investors so that all interested investors have an opportunity to participate in the City's bond offerings. Additionally, the City borrows directly from banks for short-term lines of credit and other smaller-sized financings that cannot cost-effectively be completed via public markets. The City supports active competition for underwriting and banking services to encourage the lowest possible costs of borrowing.

**Table 1: Fiscal Year 2011-12 Change in Total Debt Outstanding\***

Outstanding Total Debt, as of July 1, 2011	<u>\$3,284,244,802</u>
Increases in Debt Outstanding:	
New Money Bonds Issued	\$63,309,241
Refunding Bonds Issued	166,585,697
Line of Credit Takeout Bonds Issued	73,454,162
Short-Term Notes Issued	16,720,000
Line of Credit Draws	<u>49,100,645</u>
<b>Total Increases in Debt Outstanding</b>	<b>\$369,169,745</b>
Reductions to Outstanding Debt:	
Bonds & Notes Paid/Matured as Scheduled	\$171,960,056
Bonds Redeemed Prior to Maturity	2,201,000
Bonds Refunded	150,900,000
Line of Credit Reductions	<u>87,899,860</u>
<b>Total Reductions in Outstanding Debt</b>	<b>\$412,960,915</b>
<b>Net Increase (Decrease) in Outstanding Debt</b>	<b><u>(\$43,791,170)</u></b>
<b>Outstanding Total Debt, as of June 30, 2012</b>	<b><u>\$3,240,453,631</u></b>

\* Totals may not foot nor balance to Annual Debt Report for fiscal year 2010-11 due to rounding.

## Rating Actions

In fiscal year 2011-12, the City received rating assignments and/or updates on eleven bond issues. In June 2012, the rating on the City's River District Urban Renewal and Redevelopment Bonds was upgraded from A2 to A1. None of the underlying ratings on outstanding bonds of the City were downgraded.

**Table 2: Debt Issuance in Fiscal Year 2011-12**

<b>Long-Term Bond Issues</b>	<b>Use of Funds</b>	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Par Amount</b>	<b>Debt Type</b>
Downtown Waterfront Urban Renewal and Redevelopment Refunding Bonds, 2011 Series A	Refinancing for debt service savings	7/6/2011	2020	\$30,370,000	Urban Renewal
Oregon Convention Center Urban Renewal and Redevelopment Refunding Bonds, 2011 Series B	Refinancing for debt service savings	7/6/2011	2020	29,685,000	Urban Renewal
Interstate Corridor Urban Renewal and Redevelopment Bonds, 2011 Series A (Taxable)	Repay interim financing for capital projects in Interstate URA	8/11/2011	2026	28,890,000	Urban Renewal
Interstate Corridor Urban Renewal and Redevelopment Bonds, 2011 Series B	Repay interim financing for capital projects in Interstate URA	8/11/2011	2031	17,245,000	Urban Renewal
Limited Tax Revenue Refunding Bonds, 2011 Series A (Convention Ctr Completion Project)	Refinancing for debt service savings	10/6/2011	2030	67,015,000	Limited Tax
Gas Tax Revenue Bonds, 2011 Series A	Gas tax-eligible transportation capital projects	11/22/2011	2023	15,400,000	Revenue
Limited Tax Improvement Bonds, 2011 Series A	Local improvement assessment contracts	12/13/2011	2032	3,400,000	Limited Tax
Limited Tax Revenue Bonds, 2011 Series B (Emergency Coordination Center Project)	Emergency Coordination Center	12/15/2011	2026	5,445,000	Limited Tax
Limited Tax Revenue Bonds, 2012 Series A JELD-WEN Field Project (Taxable)	Repay interim financing for JELD-WEN Field renovation	4/24/2012	2027	12,000,000	Limited Tax
Oregon Convention Center Senior Lien Urban Renewal and Redevelopment Bonds, 2012 Series A (Taxable)	Repay interim financing and provide financing for capital projects in OCC URA	5/17/2012	2021	69,760,000	Urban Renewal
Limited Tax Revenue and Refunding Bonds, 2012 Series B (Police Training Facility Project)	Police Training Facility, and refinancing for debt service savings	5/24/2012	2022	21,865,000	Limited Tax
<b>Bank Loans and Credit Facilities</b>					
Parks SDC Credit Facility (Taxable)	Parks SDC-eligible capital projects	9/12/2011	2016	959,100	Revenue
Full Faith and Credit Loan Agreement (PCPA Refunding)	Refinancing for debt service savings	12/15/2011	2021	1,315,000	Limited Tax
Resource Access Center Takeout Credit Facility	Refinancing of existing line of credit	12/30/2011	2012	13,572,838	Limited Tax

**Table 3: Long-Term Debt Rating Actions in Fiscal Year 2011-12**

	<u>Rating Type</u>	<u>Rating</u>		<u>Date</u>
		<u>Moody's</u>	<u>S&amp;P</u>	
Downtown Waterfront Urban Renewal and Redevelopment Bonds	Affirmed	Aa3	--	July 2011
Interstate Corridor Urban Renewal and Redevelopment Bonds	Affirmed	A2	--	August 2011
Gas Tax Revenue Bonds	Affirmed	Aa2	--	November 2011
Limited Tax Improvement Bonds	Affirmed	Aa1	--	December 2011
Oregon Convention Center Urban Renewal and Redevelopment Bonds *	Affirmed	Aa3	--	May 2012
Limited Tax Revenue Bonds *	Affirmed	Aa1	--	May 2012
River District Urban Renewal and Redevelopment Bonds **	Affirmed	A1	--	June 2012

\* There were multiple reviews of the City's Limited Tax Revenue Bonds during the fiscal year. The date indicated reflects the most recent rating review.

\*\* River District bonds were issued in fiscal year 2012-13, but the rating was provided in fiscal year 2011-12.

## Refinancing of Outstanding Debt

In fiscal year 2011-12, the City refunded (refinanced) five long-term bond issues totaling \$136,945,000 in principal amount, resulting in a total reduction in debt service of \$23,021,950 through fiscal year 2029-30.

## Post-issuance Compliance – Continuing Disclosure and Arbitrage Rebate Calculations

### Continuing Disclosure

The City has agreed to provide annual updates of certain financial and operating information and other materially important information related to outstanding bonds. Generally, this information must be submitted no later than nine months after the end of the fiscal year (meaning fiscal year 2010-11 reporting obligations are met during fiscal year 2011-12). In fiscal year 2011-12, the City complied with fiscal year 2010-11 continuing disclosure requirements on all of the City's outstanding bond issues. The City's current continuing disclosure reports can be accessed online at: [www.portlandonline.com/omf/debtdisclosure](http://www.portlandonline.com/omf/debtdisclosure).

### Arbitrage Rebate Calculations

The federal government requires that the City monitor and provide periodic reporting regarding the use and investment of tax exempt bond proceeds. Investment earnings on bond proceeds that exceed specific levels determined by the federal government must be returned to the federal government as "arbitrage rebate." The City is in compliance with all rebate calculation requirements as of June 30, 2012. The City was not required to return any arbitrage earnings rebate to the federal government during fiscal year 2011-12.

## Other Significant Actions and Accomplishments

- November 2011** The Debt Management group implemented Disclosure Procedures that help formally guide the production, review and publication process for disclosure documents related to new bond issuance and continuing disclosure responsibilities.
- January 2012** The Public Finance and Treasury Division, which includes Debt Management, relocated from City Hall to the Portland Building.
- February 2012** The City published its first Annual Debt Report for fiscal year 2010-11, aimed at improving transparency regarding the City's debt portfolio and financing activities.
- April 2012** A new City Treasurer was appointed. The City Treasurer is responsible for oversight of the City's Public Finance and Treasury Division.



# THE CITY'S DEBT PORTFOLIO

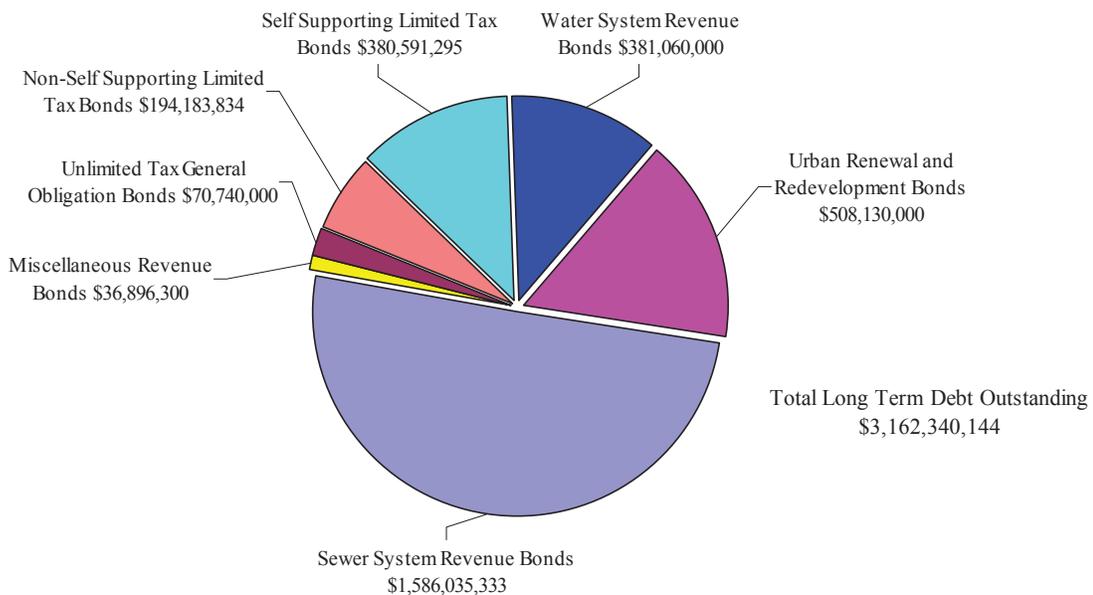
The following terms are used in this section and throughout the Annual Debt Report:

- Outstanding Debt** *The amount of principal that remains to be repaid; equal to the amount of debt originally issued, minus principal payments that have been made.*
- Debt Service** *The total payments due on outstanding debt; comprised of both principal and interest. The amount of "annual debt service" associated with a particular bond issue means the amount of principal and interest due to be paid by the City on that bond issue in a given year.*
- Bond Rating** *An indicator of credit quality, assigned by an independent organization that monitors and reviews the City's ability to repay debt.*

## Types of Debt Issued by the City

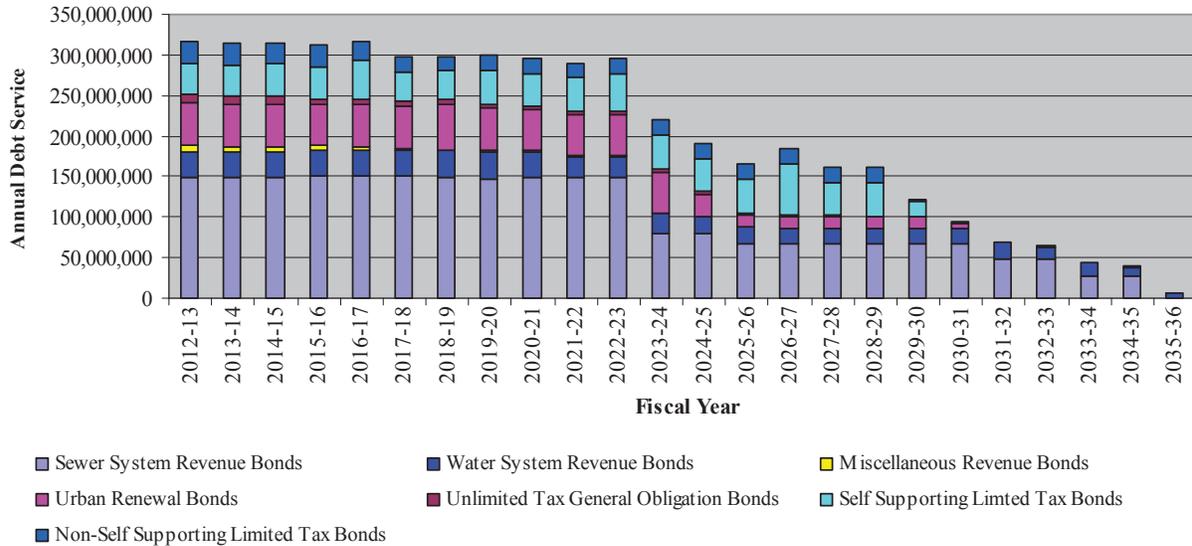
The City issues many different types of debt. While these are all considered debt of the City, the actual resource committed to repay each type of debt varies. As described more specifically in later sections of this report, approximately 79% of the City's total outstanding debt has no direct legal claim on resources of the City's General Fund. Figure 1 does not include approximately \$81 million in interim financing that may later be converted to long-term debt.

Figure 1: Outstanding Long-Term Debt by Type of Bonds



\* The City's Pension Obligation Bonds are allocated between self-supporting and non-self-supporting based upon the allocation of responsibility between General Fund bureaus and non-General Fund bureaus. Data in this report does not include conduit bonds issued for non-City entities in which the City serves as the debt issuer but has no legal responsibility for repayment of the bonds.

**Figure 2: Total Future Debt Service on Outstanding Long-Term Debt by Type of Bonds**



## City Debt Policy

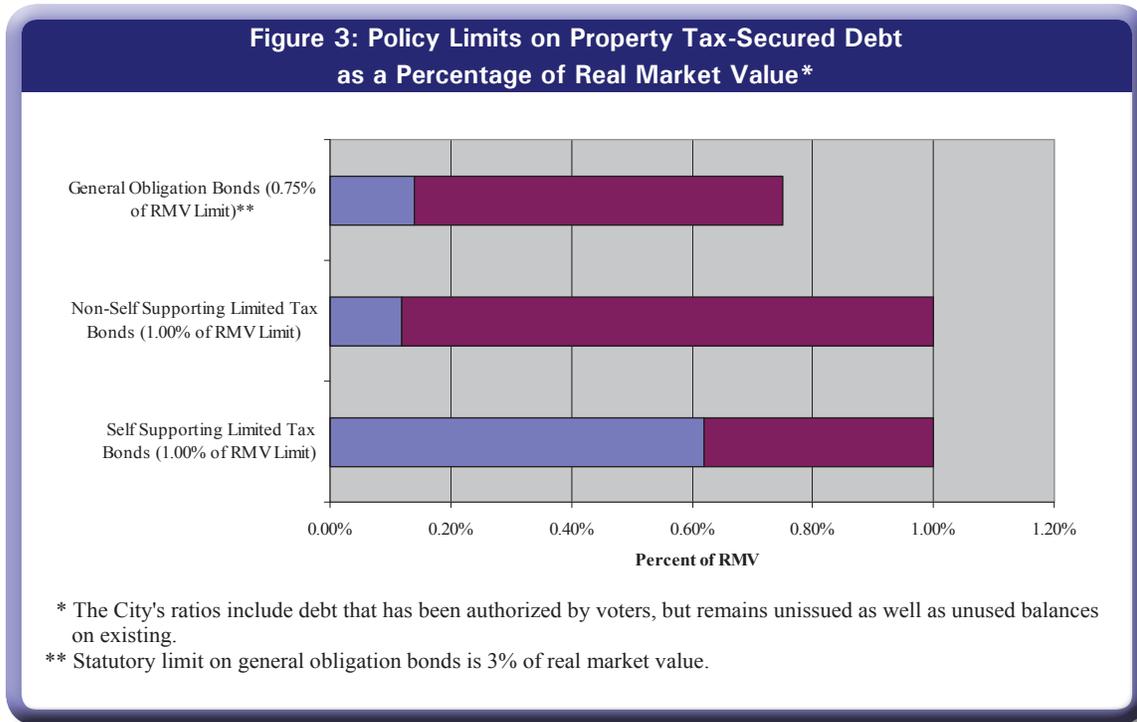
The City maintains and follows a City Council-approved debt policy. The debt policy provides formal guidance regarding amounts of debt that can be issued, repayment terms, target debt ratios and other conditions and strategies related to the use of debt. The City is in compliance with all provisions of the debt policy. Some key provisions of the City’s debt policy are listed below. The debt policy can be accessed in its entirety online at [www.portlandonline.com/omf/debtpolicy](http://www.portlandonline.com/omf/debtpolicy).

**Table 4: Selected Provisions of the City Debt Policy**

<u>Policy Provision</u>	<u>Target</u>	<u>Purpose / Objective</u>
Sale Method	Competitive preference	Match to the Government Finance Officers Association Best Practice
Repayment of Principal	20% in 5 years; 40% in 10 years	Encourage rapid repayment of debt
Limits on Debt Outstanding	Varies, see below	Prevent General Fund exposure to excessive debt payment requirements
Limit on Debt Service paid by the General Fund	No more than 7% of annual General Fund revenues	Limit total debt service obligation of General Fund
Revenue Bond Debt Service Coverage and Reserves	Subject to Debt Manager’s approval	Encourages strong credit quality; provides flexibility to accommodate specific borrowing programs
Capital Contribution	Minimum 5% of total project cost paid from cash	Encourages mix of debt and pay-as-you-go financing sources
Minimum Bond Rating (for public bond sales)	A3 (Moody’s) and/or A- (S&P)	Discourages issuance of high-risk, non-investment grade bonds
Refunding Requirements	3%-5% minimum savings	Avoids excessive and/or inefficient bond refinancing efforts

## Limits on Debt Supported by Property Taxes

The City's debt policy imposes specific limits on the amount of property tax-secured debt that can be outstanding at any time. Limits are based upon a percentage of real market value within the City (the City's fiscal year 2011-12 real market value is \$81,163,435,001). The limits in the City's debt policy are more restrictive than the limitations placed upon cities by the Oregon Revised Statutes. The statutory limitation is 3.00% of real market value for general obligation bonds; there is no statutory limitation on limited tax bonds. Figure 3 describes the City's debt limits pertaining to property tax-secured debt, per the City's debt policy.



It should be noted that the City's limited use of debt supported by property taxes is a primary consideration for the rating agencies when evaluating the City's credit strength. The City does not, and should not, strive to utilize its full debt capacity within the policy limits. It is important that the City retain borrowing capacity to limit overexposure to debt, to maintain sustainable cash flows, and to protect capacity in the event of need during catastrophic or emergency one-time events.

## City Bond Ratings

The City is assigned a separate bond rating for each individual type of bonds. The City's property tax-secured bond ratings were most recently affirmed at Aaa (GO) and Aa1 (LTRBs) in August 2012. All City bonds are rated by Moody's Investor's Service Inc. (Moody's); the City's sewer revenue bonds and hydroelectric revenue bonds are additionally rated by Standard and Poor's Financial Services LLC (S&P). The rating agencies are responsible for ongoing surveillance and maintenance of up-to-date rating information. Higher ratings translate into lower costs of borrowing.

Despite the variance in ratings among different types of City debt, the City is often referred to as a Aaa-rated City. This refers to the rating on the City's General Obligation Bonds, which are secured by the City's ability to impose property taxes – generally the strongest security that a government can provide. A municipality's GO bond rating (or equivalent) is commonly referred to as its issuer rating. The issuer rating sets the standard upon which other ratings for that city are measured and is used for comparison against issuer ratings for other municipalities. The City has maintained a Aaa issuer rating for over 35 years.

The Moody's rating scale (highest-to-lowest) is Aaa, Aa1, Aa2, Aa3, A1, A2, A3, Baa1, etc. Municipal ratings are rarely assigned a rating below Baa1. According to the September 9, 2011 Moody's report titled *2010 US Local Government Medians*, the median issuer rating for all US cities rated by Moody's is Aa3. Fewer than 7% of all US cities rated by Moody's carry a Aaa issuer rating and the City of Portland is one of only two cities in Oregon that is assigned a Aaa rating.

**Table 5: Underlying Ratings for Outstanding Debt**

<b>TYPE OF DEBT</b>	<b>RATING (Moody's/S&amp;P)</b>
<b>Tax Supported General Obligation Bonds</b>	Aaa
<b>Full Faith &amp; Credit Obligations</b>	
Limited Tax Revenue Bonds	Aa1
Limited Tax Housing Revenue Bonds	Aa1
Limited Tax Pension Obligation Revenue Bonds	Aa1
Arena Limited Tax Revenue Bonds	Aa1
Limited Tax Improvement Bonds	Aa1
<b>Revenue Bonds</b>	
First Lien Water System Revenue Bonds	Aaa
Second Lien Water System Revenue Bonds	Aa1
Gas Tax Revenue Bonds	Aa2
First Lien Sewer System Revenue Bonds	Aa2/AA
Second Lien Sewer System Revenue Bonds	Aa3/AA
Hydroelectric Power Revenue Bonds	Baa1/BBB
<b>Urban Renewal and Redevelopment Bonds</b>	
Downtown Waterfront	Aa3
South Park Blocks	Aa3
Airport Way	Aa3
Oregon Convention Center	Aa3
Central Eastside	A2
Interstate Corridor	A2
Lents Town Center	A1
North Macadam	A1
River District *	A1

\* Additional River District bonds were issued in July 2012. As a result of that issuance, the River District credit received a Moody's rating upgrade from A2 to A1 in fiscal year 2011-12.

# DEBT SECURED BY GENERAL FUND RESOURCES (Including Property Taxes)

## About Debt Secured by General Fund Resources

Property taxes are the primary source of revenue collected by the City. The City's permanent rate and general obligation bond levy are projected to produce approximately \$206.7 million in property taxes to the City in fiscal year 2011-12. Property tax revenues are used to support a vast array of City programs including public safety, parks, and community development services. As of June 30, 2012, approximately \$728.33 million (22.5%) of the City's total outstanding debt is secured by general property taxes (excluding property taxes dedicated to urban renewal areas). Of this amount, \$461.96 million is paid by revenue sources other than property taxes. The City issues three types of debt secured by General Fund resources including property taxes:

<b>General Obligation (GO) Bonds</b>	<i>Debt supported by a dedicated voter-approved property tax levy that can only be used to pay those specific bonds.</i>
<b>Limited Tax Revenue Bonds (LTRB)</b>	<i>Debt other than GO Bonds that is secured by and paid from General Fund resources including City property taxes. (Also commonly called full faith &amp; credit or FF&amp;C bonds.)</i>
<b>Self-Supporting Limited Tax Revenue Bonds</b>	<i>LTRBs with a legal claim on General Fund resources, but paid from specifically identified non-General Fund resources.</i>

## Fiscal Year 2011-12 Highlights – Debt Secured by General Fund Resources

Bonds Issued: ..... \$22.15 million Limited Tax Revenue Bonds  
 Rating Actions: ..... Affirmed at Aaa (GO Bonds) and Aa1 (LTRBs)  
 Refinancing Activity: ..... \$88.83 million Limited Tax Revenue Refunding Bonds to refinance the following:

- \$74.6 million LTRB 2001 Series A (Oregon Convention Center Completion Project)
- \$1.3 million LTRB 2001 Series C (Portland Center for the Performing Arts)
- \$12.0 million line of credit (JELD-WEN Field Project)
- \$9.0 million LTRB 2004 Series A (various projects)

Other Activities: ..... N/A

## Bond Ratings for Debt Secured by General Fund Resources

General Obligations Bonds: ..... Aaa (Moody's)  
 Limited Tax Revenue Bonds: ..... Aa1 (Moody's)

## Classifications of Debt Secured By General Fund Resources

For comparison to municipal credit benchmarks, debt secured by property taxes is divided into two classifications: net debt and gross debt. For purposes of calculating outstanding net debt and gross debt, lines of credit and other short-term borrowing facilities are also included – including lines of credit related to urban renewal areas that will later be converted to long-term debt secured solely by urban renewal district revenues. However, lines of credit and other short-term borrowing facilities are not included in calculations of future debt service for purposes of this report.

<b>Net Debt</b>	<i>Debt secured by and paid directly by General Fund resources, including City property taxes.</i>
<b>Gross Debt</b>	<i>Net debt, plus debt secured by General Fund resources, but paid from dedicated revenues outside of the General Fund.</i>

### Net Debt

Net debt includes General Obligation Bonds, non-self-supporting Limited Tax Revenue Bonds and other obligations. In practice, some debt identified as non-self-supporting may be partially or fully paid from non-General Fund sources. However, in conformance with conservative management practices, the City may identify such debt as non-self-supporting if the actual repayment revenue stream is perceived to be volatile or at risk. Total net debt decreased by \$3.30 million (1.2%) in fiscal year 2011-12. Table 6 lists all individual issues identified as net debt of the City as of June 30, 2012.

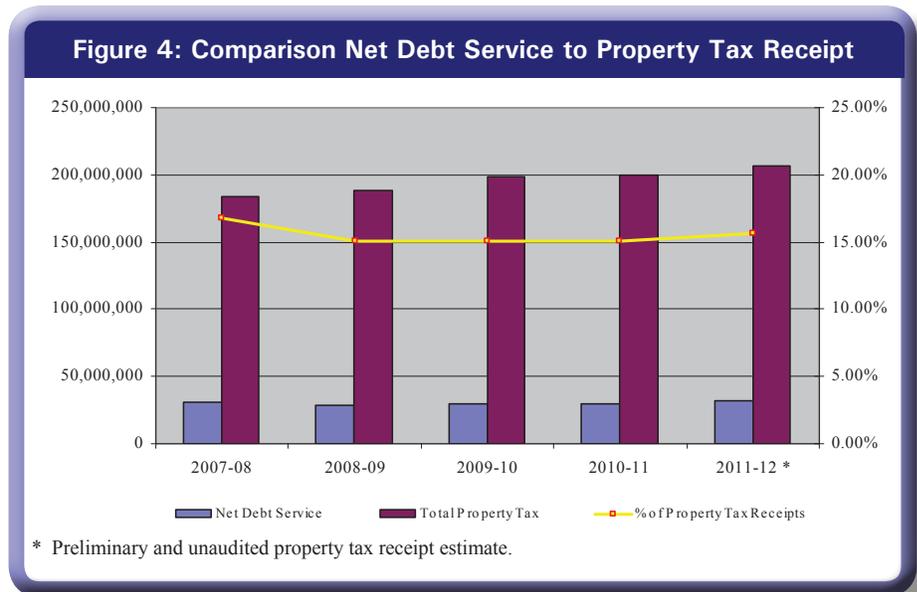
**Table 6: Net Debt Outstanding**

Type	Outstanding 6/30/2012
<b>General Obligation Bonds</b>	
Emergency Facilities Bonds, 2004 Series A	\$9,575,000
Emergency Facilities Bonds, 2008 Series A	13,855,000
Emergency Facilities Refunding Bonds, 2009 Series A	10,405,000
Parks Refunding Bonds, 2010 Series A	12,440,000
Public Safety Bonds, 2011 Series A	24,465,000
<b>Total General Obligation Debt</b>	<b>\$70,740,000</b>
<b>Non-Self-Supporting Limited Tax Revenue Bonds and Other Obligations</b>	
Limited Tax Pension Obligation Bonds, 1999 (General Fund Portion) **	96,933,834
Limited Tax Revenue Ref. Bonds, 2003 Series A (FF&C Ref.)	\$435,000
Limited Tax Housing Revenue Bonds, 2005 Series C & D (HOB)	7,465,000
Limited Tax Housing Rev. Bonds, 2005 Series A & B (Headwaters) *	10,675,000
Limited Tax Revenue Bonds, 2007 Series A (EBSP)	10,035,000
Portland International Raceway, Series 2007 *	1,160,000
Limited Tax Revenue Bonds, 2007 Series C (Archives)	10,230,000
Limited Tax Revenue Ref. Bonds, 2008 Series A (Devel. Services)	11,350,000
Limited Tax Revenue Bonds, 2009 Series B (CAD & EBSP)	13,650,000
Limited Tax Revenue Ref. Bonds, 2010 Series A (Ref 98B, 99B, 02A)	4,940,000
Limited Tax Revenue Bonds, 2011 Series B (Emerg. Comm. Ctr.)	5,445,000
Limited Tax Revenue & Ref. Bonds, 2012 Series B (PTF/Cty Hall/Comm)	21,865,000
Park Maintenance Facility Line of Credit	1,450,799
<b>Total Non-Self-Supporting Limited Tax Revenue Bonds and Other Obligations</b>	<b>\$195,634,633</b>
<b>Total Net Debt</b>	<b>\$266,374,633</b>

\* Debt Service has been paid from non-general fund resources, but remain as non-self-supporting until higher coverage is established.

\*\* Reflects bonded portion of pension liability only.

Historically, annual net debt payment requirements have been less than 16.8% of total annual City permanent rate and general obligation bond property tax receipts, as reflected in Figure 4.



### Gross Debt

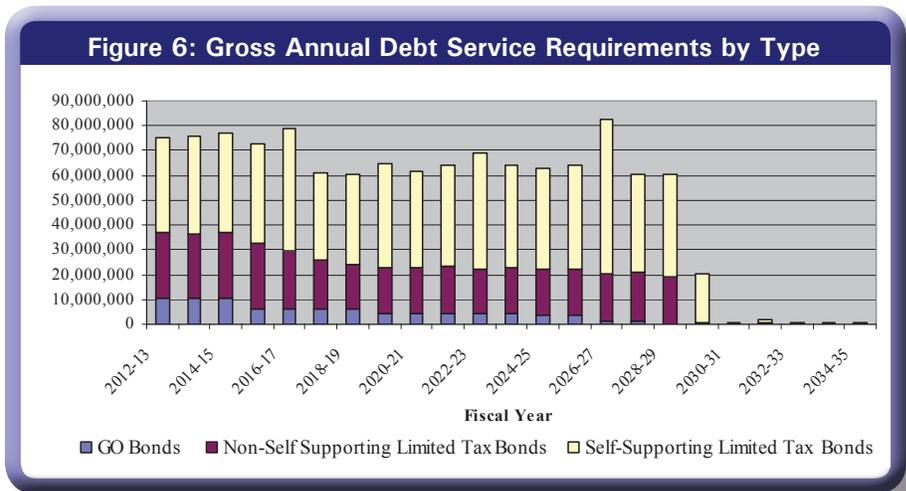
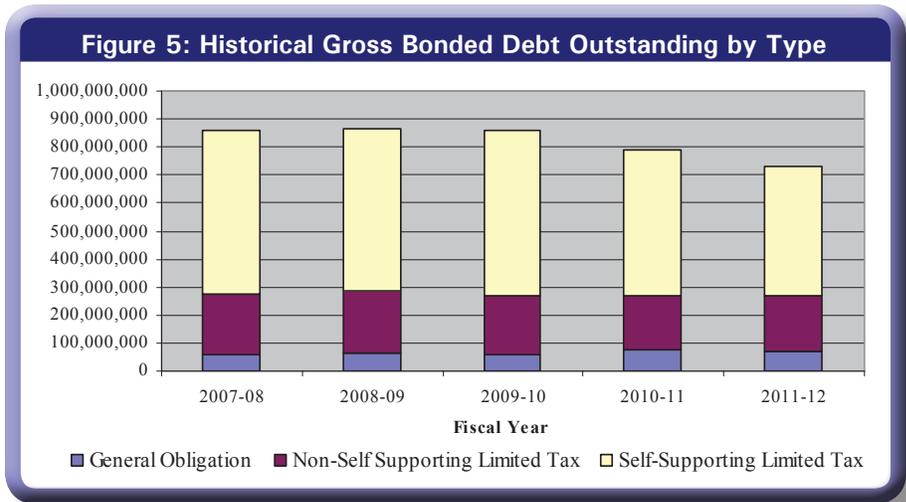
Gross debt includes net debt, plus self-supporting Limited Tax Revenue Bonds. Self-supporting Limited Tax Revenue Bonds are paid from non-General Fund sources, but ultimately have a claim on the General Fund, if the self-supporting repayment revenues are insufficient. The City protects the General Fund by using internal actions and management practices to encourage continued receipt of non-General Fund resources for payment of this debt. Total gross debt decreased by \$60.19 million (7.6%) in fiscal year 2011-12. Table 7 lists all individual issues identified as gross debt of the City as of June 30, 2012.

**Table 7: Gross Debt Outstanding**

Type	Outstanding 6/30/2012	Expected Source of Payment
<b>Total Net Debt (from previous table)</b>	<b>\$266,374,633</b>	General Fund
<b>Self-Supporting Limited Tax Revenue Bonds and Other Obligations</b>		
Limited Tax Pension Obligation Bonds (Non-General Fund Portion)*	164,169,512	Non-General fund bureau revenues
Oregon Economic and Community Development Loan (Brookside)	283,321	Sewer revenues
Limited Tax Revenue Bonds, 2001 Series B (Convention Center)	14,193,934	Transient lodging tax; vehicle rental tax
Limited Tax Revenue Bonds, 2001 Series D (Civic Stadium)	23,250,000	Transient lodging tax; vehicle rental tax; stadium
Arena Limited Tax Revenue Ref. Bonds, 2005 Series A & B	14,490,000	Arena revenues; user fees, parking revenues; gas tax revenues
Limited Tax Revenue Bonds Series 2006 (S. Waterfront)	\$2,069,528	Assessment collections
Limited Tax Revenue Bonds, 2007 Series B (Transit Mall)	9,250,000	Parking meter revenues
Limited Tax Revenue Ref. Bonds, 2009 Series A (Streetcar)	17,815,000	Parking system revenue
Urban Renewal Lines of Credit	68,951,265	Urban renewal bond proceeds
Local Improvement District Line of Credit	12,414,803	Limited tax improvement bonds
Limited Tax Revenue Refunding Bonds, 2011 Series A (Convention Center)	65,930,000	Transient lodging tax; vehicle rental tax
Limited Tax Revenue Bonds, Series 2011 Series (PCPA)	1,200,000	Transient lodging tax; vehicle rental tax
Limited Tax Improvement Bonds	55,940,000	Property assessments
Limited Tax Revenue Refunding Bonds, 2012 Series A (MLS Line Takeout)	12,000,000	Spectator Facilities revenue
<b>Total Self-Supporting Obligations</b>	<b>\$461,957,363</b>	
<b>Total Gross Debt</b>	<b>\$728,331,996</b>	

\* Reflects bonded portion of pension liability only.

Figures 5 and 6 present the total amount of net debt and gross debt outstanding over the past five fiscal years, and the projected annual debt service obligations remaining on currently outstanding net debt and gross debt.



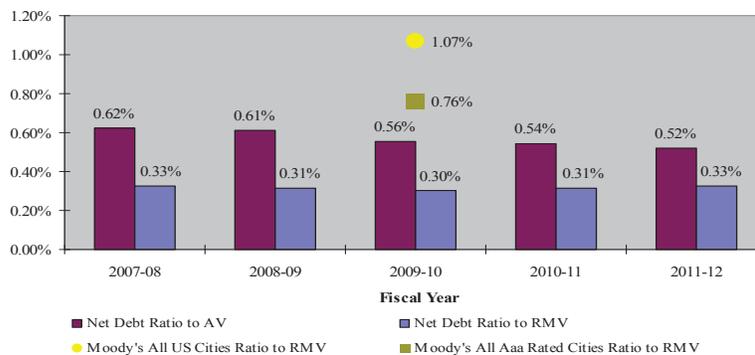
## Historical and Comparative Analysis

The City uses national indicators, benchmarks and historical performance to monitor the levels of City debt. These benchmarks were most recently presented in the September 9, 2011 Moody’s Investor Service report, entitled *Median Report: 2010 US Local Government Medians*. The data provided below is not comprehensive of all points of analysis, but reflects select indicators the City believes are most useful in describing the condition and status of City debt secured by General Fund resources.

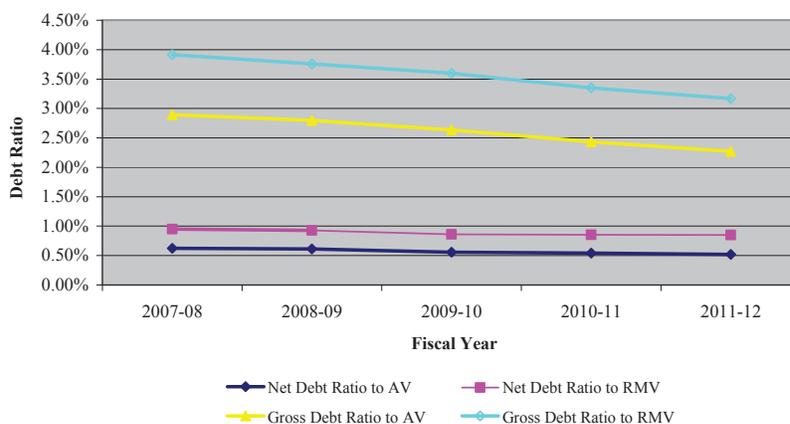
**Debt Ratios**      *Indicators comparing debt secured by the General Fund to property taxes.*

The City’s debt ratios indicate the level of outstanding debt secured by General Fund resources compared to the real market value of properties within the City (representing the pool from which property taxes to repay the debt are collected). A lower ratio reflects a lesser debt burden. Because the Oregon property tax system collects property taxes based upon assessed value, the City looks at debt ratios based on both real market value and assessed value. Consistent with long-term growth in real market value and assessed value – and despite recent declines in real market value – the City has experienced consistent annual improvement in its debt ratios. According to Moody’s *2010 Medians Report*, the median net debt-to real market value ratio is 1.07% for all US cities and 0.76% for all Aaa-rated US cities. The City’s ratio for fiscal year 2011-12 compares favorably to both these benchmarks at 0.33%.

**Figure 7: Net Debt Comparison to Moody's Medians**



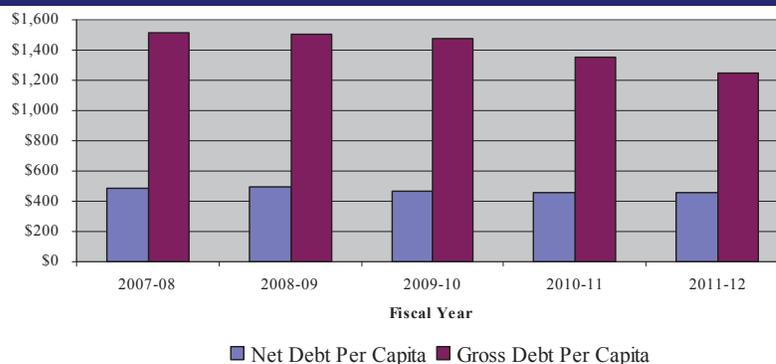
**Figure 8: Historical Debt Ratios**



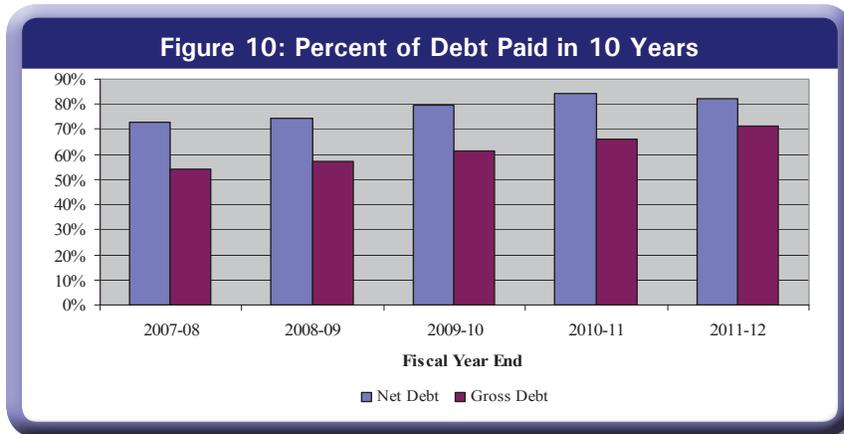
**Debt Per Capita**     *The ratio of City debt secured by General Fund resources to City population.*

The debt per capita figure is an indicator of the debt burden allocatable to individual residents of the City (assuming each resident is responsible for an equal share of the debt). Net debt per capita reflects the actual debt paid from each City resident, assuming equal allocation. The gross debt per capita reflects the total amount of debt allocatable to each City resident, if the self-supporting resources that pay the debt were completely eliminated (and all debt secured by General Fund resources was actually paid directly by property taxes). Debt per capita continues to show consistent annual declines.

**Figure 9: Net and Gross Debt Per Capita**

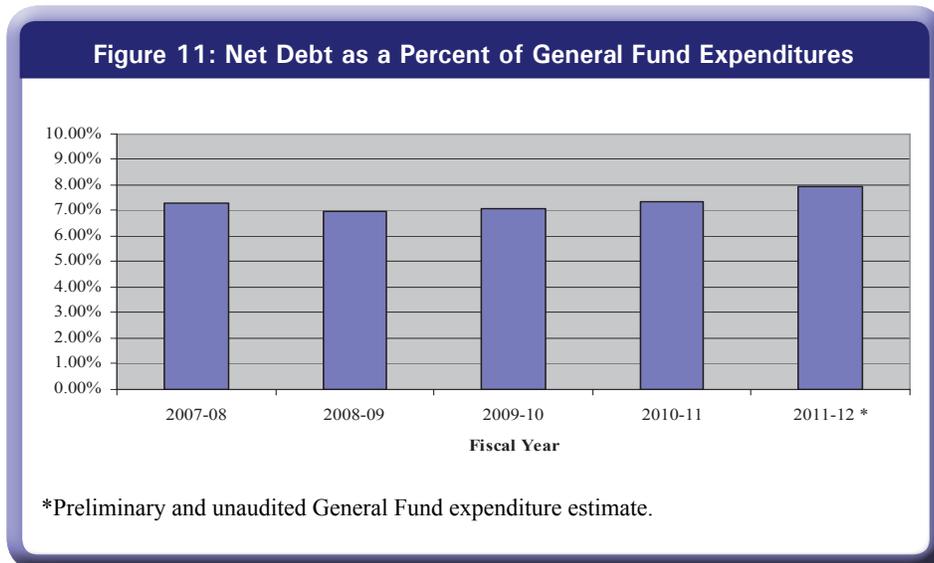


The debt payout indicator reflects how quickly the City expects to repay outstanding property tax-secured debt. A more rapid repayment period reduces risks associated with future loss of revenue and is an indicator of repayment strength. Rapid repayment also allows debt capacity to be released and made available for future capital needs. The City's debt payout ratios have remained very strong over the past five fiscal years with the 10-year payout of gross debt exceeding 53% in all years and increasing to over 71% in fiscal year 2011-12.



<b>Debt Payout</b>	<i>An indicator of how rapidly outstanding debt is repaid.</i>
<b>Debt Service as a Percentage of General Fund Expenditures</b>	<i>The percentage of General Fund resources that are actually required to meet debt service payments.</i>

Debt service as a percentage of General Fund expenditures reflects the level of General Fund responsibility directly related to payment of debt. Excessive reliance on the General Fund to cover outstanding debt obligations can suggest higher default risk and lead to additional stress on other programs that rely upon General Fund resources. The *Medians Report* suggests a median percentage of 8.26% for all cities and a median percentage of 9.17% for all Aaa-rated cities. The City's percentage of net debt service to General Fund expenditures continues to compare favorably to these medians at levels below 8.00% estimated for fiscal year 2011-12.



# REVENUE BONDS

## About Revenue Bonds

The City issues Revenue Bonds – bonds secured by revenues other than property taxes – mostly for the City’s water and sewer systems. These bonds are paid by a specific dedicated revenue stream and have no legal claim on the City’s General Fund or resources that are not specifically identified in bond documents. For example, the City’s Sewer Revenue Bonds are paid solely from fees and service charges associated with the collection and treatment of sewage within the City; the City’s Water Revenue Bonds are paid solely from fees and charges collected by the City’s water system. The City has historically used four primary types of revenue bonds as described in this section.

In fiscal year 2011-12, the City entered into a \$959,100 loan to finance projects of the Portland Parks and Recreation system. This loan is secured solely by Parks’ system development charges and is scheduled to mature in September 2016. There is no other debt secured by Parks’ system development charges and additional detail on this financing has not been included in this report.

The City has also issued hydroelectric revenue bonds; however, that system is separately maintained and hydroelectric system debt is not included in this report.

**Sewer System  
Revenue Bonds**

*Debt for sewer and wastewater capital projects,  
supported by revenues of the City’s sewer system.*

**Water System  
Revenue Bonds**

*Debt for capital projects of the water system, supported  
by revenues of the City’s water system.*

**Gas Tax  
Revenue Bonds**

*Debt for specifically-eligible transportation capital projects,  
supported by fuel taxes and motor vehicle registration fees.*

**Golf System  
Revenue Bonds**

*Debt for capital projects related to City-owned golf facilities  
supported by revenues generated by City-owned golf facilities.*



**Table 8: Outstanding Sewer System Revenue Bonds**

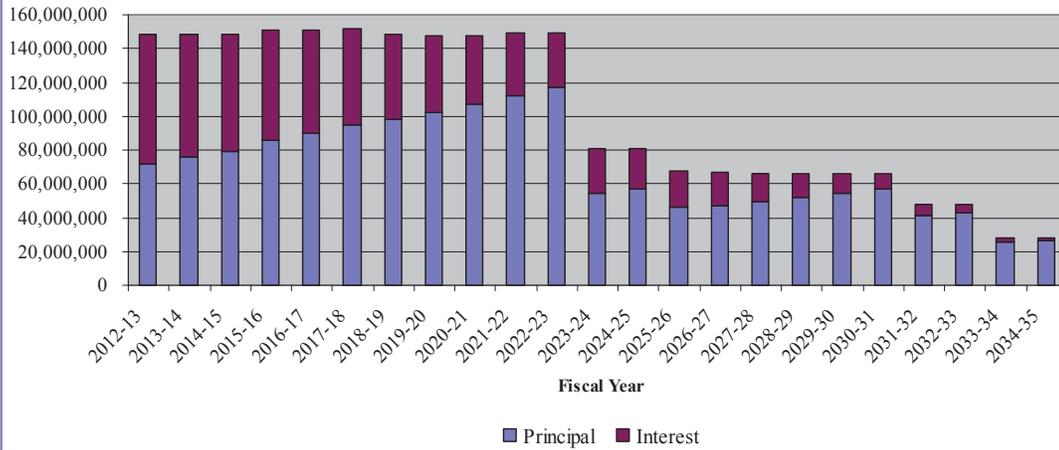
<b>Issue</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Amount Issued</b>	<b>Amount Outstanding</b>
<b>First Lien Bonds:</b>				
2004 Series A	11/30/2004	10/1/2024	\$163,500,000	\$123,270,000
2004 Series B Refunding	11/30/2004	6/1/2017	93,080,000	83,130,000
2005 Series A Refunding	6/16/2005	8/1/2020	144,850,000	144,850,000
2006 Series A	5/25/2006	6/15/2031	177,845,000	152,470,000
2007 Series A Refunding	3/8/2007	6/1/2015	193,510,000	90,140,000
2008 Series A Revenue & Refund	4/17/2008	6/15/2033	333,015,000	291,675,000
<b>Total First Lien Bonds</b>				<b>\$885,535,000</b>
<b>Second Lien Bonds:</b>				
2003 Series A	4/3/2003	6/1/2023	\$88,370,000	\$33,155,000
2006 Series B	5/25/2006	6/15/2031	87,135,000	74,900,000
2008 Series B Revenue & Refund	4/17/2008	6/15/2033	195,700,000	190,675,000
2010 Series A	8/19/2010	3/1/2035	407,850,000	381,520,000
<b>Total Second Lien Bonds</b>				<b>\$680,250,000</b>
<b>Third Lien Bonds:</b>				
Sewer SRF Loans	Various	Various	\$26,302,393	\$20,250,333
<b>TOTAL OUTSTANDING</b>				<b>\$1,586,035,333</b>

## Security for Sewer System Revenue Bonds

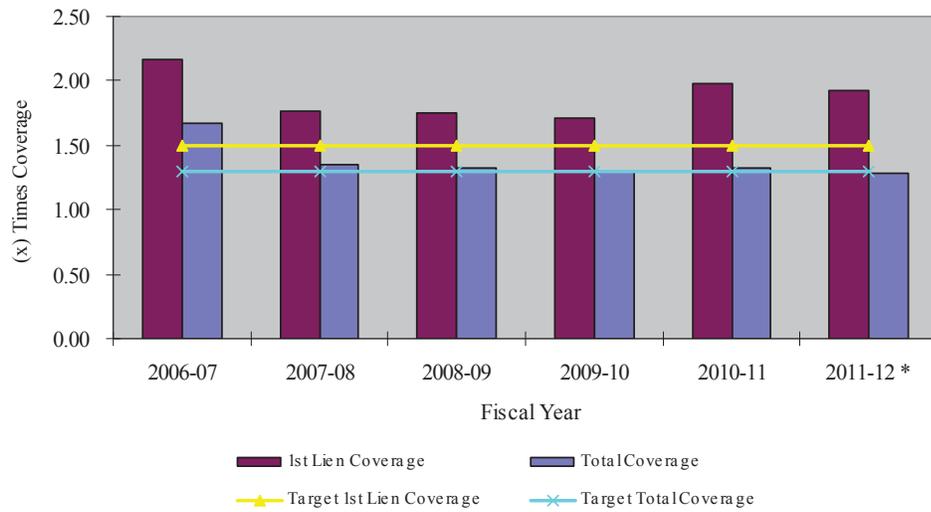
### Revenues of the Sewer System

The Bureau of Environmental Services charges fees to City residents and businesses for sanitary and storm water collection, transportation and treatment. Sewer rates are set at levels that meet all legal covenants and planning targets to provide sewer system revenues sufficient to cover sewer system debt obligations. Figure 14 shows the ratio of net revenues to debt service (referred to as “debt service coverage”) for first and second lien bonds over the past five years. Note that the Bureau of Environmental Services has established a rate stabilization fund that can be used to smooth rate increases while maintaining desired debt service coverage levels.

**Figure 13: Sewer System Annual Debt Service Requirements**



**Figure 14: Debt Service Coverage Ratios - Sewer System Revenue Bonds**



\* Preliminary unaudited coverage estimate.

**Sewer System Debt Service Reserves**

Outstanding sewer revenue bonds are also secured by a debt service reserve. All sewer revenue bond debt reserves are currently funded at or above the legal minimums either with cash or through bond insurance (surety).

## WATER SYSTEM REVENUE BONDS

The Water Bureau issues bonds to provide funding for a significant portion of its capital program. Bonds are secured by either a first lien or second lien on the net revenues of the water system. Over the past several years, outstanding water system debt has increased with implementation of the bureau’s capital program to meet the requirements of the federal Long-term 2 Enhanced Surface Water Treatment (LT2) Rule, federal Endangered Species Act requirements, system vulnerability needs, and aging infrastructure needs. According to the Water Bureau as of August 1, 2012, revenue bond issuance is expected to continue to function as a part of the Water Bureau’s ongoing capital improvement plan over the next five years (including an August 2012 issuance of \$76,510,000 of First Lien Water system Revenue Bonds, which is not reflected in the data below).

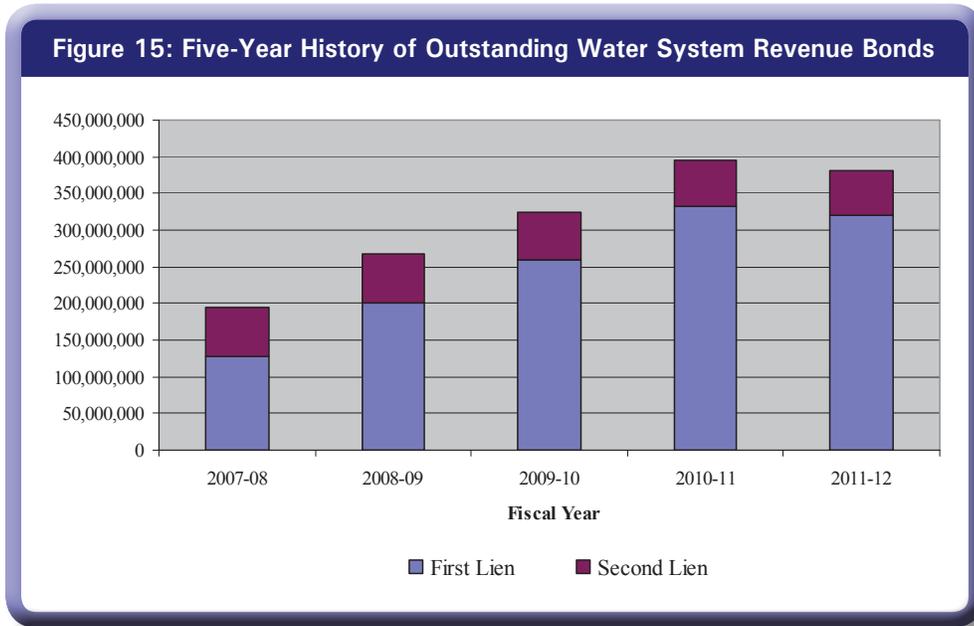
### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
 Rating Actions: ..... Affirmed at Aaa (First Lien) and Aa1 (Second Lien)  
 Refinancing Activity: ..... None  
 Other Activities: ..... N/A

### Water System Revenue Bond Ratings

First Lien: ..... Aaa (Moody’s)  
 Second Lien: ..... Aa1 (Moody’s)

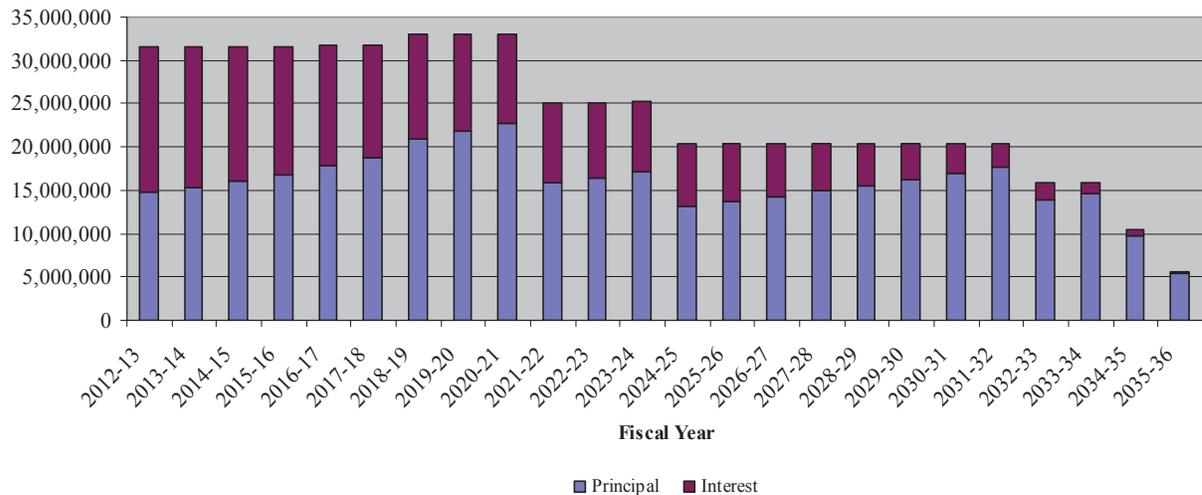
## Water System Revenue Bonds Outstanding



**Table 9: Outstanding Water System Revenue Bonds**

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
<b>First Lien Bonds:</b>				
2004 Series A	5/6/2004	10/1/2015	\$29,900,000	\$12,135,000
2004 Series B	5/6/2004	10/1/2023	61,900,000	43,360,000
2006 Series B Refunding	9/21/2006	10/1/2020	44,000,000	38,855,000
2008 Series A	8/7/2008	11/1/2033	79,680,000	74,240,000
2010 Series A	2/11/2010	5/1/2035	73,440,000	70,560,000
2011 Series A	3/22/2011	5/1/2036	82,835,000	81,325,000
<b>Total First Lien Bonds</b>				<b>\$320,475,000</b>
<b>Second Lien Bonds:</b>				
2006 Series A (2nd Lien)	9/21/2006	10/1/2031	\$68,970,000	\$60,585,000
<b>Total Second Lien Bonds</b>				<b>\$60,585,000</b>
<b>TOTAL OUTSTANDING</b>				<b>\$381,060,000</b>

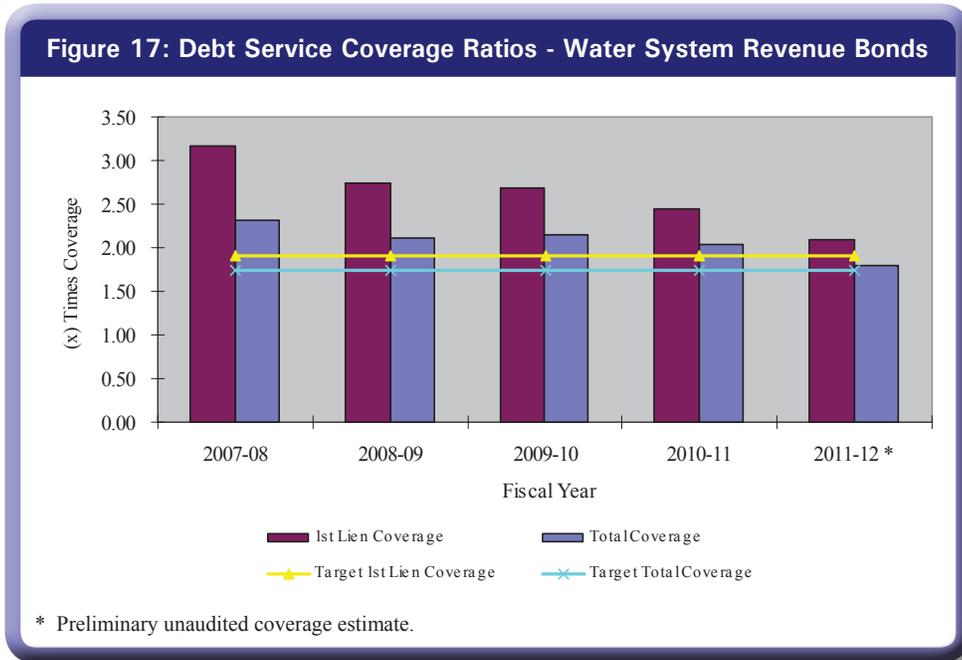
**Figure 16: Water System Annual Debt Service Requirements**



# Security for Water System Revenue Bonds

## Revenues of the Water System

The Water Bureau charges fees to City residents and businesses for treatment and transmission of water. The Water Bureau’s financial plans set water rates at levels that meet all legal covenants and planning targets to provide water system revenues sufficient to cover water system debt obligations. Figure 17 shows the ratio of net revenues to debt service (referred to as “debt service coverage”) for first and second lien bonds over the past five years. Note that for second lien bonds, the Water Bureau has established a rate stabilization fund that can be used to smooth rate increases while maintaining desired debt service coverage levels.



## Water System Debt Service Reserves

Outstanding water revenue bonds are also secured by a debt service reserve. All water revenue bond debt reserves are currently funded at or above the legal minimums either with cash or through bond insurance (surety).

## GAS TAX REVENUE BONDS

The Bureau of Transportation occasionally issues bonds or borrows on lines of credit to provide funding for minor portions of its capital program. Gas Tax Revenue Bonds are secured by a pledge of the City's gas tax revenues, as described in the Security section on the following page. All payments of Gas Tax Revenue Bonds have been made as scheduled from gas tax revenues.

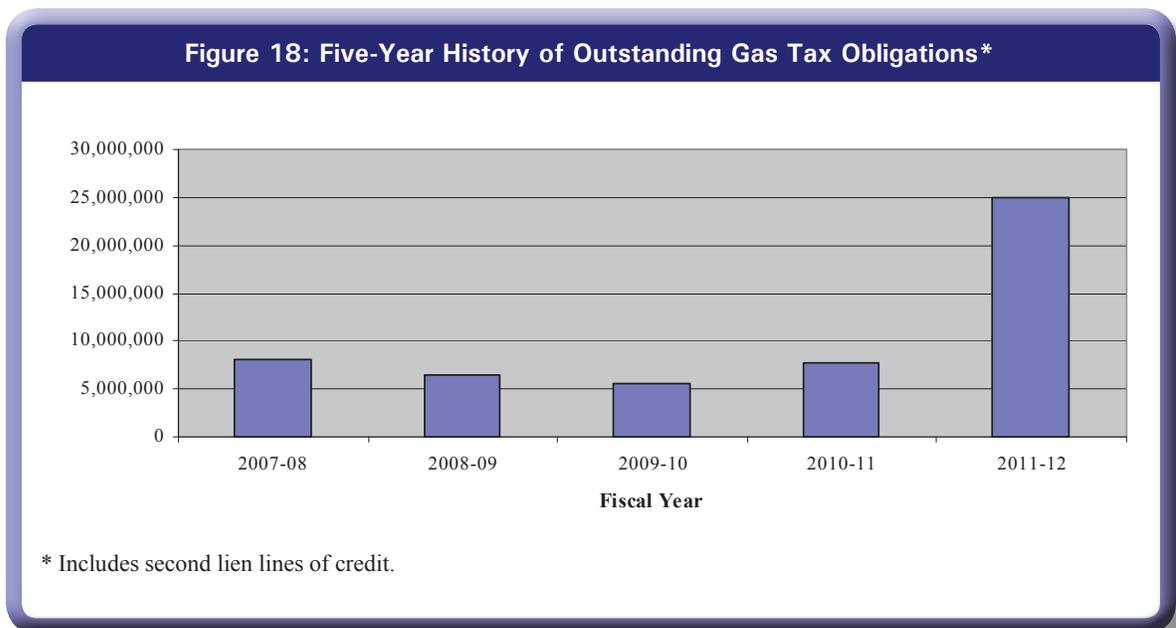
### Fiscal Year 2011-12 Highlights

Debt Issued: .....\$15.4 million Gas Tax Revenue Bonds  
Rating Actions: .....Affirmed at Aa2  
Refinancing Activity: .....None  
Other Activities: .....N/A

### Gas Tax Revenue Bond Rating

Aa2 (Moody's)

## Gas Tax Revenue Bonds Outstanding



**Table 10: Outstanding Gas Tax Bonds**

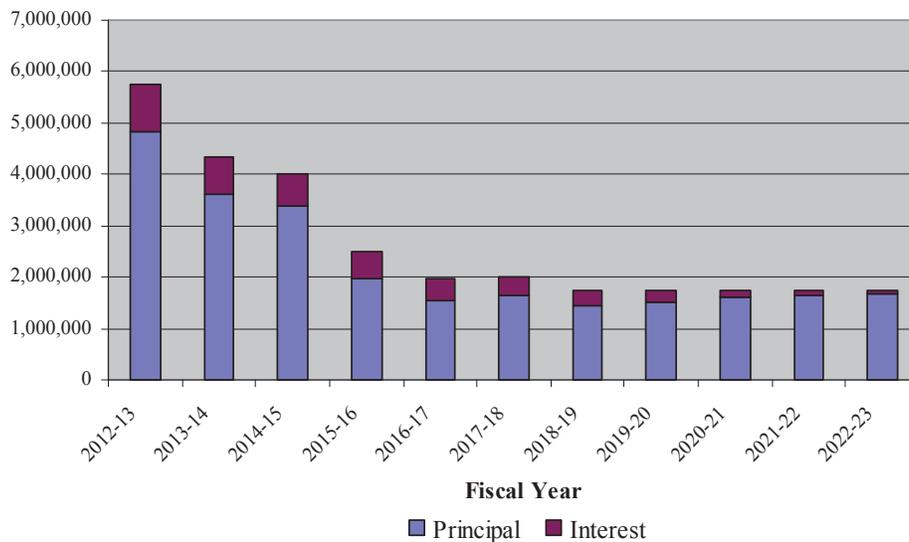
Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
<b>First Lien:</b>				
Gas Tax Revenue Bonds, 1998 Series A	6/1/1998	6/1/2018	\$3,070,000	\$1,230,000
Gas Tax Revenue Refunding Bonds, 2005 Series A	3/17/2005	6/1/2016	\$4,400,000	1,885,000
Gas Tax Revenue Refunding Bonds, 2011 Series A	11/22/2011	2/1/2023	\$15,400,000	15,400,000
<b>Total First Lien Bonds</b>				<b>\$18,515,000</b>
<b>Second Lien:</b>				
2009 Credit Facility	6/1/2009	6/1/2014	\$1,540,000	\$635,000
2010 Credit Facility	10/8/2010	10/8/2015	\$6,502,200	\$5,737,200
<b>Total Second Lien</b>				<b>\$6,372,200</b>
<b>TOTAL OUTSTANDING</b>				<b>\$24,887,200</b>

## Security for Gas Tax Revenue Bonds

### Gas Tax Revenues

Gas tax revenues include taxes and fees charged for motor fuel purchases and vehicle registration within the City. The Bureau of Transportation is responsible for collection of gas tax revenues from the State and County. Certain Limited Tax Revenue Bonds are also paid from (though not legally secured by) gas tax revenues – these bonds are included in the category of self-supporting debt secured by property taxes.

**Figure 19: Gas Tax Annual Debt Service Requirements**



### Gas Tax Debt Service Reserves

Outstanding gas tax bonds are also secured by a debt service reserve. All gas tax bond reserves are currently funded at or above the legal minimums either with cash or through bond insurance (surety).

## GOLF SYSTEM REVENUE BONDS

Portland Parks and Recreation owns and manages five public golf courses. Golf System Revenue Bonds are secured by a pledge of certain net revenues generated by the City's golf facilities. In November 2011, the City paid off the outstanding balance on the outstanding Golf System Revenue Bonds prior to maturity. No Golf System Revenue Bonds are currently outstanding.

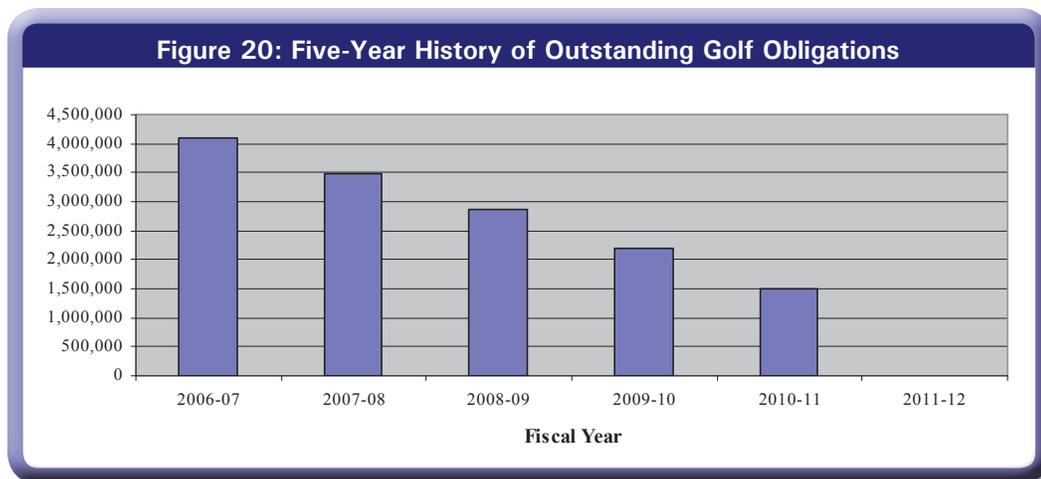
### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
Rating Actions: ..... None  
Refinancing Activity: ..... None  
Other Activities: ..... All outstanding Golf System Revenue Bonds were paid prior to maturity in November 2011.

### Golf System Revenue Bond Rating

None – the City's prior Golf System Revenue Bonds were held by a commercial bank and were not rated.

## Golf System Revenue Bonds Outstanding



## Security for Golf System Revenue Bonds

### Revenues of the Golf System

Portland Parks and Recreation collects a portion of revenues generated from operation of the City's five golf course facilities. Golf system revenues have historically remained sufficient to pay annual debt service on Golf Revenue Bonds.

### Golf System Debt Service Reserves

Outstanding Golf Revenue Bonds were historically secured by a cash-funded debt service reserve.

# URBAN RENEWAL AND REDEVELOPMENT BONDS

## About Urban Renewal and Redevelopment Bonds

The City has twelve urban renewal areas for which it has issued (or expects to issue) debt. Ten of these districts, as further described below, have issued long-term debt or interim debt. Two districts, Willamette Industrial and the Education Urban Renewal Plan (approved by Council in May 2012), have not yet incurred long-term or interim debt.

Additionally, in April 2012, the City formed six small urban renewal areas as part of the City's Neighborhood Prosperity Initiative (NPI). Once these are established by Multnomah County (in fiscal year 2012-13), NPI district acreage and assessed values will be counted against the City's combined urban renewal limitations identified in Table 11. The NPI districts are not authorized to issue long-term or interim debt, and therefore are not included in the debt statistics included in this section of the Annual Debt Report.

Urban renewal debt is repaid from property taxes generated on the increase in property value from the time the urban renewal area is formed. The increase in property value above this base amount is referred to as the incremental assessed value.

### **Urban Renewal and Redevelopment Bonds**

*Long-term bonds issued for projects in an urban renewal area, supported by a portion of property taxes allocable to that urban renewal area.*

## Outstanding Urban Renewal Debt

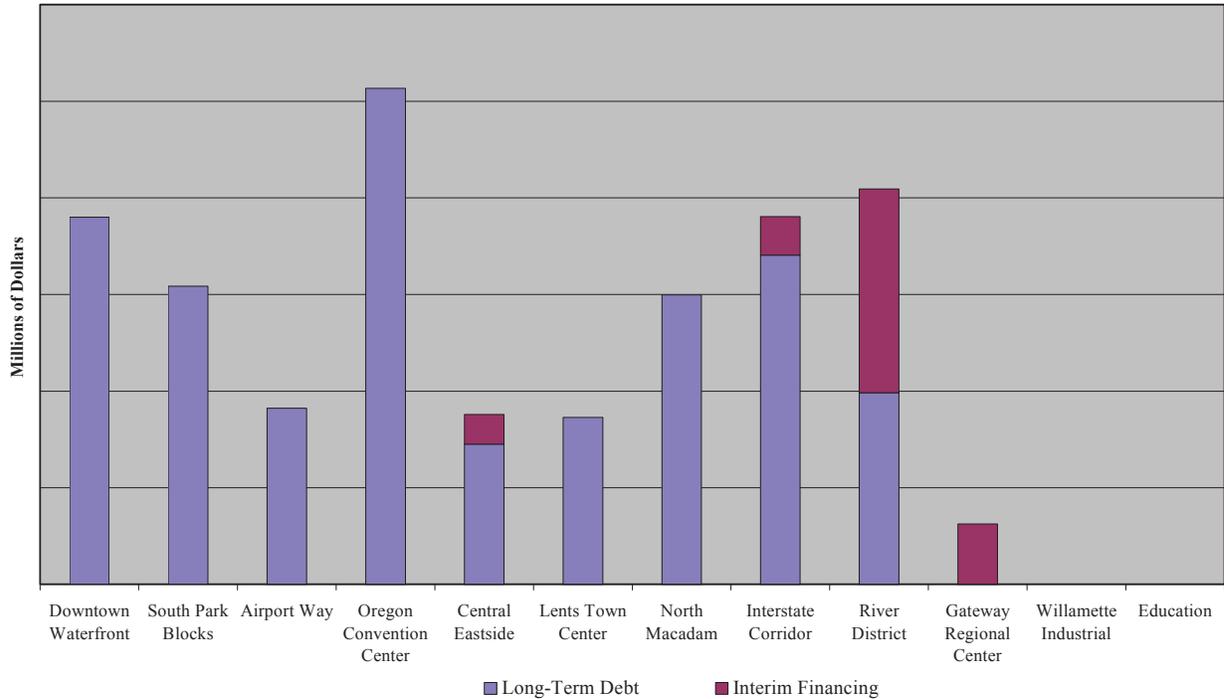
### Short-Term (Interim) Urban Renewal Debt

The City uses interim borrowings (lines of credit) to initially fund urban renewal projects. While paid from tax increment revenues and proceeds of long-term urban renewal and redevelopment bonds, urban renewal lines of credit also are secured by the City's full faith and credit, and are therefore included in calculations of debt secured by General Fund resources. The City borrows on lines of credit established for most urban renewal areas until the outstanding balance is large enough to cost effectively repay the line of credit from proceeds of long-term bonds secured solely by tax increment revenues. In fiscal year 2011-12, the total combined balance of urban renewal lines of credit decreased by \$36.9 million. As of June 30, 2012, the total outstanding urban renewal line of credit balance was \$68.9 million. The City converted line of credit balances to long-term bonds for the Interstate Urban Renewal Area (\$43.3 million) and Oregon Convention Center urban renewal area (\$30.1 million) in fiscal year 2011-12. In July 2012 (after the end of fiscal year 2011-12), the City converted \$42.2 million in line of credit balances into long-term bonds for the River District urban renewal area.

### Long-Term Urban Renewal Debt

Total outstanding long-term debt for urban renewal areas as of June 30, 2012, was \$508,130,000. At fiscal year-end, nine urban renewal districts had outstanding long-term debt as shown in the table on the following page. Long-term urban renewal debt is secured by and paid solely from tax increment revenues generated by an urban renewal area. Other than the River District bonds mentioned above, no additional long-term urban renewal bond issues are anticipated in fiscal year 2012-13.

Figure 21: Interim and Long-Term Urban Renewal Debt Outstanding as of June 30, 2012



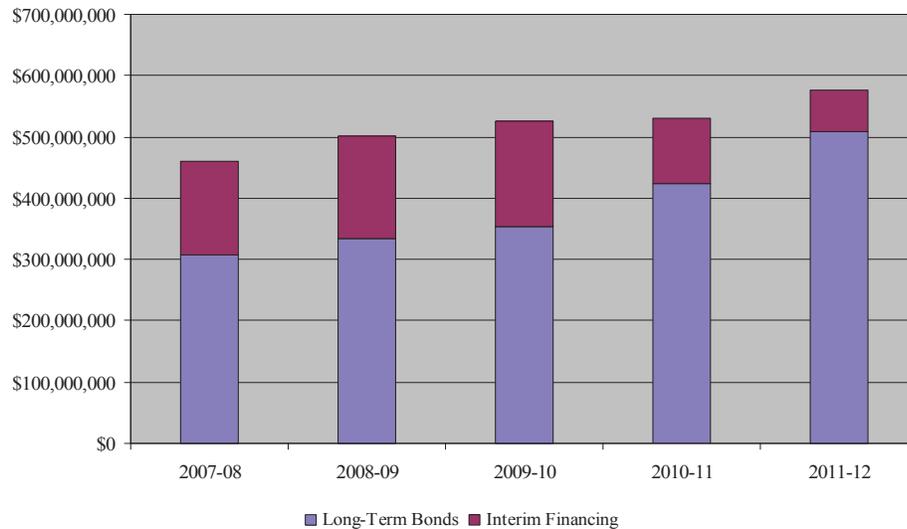
**Du Jour Borrowing** *A one-day borrowing that makes tax increment collections legally available to be spent on projects in an urban renewal area without issuance of long-term debt.*

In addition to interim and long-term urban renewal debt, the City uses du jour borrowings to provide eligible funds to urban renewal districts. These borrowings convert available tax increment collections to usable cash as allowed by the Oregon Revised Statutes and effectively provide a pay-as-you-go option for funding urban renewal projects. Du jour borrowings are outstanding for a single day and therefore do not show up on the outstanding debt tables. Because of the very short maturity, du jour borrowings can be completed at an extremely low cost. Du jour borrowing is counted against the maximum indebtedness limitation for an urban renewal district.

**Outstanding Urban Renewal Debt Summary**

At the end of fiscal year 2011-12 the combined amount of outstanding interim and long-term urban renewal debt was \$577.1 million. Since fiscal year 2007-08, total outstanding urban renewal debt has increased approximately 25.7%. Outstanding interim debt, which is secured by both the City’s general fund and tax increment revenues, was significantly reduced in fiscal year 2011-12 as the City successfully converted a portion of the line of credit balance to long-term bonds secured only by tax increment revenues.

**Figure 22: Total Urban Renewal Debt Outstanding (as of June 30, 2012)**



## Limitations on Urban Renewal Areas

### Limitations on Total Size of Urban Renewal Areas

Chapter 457 of the Oregon Revised Statutes places limits on the amount of a City's total acreage and assessed value that can be included within an urban renewal area. The total assessed value of properties within urban renewal areas, determined at the time of formation, cannot exceed 15% of total assessed value in the City. Also, the total combined acreage within urban renewal areas cannot exceed 15% of total area within the City. The table below indicates the City's compliance within these statutory limitations as of June 30, 2012.

**Table 11: Urban Renewal Area Size Capacity \***

	Acreage	Assessed Value
City of Portland Total	92,768	\$43,634,351,239
Urban Renewal Areas	12,335	\$4,260,466,640
Maximum Allowed	15.00%	15.00%
Percent Used	13.30%	9.76%
Capacity Remaining	1,580	\$2,284,686,046

\* Table values exclude the Education and Neighborhood Prosperity Initiative urban renewal areas approved by Council in FY 2011-12. The acreage and assessed value amounts will be determined by the County for the FY 2013-14 tax year. The City expects the amounts will remain within the statutory limitation after determination of final amounts by the County.

### Maximum Indebtedness Limitations for Urban Renewal Areas

The City may issue debt up to a maximum amount established in the plan of each urban renewal area. This amount is referred to as an urban renewal area's maximum indebtedness. The table below shows the maximum indebtedness limitation for each of the City's urban renewal areas (excluding the NPI districts) and the remaining capacity available to be borrowed within that limitation as of June 30, 2012.

**Table 12: Remaining Borrowing Capacity for Urban Renewal Areas (as of June 30, 2012) \***

Urban Renewal Area	Final Date to Issue Debt	Maximum Indebtedness	Long-Term Bonds Issued **	Du Jour Borrowing	Outstanding Line of Credit Balances	Remaining Borrowing Capacity
Downtown Waterfront	Expired	\$165,000,000	\$96,685,000	68,315,000	\$0	\$0
South Park Blocks	Expired	143,619,000	77,810,000	34,225,000	0	31,584,000 ***
Airport Way	Expired	72,638,268	53,000,000	19,638,268	0	0
Oregon Convention Center	June 2013	167,511,000	119,140,000	48,370,000	0	1,000 ***
Central Eastside	August 2018	104,979,000	32,920,340	45,541,161	6,184,000	20,333,499
Lents Town Center	June 2020	245,000,000	36,890,000	64,034,895	0	144,075,105
North Macadam	June 2020	288,562,000	64,925,000	37,206,845	0	186,430,155
Interstate Corridor	June 2021	335,000,000	81,835,000	49,930,000	8,009,158	195,225,842
River District	June 2021	489,500,000	61,940,000	148,070,000	42,213,033	237,276,967
Gateway	June 2022	164,240,000	-	17,981,099	12,545,073	133,713,828
Willamette Industrial	December 2024	200,000,000	-	3,781,000	0	196,219,000
<b>Total</b>		<b>\$2,376,049,268</b>	<b>\$625,145,341</b>	<b>\$537,093,268</b>	<b>\$68,951,264</b>	<b>\$1,144,859,395</b>

\* Table excludes Education and Neighborhood Prosperity Initiative urban renewal areas approved by Council in fiscal year 2011-12.

\*\* Includes interim financing counting against maximum indebtedness that was subsequently converted to long-term debt.

\*\*\* Cannot be accessed via issuance of long-term or interim debt due to expiration of final date to issue debt.

## Fiscal Year 2011-12 Highlights

Fiscal year 2011-12 was an active year for urban renewal financing with five closed urban renewal bond transactions, plus three series of bonds that were priced in fiscal year 2011-12, but which closed in fiscal year 2012-13.

### New Issuance

The City issued its long-term bonds for the Interstate and Oregon Convention Center urban renewal areas in the amounts of \$46,135,000 and \$69,760,000, respectively. In June 2012, the City priced \$73,665,000 in bonds for the River District urban renewal area; these bonds closed in July 2013 and the results of this issuance will be reflected in the Annual Debt Report for fiscal year 2012-13.

### Bond Refinancings

The City issued or priced bonds to refinance outstanding bonds issued for the Downtown Waterfront and Oregon Convention Center and River District urban renewal areas. On a combined basis, the urban renewal bond refundings that closed in fiscal year 2011-12 reduced the City's total debt service payments by approximately \$12.26 million over the next nine years.

**Table 13: Results of Urban Renewal Bond Refinancings \***

Refunded Series	Refunded Bond Principal	New Bond Principal	Total Savings	NPV Savings (\$)	NPV Savings (%)
Oregon Convention Center Urban Renewal and Redevelopment Bonds, 2000 Series A	\$32,900,000	\$29,685,000	\$6,094,157	\$5,234,251	17.63%
Downtown Waterfront Urban Renewal and Redevelopment Bonds, 2000 Series A	\$33,060,000	\$30,370,000	\$6,167,149	\$5,274,459	17.36%

\* The City also priced refunding of the tax exempt River District Urban Renewal and Redevelopment Bonds, 2003 Series A in June; however, these refunding issues closed in fiscal year 2012-13 and are not reflected in this table.

### Rating Actions

Three urban renewal credits were rated by Moody's in fiscal year 2011-12. The Interstate urban renewal bond rating was affirmed at A2 and the Oregon Convention Center urban renewal bond rating was affirmed at Aa3. In June 2012, the River District urban renewal bonds were upgraded from A2 to A1.

## Option 3 Urban Renewal Districts

### Option 3 District

*A specific type of urban renewal district established by statutory changes in 1997 that collect a fixed dollar amount of property tax revenues from the incremental assessed value of the district, plus an allocated portion of a citywide special levy.*

### Overview

The City has four Option 3 urban renewal areas: Airport Way, Downtown Waterfront, Oregon Convention Center, and South Park Blocks. With the exception of Oregon Convention Center (which has only \$1,000 remaining capacity), all of the City's Option 3 districts have either reached their final date to issue debt or reached their maximum indebtedness limit.

### Tax Collection

Option 3 districts receive tax increment revenues through a combination of fixed taxes on the incremental assessed value of the urban renewal area and an allocation of the urban renewal special levy. The incremental assessed value needed to generate the fixed urban renewal taxes has historically been less than the full incremental assessed value. Any incremental value not allocated to payment of debt service is released to the overlapping taxing jurisdictions, as shown in the table below.

**Table 14: Summary of Option 3 District Assessed Value**

Urban Renewal Area	Frozen Base	Incremental Assessed Value	Incremental AV Used	Taxes on Incremental AV *	Incremental AV Released
Airport Way	\$124,710,301	\$992,524,455	\$122,955,643	\$2,540,000	\$869,568,812
Downtown Waterfront	55,674,313	910,075,667	350,947,467	7,710,000	559,128,200
Oregon Convention Center	248,951,143	852,646,229	260,957,724	5,760,000	591,688,505
South Park Blocks	376,066,574	885,549,998	257,634,587	5,640,000	627,915,411

\* Before Measure 5 compression. Included Special Levy plus taxes from incremental assessed value.

Per City Council direction and in accordance with the debt service requirements of each urban renewal area, a special levy is allocated amongst each of the four urban renewal areas in a combined amount planned not to exceed \$15 million. Availability of the special levy has historically resulted in higher bond ratings for Option 3 areas than for other types of urban renewal areas.

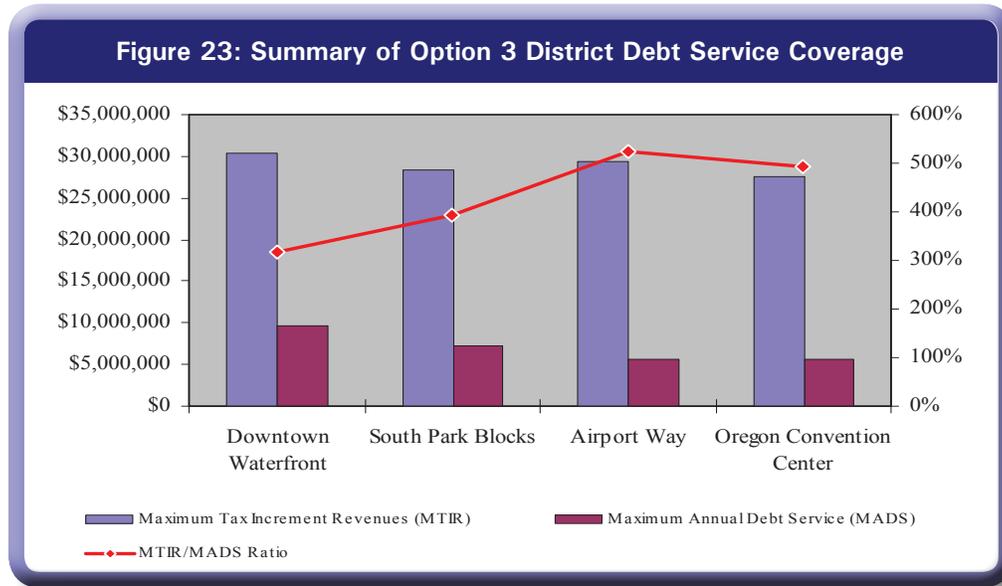
### Security

The City's planning standard for Option 3 districts is generally for the maximum tax increment revenues to provide at least 150% of the maximum annual debt service. This coverage standard recognizes the strength of the urban renewal special levy, which is currently imposed in an amount significantly below statutorily authorized levels. The maximum tax increment revenues were established for each urban renewal area with the passage of Measure 50, and, since that time, grow at the same rate as the incremental assessed value of the district. In fiscal year 2011-12, the maximum tax increment revenues significantly exceeded the maximum annual debt service, providing a minimum of 3.17X coverage of maximum annual debt service (Downtown Waterfront) and a maximum of 5.25X coverage (Airport Way) levels.

**Maximum Annual Debt Service (MADS)**

*The maximum annual amount due during the life of a bond issue or group of bond issues. Often used to calculate “coverage,” a calculation that demonstrates the availability of revenues above the required debt payment.*

Outstanding urban renewal bonds may also be secured by a debt service reserve. Certain outstanding long-term bonds issued for the Downtown Waterfront, Oregon Convention Center and South Park Blocks do not have debt service reserves due to favorable debt service coverage and market conditions at the time those bonds were issued.



## Standard and Reduced Rate Plan Districts

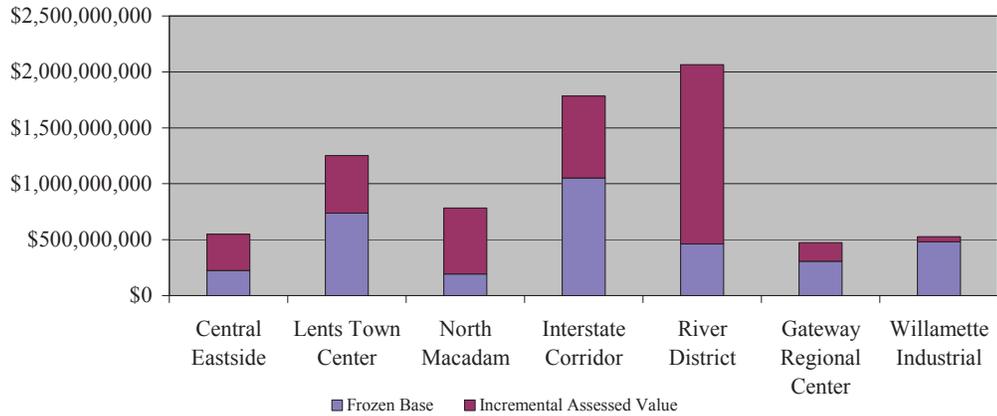
### Overview

The City’s newer urban renewal areas are comprised of standard rate plans and reduced rate plans. The primary difference between these plans are the tax rate used to calculate the tax increment revenues. For a standard rate plan, the tax rate consists of all permanent rates, local option levies, the Fire and Police Disability and Retirement (FPD&R) levy, and bond levies of taxing jurisdictions that overlap the urban renewal area. For reduced rate plans, only incremental revenues generated by permanent rates, the FPD&R levy and bond levies passed prior to October 6, 2001, are included in the tax rate. The City has five standard rate plans: Gateway Regional Center, Interstate Corridor, Lents Town Center, North Macadam, and River District. Long term debt is outstanding for all of these districts, except Gateway. The City has three reduced rate plans, Central Eastside, Willamette Industrial and the Education urban renewal area, with long-term bonds outstanding for only Central Eastside. None of these districts has reached its maximum indebtedness limitation.

### Tax Collections

All of the City’s non-Option 3 urban renewal districts receive tax increment revenues on the full value of the incremental assessed value, except for River District and the newly formed Education Urban Renewal Plan. In 2009, state legislation required River District and districts formed on or after January 1, 2010, to share revenues generated on the incremental assessed value after reaching certain milestones. Fiscal year 2010-11 marked the first year where sharing was required for the River District. For fiscal year 2011-12, the shared amount actually returned to overlapping tax districts was \$234,870. The Education urban renewal area did not collect any incremental tax revenue in fiscal year 2011-12, and is not included in Figure 24 on the following page.

**Figure 24: Summary of Standard/Reduced Plan District Incremental Assessed Value\***



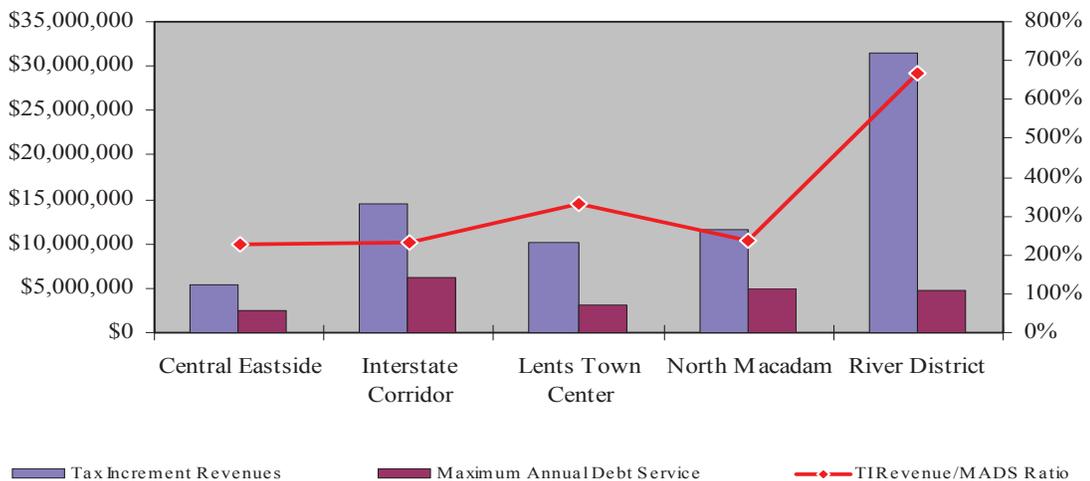
\* Does not include Education urban renewal area approved by Council in FY 2011-12.

### Security

The City's planning standard for all non-Option 3 districts is for tax increment revenues to be at least 200% of the maximum annual debt service. The higher coverage reflects the passive nature of the tax increment revenue stream. The City cannot control tax rates, growth in incremental assessed value, Measure 5 compression, and other factors that affect revenue collections. Higher debt service coverage helps mitigate the risk of lower collections resulting from unanticipated impacts of any of these factors.

The City maintains cash-funded debt service reserves for all bonds issued for standard and reduced rate plans.

**Figure 25: Summary of Standard/Reduced Plan District Debt Service Coverage**



# SUMMARY OF URBAN RENEWAL DISTRICTS

## Downtown Waterfront Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 1974  
 District Type: ..... Option 3  
 Final Year to Issue Debt: ..... 2008 (Expired)  
 Remaining Maximum Indebtedness: ..... None  
 District Area: ..... 233 acres  
 Frozen AV Base: ..... \$55,674,313  
 FY 2011-12 District AV:..... \$965,749,980

### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
 Rating Actions: .....  
 Affirmed at Aa3  
 Refinancing Activity: ..... \$30.37 million\*  
 Other Activities: ..... None

**Bond Rating** ..... Aa3 (Moody's)

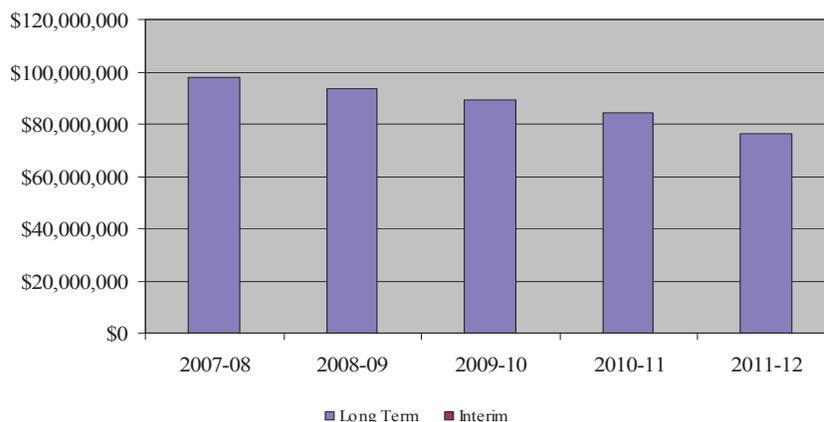
### Debt Outstanding

Interim: ..... None  
 Long-Term Bonds: ..... \$76,015,000

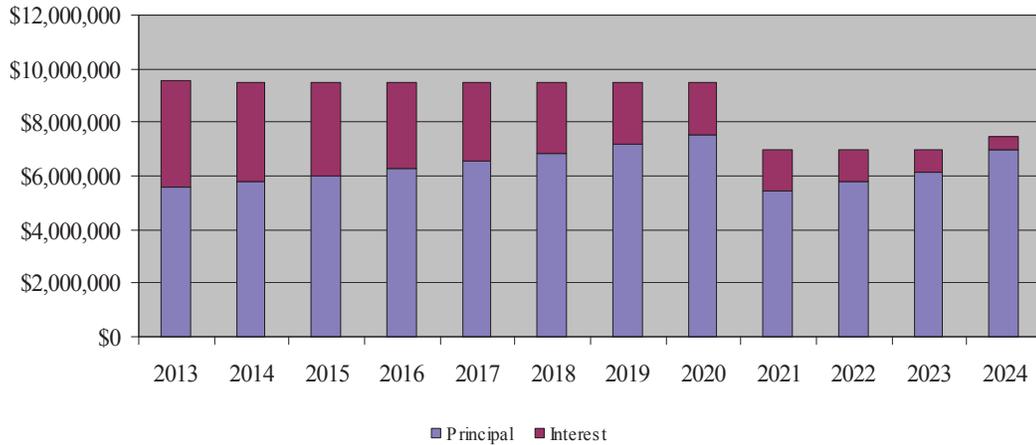
\*Urban Renewal and Redevelopment Refunding Bonds to refinance 2000 Series A Bonds

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
2000 Series B	10/15/2000	6/15/2013	\$24,970,000	\$3,525,000
2008 Series A	4/22/2008	6/15/2024	\$50,165,000	\$42,200,000
2011 Series A	7/6/2011	6/15/2020	\$30,370,000	\$30,290,000
Total			\$105,505,000	\$76,015,000

Figure 26: Five-Year History of Outstanding Downtown Waterfront Urban Renewal Debt



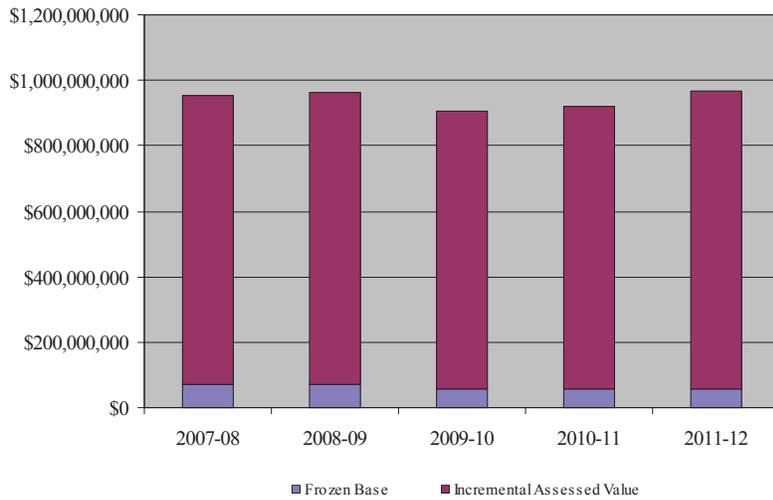
**Figure 27: Total Annual Debt Service Requirements - Downtown Waterfront Urban Renewal Bonds**



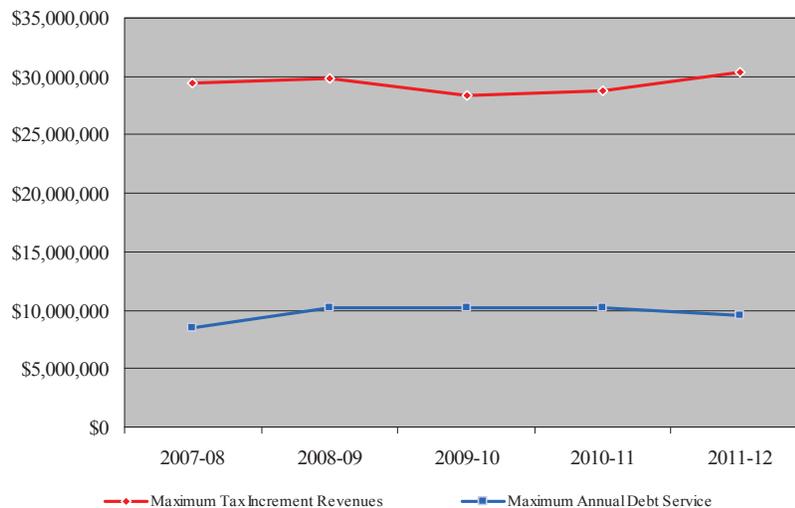
**Figure 28: Incremental Assessed Value - Downtown Waterfront Urban Renewal**

**Security**

Downtown Waterfront has reached its maximum indebtedness limitation and no additional tax increment bonds may be issued. The following tables show the growth in incremental assessed value over the past five years and the maximum tax increment revenues in relation to maximum annual debt service. Note that a plan amendment took effect in fiscal year 2009-10, which reduced the size and assessed value of the district.



**Figure 29: Revenue to Debt Service Comparison - Downtown Waterfront Urban Renewal**



# South Park Blocks

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 1985  
 District Type:..... Option 3  
 Final Year to Issue Debt: ..... 2008 (Expired)  
 Remaining Maximum  
 Indebtedness:..... \$31,584,000  
 District Area: ..... 98 acres  
 Frozen Base: ..... \$376,066,574  
 FY 2011-12 District AV:..... \$1,261,616,572

### Fiscal Year 2011-12 Highlights

Debt Issued: .....None  
 Rating Actions: .....None  
 Refinancing Activity: .....None  
 Other Activities: .....None

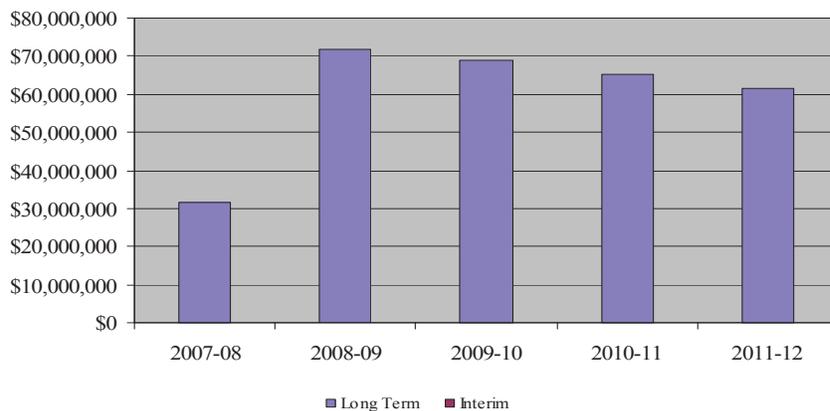
**Bond Rating** ..... Aa3 (Moody's)

### Debt Outstanding

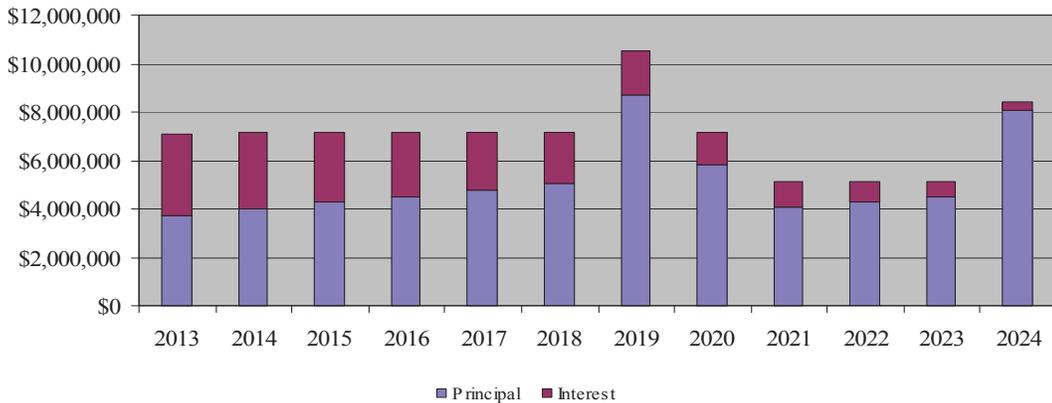
Interim: .....None  
 Long-Term Bonds: ..... \$61,700,000

Issue	Issue Date	Final Maturity	Amount	
			Amount Issued	Outstanding
2008 Series A	7/16/2008	6/15/2019	\$34,580,000	\$29,470,000
2008 Series B	7/16/2008	6/15/2024	\$32,020,000	\$32,020,000
2011 Series A Refunding	5/19/2011	6/15/2013	\$2,585,000	\$210,000
Total			\$69,185,000	\$61,700,000

**Figure 30: Five-Year History of Outstanding South Park Blocks Urban Renewal Debt**



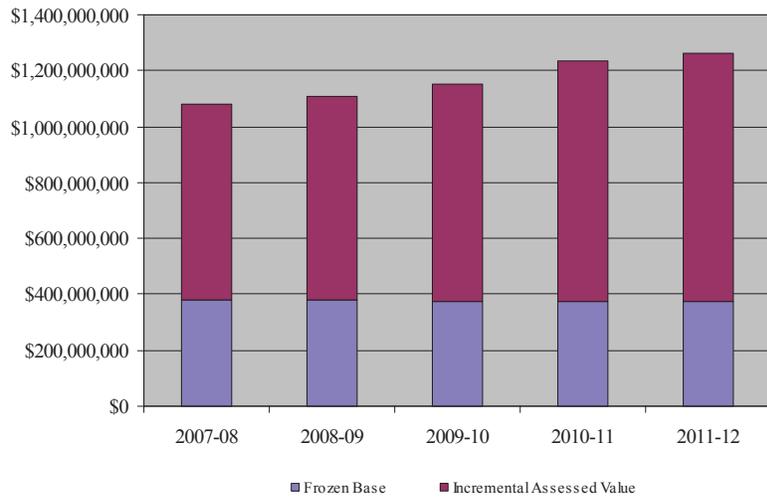
**Figure 31: Total Annual Debt Service Requirements - South Park Blocks Urban Renewal Bonds**



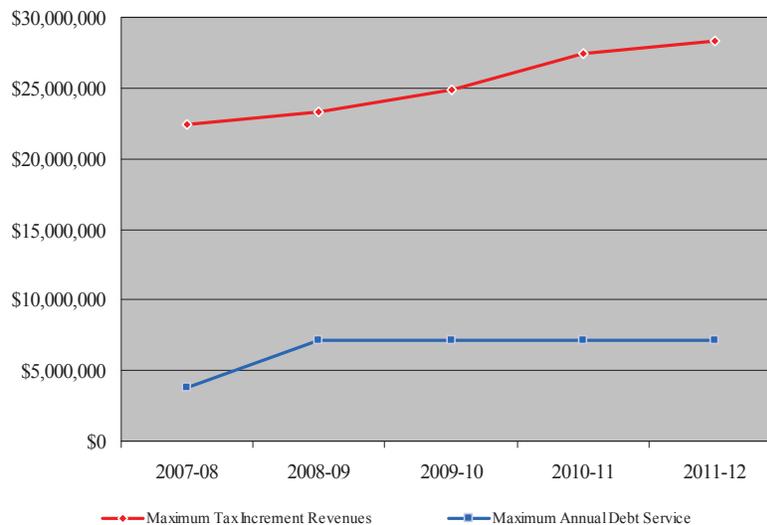
**Figure 32: Incremental Assessed Value - South Park Blocks Urban Renewal**

**Security**

The last date to issue long-term debt for the South Park Blocks urban renewal area was in July 2008, although the district has remaining maximum indebtedness of \$31.6 million. There currently are no plans to amend the South Parks Blocks urban renewal plan to extend the last date to issue long-term or interim debt and no additional long-term debt is planned for the district. The following tables show the growth in incremental assessed value over the past five years and the maximum tax increment revenues in relation to maximum annual debt service.



**Figure 33: Revenue to Debt Service Comparison - South Park Blocks Urban Renewal**



# Airport Way

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 1986  
 District Type: ..... Option 3  
 Final Year to Issue Debt: ..... 2011 (Expired)  
 Remaining Maximum  
 Indebtedness: ..... None  
 District Area: ..... 1,841 acres  
 Frozen AV Base: ..... \$124,710,301  
 FY 2011-12 District AV: ..... \$1,117,234,756

### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
 Rating Actions: ..... None  
 Refinancing Activity: ..... None  
 Other Activities: ..... None

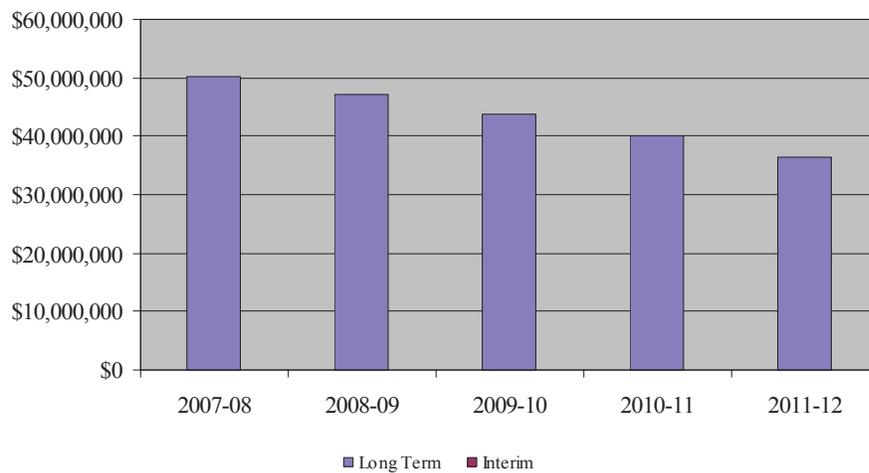
**Bond Rating** ..... Aa3 (Moody's)

### Debt Outstanding

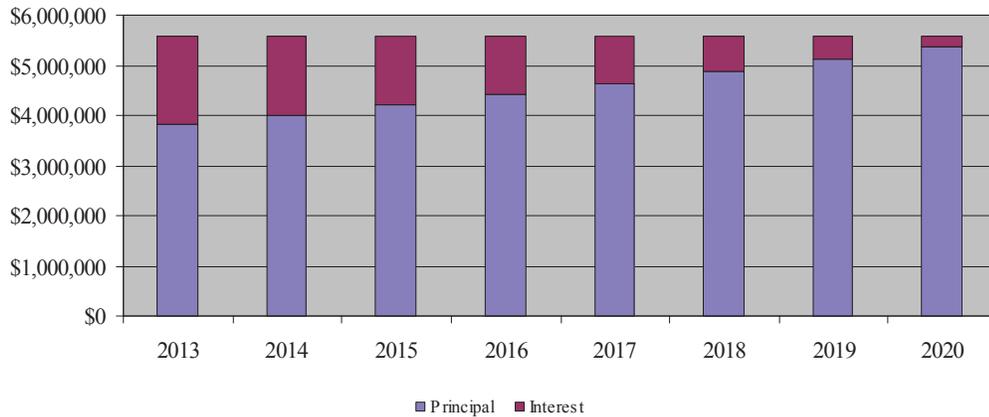
Interim: ..... None  
 Long-Term Bonds: ..... \$36,465,000

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
2005 Series A	9/29/2005	6/15/2020	\$45,370,000	\$36,465,000

**Figure 34: Five-Year History of Outstanding Airport Way Urban Renewal Debt**



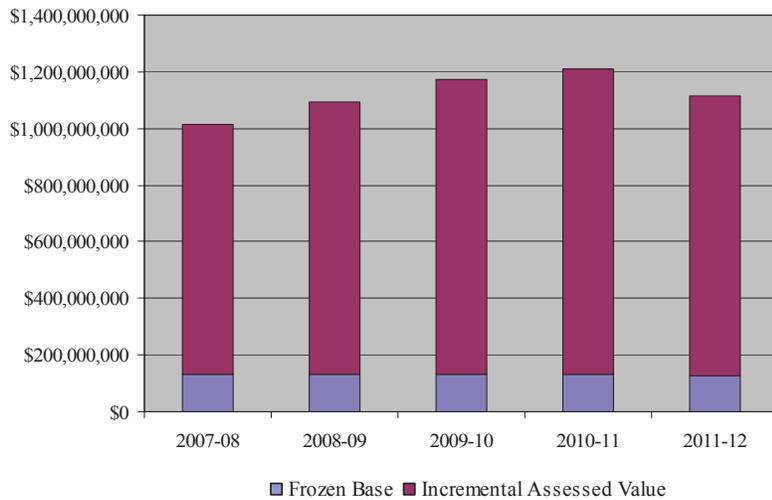
**Figure 35: Total Annual Debt Service Requirements - Airport Way Urban Renewal Bonds**



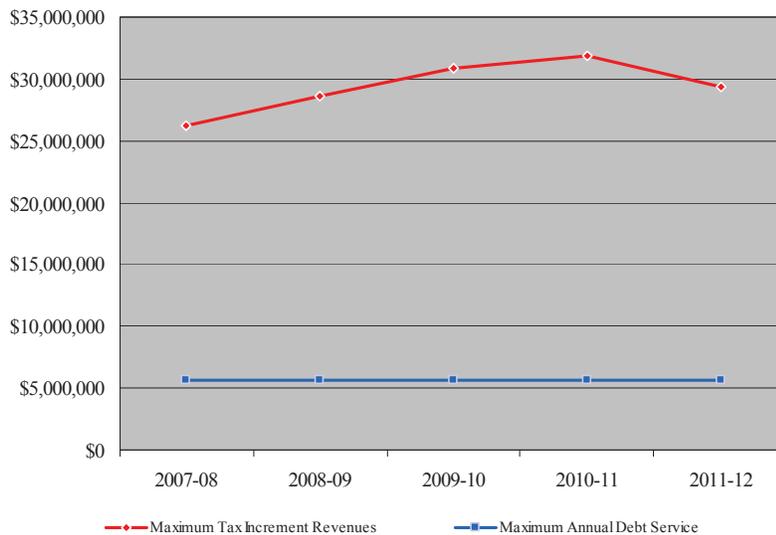
**Figure 36: Incremental Assessed Value - Airport Way Urban Renewal**

**Security**

Airport Way has reached its maximum indebtedness limitation and no additional tax increment bonds may be issued. The following tables show the growth in incremental assessed value over the past five years and the maximum tax increment revenues in relation to maximum annual debt service.



**Figure 37: Revenue to Debt Service Comparison - Airport Way Urban Renewal**



# Oregon Convention Center Urban Renewal District Bonds

## District Summary

Year of URA Formation: ..... 1989  
 District Type: ..... Option 3  
 Final Year to Issue Debt: ..... 2013  
 Remaining Maximum  
 Indebtedness: ..... \$1,000  
 District Area: ..... 595 acres  
 Frozen AV Base: ..... \$248,951,143  
 FY 2011-12 District AV:..... \$1,101,597,372

## Fiscal Year 2011-12 Highlights

Debt Issued: .....\$99.445 million Urban  
 Renewal and Redevelopment  
 Bonds  
 Rating Actions: ..... Affirmed at Aa3  
 Refinancing Activity: .....\$32.9 million Urban  
 Renewal and Redevelopment  
 Refunding Bonds to refinance  
 2000 Series A Bonds  
 Other Activities: ..... Reduced remaining  
 maximum indebtedness to  
 \$1,000 upon issuance of  
 2012 Series A Bonds

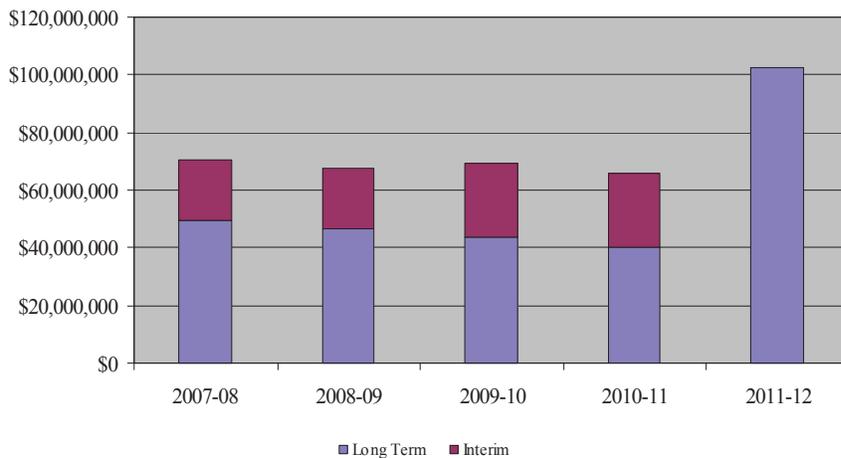
**Bond Rating**.....Aa3 (Moody's)

## Debt Outstanding

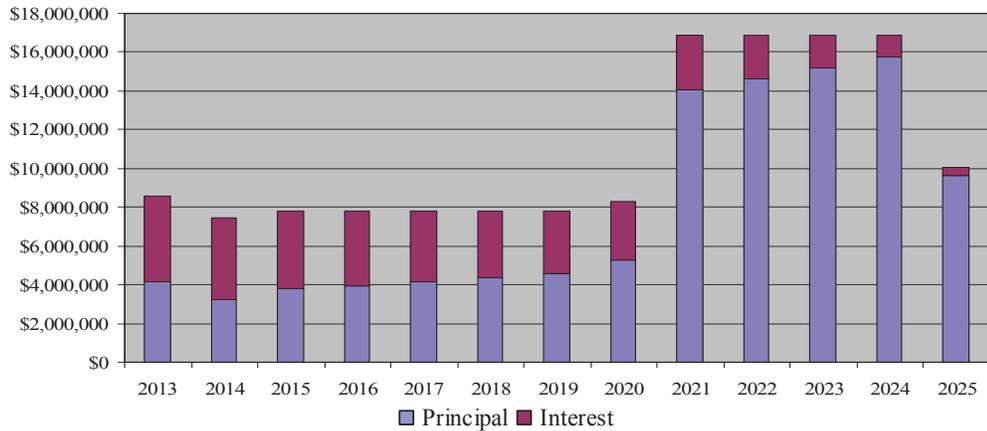
Interim: .....None  
 Long-Term Bonds: ..... \$102,660,000

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
2011 Series A Refunding	5/19/2011	6/15/2013	\$7,540,000	\$3,705,000
2011 Series B Refunding	7/6/2011	6/15/2020	\$29,685,000	\$29,195,000
2012 Series A	5/17/2012	6/15/2025	\$69,760,000	\$69,760,000
Total			\$106,985,000	\$102,660,000

**Figure 38: Five-Year History of Outstanding Oregon Convention Center Urban Renewal Debt**



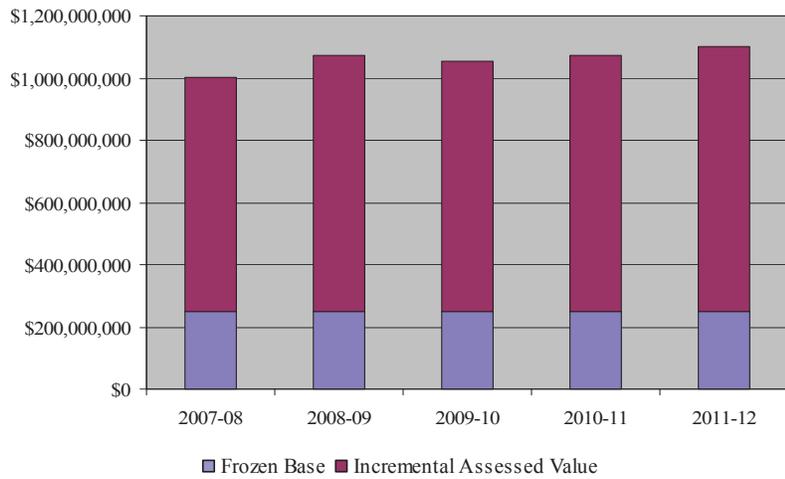
**Figure 39: Total Annual Debt Service Requirements - Oregon Convention Center Urban Renewal Bonds**



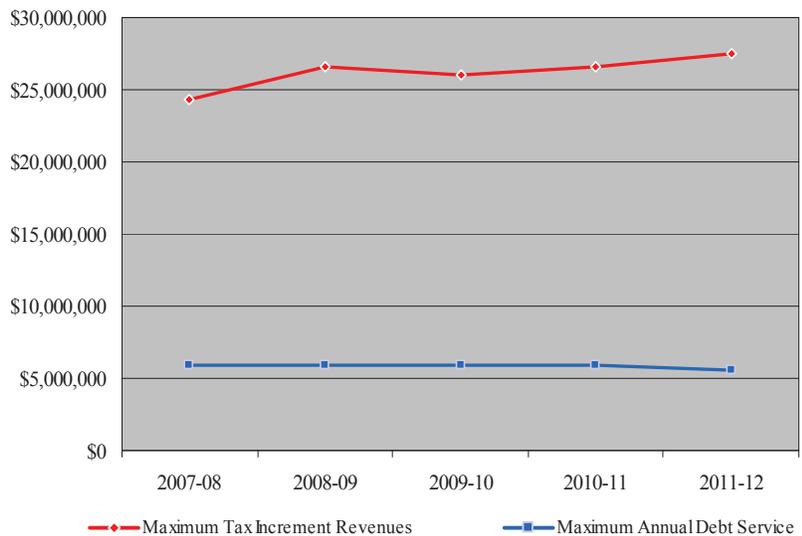
**Figure 40: Incremental Assessed Value - Oregon Convention Center Urban Renewal**

**Security**

Oregon Convention Center has effectively reached its maximum indebtedness limitation (only \$1,000 remaining) and no additional tax increment bonds will be issued. The following tables show the growth in incremental assessed value over the past five years and the maximum tax increment revenues in relation to maximum annual debt service.



**Figure 41: Revenue to Debt Service Comparison - Oregon Convention Center Urban Renewal**



# Central Eastside

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 1986  
 District Type:..... Reduced Rate Plan  
 Final Year to Issue Debt: ..... 2018  
 Remaining Maximum  
 Indebtedness: ..... \$20,333,499  
 District Area: ..... 692 acres  
 Frozen AV Base: ..... \$224,626,739  
 FY 2011-12 District AV:..... \$547,849,216

### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
 Rating Actions: ..... None  
 Refinancing Activity: ..... None  
 Other Activities: ..... None

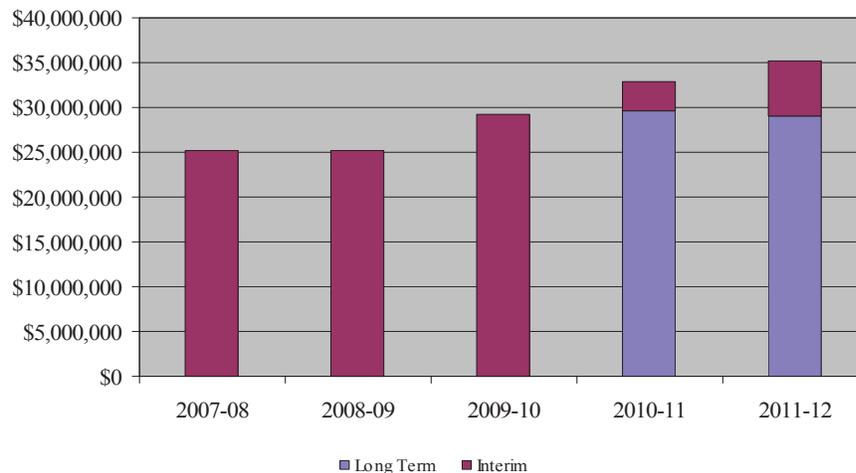
**Bond Rating** ..... A2 (Moody's)

### Debt Outstanding

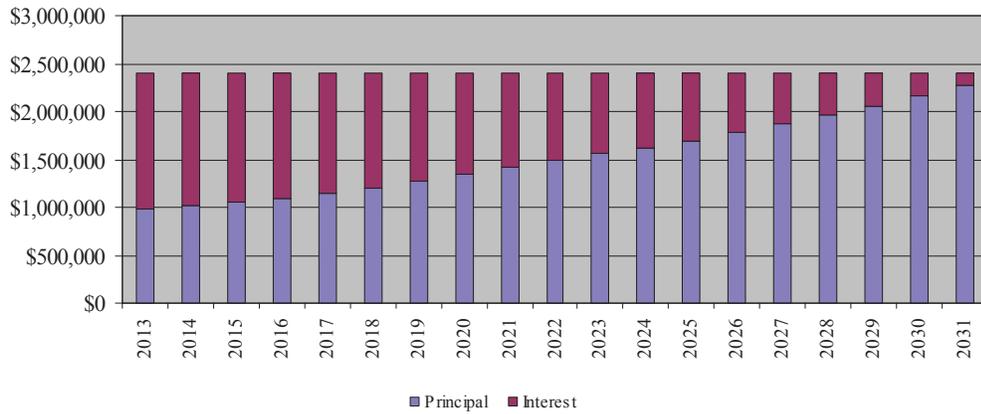
Interim: ..... \$6,184,000  
 Long-Term Bonds: ..... \$29,020,000

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
2011 Series A (Taxable)	3/31/2011	6/15/2021	\$10,205,000	\$9,535,000
2011 Series B	3/31/2011	6/15/2031	\$19,485,000	\$19,485,000
Total			\$29,690,000	\$29,020,000

**Figure 42: Five-Year History of Outstanding Central Eastside Urban Renewal Debt**



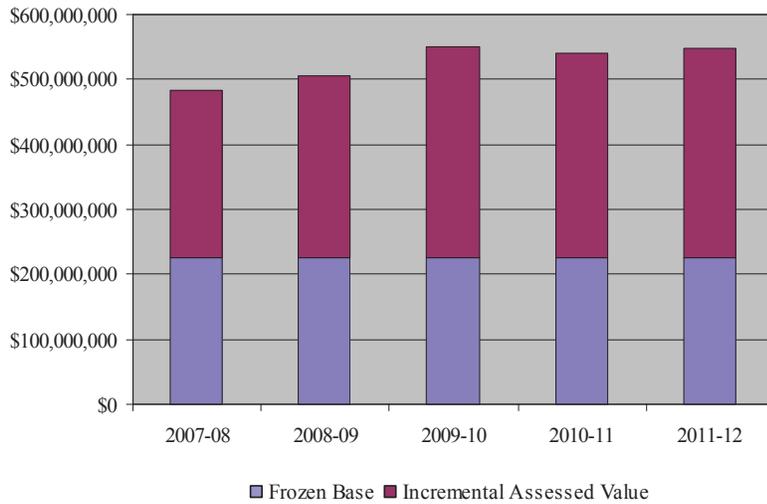
**Figure 43: Total Annual Debt Service Requirements - Central Eastside Urban Renewal Bonds**



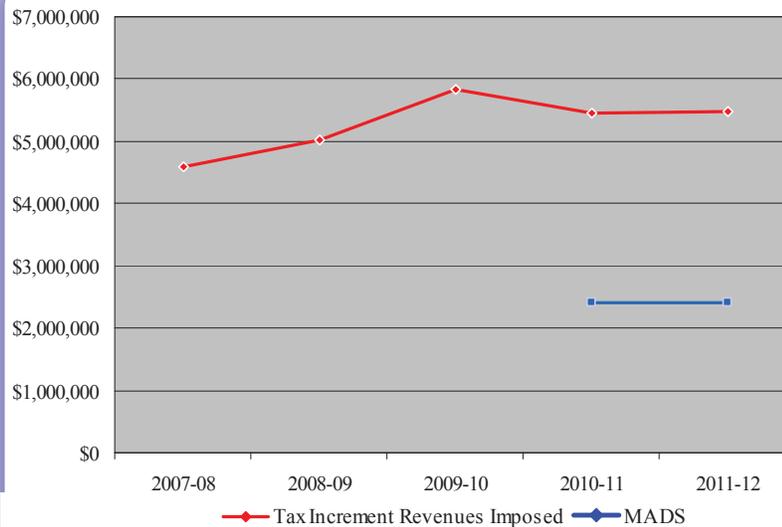
**Figure 44: Incremental Assessed Value - Central Eastside Urban Renewal**

**Security**

The following tables show the growth in incremental assessed value over the past five years and the imposed tax increment revenues in relation to maximum annual debt service. Central Eastside had no outstanding long-term debt prior to fiscal year 2010-11.



**Figure 45: Revenue to Debt Service Comparison - Central Eastside Urban Renewal**



# Lents Town Center

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 1998  
 District Type: ..... Standard Rate Plan  
 Final Year to Issue Debt: ..... 2020  
 Remaining Maximum  
 Indebtedness: ..... \$144,075,105  
 District Area: ..... 2,846 acres  
 Frozen AV Base: ..... \$736,224,033  
 FY 2011-12 District AV: ..... \$1,251,996,020

### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
 Rating Actions: ..... None  
 Refinancing Activity: ..... None  
 Other Activities: ..... None

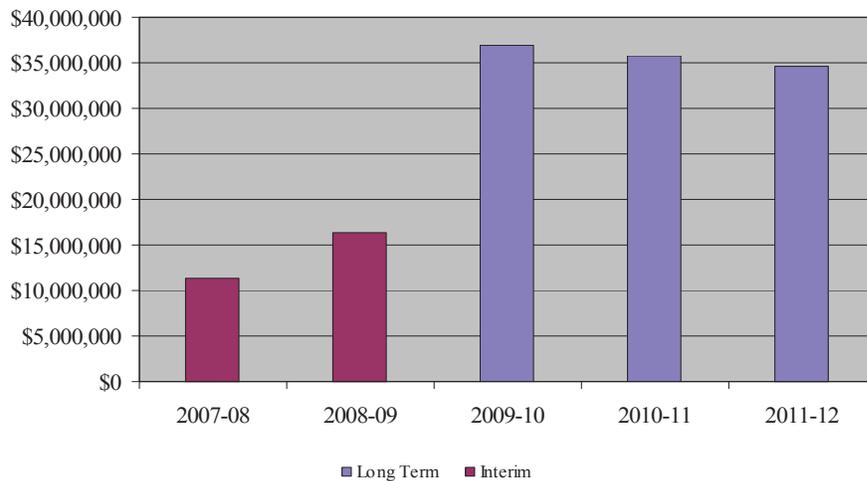
**Bond Rating** ..... A1 (Moody's)

### Debt Outstanding

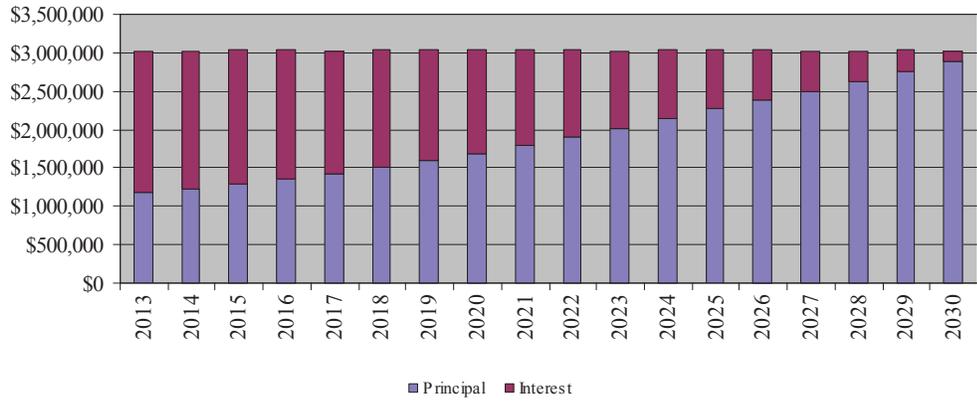
Interim: ..... None  
 Long-Term Bonds: ..... \$34,560,000

Issue	Issue Date	Final Maturity	Amount	
			Amount Issued	Outstanding
2010 Series A	6/24/2010	6/15/2024	\$21,240,000	\$18,910,000
2010 Series B	6/24/2010	6/15/2030	\$15,650,000	\$15,650,000
Total			\$36,890,000	\$34,560,000

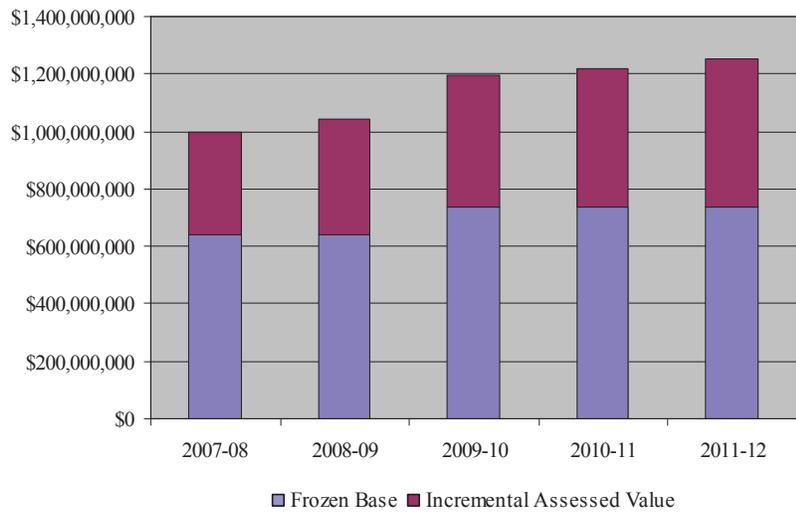
**Figure 46: Five-Year History of Outstanding Lents Town Center  
Urban Renewal Debt**



**Figure 47: Total Annual Debt Service Requirements - Lents Town Center Urban Renewal Bonds**



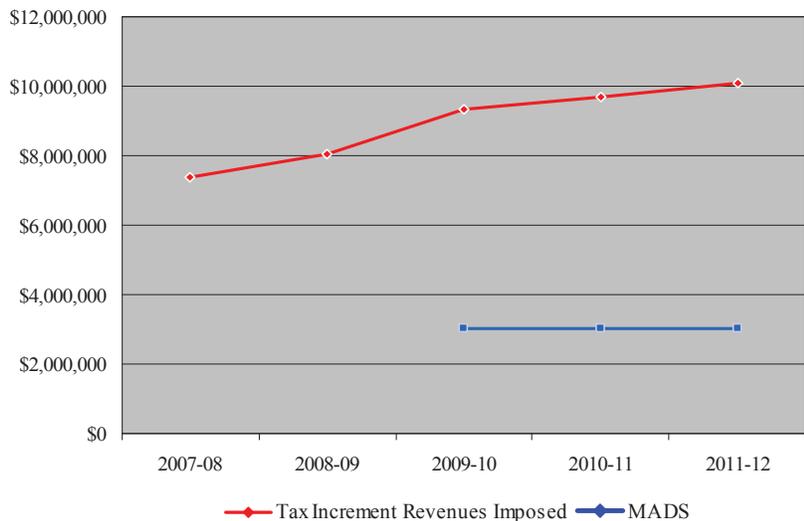
**Figure 48: Incremental Assessed Value - Lents Town Center Urban Renewal**



**Security**

The following tables show the growth in incremental assessed value over the past five years and the imposed tax increment revenues in relation to maximum annual debt service. Lents Town Center had no outstanding long-term debt prior to fiscal year 2009-10.

**Figure 49: Revenue to Debt Service Comparison - Lents Town Center Urban Renewal**



# North Macadam

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 1999  
 District Type: ..... Standard Rate Plan  
 Final Year to Issue Debt: ..... 2020  
 Remaining Maximum  
 Indebtedness: ..... \$186,430,155  
 District Area: ..... 402 acres  
 Frozen Base: ..... \$192,609,397  
 FY 2011-12 District AV:..... \$783,572,985

### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
 Rating Actions: ..... None  
 Refinancing Activity: ..... None  
 Other Activities: ..... None

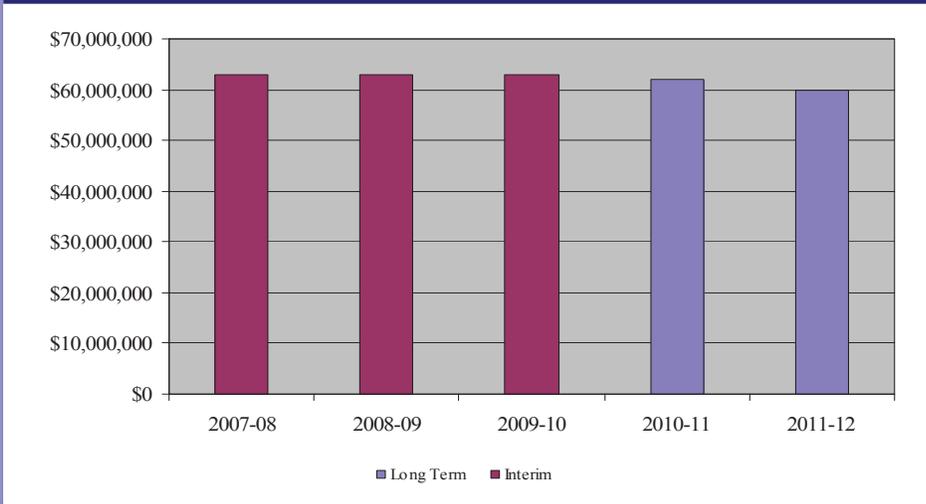
**Bond Rating** ..... A1 (Moody's)

### Debt Outstanding

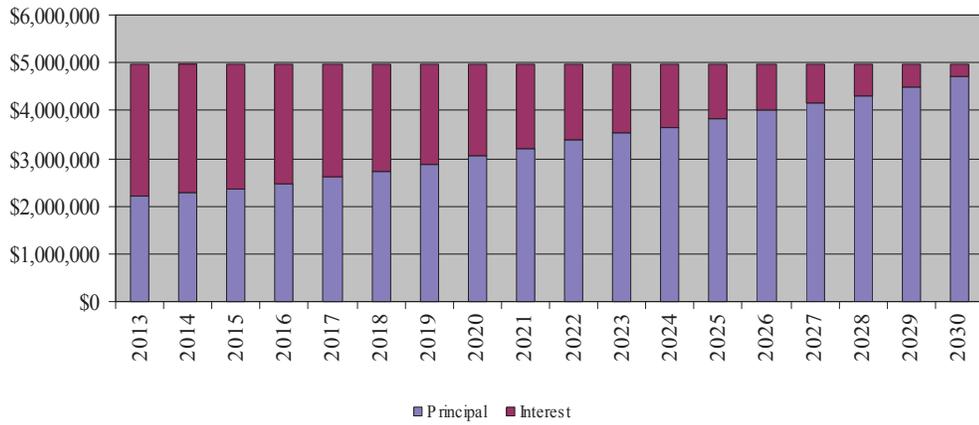
Interim:..... None  
 Long-Term Bonds: ..... \$59,905,000

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
2010 Series A (Taxable)	9/23/2010	6/15/2022	\$29,645,000	\$24,625,000
2010 Series B	9/23/2010	6/15/2030	\$35,280,000	\$35,280,000
Total			\$64,925,000	\$59,905,000

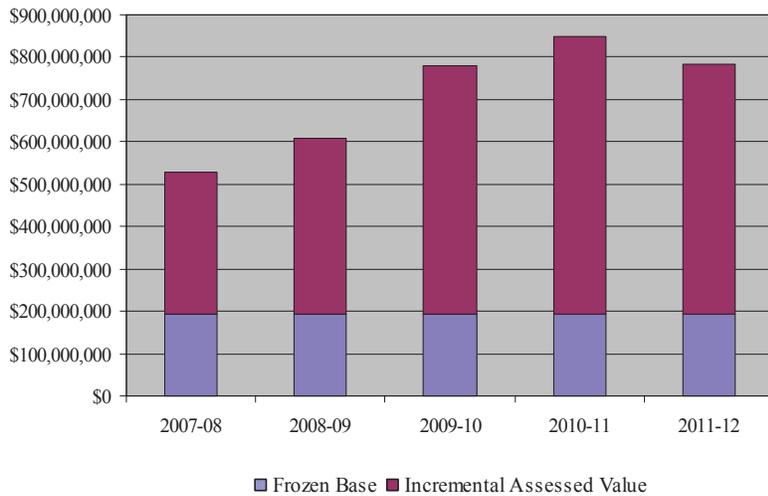
**Figure 50: Five-Year History of Outstanding North Macadam Urban Renewal Debt**



**Figure 51: Total Annual Debt Service Requirements - North Macadam Urban Renewal Bonds**



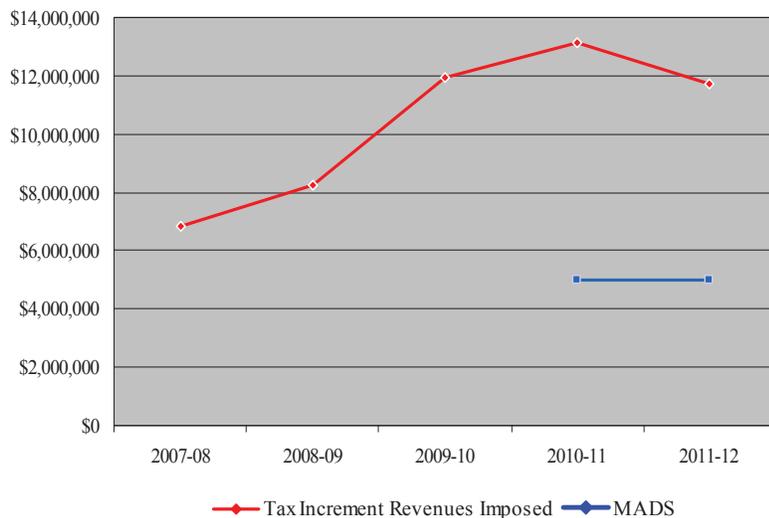
**Figure 52: Incremental Assessed Value - North Macadam Urban Renewal**



**Security**

The following tables show the growth in incremental assessed value over the past five years and the imposed tax increment revenues in relation to maximum annual debt service. North Macadam had no outstanding long-term debt prior to fiscal year 2010-11.

**Figure 53: Revenue to Debt Service Comparison - North Macadam Urban Renewal**



# Interstate Corridor

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 2000  
 District Type:.....Standard Rate Plan  
 Final Year to Issue Debt: ..... 2021  
 Remaining Maximum  
 Indebtedness: ..... \$195,225,842  
 District Area: ..... 3,804 acres  
 Frozen AV Base: ..... \$1,051,408,349  
 FY 2011-12 District AV:..... \$1,784,391,064

### Fiscal Year 2011-12 Highlights

Debt Issued: .....\$46.135 million Urban  
 Renewal and  
 Redevelopment  
 Bonds  
 Rating Actions: ..... Affirmed at A2  
 Refinancing Activity: .....None  
 Other Activities: .....None

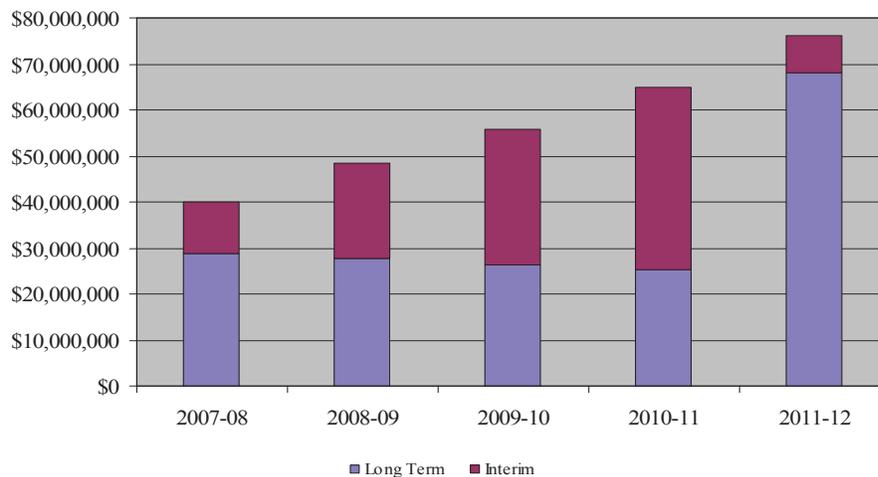
**Bond Rating**.....A2 (Moody's)

### Debt Outstanding

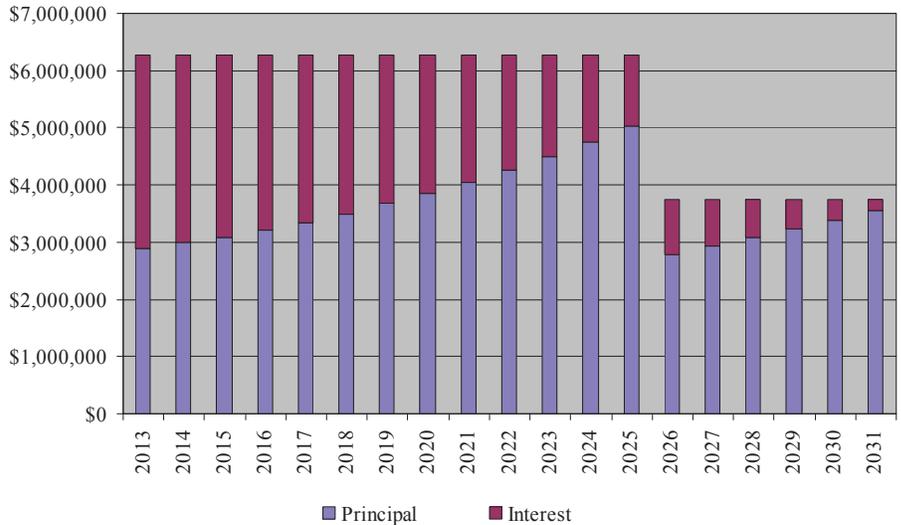
Interim: ..... \$8,009,158  
 Long-Term Bonds: ..... \$68,145,000

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
2004 Series A	12/9/2004	6/15/2025	\$32,310,000	\$23,860,000
2011 Series A	8/11/2011	6/15/2026	\$28,890,000	\$27,040,000
2011 Series B	8/11/2011	6/15/2031	\$17,245,000	\$17,245,000
				\$68,145,000

**Figure 54: Five-Year History of Outstanding Interstate Corridor Urban Renewal Debt**



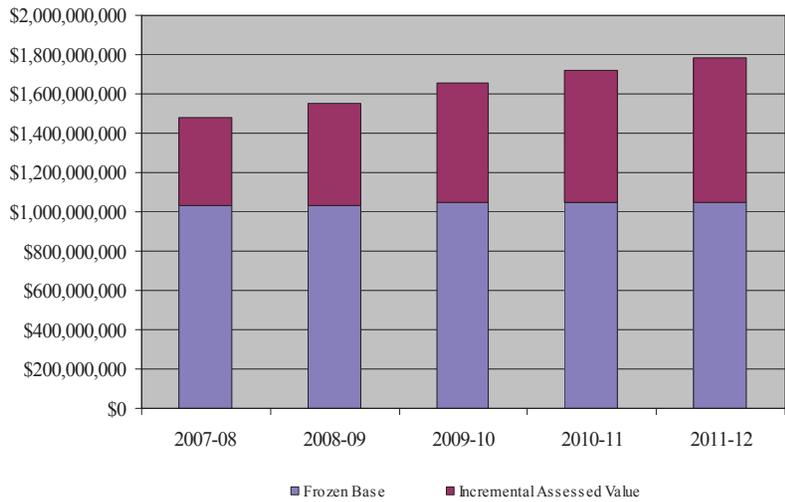
**Figure 55: Total Annual Debt Service Requirements - Interstate Corridor Urban Renewal Bonds**



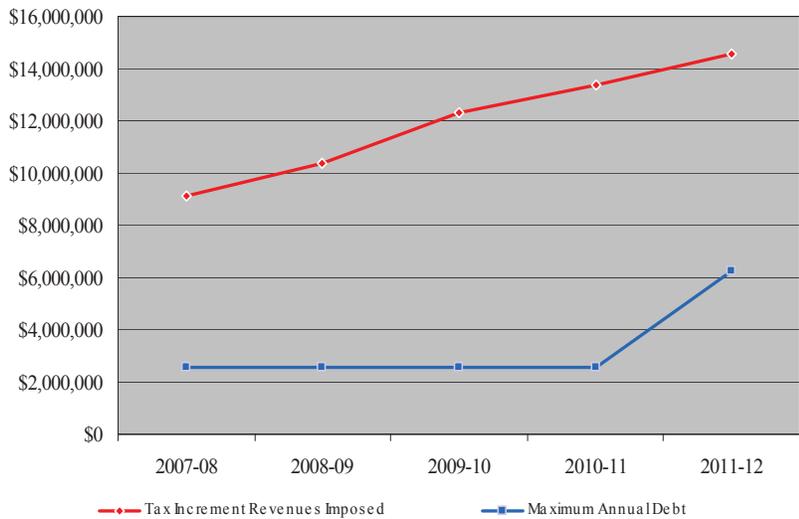
**Figure 56: Incremental Assessed Value - Interstate Corridor Urban Renewal**

**Security**

The following tables show the growth in incremental assessed value over the past five years and the imposed tax increment revenues in relation to maximum annual debt service.



**Figure 57: Revenue to Debt Service Comparison - Interstate Corridor Urban Renewal**



# River District

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 1998  
 District Type: ..... Standard Rate Plan  
 Final Year to Issue Debt: ..... 2021  
 Remaining Maximum  
 Indebtedness: ..... \$237,276,967  
 District Area: ..... 351 acres  
 Frozen Base: ..... \$461,577,974  
 FY 2011-12 District AV: ..... \$2,064,385,655

### Fiscal Year 2011-12 Highlights

Debt Issued: ..... None  
 Rating Actions: ..... Upgraded to A1  
 Refinancing Activity: ..... None  
 Other Activities: ..... None

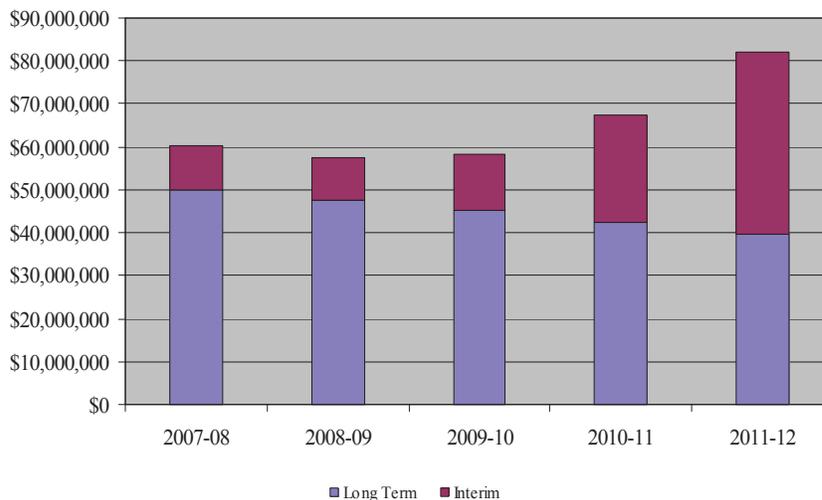
**Bond Rating** ..... A1(Moody's)

### Debt Outstanding

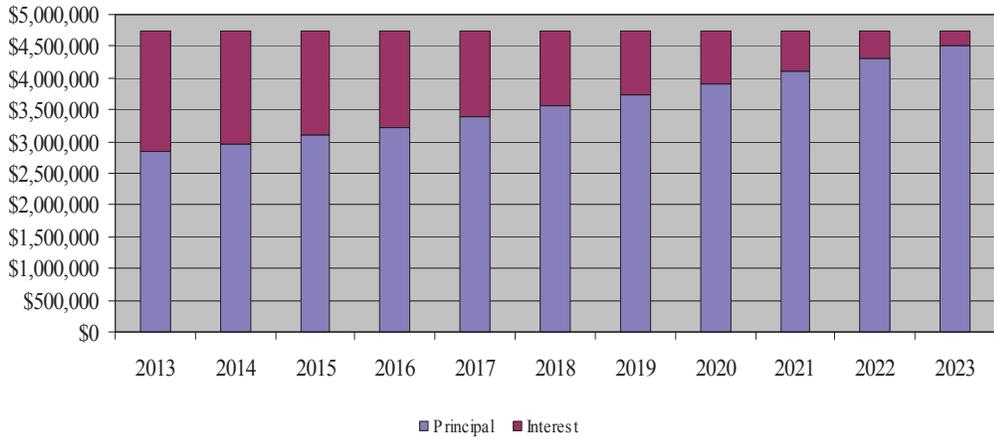
Interim: ..... \$42,213,033  
 Long-Term Bonds: ..... \$39,660,000

Issue	Issue Date	Final Maturity	Amount Issued	Amount Outstanding
2003 Series A	6/26/2003	6/15/2023	\$33,180,000	\$33,180,000
2003 Series B (Taxable)	6/26/2003	6/15/2015	\$28,760,000	\$6,480,000
Total			\$61,940,000	\$39,660,000

**Figure 58: Five-Year History of Outstanding River District Urban Renewal Debt**



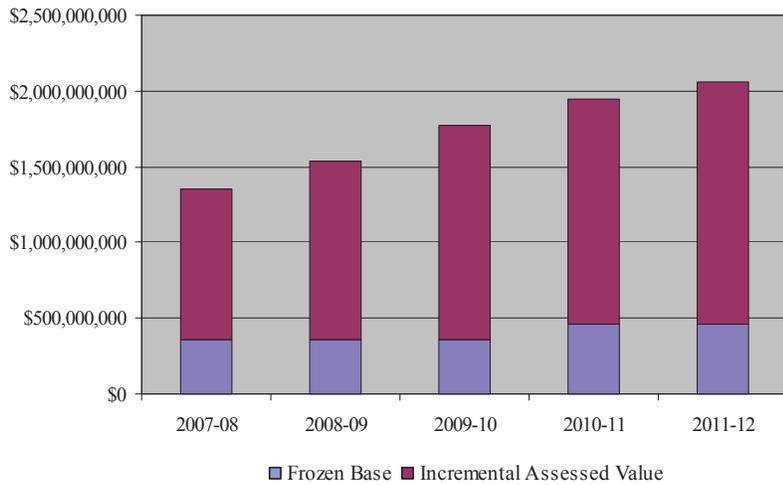
**Figure 59: Total Annual Debt Service Requirements - River District Urban Renewal Bonds**



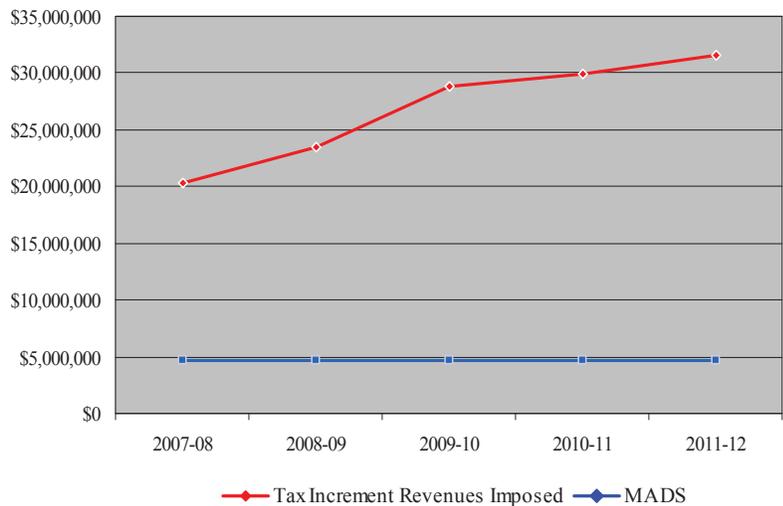
**Figure 60: Incremental Assessed Value - River District Urban Renewal**

**Security**

The following tables show the growth in incremental assessed value over the past five years and the imposed tax increment revenues in relation to maximum annual debt service.



**Figure 61: Revenue to Debt Service Comparison - River District Urban Renewal**



# Gateway Regional Center

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 2001  
 District Type: ..... Standard Rate Plan  
 Final Year to Issue Debt: ..... 2022  
 Remaining Maximum Indebtedness: ..... \$133,713,828  
 District Area: ..... 659 acres  
 Frozen Base: ..... \$307,174,681  
 FY 2011-12 District AV:..... \$472,953,418

### Fiscal Year 2011-12 Highlights

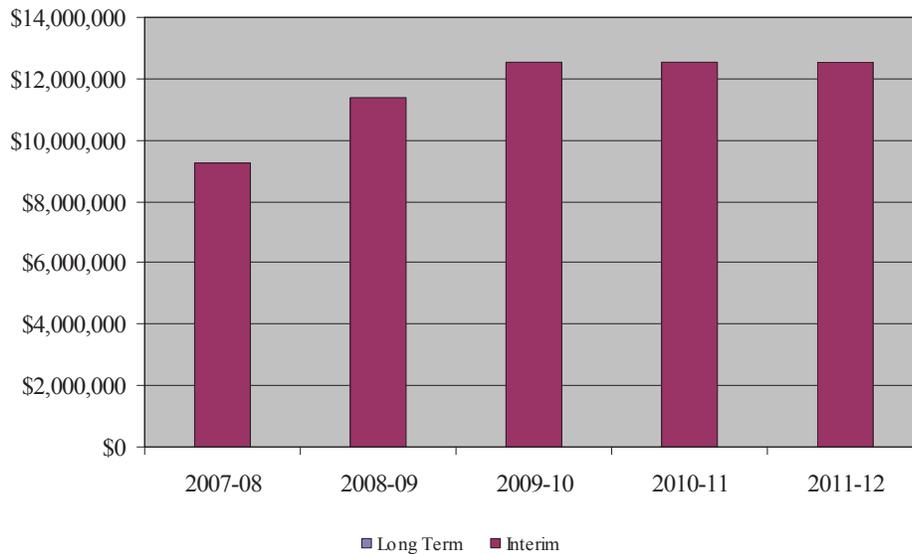
Debt Issued: ..... None  
 Rating Actions: ..... None  
 Refinancing Activity: ..... None  
 Other Activities: ..... None

**Bond Rating** ..... None

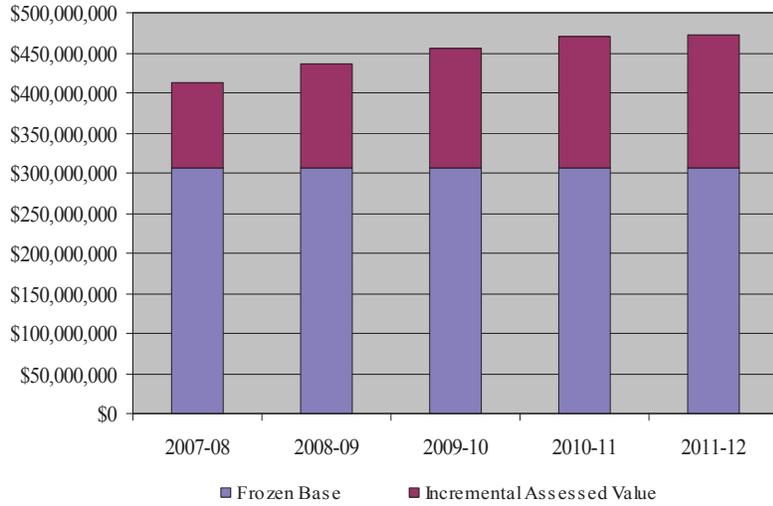
### Debt Outstanding

Interim: ..... \$12,545,073  
 Long-Term Bonds: ..... None

**Figure 62: Five-Year History of Outstanding Gateway Regional Center  
Urban Renewal Debt**



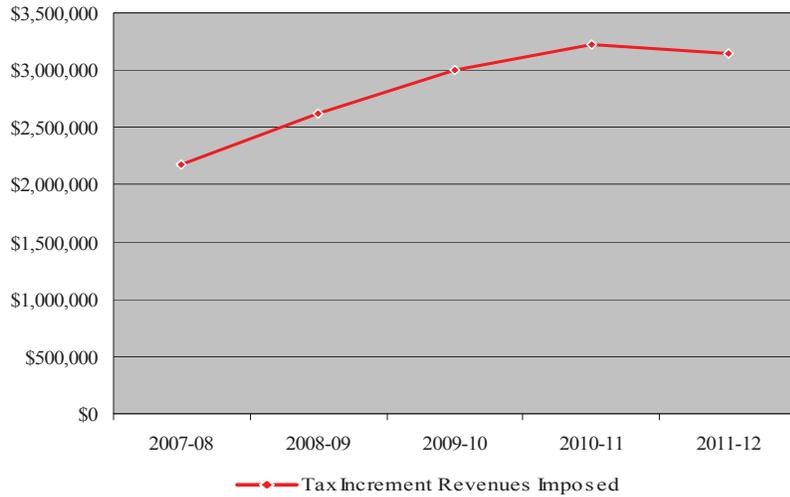
**Figure 63: Incremental Assessed Value - Gateway Regional Center Urban Renewal**



**Security**

The following table shows the growth in incremental assessed value over the past five years and the imposed tax increment revenues. Gateway has no long-term debt outstanding.

**Figure 64: Revenue to Debt Service Comparison - Gateway Regional Center Urban Renewal**



# Willamette Industrial

---

## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 2004  
 District Type: ..... Reduced Rate Plan  
 Final Year to Issue Debt: ..... 2024  
 Remaining Maximum  
 Indebtedness: ..... \$196,219,000  
 District Area: ..... 755 acres  
 Frozen Base: ..... \$481,443,135  
 FY 2011-12 District AV: ..... \$403,022,610

### Fiscal Year 2011-12 Highlights

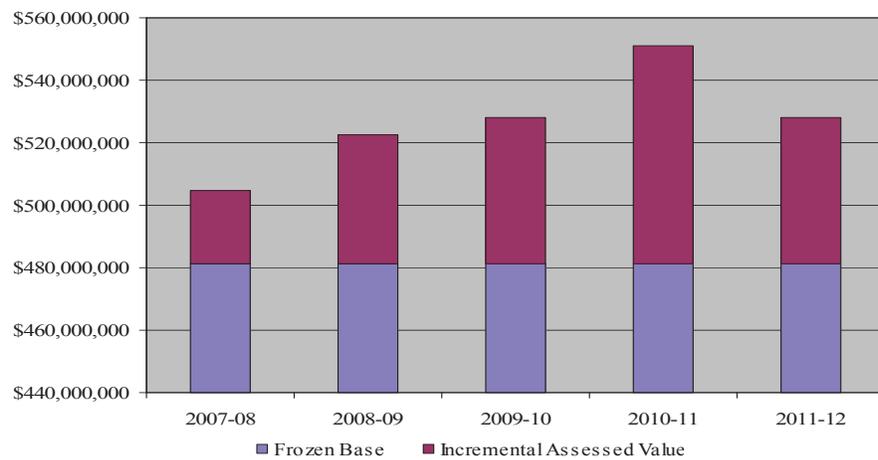
Debt Issued: ..... None  
 Rating Actions: ..... None  
 Refinancing Activity: ..... None  
 Other Activities: ..... None

**Bond Rating** ..... None

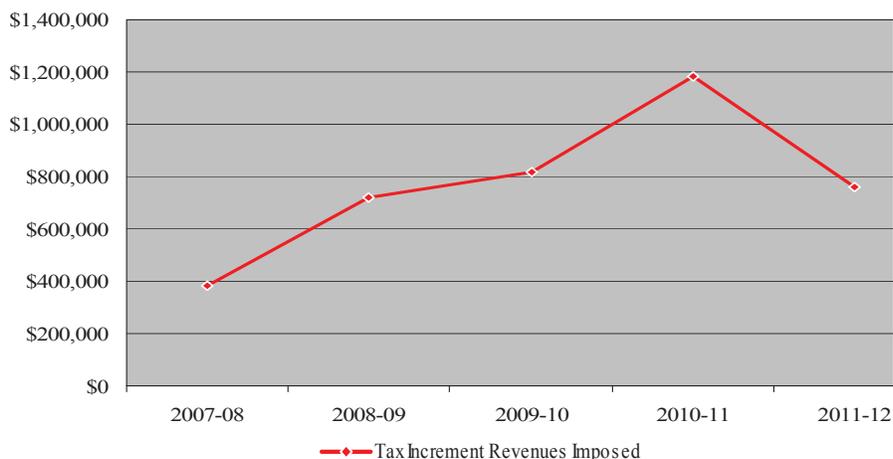
### Debt Outstanding

Interim: ..... None  
 Long-Term Bonds: ..... None

**Figure 65: Incremental Assessed Value Willamette  
Urban Renewal District**



**Figure 66: Revenue to Debt Service Comparison - Willamette**



# Education

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## Urban Renewal District Bonds

### District Summary

Year of URA Formation: ..... 2012  
 District Type:..... Reduced Rate Plan  
 Final Year to Issue Debt: ..... 2041  
 Remaining Maximum  
 Indebtedness: ..... \$169,000,000  
 District Area: ..... 144 acres  
 Frozen Base:..... n/a  
 FY 2011-12 District AV:..... n/a

### Fiscal Year 2011-12 Highlights

Debt Issued: .....None  
 Rating Actions: .....None  
 Refinancing Activity: .....None  
 Other Activities: .....None

**Bond Rating**.....None

### Debt Outstanding

Interim:.....None  
 Long-Term Bonds: .....None

# CONCLUSION

Overall City debt outstanding declined slightly during fiscal year 2011-12, with the majority of long-term debt being issued either to convert interim debt to long-term bonds or to refinance outstanding long-term debt to produce debt service savings. Any new City debt was issued in conjunction with capital expenditures that were programmed and budgeted, continuing a long-standing trend of not issuing long-term debt for short-term operational needs. The City made timely payment of over \$174 million in principal, plus associated interest, as such amounts became due during the fiscal year. Despite borrowing expectations in fiscal year 2012-13, future issuance of debt is not expected to outpace the revenue streams that support the various categories of City debt as indicated by historical trending information in this report. When compared to available benchmarks, rating medians and debt service coverage capacity, the City's debt position is favorable.

Responsible use of debt financing spreads costs of City infrastructure over the period during which an asset will be usable, allows the City to accommodate significant capital needs, provides management control over cash flows and expenses, and contributes to a healthy government financial system. We hope that this report provides a helpful presentation of key information that the City uses on a daily basis to monitor and maintain stable and sustainable City debt programs.

Additional information is also available on the City's Debt Management website at [www.portlandonline.com/omf/debt](http://www.portlandonline.com/omf/debt), and questions may be addressed directly to the City's Debt Manager, B. Jonas Biery at [jonas.biery@portlandoregon.gov](mailto:jonas.biery@portlandoregon.gov).

# EXHIBIT A

## About the City's Debt Management Program

The City's Debt Management Program currently consists of three full-time employees dedicated to administration and management of the City's debt portfolio. Additionally, the Debt Management team relies on critical input from the City Treasurer, Chief Financial Officer and Chief Administrative Officer, as well as participation from other staff of the Office of Management and Finance and the bureaus that utilize services of the Debt Management Program. The Debt Management Program is housed within the Office of Management and Finance, Bureau of Financial Services, in the Public Finance and Treasury Division.

Primary responsibilities of the Debt Management Program include:

- Providing advice to City bureaus and staff regarding capital markets and application of debt towards capital projects.
- Issuance of bonds, lines of credits and other financing tools, at the direction of City Council, for all City bureaus and for the Portland Development Commission.
- Close and constant monitoring of City debt ratios and financial indicators.
- Monitoring outstanding debt for opportunities to reduce City borrowing costs.
- Preparation and submittal of Primary Disclosure for new bond offerings, and Continuing Disclosure for all existing bond issues.
- Procuring ratings for City bonds.
- Ensuring timely payment of all City debt obligations.
- Arbitrage tracking.
- Serving as a point of contact for investors looking to invest in the City's publicly offered bonds, including ongoing maintenance of the Debt Management website.
- Monitoring public debt markets and other financial events, and maintaining relationships with bankers, underwriters and other related financial service providers.
- Managing contracts with the City's Bond Counsel, Paying Agent, Financial Advisor and other debt related consultants and service providers.

The City Debt Policy and information regarding recent and historic bond issues can be found online at [www.portlandonline.com/omf/debt](http://www.portlandonline.com/omf/debt). Debt Management Program staff aim to continuously improve debt management procedures to comply with, or to exceed, recommended practices as determined by the Municipal Securities Rulemaking Board, the Government Finance Officers Association and other regulatory and advisory bodies.

Questions regarding City debt, including information presented in the Annual Debt Report, can be directed to the City's Debt Manager, B. Jonas Biery at [jonas.biery@portlandoregon.gov](mailto:jonas.biery@portlandoregon.gov).

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